

The Study On The Relationship Between Working Environment And Employees' Job Performance -With Special Reference To Employees In The Financial Institutions

Kugathasan Pushpaharan

Senior lecturer, Department of Economics, Faculty of Commerce and Management, Eastern University, Sri Lanka.

pushpaharankugathasan@yahoo.com

Abstract

Nowadays organizations of all kind are operating in a highly competitive business environment. Every organization needs changes in its operations including policies, procedure, strategy, structure, technology, knowledge, skill, attitude, etc. Ultimately the output of all organization, whether manufacturing or service will be converted in to money. The financial institutions especially banks have to find and adopt new ways and means to ease and facilitate the requirements of the changing nature of organizations. Banking industry is the backbone of the country's economy. The job nature of banking employees is very tedious as it involves the direct customer interaction in all levels. This condition makes Bankers, a great transaction of stress and due to many backgrounds of stress such as excess work, role doubt, role conflict, condition and nature of customers, concern for customer, etc. The study aims at examining the relation of working environment and employees' job performance by using sample of 100 participants. The data were obtained through close ended questionnaire. A statistical test of correlation and reliabilities were also confirmed. The results are significant with positive correlation between working environment and employees' job performance.

Keywords: *working environment, employees' job performance, financial institutions.*

1. Introduction

Working environment plays an important role towards the employees 'performance. Working environment is argued to impact immensely on employees' performance either towards negative or the positive outcomes (Chandrasekar2001). Better outcomes and

increased productivity is assumed to be the result of better workplace environment. Better physical environment of office will boost the employees and ultimately improve their productivity. Various literature pertain to the study of multiple offices and office buildings indicated that the factors such as dissatisfaction, cluttered workplaces and the physical environment are playing a major role in the loss of employees' productivity (Clements- Croome 1997).

In the 1990's, the factors of work environment had changed due to the changes in several factors such as the social environment, information technology and the flexible ways of organizing work processes (Hasun & Makhbul, 2005). When employees are physically and emotionally fit will have the desire to work and their performance outcomes shall be increased. Moreover, a proper workplace environment helps in reducing the number of absenteeism and thus can increase the employees' performance which leads to increased productivity at the workplace (Boles et al.2004).

2. Statement of the Research Problem

Noble (2009) states that more attention should be paid in identifying and dealing with working environment because when employee have negative perception to their environment they sometimes suffer from chronic stress. Poor working environment may lead to lower their performance. Therefore, the study about the working environment of employees becomes important.

2.1 Research Questions

The following research questions are advanced in this study.

1. What is the level of working environment in the financial service industries in the Batticaloa district, Sri Lanka?
2. What is the level of performance of employees in the financial service industries in the Batticaloa district, Sri Lanka?
3. What is the relationship between working environment and performance of employees in the financial service industries in the Batticaloa district, Sri Lanka?

2.2 Objective of the Study

The specific objectives of this study are given below. These objectives have been derived from the research questions and purpose of the study.

1. To identify the level of working environment in the financial service industries in the Batticaloa district, Sri Lanka?
2. To identify the level of performance of employees in the financial service industries in the Batticaloa district, Sri Lanka?
3. To Measure the relationship between working environment and performance of employees in the financial service industries in the Batticaloa district, Sri Lanka?

3. Literature Review

3.1 Working environment

Kohun (1992), defines working environment as an entirety which comprises the totality of forces, actions and other influential factors that are currently and, or potentially contending with the employee's activities and performance. Working environment is the sum of the interrelationship that exists within the employees and the environment in which the employees work.

Brenner (2004) was of the opinion that "the ability to share knowledge throughout organizations depends on how the work environment is designed to enable organizations to utilize work environment as if it were an asset. This helps organizations to improve effectiveness and allow employees to benefit from collective knowledge". In addition, he argued that working environment designed to suit employee's satisfaction and free flow of exchange of ideas is a better medium of motivating employees towards higher productivity.

Opperman (2002) defines working environment is a composite of three major subenvironments: the technical environment, the human environment and the organizational environment. Technical environment refers to tools, equipment, technological infrastructure and other physical or technical elements. The technical environment creates elements that enable employees perform their respective

responsibilities and activities. The human environment refers to peers, others with whom employees relates, team and work groups, interactional issues, the leadership and management. This environment is designed in such a way that encourages informal interaction in the work place so that the opportunity to share knowledge and exchange ideas could be enhanced. This is a basis to attain maximum productivity.

Organizational environment include systems, procedures, practices, values and philosophies. Management has control over organizational environment. Measurement system where people are rewarded on quantity, hence workers will have little interest in helping those workers who are trying to improve quality. Thus, issues of organizational environment influence employee's productivity.

According to Amir (2010), the workplace is an arranged area which is provided by the company in order to achieve its goal. An arranged area can be described as the layout of a work space which suits the nature of the job or task that is to be performed. Ajala (2012), claims that an environment is the immediate surroundings of a user which is manipulated for their existence or use. Hence, a workplace gives an environment to the employee to perform a given task.

Based on a research done by Oswald (2012), there are 2 types of working environment which are the physical component as well as the behavioural component. It is said that the physical environment consists of elements which is related to the connectivity of the user with their office environment. Meanwhile, the behavioural environment consists of elements which is related to the connectivity between users in the same work environment as well as the impact of working environment on the user's behaviour.

This study will look into the effect of the working environment on the employee's performance.

The effects of changing work environment are also related to the wellbeing of the employees and wellbeing at the workplace is a driver for productivity. This involves job satisfaction, appreciation, work engagement and also, work-life balance (Palvalin, 2017). All of these are related to the productivity of an individual worker which is known to be

one of the most important factors for good organisational performance. It is also important that managers are well aware of this and able to measure how changes in work environment provides an impact on their worker's productivity.

According to Garg & Talwar (2017), the working environment is important in an organisation and it is perceived to motivate employees that results in a better productivity, greater passion for business and a deeper engagement with their customers. It is also believed that an individual would contribute positively to the business outcome when they feel valued and respected at their workplace. A positive environment will always be good for both individual and the organisation as well because it can overcome the turnover ratios.

3.2 Employees' job performance

Sinha (2001) stated that employees' performance is depending on the willingness and also the openness of the employees itself on doing their job. He also stated that by having this willingness and openness of the employees in doing their job, it could increase the employees' productivity which also leads to the performance.

Stup (2003) also explained that to have a standard performance, employers have to get the employees task to be done on track as to achieve the organization goal or target. By having the work or job done on track, employers could be able to monitor their employees and help them to improve their performance.

Furthermore, a reward system should be implemented based on the performance of the employees. This is to motivate the employees in order to perform more on their task. There are several factors that being described by Stup (2003) towards the success of the employees' performance. The factors are such as physical work environment, equipment, meaningful work, performance expectation, and feedback on performance, reward for good or bad system, standard operating procedures, knowledge, skills and attitudes. Franco et al (2002) defined performance that relies on internal motivation but presence of intemal factors such as necessary skills, intellectual capacity and resources to do the job clearly have an impact. As a consequence employers are supposed to provide appropriate

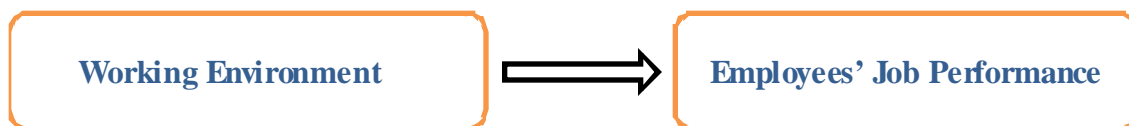
working conditions in order to make sure the performance of employees meet the required standards.

3.3. Working Environment and Employees' job Performance

An attractive and supportive working environment provide conditions that enable employees to perform effectively, making best use of their knowledge, skills and competences and the available resources in order to provide high-quality of organization service. Basing on this study the factors are explained below. Physical factors in the workplace such as poor layout or overcrowding can lead to common types of accident such as tripping or striking against objects. There are also some other factor that could affect the employees performance such as noise which will cause discomfort on the employees and thus reduce the employees' productivity. An employee could be affected depending on the task they are given and also the environment of the place they are working By having a good environment, the employees could apply their energy and their full attention to perform work (Vischer, 2007).

4. Conceptualization

The conceptual approach for this research study is based on a broad theoretical framework and the study examines the Relationship between working environment and employees' job performance.



5. Methodology

The purpose of this research is to empirically investigate the influence of working environment on employees' job performance.

Researcher applied quantitative methodology for this study. Thus, survey method has been adopted. Furthermore, the questionnaire was used to collect the data from the study area.

5.1 Population and sampling

There are 25 districts in Sri Lanka, and Batticaloa is one of the districts. This study was conducted in the financial institutions in the Batticaloa district. Among the employee population in the selected financial institutions, 100 employees were selected based on the proportionate random sampling method and the questionnaires were distributed accordingly.

5.2 Data Collection Methods and Instruments

This study was carried out based on primary data. Structured questionnaire was used to collect data. The Questioner comprised of statements on dimensions. The questionnaires were issued to the 100 respondents with self-addressed cover on personal visit to the financial institutions. Likert scale of 1-5 which ranges from “Strongly Disagree” to “Strongly Agree” was applied in the questionnaire to identify responses. The numerical values were given for the purpose of quantification of variable as follows:

1. Strongly disagree
2. Disagree
3. Neither Agree nor Disagree.
4. Agree
5. Strongly agree

5.3 Data Presentation, Analysis and Evaluation

Data has been presented using tables. Meanwhile descriptive analysis was used for data analysis. Hence under the descriptive analysis, mean and standard deviation were derived from the analysis of 100 samples. Statistical package of SPSS 22.0 has been used for this

purpose. Furthermore, criteria shown in Table 1 were adopted to evaluate mean values. This was established to determine the level of working environment and employees' job performance.

Table 1. Decision rule for univariate analysis

Range	Decision attributes
$1 \leq X_i \leq 2.5$	Low level
$2.5 < X_i \leq 3.5$	Moderate level
$3.5 < X_i \leq 5.0$	High level

Source- Formed for this research

5.4 Bivariate analysis.

Correlation analysis provides the relationship between the two variables such as Working environment as independent variables and employees' job performance as dependent variable. Correlation can be categorized based on the possible ranges in relation to appropriate decision attributes given below.

Decision criteria for correlation analysis	
Range	Decision criteria
$r = 0.5$ to 1.0	Strong positive relationship
$r = 0.3$ to 0.49	Moderate positive relationship
$r = 0.1$ to 0.29	Weak positive relationship
$r = -0.1$ to -0.29	Weak negative relationship
$r = -0.3$ to -0.49	Moderate negative relationship
$r = -0.5$ to -1.0	Strong negative relationship

6. Data presentation

6.1 Working environment of employees

Working environment includes six dimensions; such as team work, communication skills, problem solving skills, managing information, adaptability, and building relationship skills. The following table reveals the level of working environment of employees in the financial institutions in the Batticaloa district.

Level of working environment

Dimensions	Mean	Standard deviation
Working environment	3.79	0.68

(Source: survey data)

Working environment has high level at its individual characteristics in influencing the level of employees job performance.(Mean =3.79). In addition, most of the respondents expressed the common opinion regarding the independent variable of working environment (SD = 0.68). The working environment revealed mean value more than 3.5. Therefore, it clearly reveals high level of working environment in the selected financial institutions in the Batticaloa district.

6.2 The level of job performance

Job performance was measured through eight dimensions such as, productivity & efficiency, job knowledge, reliability & timeliness, availability, independence, achievement, participation, and growth. The following table reveals the level of job performance of employees in the financial institutions in the Batticaloa district.

Dimensions	Mean	Standard deviation
Productivity & efficiency,	3.99	0.90
Job knowledge	3.95	0.98
Reliability & timeliness	3.75	0.89
Availability	3.39	0.79
Independence	3.60	0.78
Achievement	3.87	0.79
Participation	3.87	0.93
Growth	3.80	0.99
Job performance	3.77	0.68

(Source: survey data)

The level of job performance of the employees revealed high level (Mean = 3.77). most of the respondents expressed the common opinion regarding dependent variable (SD = 0.68) the dimensions of job performance such as productivity & efficiency, job knowledge, reliability & timeliness, independence, achievement, participation, and growth can be considered as high level of significant in job performance of employees and availability can be considered as moderate level of significant attributes in job performance of employees in the Financial institutions in the Batticaloa district. Productivity & efficiency and job knowledge have revealed higher value than other dimensions in job performance. Availability and independence have revealed less value than other dimensions of the job performance of employees in the financial institutions in the Batticaloa district.

6.3 The relationship between working environment and job performance

Correlation analysis is carried out to find out the relationship between working environment and job performance of employees.

Relationship between working environment and job performance.		
Variables		Working environment
Job performance	Pearson Correlation	0.861**
	Sig. (2 tailed)	0.000

** Correlation is significant at the 0.01 level (2 tailed) (Source: survey data)

The correlation values in the above table indicate that there is strong positive relationship between working environment and job performance of employees in the financial institutions in the Batticaloa district. It can be stated that correlation was significant at 0.01 and the relationship is linearly correlated.

6.4 The influence of working environment on job performance of employees

Regression analysis is carried out to assess the influence of working environment on employees' job performance in the financial institutions in the Batticaloa district.

The influence of Working environment on job performance of employees			
Independent variable	R ²	F	Sig.
Working environment	0.784	543.640	0.000

(Source: survey data)

The model reveals that adjusted R² value is 0.784 which indicates that 78.4% of variation in job performance of employees is explained by the employees' working environment. The test of significance for the F-statistics is 543.640. Significance on table above (p-

value = 0.000) which is less than 0.005 and it indicates that the regression model is statistically significant.

7. Conclusion

Working environment plays a vital role in motivating employees to perform their assigned job. The ability to attract, keep and motivate high-performance is becoming increasingly important in today's competitive organizational environments.

Conclusions have been derived from the findings of these research objectives. Working environment and job performance are at high level in the selected Financial institutions in the Batticaloa district.

According to the correlation analysis, there is strong positive relationship between working environment and job performance of employees, and regression analysis revealed that working environment has a sizeable influence on job performance of employees in the selected financial institutions in the Batticaloa district.

The study also revealed that employee's 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 affect their productivity greatly. Therefore it is the responsibilities of the organization to provide friendly working environment which will influence employees to work comfortable and perform their job.

8. Recommendations

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

Periodic meetings with employees to air their grievances to management to serve as a motivating factor to the employees. Managers should also be counseled on their relationships with their subordinates. The organization should have a good program in

place for their employees work life balance 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 so that to help them work comfortable and increase organization productivity. Employers should make available adjustable and flexible furniture to all workers in order to make them more comfortable. This in the long run keeps the employees healthy. Employers should have in place a good working condition for their employees in order to boost their morale and made them more efficient. An example is making their benefit programs to suit employees.

Reference

1. Amir, F. (2010). Measuring the impact of office environment on performance level of employees. Global Environment. Bhurban, Pakistan appraisal. Glenview: Scott, Foresman and Company.
2. Boles, M., Pelletier, B. & Lynch, W. (2004). The relationship between health risks and work productivity. Journal of Occupational and Environment Medicine, 46(7), 737-745.
3. Brenner, P. (2004). Workers physical surrounding. Impact bottom line accounting: Smarts Pros.com.
4. Chandrasekar K. (2011). Workplace Environment and its Impact on Organizational Performance in Public Sector Organizations, International Journal Of Enterprise Computing and Business Systems, Vol:1, Issue:1.
5. Clements-Croome, D.J., (1997). Specifying Indoor Climate in book Naturally Ventilated Buildings. Spon.
6. Franco LM, Bennett S, Kanfer R, & Stubblebine P, (2002). Health Worker Motivation in Jordan and Georgia: A Synthesis of the Results, Major Applied Research 5, Technical Paper 3 Bethesda, Maryland: Partnership for Health Reform Project.
7. Garg, P., & Talwar, D. (2017). Impact of Organisational Climate on Employee Performance: A Study With Reference To The Educational Sector of Indore. International Journal of Research in Commerce & Management, 8(4), 22–26.

8. Hasun, F. M.&Makhbul Z.M. (2005).An overview of workplace environment and selected demographic factors towards individual's health and performance enhancement. Synergizing OSH for Business Competitive, 45-53.
9. Kohun, S. (1992).Business environment. Ibadan: University Press
10. Noble, A. (2009). Building health promotional work setting identifying the relationship work characteristics and occupational stress. Promotional international journal, 18 (4) 351-359.
11. Opperman C. S. (2002).Tropical business issues. Partner Price Water House Coopers. International Business Review.
12. Oswald, A. (2012). The Effect of Working Environment on Workers Performance: The Case of Reproductive and Child Health Care Providers in Tarime District. Unpublished. Muhimbili University of Health and Allied Sciences.
13. Palvalin, M. (2017). How To Measure Impacts of Work Environment Changes on Knowledge Work Productivity? Validation and Improvement of The SmartWoW Tool. Measuring Business Excellence, 21(2), MBE-05-20160025. <https://doi.org/10.1108/MBE-05-2016-0025>
14. Sinha, E. S. (2001). The skills and career path of an effective project manager. International Journal of Project Management, 19, 1-7.
15. Stup, R. (2003). Control the factors that influence employee success. Managing the Hispanic workforce Conference. Cornell University and Pennsylvania State University.
16. Vischer, J. C. (2007). The effects of the physical environment on job performance: Towards a theoretical model of workspace stress.