



**ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF WORKING CONDITION ON EMPLOYEE
PERFORMNCE:THE CASE OF DEVELOPMENT BANK OF
ETHIOPIA**

**BY:
ZENEBECH MESKELU
(ID:SGS/0548/2014A)**

**JUNE, 2023
ADDIS ABABA, ETHIOPIA**

**THE EFFECT OF WORKING CONDITION ON EMPLOYEE
PERFORMNCE: CASE STUDY AT DEVELOPMENT BANK OF ETHIOPIA**

**BY
ZENEBECH MESKELU GASHE
(ID:SGS/0548/2014A)**

**Thesis submitted to St. Mary's University school of graduate studies in partial
Fulfillment of the Requirements for the Degree of Masters of Business
Administration**

**JUNE, 2023
ADDIS ABABA, ETHIOPIA**

**ST.MARY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS**

**THE EFFECT OF WORKING CONDITION ON EMPLOYEE
PERFORMNCE: CASE STUDY AT DEVELOPMENT BANK OF ETHIOPIA**

**BY
ZENEBECH MESKELU**

APPROVED BY BOARD OF EXAMINERS

..... Dean, School of Business Signature Date
..... Advisor Signature Date
..... External Examiner Signature Date
..... Internal Examiner Signature Date

DECLARATION

I, declare that the thesis entitled “Effect of working condition on employee performance in the case of Development Bank of Ethiopia Addis Ababa” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, Wondwosen Kassa (PhD). Any other contributors or sources used for the study have been duly acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other Institution.

Zenebech Meskelu

Name

Signature

St. Mary’s University, Addis Ababa

June, 2023

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

WONDWOSSEN KASSA (PhD)

Advisor

Signature & Date

ACKNOWLEDGEMENTS

First and foremost, I would like to thank the Almighty God for directing me with his true spirit all the time with success. Secondly, I thank Wondwossen Kassa (PhD), my advisor for his passionate support, advice, patience and constant energy for knowledge sharing throughout my research work. His influence is inherited in both the theoretical and practical aspects of this work. Special thanks go out to Capital Markets and Resource Mobilization Directorate staffs that assisted me while distributing, collecting and sending back to me the questionnaires. Their cooperation was not on the basis of their material benefit but is really their own commitment to help me.

Finally, I like to say for my husband Ato Belew Haile this is your result may God bless his soul.

Table of Contents

ACKNOWLEDGEMENTS	i
LIST OF ABBREVIATIONS/ACRONYMS	v
LIST OF TABLES	vi
LIST OF FIGURES	vii
ABSTRACT.....	viii
CHAPTER ONE	1
1.1 Background of the Study	1
1.2 Statement of the Problem	2
1.3 Research Question.....	4
1.4 Objectives of the Study	4
1.4.1 General Objective of the Study	4
1.4.2 Specific Objectives	4
1.5 Scope of the Study.....	4
1.6 Hypothesis	5
1.7 Significance of the Study	5
1.9 Organization of the Paper.....	6
CHAPTER TWO	7
2.1 REVIEW OF RELATED LITERATURE	7
2.2 Theoretical Review	7
2.2.1. Herzberg Hygiene / Motivation Theory	7
2.2.2 Elton Mayo's Hawthorne Effect	8
2.2.3 Frederick Taylor's Scientific Management Theory.....	8
2.3 Work Environment.....	8
2.4 Factors of Working Environment That Affect Employee Performance	9
2.4.1 Physical Factors of the Workplace Environment	9
2.4.2 Psychological Factors Affecting Employees' Performance	14
2.3 Workplace Environment	16
2. 4. Empirical Review	17
2.4.1. Impact of Work Environment on Employee Performance	17

2.5 Conceptual Framework	20
CHAPTER THREE	22
3.1 METHODOLOGY OF THE STUDY	22
3.2 Research Design	22
3.3 Research Approach	23
3.4 Population Sample Size and Sampling Technique.....	23
3.4.1 Population.....	23
3.4.2 Sample Size and Techniques	24
3.5 Source of Data.....	26
3.5.1 Primary Data.....	26
3.5.2 Secondary Data.....	26
3.5.3 Reliability and Validity	27
3.5.4 Method of Data Analysis	28
3.6 Ethical Consideration	28
CHAPTER FOUR.....	29
4.1 RESULTS AND DISCUSSIONS.....	29
4.2 Questionnaire Response Rate.....	29
4.3 Demographic Characteristics of the Respondent	29
4.4 Descriptive Statistics of the Variables	32
4.5 Inferential Analysis	35
4.5.2 Assumption 1: Linearity Test.	36
4.5.3 Assumption 2: Multicollinearity Test.....	37
4.5.4 Assumption 3:Heteroscedasticity Test	38
4.6 Multiple Regression Analysis	39
4.7 Hypothesis Test.....	41
CHAPTER FIVE	43
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	43
5.1 Summary of Findings	43
5.2 Conclusions	44
5.3 Recommendations	44

5.4 Future Direction	45
REFERENCES	46
APPENDIX A: Questionnaire Distributed to respondents /employees/	48
APPENDIX-B :Interview Check List.....	53

LIST OF ABBREVIATIONS/ACRONYMS

DBE	Development Bank of Ethiopia
HRMD	Human Resource Management Directorate
SPSS	Statistical package for social science
ANOVA	Analysis of variance

LIST OF TABLES

Table 3.1: Total Population of the Study	24
Table 3.2: Sample Size of the Study	25
Table 3.5.4.1 Reliability Test.....	27
Table 4.2.1 Response Rate.....	29
Table 4.3.1. Demographic characteristics of respondents.....	30
Table 4.4.1 Descriptive Statistics of the Physical Work Environment Factors.	33
Table 4.4.2 Descriptive Statistics of Psychological Work Environment Factors	33
Table 4.4.3 Descriptive Statistics Social Work Environment Factors	34
Table 4. Correlation between dependent and independent variables.....	35
Table 4.5.3 Multicollinearity Test	38
Table 4.15 Model Summary ^b	39
Table 4.16 Coefficients ^a	40

LIST OF FIGURES

Figure 1. Conceptual Frame Work Model	21
Figure 4.1 Linearity Test.....	37
Figure 4.2 Heteroscedasticity Test.....	38

ABSTRACT

*The aim of this study was to investigate the effects of working environment on employee performance in Development Bank of Ethiopia head Office. Quantitative & Qualitative research approach with descriptive and explanatory research design was adopted in carrying out this research. Cross sectional data was collected to address research objectives of the study using self-administered questionnaire from 282 employees using stratified simple random sampling technique. The collected data were analyzed using descriptive statistics, correlation and regression analysis through statistical package for social science (SPSS) version 20. The study used three major working environment factors including: physical environment, psychological work environment, and social work environment, as predictor variables and employee performance as dependent variable. The finding of the research highlights that the correlation matrix indicated that there is a positive relationship between, psychological work environmental factors, social work environmental factors, physical work environmental factors, and employee performance. Which is $r = 0.606^{**}$, 0.543^{**} , and 0.504^{**} and ($P = 0.00$). Based on the findings of study, recommendations made for management of the Bank are: Management should try as much as possible to build a work environment that attracts, retain and motivate its employees to help them work comfortably and increase organizational productivity and the organization should make available, adjustable and flexible furniture to all workers to make them more comfortable.*

Keywords: *Work environment, physical working environment, psychological working environment, social working environment, Employee performance*

CHAPTER ONE

1.1 Background of the Study

The working conditions are very important to the organization. If the employees have a negative perception of their working conditions, they are likely to be absent, have a stress-related illness, and their productivity and commitment tend to be low. On the other hand, organizations that have a friendly, trusting, and safe environment, experience, greater productivity, communication, creativity, and financial health (Kreiser, et al, 1997,p.36).

Productivity is related to working conditions, which in turn is related to absenteeism, retention, and the adoption of new methods and technologies. All of these things are related to how people are trained, encouraged and generally treated within the system Hamilton, (2017).

Important working environment factors to consider are building design and age, workplace design, workplace set-up, furniture and equipment design and quality, space, temperature, ventilation, lighting, noise, vibration, radiation, and air quality. Previous studies like; Maisa (2021) asserted that there is a positive correlation between workplace environment and improved employee performance. According to Aram & Samir(2017), their study found that there is a relationship between the office environment and the productivity of employees. Behavioral components of the office environment have a greater effect on productivity, than the physical components alone.

According to Maisa (2021) because high employee performance can lead to positive organizational outcomes, improving employee performance is one of the foremost objectives for any organization. Nowadays, since employees have an arguably greater number of job opportunities from which to choose and may, ostensibly, opt to leave unfavorable conditions in search of better alternatives, the workplace environment proves a critical factor in deciding to remain or leave any given position. Spector (1997) observed that most businesses ignore the working environment within their organization

resulting in an adverse effect on the performance of their employees. According to him, the working environment consists of safety for employees, job security, good relations with co-workers, recognition for good performance, motivation for performing well, and participation in the decision-making process of the firm. He further elaborated that once employees realize that the firm considers them important, they will have a high level of commitment and a sense of ownership for their organization. Different factors within the working environment such as wages, working hours, the autonomy given to employees, organizational structure, and communication between employees & management may affect job satisfaction (Laneet al., 2010). Arnetz (1999) argue that in organizations; can be observed that most employees have problems with their supervisor who is not giving them the respect they deserve. Supervisors also show harsh behaviors toward employees due to which they are not comfortable sharing good and innovative ideas with their supervisors. Furthermore, he describes that top management limits employees to their tasks rather than creating a sense of responsibility in employees by making them work in teams to attain high performance. Petterson (1998) argues that the interaction between employees within a business is crucial for accomplishing organizational goals. Further, he describes that the communication of information must be properly done promptly so that the operations of the business are running smoothly. If there is a clash between co-workers then it is difficult to achieve the objectives of the organization.

1.2 Statement of the Problem

Creating a work environment that promotes the well-being of employees and increases individual performance is viewed as a strategy for enhancing company efficiency and productivity. Employees normally have expectations and will demand a workplace environment that facilitates them to perform their work optimally. When this is sufficiently provided, it can boost organizational competitiveness (Heath, 2006). Bank institutions make significant investments in designing, building, and ultimately recruiting knowledgeable personnel. The Banks immediate work environment in terms of the actual physical layout and design of an office is extremely important when it comes to maximizing individual performance. Poorly designed workstations, unsuitable

furniture, lack of ventilation, inappropriate lighting, and excessive noise adversely affect employee performance (Becker, 2002) (as cited in Gitahi Njenga, 2014)

In the African context, Emmanuel (2012) conducted a study entitled the influence of Workplace Environment on Workers', Welfare, Performance, and Productivity. The results showed that workplace features and good communication networks at workplace affect workers' welfare, health, morale, efficiency, and productivity. Furthermore, Githahi(2014) conducted a study on the Effect of Workplace environment on the performance of commercial Banks Employees in Nakuru Town. The findings of the study reveal that the physical aspects were found not to have a significant effect ($\beta_1 = 0.097$; p-value = 0.237), while the psychosocial and work-life balance factors were significant ($\beta_2 = 0.279$; p-value = 0.001) and ($\beta_3 = -0.203$; p-value = 0.012) respectively. Moreover,Christabella's(2014) study was conducted on the impact of the working environment on employees' performance in the case of the Institute of finance management in the dares salaam region. Find that the Organization's working environment had an impact on members as far as respondents are concerned.

In our country Ethiopia Context, Awoke (2019), made a study on the “Effects of working Environment on Employee performance” and the finding shows physical work environment, reward, and training have a positive and statistically significant impact on employee performance while workload and discrimination have negative and statistically significant impact on employee performance. On the other hand, democratic leadership style and work-life balance have shown statistically insignificant impacts on employee performance. Mekdelawit (2020), conducted a study entitled “The impact of work environment on employees' performance in public sectors in Addis Ababa. The study investigated physical working environment has an impact on employees and their work performances as far as respondents are concerned. Moreover, the finding is related to the current study of Christabella (2014) and Aynalem (2018) conducted research regarding the effect of the working environment on employees' commitment at the development bank of Ethiopia and the findings of the study concludes that all working environment dimensions physical working environment, psychosocial working

environment and work-life balance has a significant and positive effect on employees' commitment.

1.3 Research Question

- What is the effect of physical working conditions on employee performance?
- What is the effect Psychological working conditions affect employee performance?
- Is Social working conditions have positive or negative affect on employee performance?

1.4 Objectives of the Study

1.4.1 General Objective of the Study

The general objective of this study was to examine the effect of working conditions on employee performance in Development Bank of Ethiopia.

1.4.2 Specific Objectives

- ❖ To identify the effect of physical Environment and employee performance.
- ❖ To identify the effect of psychological Environment and employee performance.
- ❖ To identify the effect of Social Environment and employee performance.

1.5 Scope of the Study

This study is limited to assessing the effect of working conditions on the Development Bank of Ethiopia. The reason why the researcher selected DBE is there is a high rate of employee turnover even if the bank made a structure recently and adjust wage increment employee turnover rate is increasing day to day. In the year 2021/22, 61 employees leave the bank within 6 months from June 2021 to January 2022 because of poor working conditions at the bank. The other reason is the difficulty to conduct research across branches and sub-branches because of the broadness of the bank branches.

Therefore, the analysis and interpretation of the data and the results are made based on the current scenario of the Development Bank of Ethiopia.

1.6 Hypothesis

H1: Psychological environmental factors have appositive influence on employee performance.

H2: Social environmental factors have a positive influence on employee performance.

H3: Physical environmental factors have appositive influence on employee performance.

1.7 Significance of the Study

The Development Bank of Ethiopia is expected to make a significant contribution to the achievment of the transformation plan. In order to lie up to its expectations, the Bank mu st have a satisfid,motivated, and committed human resource to achieve its goals to the expected level.

Considering this fact, the importance of doing this research entitled the effect of Working Conditions on employee performance in DBE contribute to the successful accomplishment of the Banks mission and vision. Previous researcher not widely studied in the banking sector specially in the development bank of Ethiopia this research was scarecelly studied or have not examined as expected level. However, the working condition environment of the Bank's employees is not at the expected level.

Therefore, the results of the study will help the Bank's management to identify possible s olutions to the factors affecting poor working conditions. The study would suggest poten tial areas for improvement to strengthen the Bank's efforts to improve employee perform ance.

1.8 Limitations of the Study

Due to breadth of coverage, the study focused on head office employees and excluded employees in regional offices, branches, and subbranches.

1.9 Organization of the Paper

The paper is divided into five chapters as follows. The first chapter is an introduction that consists of the background of the study, a statement of the problem, the objective of the study, the limitation of the study, and the significance of the study. The second chapter presents a review of related literature on working conditions. Chapter three would be discuss the research design and methodology employed to investigate the problem under study while data collected from respondents will be presented, analyzed, interpreted, and discussed in the fourth chapter. The last section chapter five of the thesis would contain the summary of results, concluding remarks, and recommendations.

CHAPTER TWO

2.1 REVIEW OF RELATED LITERATURE

This literature review attempts to discuss the various literature related to the working environment which has an impact on employee performance. The discussion also identifies gaps left by other researchers of similar studies. However, this study attempts to fill those gaps so that the write-up can contribute to a new body of knowledge in the academic world. Through this review, literature is re-packaged and analyzed as a way of bringing new insights into the problem studied.

2.2 Theoretical Review

Various theories have been advanced to explain workplace environments on employees' performance. Environmental influences and differences may make a theory work in one place while making it irrelevant in another. In this section, relevant theories to this study are reviewed to help the researcher understand the workplace environment better.

2.2.1. Herzberg Hygiene / Motivation Theory

According to this theory, people work first and foremost in their self-enlightened interest, for they are truly happy and mentally healthy through work accomplishment. He looked at motivators and hygiene factors. Hygiene factors, often referred to as 'dissatisfiers', are elements in the work environment that include Supervision, Interpersonal relations, and Working conditions. Motivators, often referred to as 'satisfiers', are aspects of the work environment that provide employees with job satisfaction and include recognition, work, responsibility, and advancement. This theory contributes insight into the study of employees by explaining how the 'dissatisfiers' and 'satisfiers' affect workplace environments on individual performance.

2.2.2 Elton Mayo's Hawthorne Effect

Hawthorne set the individual in a social context, establishing that the performance of employees is influenced by their surroundings and by the people that they are working with as much as by their innate abilities. The original purpose of the experiments was to study the effects of physical conditions on productivity and performance. In addition, the aptitudes of individuals are imperfect predictors of job performance but the amount produced is strongly influenced by social factors. The studies also showed that the relations that supervisors develop with workers tend to influence how the workers carry out directives (Mayo, 8 1987). The theory is relevant to this study since it helps identify the physical environmental conditions in the environments which relate to employees' performance.

2.2.3 Frederick Taylor's Scientific Management Theory

Its main objective is to improve economic efficiency, especially performance, monitor worker performance, and provide instructions and supervision to ensure that they're using the most efficient ways of working. Management can be defined as the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims (Chandrasekhar, 2011). In this study, management is seen as a prelude to environments that in due process affect how employees perform.

2.3 Work Environment

According to Bevan (2012), the Work environment can be anything that exists around the employee and can affect how he performs his duties. Alex (1992) states that the working environment is both an external and an internal condition that can influence the working spirit and result in instantly finished jobs. According to Sedarmayanti(2003), a decent working environment is a condition where individuals can do their jobs in an ideal, secure, healthy, and comfortable way. Therefore, many studies classify the work environment into toxic and conducive environments (Akinyele, 2010; Chaddha, Pandey,

and Noida, 2011; Yusuf and Metiboba, 2012; Assaf and Alswalha, 2013). McGuire and McLaren (2007) believe that an organization's physical environment particularly its layout and design can impact employee behavior in the workplace. As indicated by Nitisemito(2001), some of the factors that influence the workplace include cleanliness, water, lighting, coloring, security, and music. Many work environment studies have shown that workers are satisfied with specific work environment features. These features preferred by users significantly contribute to their workspace satisfaction and performance. Those features include ventilation rates, lighting, access to natural light, and an acoustic environment (Becker, 1981; Humphries, 2005; Veitch, Charles, Newsham, Marquardt, and Geerts, 2004; Karasek and Theorell, 1990). Lighting and other factors like ergonomic furniture have been found to have a positive effect on employees' health and so on employees' productivity (Dilani, 2004; Milton, Glencross, and Walters, 2000; Veitch and Newsham, 2000). Hameed and Amjad (2009) in a survey of 31 bank branches confirmed that convenient and ergonomic office design encouraged the employees and increased their performance significantly. Chandrasekar(2011) also asserts that unhealthy and unsafe work environments in terms of poor ventilation, immoderate noise, inadequate lighting, etc. affect employees' productivity and health.

2.4 Factors of Working Environment That Affect Employee Performance

2.4.1 Physical Factors of the Workplace Environment

The ability of the physical workplace environment to influence behaviors and to create an image is particularly apparent for service businesses such as banks. The physical environment includes components of the tangible workplace environment that comprise spatial layout and functionality of the surroundings (Kohun, 2002). Spatial layout refers to how machinery, equipment, and furnishings are arranged, the size and shape of those items, and the spatial relationships among them. The spatial layout of furniture was found to influence the amount and nature of conversation between individuals (Becker, 2002). Functionality refers to the ability of the same items to facilitate performance and the accomplishment of goals. How performance is achieved will be affected by how well

people fit into their physical workspace and physical work environment (Srivastava, 2008).

From a broader perspective, the physical workplace environment; includes but is not limited to comfort level, ventilation, heating, natural lighting, and artificial lighting. According to Temessek, (2009), the above features assist on the functional and aesthetic side, the décor, and the design of the workplace environment that ultimately helps improve the employee's experience and necessitate better performance. He emphasizes that banking services “must insist on the utility and the role of environmental information, facilitating employees’ engagement with better space management, and the automation of certain tasks”. Similarly, if the tasks to be performed are very complex, the efficiency of layout and functionality will be more important than when the tasks are mundane or simple. 10 Office layout and design impressions suggest that certain dimension serves a symbolic function by connoting meanings and images about organizations and further how their employees are to be engaged (Challenger, 2000). Based on these affordances, it is suggested that employees will tend to identify more with these features which enhance performance. Informal seating arrangements, such as chairs placed at a right angle facilitate social interaction, whereas formal seating arrangements, such as chairs placed back-to-back discourage social interaction (Doman, 2008). This also helps explain how the style of furnishings and other physical symbols may come to serve a symbolic function.

2.4.1.1 Office Layout and Design Factors

Office layout and design in banking environments are different from one bank to another. These differences have been expressed differently through time, in terms of the kind of bank, location and spatial layout, and the immediate physical work environment (Smith, 2011). To compare the influence of different office environments on employees, it is necessary to categorize them. Office environments have traditionally been defined either by spatial organization or by work organization. Only using one method has its limitation as both factors influence the office employees. The most dominant

architectural feature is the spatial organization of an environment. The functional features are based on the actual work taking place in the office.

Small-scale attributes such as workstation lighting, size of individual work surfaces, office privacy, and noise account for incremental variance in employees' performance with their work environment above and beyond office design alone (Becker, 2002). This could mean that providing employees with attributes that counter the overall effect of open-plan office space, such as privacy and an adequate workspace, could serve to increase performance levels despite the overarching feelings of dissatisfaction towards the open-plan office space as a whole.

2.4.1.2 Furniture

Ergonomic facilities that reduce strain and stress on the employees should and must be in use since they tend to work for long hours on the same station and comfort is paramount for optimum performance (Gutnick, 2007). Employees who have an appropriate workspace and the correct, updated, and well-working equipment needed to get the job done will have a much more positive attitude about work than those who are dealing with frustrating and broken equipment and furniture (McGuire, 2009). This study sought to analyze the effects of furniture on the performance of employees.

2.4.1.3 Workspace Availability

Employees should be allocated a central position to work from. A workspace enables the employee to be easily located and reached whenever possible. Having your own dedicated personal space makes you feel like you belong and you are part of the company. Working spaces that are too open can affect our ability to focus and get work done whilst spaces that are too compartmented isolate co-workers (Gutnick, 2007). The opportunity to personalize your working space with a few family pictures or personal items creates a sense of safety and can be a positive anchor.

2.4.1.4 Lighting and Ventilation Intensity

Ventilation systems in such buildings have to meet some requirements. The indoor air must be pure, and temperature, humidity, and air velocity must be at the appropriate level (Doman, 2008). The temperature influences office work. Low temperatures decrease work performance, as do the high temperatures. The optimal temperature for office workers is 22°C (Seppanen, 2006). Employees are also satisfied with a range from 20 to 24°C. High indoor temperature has a great influence on the human body (Seppanen, 2006). It can cause such illnesses, as sick-building syndrome. High indoor temperature also increases the level of dryness. The low indoor temperature may increase the risk of the draught. Also, people are very sensitive to moving the air when it is cold.

Appropriate lighting systems should provide the bank with as much natural lighting as possible. Windows should be incorporated to supplement the electrical lighting. It gives a sense of energy and affects the mood of the employees. The Hawthorne effect is the best example of the benefit of lighting in productivity. The accomplishment of daily tasks in workplaces with less or dim light is difficult for employees. Working in dim light leads to eye strain and thus causes headaches and irritability. Due to this discomfort, productivity is very much affected causing an overall decrease in employee performance (Gutnick, 2007).

2.4.1.5 Noise

Noise is an unpleasant sound or sound phenomenon, which at certain intensity causes an uncomfortable feeling in man and affects his mental and physical condition further reducing his performance (Sundstrom, 1994). Noise can also be a physical agent from the environment; from natural or anthropogenic origin and may be present only in the workplace or outside the workplace environment. Workplace users in one workplace may not perceive a level of sound to be an annoyance, whereas the same volume of sound in another workplace would be considered to be noise (Sundstrom, 1994).

However, it has been identified that noise in the workplace, predominantly from others talking, is cited as being distracting by over 75% of workplace users (Sundstrom, 1994).

According to Deming (2000), a physical workplace environment can cause stress which hinders employees from performing at the desired level. Noise is a pervasive problem in working environments and besides the obvious risk of hearing damage and masking of warning signals and speech, the effects on concentration, performance, behavior, and general well-being are serious consequences of annoying noise in the working environment. Added to that, are other effects such as headache, stress, fatigue, etc. Material that reduce or counter noise and vibration in banking halls should be incorporated to reduce distractions from the employees (Deming, 2000). This study therefore sought to investigate the effects of noise on the performance of bank employees.

A study conducted by Saha (2016) illustrates how workplace design, including the physical workplace design, impacts employee morale, productivity, and engagement positively and negatively. Chandrasekar(2011) indicates that workplace design in many industries is unsafe and unhealthy. People working in such environments are disposed to occupational diseases, and thus their productivity might decrease. This hazardous environment includes poorly designed workstations, inappropriate furniture and ventilation, poor lighting, and insufficient safety measures in case of fire. According to Scarborough and Cornwall, (2015) planning for the most effective and efficient layout in a business environment can produce dramatic improvements in a company's operating effectiveness and efficiency. An attractive, effective layout can help a company's recruiting efforts, reduce absenteeism, and improve employee productivity and satisfaction. Aisyahet al., (2020) explore whether the physical and non-physical work environment affects employees productivity with motivation as an intervening factor. The findings show that the physical work environment, directly and indirectly, affects work productivity through work motivation; in contrast, the non-physical work environment does not directly affect work productivity. However, it has an indirect effect on work productivity through work motivation. Accordingly, a good non-physical

work environment will increase employee motivation. Greater cause yields greater productivity. (as cited in Maisa Y. Burbar, 2021).

2.4.2 Psychological Factors Affecting Employees' Performance

2.4.2.1 Training and Development

Armstrong (2006) states that development is an unfolding process that enables people to progress from a present state of understanding and capability to a future state in which higher level skills, knowledge and competencies are required. It takes the form of learning activities that prepare people to exercise wider or increased responsibilities. Tzafrir (2005) asserts that training is an important element in producing the human capital. It provides employees with the skills, abilities and knowledge required by the post. The objective of training is to achieve a change in the behaviour of those trained. This means that the trainees shall acquire new 10 manipulative skills, technical knowledge and skills on the job in such a way as to aid in the achievement of organizational goals. Training helps to reconcile the gap between what should happen and what is happening between desired targets or standards and actual levels of work performance (Armstrong, 2006). Training need is any shortfall in employee performance, or potential performance which can be remediated by appropriate training. There are many ways of overcoming deficiencies in human performance at work, and training is one of them. Employee performance may be seen as the result of congruence between training and development and organizational goal. (As cited by Hiwot Asaminew, 2021).

2.4.2.2. Work Load

Workload in a very work setting is delineated as wherever tasks and responsibilities taken on will be accomplished with success among the time offered. DiDomenico and Nassbaum, (2008) state that workload is set by the link between task demands, the circumstances beneath that that task takes place and therefore the perceptions, actions, skills and information of the individual playacting the task. The task demands could embrace physical actions, psychological feature tasks and/or a spread of different factors. Hart & Staveland (1988) the expenditure incurred by someone, given their

capacities (resources), whereas achieving a selected level of performance on a particular task with bound demands. These definitions imply that employment is that the attribute of labor that may be known because the personal set of skills staff have and the way they execute task demands inside the given time.

Rizzo et al., 1970 described Work overload as mismatch between the role requirements and the amount of —time‖ and —resources‖ available to meet the duty (As cited inOrly Michael, 2009). More clearly, Work overload is happen when employees perceive the time and resource available as not enough to complete the existing duty. Two types of Work over load are identified by researcher: qualitative and quantitative. “Qualitative overload happen when people feel they lack the ability required to complete their jobs or that performance standards have been set too high. On the other hand, quantitative overload results from having too many things to do or insufficient time to complete a job” (Ivancevic et al., 2012).

2.4.2.3 Supervisor Support

Supervisors are the first level of management who are given the major duties and responsibilities to form and lead work groups in organizations (Noe, 2008). The supervisor’s interpersonal role is important since it encourages positive relations and increases the self-confidence of the employees and in return improves performance (Arnold, 2007). Immediate supervisors act as an advocate for employees, facilitates the allocation of resources required by the employees for them to be able to do a good job, and provide positive encouragement for a job well done. To gain the employee's performance, both parties need to play their part which is to commit to the relationship and hence sustain performance (Bauer & Green, 1996).

According to Gilbert (1962) supervisor support on performance is determined by different factors, some of them related to the individual performer (such as individual ability and capacity, skills and knowledge, and motivation), others coming from the organizational context (such as standards and expectations, feedback and communication, task support, and incentives). Those seven factors interact regularly in a

performance system, where inputs (what the performer has), processes (what the performer has to do), and outputs (what has to be accomplished) have to be aligned in order not only to achieve but to sustain performance. They should thus supervise the performance of the workers and then provide instructions and give feedback to them to ensure that they maximize their efficiency. This study, therefore, seeks to study how social and supervisor support in workplace environments can influence the performance of bank employees.

2.3 Workplace Environment

To understand the critical importance of the workplace environment in the organization is to recognize that the human factor and the organization are synonymous (McGuire, 2009). Changing environments provide commercial banks with opportunities as well as a myriad of challenges. One aspect of the competitive challenges faced by banks lies in the management and integration of physical and psychosocial environments (Altman, 2000). By incorporating a balanced workplace environment, the organization is optimizing profitability and improving the company's popularity as a workplace; projecting a modern corporate entity, which in turn can help you attract highly qualified employees. Architectural design affects the way people behave, with designers creating conditions that can hinder, discourage, guide, support, or enhance users' behavior (Gutnick, 2007). Most banks are beginning to reconsider how their work environment is designed and what facilities they offer to staff has far-reaching effects on their general performance. An enabling workplace environment must thus be the key feature to improving performance and subsequently sustained returns (Abdulla, 2010). The workplace environment is a concept, which has been operationalized by analyzing the extent to which employees perceive the immediate surroundings as fulfilling their intrinsic, extrinsic, and social needs and their reason for staying with the organization (Haynes, 2008). He further adds that environment is a key determinant of the quality of their work and their level of performance. Heath (2006) states, the biggest goal of all business organization are to increase their performance, thus making high profits. The

benefits of creating and maintaining a positive working environment are huge. Greater productivity, happier people, employee stability, business advantage, higher profits, greater security, and better health (Shrestha, 2007). Improving the working environment results in a decrease in the number of error rates, complaints, and absenteeism and hence increases performance. Govindarajulu (2004) also highlighted that in the twenty-first century, businesses are moving towards a more strategic approach to environmental management to enhance their performance by improving and managing the performance level of employees. The modern physical environment is distinguished by technology, computers, machines, general furniture, and furnishings which continually affect the brain and health of employees (Stoessel, 2001). Organizations must ensure that the physical layout is covering all needs of employees such as communication and privacy, formality and informality, functionality, and cross-disciplinarily (White, 2001).

2. 4. Empirical Review

2.4.1. Impact of Work Environment on Employee Performance

According to Bevan (2012) Work Environment Factors that Influence the Performance Based on a description of what is meant by work environment and literature review findings, a strong interaction is found between job performance and physical working environment. The physical environment at work is critical to employees' performance, satisfaction, social relations, and health. It is generally understood that the physical design of offices and the environmental conditions at workplaces are important factors in organizational performance. It will be able to put forward several factors that are included in the working environment and its effects on job performance. The study of Badayai (2012) has confirmed previous studies and classified five main factors of uncongenial working environment each one of the factors will be discussed individually using the arguments from different research findings on the related study).

Empirical studies on 74 samples with multiple regression analysis to measure the significance of work environment on job satisfaction among staff of a particular organization are taken. The study found that work environment significantly determines job satisfaction. This result corroborates findings of previous research that investigated

the connection between variables in workplace environment and workforce or work process. It is also revealed that a significant positive relationship between workplace quality and productivity among bank workers (Olukunle, 2015)

The findings of a Danish study suggest that a firm can increase its productivity through the improvement of physical dimensions of work environment (internal climate) and may have a positive impact on firms' productivity (Buhai, Cottini, & Nielsen, 2008). A study in telecom sector by Tariq et al (2013) revealed that there are different variables like workload, salary, stress at work place and conflicts with family due to job leads an employee towards dissatisfaction that further results in turnover. At final stage these independent factors impacts negatively on organizational performance which is negatively influenced by these factors.

Chandrasekar (2011) argue that an organization needs to pay attention to create a work environment that enhances the ability of employees to become more productive in order to increase profits for organization. He also argued that Human to human interactions and relations are playing more dominant role in the overall job satisfaction rather than money whereas management skills, time and energy, all are needed for improving the overall performance of the organization in current era.

Physical Work Environment as a constituent of work environment of Obuasi Municipal Assembly has impact on the productivity of employees. The relationship between Physical Work Environment and the productivity of employees is not very strong (weak positive). That is $F(1,56) = 5.198$, $p < 0.05$. Social Work Environment was statistically significant to the productivity of employees that were studied, that is $F(3, 67) = 12.202$, $p < 0.05$.

Work Environment was statistically significant to the productivity of junior staff of Obuasi Municipal Assembly who were studied, that is $F(5,22) = 10.928$, $p < 0.05$. In this case, the Adjusted R Square value of 0.648 tells us that Work Environment accounts for 64.8% of the variance in the productivity of junior staff. The analysis of variance (ANOVA) reports the significance of the Work Environment in respect of the

productivity of junior staff. The relationship between Work environment and the productivity is very strong (Chirstian, 2015)

If you are redecorating or relocating your office, spend some time thinking about your furniture, décor and other interior accessories. Studies show that office environment has a great impact on employees' productivity and work efficiency.

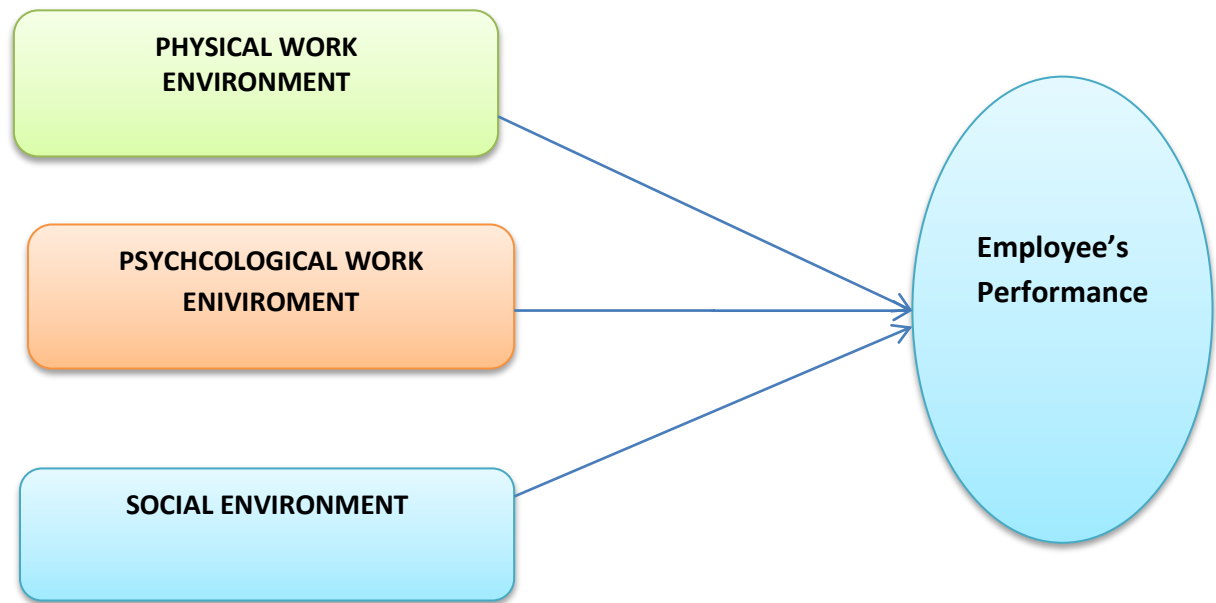
- ❖ A study by VIBE found that multiple computer screens increase productivity and work efficiency by 9 to 50 percent, especially with tasks such as cutting and pasting. The researchers concluded that multiple screens made it easier for users to switch from one task to another, and that helped employees do their job more efficiently.
- ❖ A study by Sharp found that each person wastes 167 hours a year on slow and out-dated tech, which is 4 weeks every year. That's more than people spend on annual holidays! 64% of the respondents also admitted they would be more productive if the office had newer technology, which is another reason to consider investing in up-to-date office tech.
- ❖ One study found that the average person wastes up to 4.3 hours per week searching for papers, leading to frustration, increased stress, and lost focus. A similar study by the Princeton University Neuroscience Institute also found that a cluttered desk hinders the brain's ability to process information—the mess on your desk steals your attention from work.
- ❖ The average office worker spends 8 hours per day sitting. Having the correct chair helps employees avoid back pain and other injuries, which are calculated to cost companies over \$34,600 per 100 employees every year.
- ❖ Meanwhile, having a comfortable and ergonomic chair helps workers stay focused on tasks, instead of getting distracted by the feeling of discomfort. Studies have found that employees' Productivity can be increased by 17.7% simply by providing them with the right chair and training.

- ❖ Comfortable, well-ventilated workplaces have a great impact on workers' performance. A study by teams from Harvard and Syracuse Universities discovered that, when employees worked in well-ventilated offices, their productivity increased by 61% and performed nearly 27% better on cognitive tasks.
- ❖ An experiment conducted by the Lighting Research Centre found that natural daylight boosts employee concentration skills. It was discovered that people working in windowed offices spend 15% more time on work-related tasks than those without windows (Julia, 2012).

2.5 Conceptual Framework

In the International Journal of Scientific and Research Publications, Volume 4, Issue 1, January 2014, work environment determinant variables are considered as Physical, psychological, and Social environments so the researcher conceptualized the factors of the work environment (Physical work environment, psychological work environment, and social work environment) as independent variables and employee performance as dependent variables. The Physical work environment comprises the quality of the office furniture, office layout, temperature, ventilation, lighting, noise level, and space. The psychological work environment can be affecting (e.g. Emotions, mood, psychological symptoms, affective disorders); cognitions (e.g. Attitudes, perception, decision making); and behavior (e.g. effectiveness, absence, motivation).

The social work environment includes communication styles and relationships between superiors and subordinates. It also includes the relationship among co-workers, the readiness of others to assist, and teamwork. Based on the statement, a theoretical framework has been developed to represent the relationship between three different factors and employee performance. This subsection provides definitions of key concepts such as working environment and employee performance from various sources. (as cited in Hiwot, 2021).



Independent variables

Dependent variable

Figure 1. Conceptual Framework Model

CHAPTER THREE

3.1 METHODOLOGY OF THE STUDY

Research methodology essentially describes how the study was conducted, the data collection methods used, and the techniques for its analysis and presentation. This is a very important part as it provides the reasons why a particular study, sampling, data collection, and data analysis methods were chosen and also specifies the study design, population, and validity and reliability tests. This chapter deals with research methodology, i.e. the master plan that specifies the methods and procedures for collecting and analyzing the collected data.

3.2 Research Design

The research design refers to a plan which shows the strategy of an inquiry thought appropriate to the research (Kothari, 2004). For this study, descriptive and explanatory research design was used. The descriptive design describes phenomena as they exist. It is issued to identify and obtain information on the characteristics of a particular problem or issue. A descriptive research design was selected because it has the advantage of producing a good amount of responses from a wide range of people. Also, this design provides a meaningful and accurate picture of events and seeks to explain people's perceptions and behavior based on the data collected. The advantage of this design is that it helps to find views as they are in their natural setting.

According to Zikmund, (2012), "Explanatory research design is prepared to identify the extent and nature of cause and effect relationships. Causal designs enable an analysis of a situation or a specific problem to explain the patterns of relationships between variables. Accordingly, this research design was used in this study to show the mean of all independent variables concerning the dependent variable.

3.3 Research Approach

The research approach used for this study will be the quantitative and qualitative approach. Creswell (2005) asserted that quantitative research is a type of research in which the researcher decides what to study, asks specific narrow questions, collects numeric data from participants and analyzes these numbers using statistics, and conducts the inquiry in an unbiased, objective manner (Creswell, 2005). Variables can be defined as attributes or characteristics of individuals, groups, or sub-groups of individuals (Creswell, 2005). The quantitative research approach is one in which the investigator first uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest or it employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield statistics data (Creswell, 2003). Thus, a quantitative research approach will be used by considering sample employees and questionnaires will be distributed to the respondents. Some qualitative information was also gathered from the organization by using interview checklists. After the required data is collected, it will be processed, and analyzed by using a statistical package for the social sciences (SPSS).

3.4 Population Sample Size and Sampling Technique

3.4.1 Population

According to Hair et al. (2006), the target population is said to be a specified group of people or objects for which questions can be asked or observed made to develop required data structures and information. This research aimed to examine the effect of working conditions and the employee's performance in DBE at the head office. Therefore, the total population of this research will be employees who are currently working in DBE at the head office. In DBE head office there are 31 directorates and there are a total of 953 professional employees. Therefore the total population of this study will be 953 professional employees and it is depicted in table 3.1 below.

Table 3.1: Total Population of the Study

No.	Number of Directorate	No. of Employees in the Directorate		
		Male	Female	Total
1	31	625	328	953

Source; DBE, HRM Data 2021

3.4.2 Sample Size and Techniques

The sample size is the subset or subgroup of the population from which the researcher intended to generalize about the entire population. According to Sekaran and Bougie(2013), it's nearly impossible to be 100% perfect in surveys so errors will always occur but what needs to be curbed is the level of error in data collection which in most cases is referred to as the margin of errors.

Therefore, to determine the sample size and representative of the target population, the study used a proportionate stratified random sampling technique. Because according to Dattalo (2008), this type of sampling uses groups to achieve representativeness or to ensure that a certain number of elements from each group are selected. In a stratified sample, the sampling frame is divided into nonoverlapping groups or strata. In this study, the researcher divided the employees based on their work unit, then a random sample is taken from each stratum.

The sample size was determined by using the mathematical formula adopted from Yamane (1997) at a confidence level of 95%. The researcher used this formula because it is easily understandable and widely applied.

$$n = \frac{N}{1+N(e)} \quad 2n = \frac{953}{1+953(0.05)} \quad 2n = \frac{953}{3.38} \quad n=281.95=282$$

n=Sample size required

N=the study population i.e. 953

e=Level of precision/allowable error /sampling error (0.05) at 0.95(95%) confidence level (t) of 0.5(5%) unit variance (p). To calculate the sample size at 95% confidence

level and 5% margin error. Therefore by applying a 5% error margin, the sample size of employees for the study is 282 members of the target population. Thus, the sample size of the study will be 218 employees and it's fair enough to represent the target population of the study area. Using the above statistical formula, the sample size of the study will be determined as follows.

Table 3.2: Sample Size of the Study

No.	Name of Directorate	Proportion of Sample	Sample Size
1	Executive Management Office	$34/953 \times 282$	10
2	Corporate Projects Review Team	$13/953 \times 282$	4
3	Project Rehabilitation & Loan Recovery Directorate-I	$16/953 \times 282$	5
4	Project Rehabilitation & Loan Recovery Directorate-II	$18/953 \times 282$	5
5	Customer Relationship Magt Directorate-I	$35/953 \times 282$	10
6	Customer Relationship Magt Directorate-II	$35/953 \times 282$	10
7	Customer Relationship Magt Directorate-III	$34/953 \times 282$	10
8	Customer Relationship Magt Directorate-IV	$37/953 \times 282$	11
9	Project Appraisal Directorate-I	$33/953 \times 282$	10
10	Project Appraisal Directorate-II	$30/953 \times 282$	9
11	Project Appraisal Directorate-III	$32/953 \times 282$	10
12	Project Evaluation & Loan Portfolio Magt Directorate	$20/953 \times 282$	6
13	Engineering Service Directorate	$11/953 \times 282$	3
14	Branch Projects Follow-up Directorate	$14/953 \times 282$	4
15	Lease Financing Follow-up Directorate	$19/953 \times 282$	6
16	Capital Goods Procurement & Supply Directorate	$33/953 \times 282$	10
17	External Fund & Credit Magt Directorate	$32/953 \times 282$	10
18	Compliance and Risk Magt Directorate	$20/953 \times 282$	6
19	Internal Audit Directorate	$31/953 \times 282$	9

20	Legal Affairs Directorate	18/953*282	5
21	Ethics and Compliant Magt Directorate	7/953*282	2
22	Strategic, Change and Communication Directorate	19/953*282	6
23	Finance and Accounts Magt Directorate	46/953*282	14
24	Corporate Branch	42/953*282	12
25	Corporate Bond Magt Directorate	42/953*282	12
26	International Banking Services Directorate	56/953*282	17
27	Treasury & Funds Magt Directorate	18/953*282	5
28	Research & Project Data Magt Directorate	25/953*282	7
29	Property & Facility Magt Directorate	79/953*282	23
30	ITS Directorate	48/953*282	14
31	HRM Directorate	56/953*282	17
<u>Total</u>			<u>282</u>

Source: DBE, HRM Data (2021)

3.5 Source of Data

3.5.1 Primary Data

Primary data will be collected from employees of the Development Bank of Ethiopia and other relevant data will be collected from the HRM of the Development Bank of Ethiopia.

3.5.2 Secondary Data

Secondary data that already exists. They refer to data already collected and analyzed by someone else. Secondary data can obtain from a variety of sources. Various reports, published articles, websites, books, journals, references (encyclopedias), university publications, dissertations, policy documents, and strategic planning documents and material of DBE are sources of secondary data.

Data Gathering Procedure and Instruments The research instrument that engages for this study will be a questionnaire. Primary data will be collected by questionnaire from a

selected sample of Development Bank of Ethiopia employees. Secondary data have been collected by collecting various published books, the internet, magazines, etc. used as a source of information.

3.5.3 Reliability and Validity

A measuring device is dependable, according to Kothari (2004), if it produces consistent results. A reliability test was also performed to check the internal consistency and accuracy of the measurement scale. For testing the reliability of the data instrument, Cronbach's alpha was used. (Hamid et al., 2011) suggested that the rule of thumb for good reliability estimated is 0.7 a high reliability estimated of between 0.6 and 0.7 may be acceptable if other indicators of the model construct validity is good. The study used a questionnaire to investigate the effect of working conditions on employee performance. Then there assess the model fit the reliability and validity of the questionnaire to get confidence in comparing the sample with the help of SPSS V-26 the most frequently used Cronbach's alpha. The reliability of the item is presented in the table below.

Table 3.3 Reliability Test

Items descriptions	No of items	Cronbach's alpha
Physical Work Environment Factors	13	0.728
Psychological work environment Factors	15	0.861
Social-Work Environment Factors	9	0.758

Source:survey (2020) SPSS output

As indicated in the table, Cronbach's alpha values for physical work environmental factors, psychological work environmental factors, and social work environmental factors are 0.728, 0.861, and 0.758, respectively. Hence, the reliability of the measurement used in this study was very good.

3.5.4 Method of Data Analysis

The researcher used both descriptive and inferential data analysis techniques in the analysis of collected information. Relevant data collected for the study were processed, analyzed, and interpreted with SPSS (Statistical Package for the Social Sciences) software, which includes Cronbach's alpha reliability test and descriptive analysis. Demographic information of respondents the descriptions were analyzed using a descriptive method, as well as the responses to it work environment factors were analyzed using tables, frequencies, mean, and standard deviation. On the other hand, the relationship between the dependent variable (employee performance) and independent variables (physical workplace, psychological workplace, Social work environment) was analyzed using inferential data analysis techniques such as correlation analysis (Pearson's product-moment correlation coefficient) and multiple regression techniques.

3.6 Ethical Consideration

The research will be conducted based on the ethical considerations of not plagiarizing, not constructing or falsifying data, research techniques, or data analysis, keeping the rights of research subjects, mainly their rights to information confidentiality, and to being learned about the nature of the research and the kinds of actions in which they were requested to involve, and not to use or take published data of others deprived of acknowledgment, or unpublished data without both consent and acknowledgment

CHAPTER FOUR

4.1 RESULTS AND DISCUSSIONS

Important literature on the subject that could provide enough insight into the topic and the methods chosen to test research hypotheses had been reviewed in the earlier chapters. This chapter contains a detailed study of the descriptive statistics and regression findings. The chapter is divided into four sections specifically. The descriptive analysis of the variables was reported in the first section. The correlation analysis and degree of relationship between the study variables are covered in the second section. The findings of the diagnostic test for the conventional linear regression model assumption were provided in Section 3. The results of the regression analysis and arguments surrounding it were finally given in the fourth segment.

4.2 Questionnaire Response Rate

Table 4.2.1 Response Rate

Questionnaire Distributed	Questionnaire Returned	%
282	276	98

The researcher distributed 282 questionnaires to 31 Directorate in the Bank. Out of which 276 were completed and returned. Babbi, (2010) the response rate for this study is 98% which is considered as a very good response rate.

4.3 Demographic Characteristics of the Respondent

The demographic characteristics include gender, age, marital status, level of education, position, work experience, and salary. This aspect of the analysis deals with the personal data of the respondents of the questionnaires given to them. Therefore to validate the reliability of the data collected is mandatory to analyze the demographic profile of the respondent.

Table 4.3.1. Demographic characteristics of respondents

Demographic Variables			
		Frequency	Percent
Gender	Male	200	72.5%
	Female	76	27.5%
	Total	276	100%
Age	26-35 Year	182	65.9%
	36-45 Years	77	27.9%
	Over45 Years	17	6.2%
	Total	276	100%
Marital status	Single	78	28.3%
	Married	189	68.5%
	Divorced	9	3.3%
	Total	276	100.0%
Education	Diploma	2	0.7%
	Degree	126	45.7%
	Masters and Above	148	53.6%
	Total	276	100%
Position	Junior officer	15	5.4%
	Officer	44	15.9%
	Senior Officer	125	45.3%
	Principal Officer	77	27.9%
	Team Manager	2	0.7%
	Division Head	13	4.7%
	Total	276	100%
Experience	Less than 5 years	12	4.3%
	5 to 10 years	177	64.1%
	10 to15 years	70	25.4%
	Above 15 years	17	6.2%
	Total	276	100%
Salary	5000-12000	20	7.2%
	17000-28000	135	48.9%
	29000-34000	86	31.2%
	35000-40000	20	7.2%
	Greater than 40000	15	5.4%
	Total	276	100%

Source: Survey (2020) SPSS output

Gender

Table 4.3.1 indicates that the gender proportion of male respondents represents 72.5%, and 27.5 were females. Therefore, a higher proportion of the sample is taken from males.

Age

The age distribution of the respondents who participated in the study. From the table, we can observe that 65.9% of the respondent age lies between the 26-35 age group, 27.9% of the respondents are in the range of 36-45 and 6.5% of the respondents are above 45 years. From this, we can say that the employees of the development bank of Ethiopia are very young and at a productive stage.

Martial Status

In the above table, 4.3.1 shows 78 (28.3%) of the respondents are single, 189 (68.5%) of the respondents were married, and 9 (3.3%) were divorced. From this, we can understand that the majority of employees of the Development Bank of Ethiopia working at the head office are married.

Education

As seen from Table 4.3.1 the majority of the respondents have a Master's degree and above which is 148 (53.6%), 126 (45.7%) of the respondents were first-degree level, and 2 (0.7%) are at diploma level as revealed from the table. From this it is possible to suppose that the composition of the employees working at the Development Bank of Ethiopia consists of all levels of employees and most of them are well qualified.

Position

As indicated in Table 4.3.1 also the position of the respondents ranges from junior officer to division head and above. From the total number of respondents 15 (5.4%) are junior officer, 44 (15.9%) are officer, 125 (45.3%) are senior officer, 77 (27.9%) principal officer, 2 (0.7%) team manager and 13 (4.7%) division head. This shows that the majority

of employees/respondents were senior and principal level. This indicates that DBE is staffed with more senior and principal staff.

Work Experience

Table 4.3.1 shows the work experience of majority of the respondents 177(64.1%) are with the range of 5-10 years. The other 12(4.3%) are less than 5 years, 70(25.4%) lies between 10-15 years and 17(6.2%) of the respondents work experience ranges above 15 years. This shows that many respondents have experience in the bank and this indicates that employee/respondents have more experience to express the working condition of the bank.

Salary

As indicated in the above table 4.3.1 20(7.2%) of the respondents earn a salary range between 5,000-12,000, 135(48.9%) of the respondent earn a salary range of 17,000-28,000, 86(31.2%) between 29,000-34,000, 20(7.2%) earns a salaries range between 35,000-40,000 and 15(5.4%) earns above 40,000.

4.4 Descriptive Statistics of the Variables

The computed summary of descriptive statistics for the independent variable (physical work environment, psychological and social work environment) and dependent variable (employee performance) was included in the questionnaires indicated in this part. The mean and standard deviation of all variables collected from the respondents were discussed.

Table 4.4.1 Descriptive Statistics of the Physical Work Environment Factors.

Physical Work				
Sr. no.	Environment Factors	N	Mean	St. deviation
1	Office Equipment	276	3.55	0.965
2	Office Layout	276	3.37	1.19
3	Temperature	276	3.37	1.57
4	Lightning	276	3.67	1.17
5	Noise Level	276	3.17	1.23
Grand Mean		276	3.42	1.23

Source own survey,2023

From the above Table, descriptive statistics analyzing physical environmental factors the result indicates that which is about office equipment with mean of =3.55 and St.deviation =0.96. This indicates that the respondents are not satisfied with office equipment. Concerning office layout mean=3.37 and st.deviation=1.19. The result of the study shows that the office layout is probably good for employees. The temperature of the workplace was with a mean of 3.37 and st.deviation of 1.57, lighting means of 3.67, and st.deviation of 1.23. In general from the above table the result of physical environmental factors with a grand mean of 3.42 .this result shows that the physical factors of the developmental bank of Ethiopia are not good for employees.

Table 4.4.2 Descriptive Statistics of Psychological Work Environment Factors

Sr.no.	Psychological work environment Factors	N	Mean	St.deviation
1	Emotion and Moods	276	4.07	1.09
2	Wages and Income	276	3.55	1.08
3	Training and Development	276	3.23	1.22
4	Work Load	276	3.57	1.29
Grand Mean		276	<u>3.61</u>	<u>1.17</u>

Source: own survey, 2023

The above Table 4.4.2 results show descriptive statistics of psychological work factors of employee performance. the result of the respondent about the emotion and mood of employees the mean = 4.07 st.deviation =1.09, the employee of the development bank of Ethiopia have good emotions about their work. About wage and income mean=3.55, st.deviation =1.08, which indicates that many of the respondents were not satisfied with their income. on the other hand, training, and development was a mean of =3.23 st.deviation =1.22, this result indicates that training and development given by the bank were not good. finally concerning workload with mean=3.57, st.deviation =1.29, the result indicated that there was a workload on the employee.

Table 4.4.3 Descriptive Statistics Social Work Environment Factors

Social-Work Environment				
Sr.no	Factors	N	Mean	St. deviation
1	Communication Style	276	3.4	1.01
2	Relationship Between Superior	276	3.60	0.93
3	Relationship Among Co-Workers	276	3.83	0.84
Grand mean		276	<u>3.61</u>	<u>0.93</u>

Source own survey, 2023

Table 4.4.3 result shows that a descriptive analysis of social work environmental factors on employee performance. considering the communication style of an employee on their job was a mean of =3.4, st. deviation of 1.01, it indicates the communication style is good. the relation between supervisors was with a mean of 3.60, and st. a deviation of 0.93, the result shows that supervisors with employee relationships were good at the development bank of Ethiopia. Regarding relationships among co-workers with a mean of 3.83, and st.deviation of 0.84, the result shows that relations among co-workers were very good. From Table 4.4.3, the result about social work environmental factors on employee performance was a grand mean of 3.61 and st.deviation of 0.93.

4.5 Inferential Analysis

4.5.1 Correlation analysis

Correlation analysis explores the strength as well as the direction of the relationship between the study variables specifically, physical work environment factors, psychological work environment factors, social work environment factors as independent variables, and employee performance as dependent variables. The researcher used Pearson's product-moment correlation coefficient- Pearson's(r). According to (Chee& Queen, 2016) Pearson's r is a measure of the linear relationship between two interval or ratio variables and can have a value between -1 and 1. The benefit of using Pearson's r is, it is a simple way to assess the association between two variables. They share variance if the relationship is positive or negative, and the degree to which they correlate. In this study, Pearson's product-moment correlation coefficient- Pearson's r was used to determine the correlation of the independent and dependent variables.

**Table 4. Correlation between dependent and independent variables
(N=112)**

		Correlations			
		Employee Performance	Physical Work Environment Factors	Psychological Work Environment Factors	Social Work Environment Factors
Employee Performance	Pearson Correlation	1	.504**	.606**	.543**
Physical Work Environment Factors	Pearson Correlation	.504**	1	.612**	.525**
Psychological Work Environment Factors	Pearson Correlation	.606**	.612**	1	.788**
Social Work Environment Factors	Pearson Correlation	.543**	.525**	.788**	1
		**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Own survey, 2023

The correlate matrix indicated that there is appositve relationship between, psychologic al work environmental factors, social work environmental factors, physical work environmental factors, and employee performance. Which is $r= 0.606^{**}$, 0.543^{**} , and 0.504^{**} and ($P= 0.00$) respectively.

According to Hutcheson (2011) and Daniel (2014), if r is close to 1, the two variables have astrong association. This indicates whether changes in one variable are strongly correlated with changes in the other variable or whether the problem of Multicollinearity exists.

As we have seen from the above table, the psychological work environmental factors were found highly correlated with the performance ofthe employee in the study area numerically by ($r=0.606$, $p<0.01$). This number is very close to 1, or there is a strong relationship between an independent variable and dependent variables. When r is near 0, there is no or a weak association between the independent and dependent variables. This indicates that changes in one variable are unrelated to changes in the other.

4.5.2 Regression Analysis

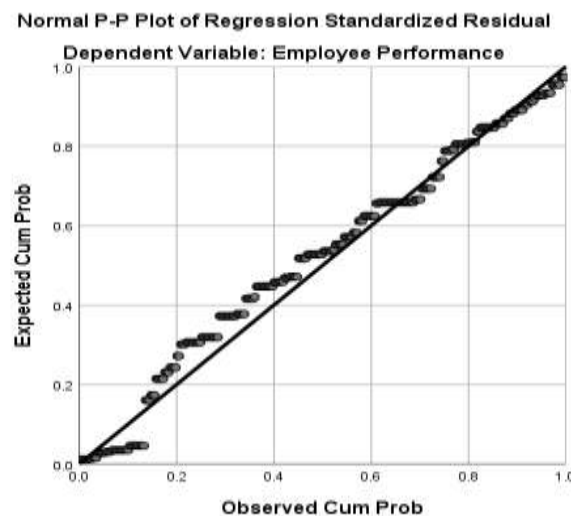
According to (Field, 2013), to run linear regression, checking critical assumptions is essential and it is helpful to conclude the population under study. In this regard, the following preliminary analysis (Regression diagnostics) was conducted to verify the assumption like linearity, Multicollinearity,and Heteroscedasticity Testtest orassumptions.

4.5.2 Assumption 1: Linearity Test.

According to (Hayes et al., 2012) the relationship between the independent and dependent variable needs to be a linear function to conduct linear regression analysis. As a result, the linearity of the relationship between independent and dependent variables was tested using SPSS V26 software and scatter plots showing the relationship between the two variables (IV and DV). The scatter plot of residuals indicates that the points lay in a reasonably straight line from bottom left to top right. Therefore, it shows linearity.

An underlining assumption of regression the analysis is that the relationship between the variables is linear which means the points in the thestraight-line plot must form a pattern that can be approximated with a straight line.

Figure 4.1 Linearity test



As shown in the above graph the independent and dependent variables are in a linear relationship, so the linearity test is accepted.

4.5.3 Assumption 2: Multicollinearity Test

According to (McClelland et al., 2017), most regression programs can compute the variance inflations factor (VIF) for each variable, and as a rule of thumb; a VIF above 5.0 shows problems with the Multicollinearity test. Erik Mool (2014), also underlines that values for “Tolerance” below 0.1 indicate serious problems, although several statisticians suggest that the value for “Tolerance” below 0.2 are worthy of concern. Multi co-linearity of the regression analysis refers to how strongly interrelated the independent variables in a model are:-

Table 4.5.3 Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Psychological Work environment factors	.326	3.072
	Social Work environment factors	.377	2.655
	Physical Work environment factors	.621	1.611

Source: own survey, 2023

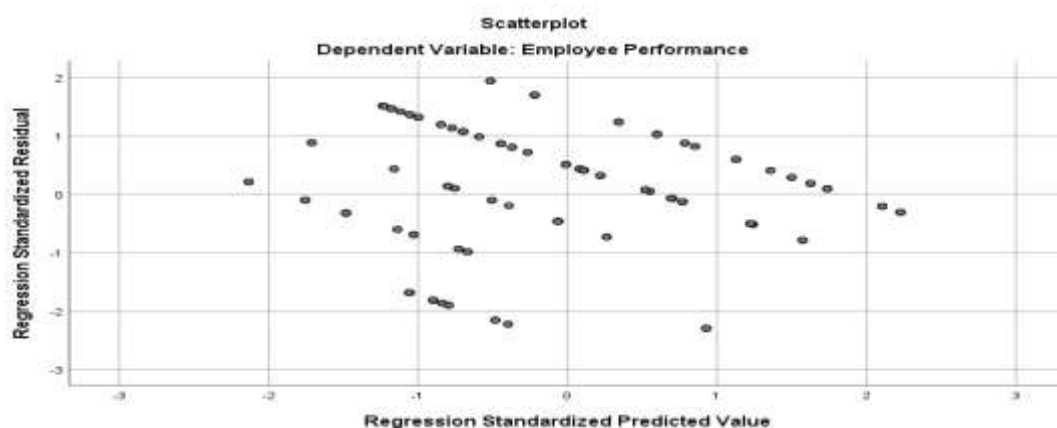
A. Dependent Variable: Employee Performance

The result shows that for all independent variables tolerance is above 0.2 and VIF is below 0.5. Where there is no multicollinearity.

4.5.4 Assumption 3: Heteroscedasticity Test

This assumption tells us that error terms don't have a continuing variance. If heteroscedasticity occur the estimators of the standard least square method are inefficient and hypothesis testing is not any longer reliable or valid because it will underestimate the variances and standard errors. The graphical or visual testing of the heteroscedasticity is the variance of the error term is consistent across all measures of the model. This suggests that the info is not heteroscedastic, if not there is heteroscedasticity.

Figure 4.2 Heteroscedasticity Test



Source: survey (2020) SPSS output

The above figure shows that the error terms are not continual, they consistent across all measures of the model. This suggests there is no heteroscedastic.

4.6 Multiple Regression Analysis

Table 4.15 Model Summary^b

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.635 ^a	.404	.397	.98307	1.890
a. Predictors: (Constant), Physical Work environment factors, Social Work environment factors, sychological Work environment factors					
b. Dependent Variable: Employees' Performance					

Source: survey (2020) SPSS output

In this study, a multiple regression analysis was conducted to test the relationship between independent variables and dependent variables. The analysis was done to establish how the specific Performance of employees in the study area. A regression analysis results are presented in the Model Summary table.

The result as shown in the model summary indicates psychological, physical, and social factors explained (40.4 %) of change determining the Performance of employees in the study area

Coefficient of determination - R^2 is the measure of the proportion of the variance of a dependent variable about its mean that is explained by the independent or predictor variables (Hair et al., 2014). A higher value of R^2 represents the greater explanatory power of the regression equation.

Table 4.16 Coefficients ^a

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.620	.406		-3.989	.000
	Psychological Work environment factors	.730	.165	.364	4.435	.000
	Social Work environment factors	.339	.173	.149	1.959	.050
	Physical Work environment factors	.402	.118	.203	3.415	.001
a. Dependent Variable: Employee Performance						

Source: survey (2020) SPSS output

The unstandardized coefficients of the determination under the B column in the above table were used to substitute the unknown beta values of the regression model. The beta values indicated the direction of the relationship. A positive or negative sign indicates the nature of the relationship. The significant values (p-value) under the significance column indicate the statistical significance of the relationship of the probability of the model giving a wrong prediction. A p-value of less than 0.05 is recommended as it signifies a high degree of confidence.

The coefficients table sought to identify which predictors are significant contributors to the 40.4% of explained variance in Y (i.e., $R^2 = 0.404$) and which significant ones help strongly to explain the Y-intercept established regression equation was:

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e$$

$X_1 = 0.73$, Psychological factors

$X_2 = 0.339$, Social work factors

$X_3 = 0.402$, physical work factors, therefore:

$$Y = -1.620 + 0.73\beta_1 + 0.339\beta_2 + 0.402\beta_3$$

4.7 Hypothesis Test

Correlation analysis is the most important method for identifying the relationship between independent and dependent variables in a research study, but it does not assess the effect of the two variables.

Each hypothesis was tested based on an unstandardized coefficient beta and P-value (the hypothesis was rejected or accepted). According to (Asuero et al., 2006) correlation coefficient ranges from 0.00 to 0.29 weak, 0.30 to 0.49 low, 0.50 to 0.69 moderate, and above 0.70 is highly correlated.

Hypothesis 1

H1: Psychological environmental factors have a positive influence on employee performance.

As indicated in the unstandardized coefficient beta and P-value table result, the psychological factor is 0.730 and a significant level of 0.05. The P-value is 0.000, which is less than 0.05. According to the analysis, the hypothesis is accepted, and the independent and dependent variables have a positive relationship.

This implies that, other explanatory variable remain constant, if the mean score value of psychological work environment increase by 1 unit, on average the mean score value of employee performance increase by 0.730 unit and statistically significant at 5% significance level.

Hypothesis 2

H2: social work environmental factors have a positive influence on employee performance.

As indicated in the unstandardized coefficient beta and P-value table result, the Social Work environment factors is 0.339 and a significant level of 0.05. The P-value is 0.05. According to the analysis, the hypothesis is accepted, and the independent and dependent variables have a positive relationship.

This implies that, other explanatory variable remain constant, if the mean score value of Social Work environment factors increase by 1 unit, on average the mean score

value of employee performance increase by 0.339 unit and statistically significant at 5 % significance level

Hypothesis 3

H3: Physical Environmental work factors have a positive influence on employee performance.

As indicated in the unstandardized coefficient beta and P-value table result, the physical work environment factor is 0.402 and a significant level of 0.05. The P-value is 0.001. According to the analysis, the hypothesis is accepted, and the independent and dependent variables have a positive relationship.

This implies that, other explanatory variable remain constant, if the mean score value of Physical Work environment factors increase by 1 unit, on average the mean score value of employee performance increase by 0.402 unit and statistically significant at 5 % significance level.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The most important resource for an organization is the human resources who are the employees. They make sufficient contributions to an organization; attention should therefore be paid to them. Organizations can only realize their goals and objectives through their employees' performance. Employees will strive to perform when they feel that their immediate environment state corresponds with their obligations. The type of work environment in which they operate will determine whether they perform or not, it's through their performance that organizational performance can be realized. The workplace conditions will determine the employees' comfort to work and boost their performance (Nanzushi, 2015).

The study revealed that the organization's working environment had an impact on members as far as respondents are concerned. The study found that the organization needs to improve its physical working environment to influence employees to stay in the office, work comfortably and perform their job. Through this study, it revealed that employees' performance depended much on the presence of job aid at the organization. This means by having job aid will support the employees to perform and plan for development so that it can be used to obtain the optimal use for performance. It was also found that the organization to some extent has fairly treatment in rewarding employees who perform well.

In an organization workplace environment factors and employees' performance have their own relations. The findings of the study indicated environmental factors i.e., physical environment, social environment, and psychological environment factors have a positive linear relationship with employee performance.

5.2 Conclusions

The working environment plays a vital role in motivating employees to perform their assigned job. Since money is not a sufficient motivator in encouraging the workplace performance required in today's competitive business environment. The ability to attract, keep and motivate high performance is becoming increasingly important in today's competitive organizational environments. The study also revealed that employees will improve their performance if the problems identified during the research are tackled by the management. At the end of the research, it was realized that the employee's working environment find themselves in affects their productivity greatly. Therefore it is the responsibility of the organization to provide a friendly working environment that will influence employees to work comfortably and perform their job.

The organization should also ensure that the workplace environment is comfortable enough to support employee performance by improving the working conditions. Improving the working environment will increase employee performance. When the work environmental supports are sound, employees are better equipped to do what is expected of them. Through this, they will achieve organizational goals. Since the workplace environment factors are at the core of influencing employees' performance, these organizations should work hard at availing every needed resource in making sure that the work environment supports their employee performance.

5.3 Recommendations

Based on the results of the findings, the following are recommendations for future implementation.

- ❖ The organization should have a good program in place for their employee's social work environment as this can be a great factor to motivate and retain them.
- ❖ Management should try as much as possible to build a work environment that attracts, retain and motivate its employees to help them work comfortably and increase organizational productivity.
- ❖ The organization should make available, adjustable and flexible furniture to all workers to make them more comfortable.

5.4 Future Direction

The study explored only the effect of the working environment on employees' performance at the development bank. Therefore, other researchers should conduct studies in other companies or institutions including those located in the country. Also, further study should aim to explore the advantages that organizations reap from improving the working environment.

REFERENCES

- Aynalem Dagne. (2018). The Effect of Working Environment on Employees' Commitment at Development Bank of Ethiopia. MBA Graduate Thesis submitted to St. Mary's University, School of Graduate Studies. Addis Ababa, Ethiopia
- Aideed Bashir, Abeera Amir, Mehwish Jawaad & Tania Hasan. (2020) Richard Wickramaratne (Reviewing editor) (2020) Work conditions and job performance:
- Ajala, E.M. Ph.D. Adediran, Kehinde Busayo. MSW., Working conditions, Grievance procedures and Fringe benefits as Determinants of Labour Turnover in Selected Industries in Oyo State, Nigeria., Department of Social Work, University of Ibadan, Ibadan. Nigeria.
- Aram Hanna Massoudi (Dr), Dr. Samir Salah Aldin Hamdi, The Consequence of work environment on Employees Productivity. IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 19, Issue 1. Ver. III (Jan. 2017), PP 35-42 www.iosrjournals.org. College of Administrative and Financial Science/ Cihan University/ Erbil, Iraq.
- Buhai, S., Cottini, E., & Nielsen, N. (2008). The impact of Workplace Conditions on Firm Performance (Working Paper Number 08-13). Retrieved from http://www.hha.dk/nat/wper/08-13_sebu.pdf
- Chandrasekar, K. (2011). Workplace environment and its impact on organizational performance in public sector organizations. International journal of enterprise computing and business systems, 1(1), 1-19.

- Christabella P. Bushiri. (2014). The Impact of Working Environment on Employees' Performance: The Case of Institute of Finance Management in Dar Es Salaam Region. Graduate Thesis submitted to The Open University of Tanzania: Tanzania
- Clark, S. C. (2000). Work/family border theory: A new theory of work/family balance. *Human relations*, 53(6), 747-770.
- Creswell, J. W. (2005). Mixed methods designs. *Educational research: Planning, conducting, and evaluating quantitative and qualitative research*, 509-529
- Creswell, J. W. (2009). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. California: Sage Publications Inc.
- Emmanuel Majekodunmi Ajala, the influence of workplace environment on workers' welfare, performance and productivity, *The African Symposium*, Volume 12, Number 1, June 2012. University of Ibadan.
- Khaled, A. and Haneen, O., 2017, *the Influence of Work Environment on Job Performance: A Case Study of Engineering Company in, Research India Publications*, Jordan.
- Maisa Y. Burbar¹, *International Business Research*; Vol. 14, No. 8; 2021 Published by Canadian Center of Science and Education. *An indirect conditional effect of motivation*, *Cogent Business Management*, 7:1, DOI: 10.1080/23311975.2020.1801961
- Ruchi Jain and Kaur S. (2014). *Impact of work environment on job satisfaction*. *International journal of scientific and research publications*, Vol. 4, 1-8.
- Revanth Periyasamy., (2022) Employee Performance – 3 Key Factors that will improve it.

APPENDIX

ST.MARY’S UNIVERSITY SCHOOL OF GRADUATE STUDIES MBA PROGRAM

APPENDIX A: Questionnaire Distributed to respondents /employees/

Dear Sir/Madam

I am a Master’s student in St. Mary University, School of graduate studies, Masters of Business Administration department, currently; I am conducting a research study entitled as “The Effect of Working Condition on Employee’s Performance in Development Bank of Ethiopia at Head office”. I have designed this questionnaire to collect data from employees working in Development bank of Ethiopia at head office.

The questionnaire will used to collect the primary data needed for a research study. Therefore, I seek your assistance to be as open, fair, and honest in terms of responding to your response to each question as much as possible you can. The researcher assures you that no individuals will be identified from their responses and there are no requests for confidential information included in the questionnaire. The results of the analysis will be strictly used by the researchers for study purposes only.

The questionnaire comprises two parts:

- ❖ Part one: General information questionnaire
- ❖ Part two: working condition questionnaire

Instructions

- ❖ No need for writing your name in this questionnaire
- ❖ Read each statement carefully and give the corresponding answer correctly.

Please **Tick** in one box for both parts of the questionnaire for general information questions and in line with the selected number in the table from 1 to 5 for part 1 and part 2. i.e. for Physical Work Environment, Psychological Work Environment and Social Environment questioner.

Part I: General Information Questionnaire

Instructions: Make a "√" in the appropriate box.

1. Gender

Male ☐

Female ☐

2. Age

Between 18-25 years ☐

26-35 years ☐

36-45 years ☐

over 45 year's ☐

3. Marital status

Single ☐

Married ☐

Divorced ☐

4. Educational Background

Diploma ☐

Degree ☐

Masters and Above ☐

5. Position

Junior Officer ☐

Principal Officer ☐ Director ☐

Officer ☐

Team Manager ☐

Senior Officer ☐

Division Head ☐

6. How long have you been in Development Bank of Ethiopia?

Less than 5 years ☐ 5 to 10 years ☐ 10 to 15 years ☐ above 15 years ☐

7. Salary

5000- 12,000birr ☐

17,646- 28,000birr ☐

29,000- 34,000 birr ☐

35,000-40,000 birr ☐

>40,000 ☐

birr

	Physical Work Environment Factors	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
	Description of item					
1.	Office Equipment	5	4	3	2	1
1.1	My furniture is comfortable enough to enable me perform my jobs without getting tired.					
1.2	We have the requisite equipment to perform our duties.					
2.	Office Layout					
2.1	I am happy with my office space and arrangement..					
2.2	The level of cleanliness here is good.					
2.3	The interior design of the work place (bank) is attractive.					
3.	Temperature					
3.1	The temperature of the work place are acceptable.					
3.2	The ventilation of the room is good.					
3.3	The work place temperature makes me comfortable.					
3.4	The temperature at my work place is too high and there are no air conditions.					
4	Lightning					
4.1	There are not enough light here.					
4.2	A better work environment will make me perform better at my job.					
5	Noise Level					
5.1	There is no noise pollution in the work place.					
5.2	There is excessive noise here.					
	Psychological work environment Factors					
1	Emotion and Moods					

1.1	The moods to work my duties is positive.					
1.2	The perception to my bank is good.					
1.3	I have the motivation to work for my bank.					
2	Wages and Income					
2.1	The level of salary here is good.					
2.2	My performance matches with my pay.					
2.3	Considering all my efforts and achievements in my job, I feel I get paid appropriately.					
2.4	My Organization Provides incentives that generally support my work.					
3.	Training and Development					
3.1	Company invests in employees through training of work ethics and commitment.					
3.2	My organization provides training and development to the employees.					
3.3	My organization helps me identify my training and development needs through performance appraisals.					
3.4	Education opportunities are available in my work place.					
3.5	There is fair selection of employees for training.					
4	Work Load					
4.1	Workload can be finished in given time.					
4.2	Work is well matched with my personal skills.					
4.3	Workload is evenly distributed so it does not pile up.					
3	Social-Work Environment Factors					
1	Communication Style					
1.1	The communication between co-workers is					

	participatory.					
1.2	Essential information flows effectively from senior leadership to staff.					
1.3	Staff meetings are regularly scheduled in my Division.					
2	Relationship Between Superior					
2.1	The supervisor support is high in my work.					
2.2	I receive enough opportunities to interact with other employees.					
2.3	My supervisor would let me leave work early if I needed to address critical personal matters.					
2.4	My supervisor recognizes the need for leave in order to give employees time off work to relax and attend to personal issues.					
3	Relationship Among Co-Workers					
3.1	Workers can freely join and form a union.					
3.2	I have positive working relationships with my co-workers and there is support from colleagues and supervisors.					

What is your annual average performance evaluation result -----

‘THANK YOU FOR YOUR PARTICIPATION’

APPENDIX-B

APPENDIX-B :Interview Check List

1. What do you think about working environment by relating with the DBE experience?
2. Do you feel that the bank provide convenient physical workplace?
3. Do you feel that the bank provide convenient psychosocial workplace?
4. Do you feel that there is work life balance in the bank?
5. How do you evaluate the workforce commitment in the Bank?
6. Do you feel that DBE employees commitment affected by the working environment?
7. What are the main factors of working environment that influence employees' commitment in the Bank?
8. Is the management of the Bank aware about the factors influencing working environment?

‘THANK YOU FOR YOUR PARTICIPATION’