



ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

EFFECTS OF WORKING ENVIROMENT ON EMPLOYEE
PERFORMANCE: THE CASE OF ZEMEN BANK S.C

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Statement of Declaration

I, the undersigned, hereby declare that the project work titled "**The Effect of Working Environment on Employee Performance: The Case of Zemen Bank S.c**" is my original work and has not been submitted for a degree at any other university, and that all sources of materials used for the project work have been properly acknowledged.

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Statement of certification

This is to certify that Dawit Wondu Woyessa completed his project work on the topic "The Effect of Working Environment on Employee Performance: The Case of Zemen Bank SC" The work is original and suitable for submission for the award of the Degree of Master of Business Leadership at Addis Ababa University, School of Commerce.

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EFFECTS OF WORKING ENVIROMENT ON EMPLOYEE PERFORMANCE: THE
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Acronyms

ANOVA	Analysis of Variance
PWE	Physical Working Environment
RW	Reward
LS	Leadership Style
TR	Training
CP	Communication Practice
EP	Employees Performance

Abstract

The work environment, which includes a variety of factors, has an impact on how employees perform their duties. A welcoming and inclusive workplace environment will improve employee performance; thereby improving organizational performance. The aim of this study was to investigate the effects of working environment on employee performance at Zemen bank. For the purpose of this study, quantitative research approach with descriptive and explanatory research design was used. 50 respondents for the study were chosen using a stratified random sampling technique. For data collection, a structured questionnaire was used. The collected data was analyzed using descriptive statistics, correlation and regression analysis through statistical package for social science (SPSS). Consequently, the finding of the descriptive statistics revealed that majority of the respondents have responded below the average level of preference for reward and training related factors whereas most of employees were sufficiently agreed with physical working environment, leadership style and communication practice related factors. Furthermore, the finding of the correlation and regression analysis revealed that physical working environment, reward, leadership, training and communication practice have significant and positive impact on employee performance. Based on the finding of the study, recommendation was forwarded for the management of Zemen Bank, that the bank has to revised its reward and training system since there is a gap in those area at the bank, whereas the bank also has to keep its strength on physical working environment, leadership style and communication practice.

CHAPTER ONE

INTRODUCTION

This chapter discusses the study's background, problem statement, and objective, and research hypothesis, significance of the study, scope, and limitations.

1.1 Background of the Study

In today's volatile business environment and intense business competition, companies must find ways to improve their performance in order to outperform their competitors and become successful. In order to secure competitive advantage, an organization has to deliver a quality product/service. Hence, the quality of the performance of their employees has a determinant factor. Work environment incorporate the following factors (physical working environment, reward, leadership style, and training and communication practice) that have an effect on work.

The quality of an employee's workplace environment has an impact on their motivation and, as a result, their performance. When employees have a strong desire to work, both physically and mentally, their overall performance will increase (Boles et al., 2004). They additionally said that having a proper place of job surroundings aids in lowering absenteeism and, as a result, can enhance overall performance in modern day competitive and aggressive enterprise world. When employees work in an unfavorable work environment, it leads to absence, low productivity, or different measures that could one way or another have an effect on their overall performance in addition to the overall performance of the organization.

Employee performance is multifaceted and critical to organizational success (Campbell, 1990; Dyne et al., 2002). Job performance is determined by three factors: skill, effort, and the nature of the work environment. The skills include the knowledge, abilities, and competencies that the employee brings to the job; effort is the level of motivation that the employee has to get the job done; and the nature of work conditions is the degree to which these conditions are accommodated in order to facilitate the employee's productivity (Kazmi et al., 2008).

The concept of 'workplace performance' refers to the aspect of the workplace environment provided by the employer to their employees that can help them perform better at work (Clements-Croome, 2006). Employees with high levels of performance will increase corporate productivity and, as a result, the company's profit.

According to Afshan et al. (2012), employee performance is defined as the completion of specific tasks by employees of an organization (via the effort applied by employees within such organization) and is measured against the organization's predetermined or recognized requirements of accuracy, comprehensiveness, cost, and speed. There are a variety of indicators that can be used to measure performance in the context of employees, whose performance directly affects the performance of an organization. This performance indicator consist of quantity, quality, timeliness, and cost effectiveness Quantity measures the number of units produced, processed, or sold in comparison to the organization's standard, whereas timeliness measures how efficiently and quickly work is completed or services are provided. For example, in the service industry, average customer downtime is a good indicator of timeliness, whereas in the manufacturing industry, the number of units produced per hour is important. If the employee has cost control, cost effectiveness can be measured by the cost of the work performed.

Empirical studies revealed that, there is relationship between working environment and workers job performance. Ashfaq Ahmad (2011) tested the effect of working environment on workers performance in Telecommunication Company Limited (PTCL) in Pakistan and the finding confirmed that there is a tremendous relationship among work environment and workers overall performance, especially physical working conditions which reflect the strongest positive and significant relationship and suggests that improvement in the working conditions leads to better employees' performance.

Mohammad Sadegi and Nina Munira (2013) examined their research on the influence of the work environment on work performance, using the Miyazu Malaysia case, and discovered that work aids and the physical workplace environment have a significant relationship with employee performance.

Therefore, by conducting this project, the researcher could contribute to the existing body of knowledge and be able to identify factors of workplace environment that affect employee's performance in the case of Zemen Bank S.c.

1.2 Background of the Organization

Zemen Bank is a privately owned bank established in 2008 by four thousand and above shareholders with a vision to bring a new dynamism to the financial sector and the banking business in Ethiopia. Zemen Bank is the first bank in Ethiopia to offer multi-channel banking (one branch strategy) and become one of the innovative and new dynamic banks of the financial sectors and the banking business in Ethiopia. Trying to change the banking sector way of doing business for good, introducing innovative product and services tailored to the need of the customer with superior customer services backed by advanced technology regardless of what channel the customer chooses to use. ZB had branded its products and services in the market place by addressing corporate, institutions & high net worth individuals for the past ten years with limited branches the bank has become one of the profitable and successful banks in the financial sectors. Currently, it has 47 branches and 3 Sub-branches, spanning the breadth and width of the country, from these 20 branches and 3 Sub-Branches are located in Addis Ababa (Company's Internal Profile). Besides, the bank is also constructing Headquarter Building which is located in the upcoming financial hub of the city. After completing the project, the building will have three basements and ground plus thirty-two floors. Currently the project reached 85% of accomplishment and it will be finalized before the end of year 2021. (Annual Report 2019)

Generally, Zemen Bank has the vision to become Ethiopia's five-star bank in 2020. Besides this, its mission is to maximize shareholders' value and to deliver the service to his clients the most distinctive banking experience in Ethiopia through a mix of local know-how and world-class standard. Also, the company ensures the staff in an engaging, rewarding, and attractive working environment alongside the best in the industry compensation scheme. The bank also provides different banking products and services to the customer to achieve the company's objective. Among these products project financing is one of the products (Company's Annual report 2019).

1.3. Statement of the problem

According to Noble (2009), more attention should be paid to identifying and dealing with the working environment because when employees have a negative perception of their environment, they can suffer from chronic stress. According to Opperman (2002), the working environment refers to the processes, systems, structures, tools, or conditions in the workplace that influence individual performance favorably or unfavorably. Policies, rules, culture, resources, working relationships, work location, internal and external environmental factors, and so on all influence how employees perform their job functions.

According to Anugwom (2004), unfavorable working atmosphere triggers a sense of unfulfillment, abuse, over looked for employees, and this situation ultimately prevent them from giving their all. According to Onogori (2007), when a worker does not find his or her work enjoyable and satisfying, it results in reduced efficiency, tiredness, disappointment, and dependency. Developing enduring work surroundings boosts worker overall performance in the company (Shilkdar and Shawaqed, 2003).

Employee performance is determined by the combination of effort, ability, and task perception (Platt, 2010). Employee performance is critical to the success and outcomes of the organization. Many factors influence employee performance, with workplace environment factors standing out as key performance determinants. It is the key multi-character factor considered to achieve results and has a significant relationship with the company's planned objectives (Sabir et al. 2012). Establishing a working environment that encourages workers wellbeing and improves character overall performance is visible as an approach for enhancing company performance and productivity. Employees usually have expectancies and could call for a place of job surroundings that lets in them to carry out their jobs to the best of their abilities. When this is adequately provided, it can increase organizational competitiveness (Heath, 2006).

To survive and grow, financial institutions must embrace high-quality workplace strategies as a competitive strategy. Because bank employees are both banks' most valuable resource and its most expensive expense, the long-run advantages of well-designed and easy work surroundings ought

to be factored into any initial value concerns (Smith, 2011). To endlessly enhance operating conditions, a performance culture that values every individual worker and encourages a continuous work-life balance should be adopted (World at work, 2007). Banks must therefore create a workplace environment in which their employees enjoy their work, believe their contributions are valued, and are appropriately rewarded, allowing them to reach their full potential.

The financial sector plays a major role in developing the economy of our country, Ethiopia. Economic growth and development are unthinkable without the participation of financial sector in general and commercial banking in particular, because Commercial Banks play a vital role in the economic development of the country. However, when we compare the service, they are rendering with that of developed countries, even by African standard, it is still lags behind. There are several reasons accountable for low quality service, of the which, lack of quality expertise in the sector and unfavorable working environments are the major one. Since the quality of the service is highly dependent on the performance of the employees, it is essential to examine factors that affect employees' performance. Therefore, this study is designed to examine the impact of working environment on employee's performance at Zemen Bank SC. The problem identified which made to conduct this research is based on the prevalence of dissatisfaction from the customers, especially the international community who are engaged in different investments. Through this research, the bank will learn how the work environment affects employee motivation and performance.

1.4 Research Questions

The research will try to address the following questions

1. What effect does the physical work environment has on employee performance at Zemen Bank?
2. What effect does reward has on employee performance at Zemen Bank?
3. What effect does leadership style have on employee performance at Zemen Bank?
4. How does training affect employee performance at Zemen Bank?
5. What effect does communication practice have on employee performance?

1.5 Research Objectives

This research will be guided by the following study objectives.

1.5.1 General Objective

The general objective of this study is to assess how working environments affects employee's performance at Zemen Bank Sc.

1.5.2 Specific Objectives

1. To determine whether physical work environment has influence on employees' performance.
2. To determine the impact of reward on employee performance.
3. To assess whether leadership style contribute towards employees' performance.
4. To assess the use of training towards employees' performance.
5. To examine whether communication practice contribute towards employees' performance.

1.6 Significance of the Study

The findings of this study provide the banking sector with useful information about the impact of the working environment on employee performance. Furthermore, it envisions that the study's findings will assist the sector in understanding and addressing employee and working environment issues.

The study will assist Zemen Bank S.c. management in determining how to create an enabling workplace environment for employees in order to motivate them to perform. It will educate managers on the various workplace environment factors that can affect employee performance and, as a result, the necessary improvements.

The results of this research will help as a reference for other researchers doing research in this area. Furthermore, this research will benefit expanding and realizing the potential and creativity in its field.

1.7 Scope of the Study

The scope of this research was to investigate the impact of the work environment on employee performance in the case of Zemen Bank S.C. Specifically, at the Kassanchis Corporate Headquarters. Only physical work environment, reward, leadership style, training, and communication practice are considered working environment factors from a theoretical standpoint, with employee task performance as a dependent variable. To achieve its goal, this study implemented a stratified random probability sampling technique.

1.8. Limitations of the study

While conducting this research the researcher has faced limitations. Considering the nature of the work, most respondents were unable to fill out and return the questionnaires on time and also because of time and budget constraint the numbers of samples were limited to 50.

1.9 Organization of the Study

The study has five chapters. Chapter one discusses the introduction part, statement of research problem, research objectives and significance of the study. Chapter two consists of literature review which comprise of conceptual definitions, theoretical review, empirical analysis and conceptual frame work. Chapter three contains the research methodology which comprise of the research design, study area, research population, sampling design, and data collection methods. Chapter four highlight the presentation and interpretation of data as well as discussing of Findings. Chapter five contains the summary of the study, recommendations and conclusions.

CHAPTER TWO

LETRATURE REVIEW

2.1. Introduction

This chapter shows a complete overview of applicable literature in order to put the study in a suitable theoretical framework. It investigates the study's theoretical, conceptual, and empirical literature. It contains theories about workplace environment factors that influence employee performance, such as physical environment, reward, leadership style, training, and communication practice. It then goes on to discuss the results of related studies.

2.2. Definition of Working Environment

According to Pal (2011). The workplace environment is a concept that has been operationalized by analyzing the extent to which employees perceive their immediate surroundings as meeting their intrinsic, extrinsic, and social needs, as well as their reason for remaining with the organization

According to Brenner (2004), the ability to transfer knowledge across company is dependent on how the work environment is designed to allow organizations to treat the work environment as an asset. This helps organizations become more effective by allowing Employees in gaining access to a pool of knowledge. He also suggested that a work atmosphere should focuses on employee's pleasure and a free flow of ideas is a better way for motivating employees to higher levels of productivity.

According to Opperman (2002), the working environment is a synthesis of three key sub-environments: the technical, human, and organizational. The technical environment includes tools, equipment, technological infrastructure, and other physical or technical aspects. The technical environment generates an element that enables workers to carry out their responsibilities and duties. Peers, others with whom employees relate, team and work groups, interactional issues, leadership, and management are all examples of the human environment. This environment is drawn in such a way that it encourages informal exchange in the workplace, thereby increasing the opportunity to transfer knowledge and exchange ideas. This is the foundation for achieving maximum productivity. Systems, procedures, practices, values, and philosophies are all part of the organizational environment. Management is in charge of the organizational environment. Employees will be uninterested in helping those who are seeking to enhance quality in a

measurement system where people are rewarded based on quantity. Thus, issues of the organizational environment have an impact on employee productivity.

2.3 Working Environment Factors that Affect Employees Performance

The workplace environment contains a variety of elements that are critical determinants of employee performance (Lambert, 2001). These factors may contribute positively or negatively to achieving peak employee performance. Workplaces have a variety of properties, components, or variables that might have an impact on workers' physical and mental health (Briner, 2000). Employee engagement with workplace aspects has a substantial impact on their error rate, amount of creativity and collaboration with coworkers, absenteeism, and ultimately, determines their commitment to work (Chandrasekar, 2011). Chandrasekar, identified twelve workplace environment factors that either lead to worker to engage or not to do so. Those factors that determine employee's engagement and disengagements are goal setting, Performance appraisal, coherence, procedures, workplace rewards, supervisor aid, and training, applying new skills, job aids, environmental factors, and physical factors.

Arsalani et al. (2011) also stated that working environment factors are stated into two groups: physical and psychosocial. The physical includes lighting, noise, and unfavorable office layout while the psychosocial includes workplace influence, meaning, quality leadership, and job insecurity. Many other researchers have also demonstrated various working environment factors that consist of two broader areas such as work and context. Work consists of various job characteristics such as job executed and fulfilled, task-oriented training, job freedom, and accomplishment. The context includes both physical and social working conditions.

This study, on the other hand, focuses on physical environment, workplace reward, leadership style, training, and communication practices as important working environment aspects, compared to earlier studies.

2.3.1. Physical Environment

According to Ismail et al. (2010), the physical environment in which employees work has an impact on their performance and limits the organization's prosperity. They also state that the

physical work environment includes the inside and outside office arrangements, air condition, safe place, and work setting and layout.

According to Vischer (2007), the physical working environment factor includes space, noise, equipments, and lighting. The physical work environment includes the level of comfort, ventilation, and lighting. This option helps with the practical and aesthetic aspects of the interior design and style of the work place, which finally improve employee competency and results higher performance. Workers' health is also influenced by their level of comfort and temperature.

Niemela et al. (2002) discovered that high temperatures reduce employee performance, while low temperatures improve manual task performance. Designing workplace for employees to think in a fairly constrained way promotes employees to think in limited way. A worker's performance is heavily influenced by the layout of the workspace (Al Anzi, 2009).

McCoy and Evans (2005) stated that the physical work place must be suitable in such a way that employees are not stressed out while engaging in their activities. Physical elements are critical in the improvement of the network and relationships at work. Generally, the physical work place should support the specified performance.

2.3.2 Workplace Reward

Rewards can be both financial and non-financial (Luthans, 2000), and they can be used to improve employee performance. In addition, rewards can be intrinsic rewards, are the feelings of fulfillment that come from doing one's job. These are self-motivated rewards, such as taking pride in one's work, feeling accomplished, or being a member of a work team. Employees can benefit from job enrichment by making their work seem more meaningful, Tiffin (1979). Extrinsic rewards, on the other hand, are outside of the job and come from a different source, primarily management, such as pay, working conditions, fringe benefits, security, and contracts of service. Employee performance will be influenced by the reward package; it can help to hold out employee performance by improving employee competency, information, and talents in order to attain structure objectives (Ajila and Abiola, 2004).

According to studies, if a company fails to reward its employees, it will reduce employees' performance. While an economical reward system may be fair incentives, an inefficient reward

system will discourage employees and subsequently will result in low performance, disagreement, absence, high turnover, a lack of commitment and loyalty, and unpunctuality (Heng, et al, 2012).

2.3.3 Management / Leadership Style

Individual and group developments and changes are linked to the presence of a leader. Every manager employs a unique leadership style, which has a significant impact on employee morale. As a result, employee morale will have an impact on their performance. According to Storey (2004), one of the most effective leadership styles is transformational leadership, which consists of ideals, influence, honesty and integrity, encouraging innovation and creativity, and individualized consideration. These transformational leadership components promote high performance and have a significant impact on employee satisfaction. There is also pragmatic leadership, which emphasizes equality in leadership between leaders and subordinates. All members of the organization are subject to the same laws, information, and perspectives, and the leader's role is to facilitate the formation of the organization (Duckett and Macfarlane, 2003). This type of leadership is the most effective. As a result, effective leadership is critical for any organization's effectiveness and employee performance. Leadership style influences a variety of factors, including job satisfaction, performance, turnover intention, and stress, and thus contributes to organizational success. Therefore, in order to improve employee performance, managers must adopt appropriate leadership style.

2.3.4 Training

Training and development activities are designed to prepare employees and organizations to meet the challenges of the modern era. It aims to improve employees' knowledge and skills in order for them to perform better. Employee performance is directly related to training. The training focuses on the formal and systematic modification of behavior that occurs as a result of education, instruction, development, and planned experience (Armstrong, 2000).

Training has become a strategic value for organizations (Boudreau et al., 2001), and service quality is determined by employee customer care effectiveness (Tsaur and Lin, 2004). As a result, organizations must narrow the gap between desired and actual performance (Sahinidis and Bouris, 2008). According to Tzeng (2004), education and training are critical for improving performance.

Organizations invest heavily in employee skill development in order to improve job performance, job satisfaction, and job involvement. These abilities can be enhanced by providing the necessary technical and non-technical training and coaching (Abbas and Yaqoob, 2009). Similarly, cognitive-behavioral training has been shown to improve employee well-being, job satisfaction, and productivity (Proudfoot et al., 2009).

3.3.5 Communication practices

Communication is the verbal or nonverbal transmission of meaning from one person to another or many people. The simple and easy methods of obtaining and sharing information that assist employees in easily navigating difficult situations in order to perform their jobs. Communication between people is commonly depicted as a simple triangle consisting of the context, the sender, the message, and the receiver (Barrett, 2006).

Chen et al. (2006) discovered a link between organizational communication, organizational commitment, and job performance. Effective interpersonal communication skills are required for social interaction, relationship formation, and maintenance. Poor communication skills can irrevocably harm to relationships, affecting productivity, satisfaction, performance, morale, trust, respect, self-esteem, and even physical health (Matin et al., 2010).

2.4 Employee Performance

Employee performance is typically measured in terms of results. It can, however, be tested behavior wise. (Armstrong 2000).

According to Kenney et al. (1992), workers performance is evaluated in case of the performance standards established by the company. There are numerous measures that will be considered when measuring performance, such as the utilization of productivity, efficiency, effectiveness, quality, and gain measures (Ahuja, 1992), as briefly stated below. Profitability is the ability to gain profits in a systematic way over a longer time. It is explained as the numerical relationship of profits to sales or return on capital employed (Wood & Stangster 2002). Efficiency and effectiveness - efficiency is the ability to produce the required result by utilizing as few resources as possible, whereas effectiveness is the ability of workers to meet the required goal or targets (Stoner 1996).

Productivity is defined as a quantitative relationship between output and input (Stoner, freewoman and Gilbert, 1995). It quantifies how an individual, organization, or industries transform input into outputs and the amount of output produced per unit of resources used (Lipsey, 1989). Quality is a feature of products or a service that demonstrates the ability to meet stated or suggested requirements (Kotler& Armstrong 2002). It is producing higher-quality goods and services at a lower cost (Stoner 1996).

2.5. Theories Related with Employee Performance

Many theories have been proposed to describe the relationship between the workplace environment and employee performance. The following theories are discussed in order to demonstrate the relationship between workplace environment factors and employee performance.

2.5.1 Herzberg Two Factor Theory

Frederick Herzberg proposed the Two Factor Theory in 1959. This study is based on this theory, which has been investigated by numerous researchers in order to describe the relationship between workplace environment and employee performance. He also pointed out two groups of factors that influence employees' working attitudes and amount of performance, which he referred to as motivation and hygiene factors (Robbins and Judge, 2007). According to him, motivation factors are inherent factors that increase workers job satisfaction, whereas hygiene factors are external factors that prevent workers dissatisfaction. According to this theory, improving the environment in which employees work motivates them to perform better.

Herzberg's theory emphasizes the significance of internal job factors as employee motivators. He wished to give employees the opportunity to participate in the planning, execution, and evaluation of their work (Schultz et al., 2010). The theory's content is widely accepted as relevant in motivating employees to give their all for the organizations. More research has shown that inherent factors, as defined by Herzberg's motivator needs, motivate employees extremely.

However, other schools of thought that disagree with Herzberg. King (2005) is one such scholar who attempted to eliminate and evaluate five distinct versions of the Two Factor theory. He concluded that two versions are invalid because no empirical studies support them. Nevertheless,

the two-factor theory must be considered a truly exceptional case in order to endure for an extended period of time without criticism. It has had a significant impact on the general public's understanding of workplace motivation and performance. Many scholars have conducted additional research as a result of it. It is based on Maslow's well-known hierarchy of needs theory and human behavior. However, due to changes in the organizational environment and technological advancements, new methods of analysis must be developed. This will open up new avenues for research and reassessment of existing findings.

2.5.2 Goal-Setting Theory

Edwin Locke proposed the goal-setting theory in the year 1968. According to this theory, an employee's individual goals play an important role in motivating him to perform well. Capabilities to involve employees in mutual goal setting, clarify role expectations, and provide regular performance feedbacks are all required skills. Time and effort will also be required to provide relevant performance incentives, manage processes, provide adequate resources, and provide workplace training. It also suggests that so as to drive the organization to high performance, managers and supervisors need to put the human resource of their organization in the spotlight. The principle here is human-to-human interaction, which is accomplished by providing personalized assistance and encouragement to all employees (Salaman et al, 2005).

Employees' goals are achieved in this theory by creating a work environment that is appealing, comfortable, satisfying, motivating, and they will have a sense of pride and purpose in their work. The design and occupation of the working environment affects not only how people perceive, but also their work performance, dedication, and generating of new ideas in the company (Taiwo, 2009).

2.5.3 Victor Vroom's Expectancy Theory

Victor Vroom proposed the maximum broadly customary reasons of motivation. His theory is commonly referred to as the expectancy theory. To put it simply, the theory contends that the strength of a tendency to act in a certain way is determined by the strength of an expectation that the act will be followed by a specific result, as well as the attractiveness of that outcome to the individual. According to the expectation theory, an employee can be motivated to improve his or

her performance if there is a belief that better performance will result in a good performance appraisal and the realization of personal goals in the form of some rewards. The theory focuses on three aspects: the relationship between efforts and performance, the relationship between performance and reward, and the relationship between rewards and personal goals (Salaman et al, 2005).

This theory is based on the assumption that individuals calibrate their behavior in the workplace based on the likelihood of achieving valued goals that they have predetermined for themselves. It is critical to ensure that each employee's workplace goals and values are situated with the organization's mission and vision in order to create and sustain a high level of motivation in order for employees to perform. This can lead to increased productivity, improved employee performance, lower employee morale, uplift teamwork, and generate a positive attitude during difficult times (Salaman et al, 2005).

2.5.4 Adam's Equity (Fairness) Theory

Equity theory is rest on an individual's personal assessment of the impartiality of the reward she or he receives in comparison to the inputs (which can include a variety of factors such as effort, experience, education, and so on) and the rewards of others. Workers perceive inequity if their output/input ration is less than the referent, according to this theory. Workers who think they are being treated unfairly may become more absent, steal from their employer, or continue to put forth the same effort as before.

In general, we can infer from this theory that, directly related to employee performance. Employee performance suffers as a result of unfair workplace rewards. Fair workplace rewards, on the other hand, increase employee performance. As a result, it is critical to understand the concepts that comprise equity theory and put mechanisms in place to create the perception of a more equitable work environment.

2.6 Empirical Study

This empirical analysis attempts to discuss various studies on the working environment and how it affects employee performance.

Saifullah Hakro, Muhammad Asif, Abid Hussain, and Arif Jameel (2019) conduct a study on the Work Environment and Employee Productivity in Pakistani Private Banks. This study looked at the factors that contribute to healthy work environment and employee productivity. A cross-sectional descriptive design was used for the study. A total of 201 respondents from 20 different banks were interviewed. The findings revealed a positive relationship between environmental factors and employee performance.

Raziq et al. (2015) investigated the effect of work environment on job satisfaction in the banking, educational, and telecommunications industries in Quetta, Pakistan. The study employed a quantitative methodology, with educational institutes serving as the study's target population. Data from 210 employees was collected using simple random sampling. The study's findings revealed a positive relationship between working environment and job satisfaction.

Leblebici (2012) investigated the impact of workplace quality on employee productivity in Turkey using a case study of a foreign private bank. According to the study's findings, employees are inspired when they work in a modernized office that is well-decorated, well-organized, and has ample storage space.

Noorazem, Nurul and Md Sabri, Sabiroh and Mat Nazir, Eliy. (2021) examined the impact of the reward system on employee performance in the case of McDonald's in the Perlis and Penang region of Malaysia. The variables tested in this study included salary, bonuses, recognition, and medical benefits. 132 questionnaires were distributed to the participants selected by convenience sampling. The results show that all variables have a significant impact on employees' performance.

Biqila Bedasa (2020) used a data cross-section of 265 permanent employees to investigate the relationship and effect of democratic and autocratic leadership styles on employee performance at the OmoKuraz I sugar factory. Linear regressions revealed that a democratic leadership style has a significant positive effect on employee performance, whereas an autocratic style has a negative effect.

Bhat (2013) looked into the effect of training on employee performance a case study of the Indian retail banking sector. 180 bank employees participated in the study. The information in the study was elucidated using a five-point Likert scale. According to the findings, there is a positive and statistically significant relationship between training and employee performance.

KowangOwee Tan Maizaitulaidawati Md Husin (2019) investigated the impact of communication on employee performance in a Malaysian property development company. In this study, data was gathered using a survey questionnaire approach. A total of 120 people took part in this study. According to the findings, both downward communication (DC) and horizontal communication (HC) have a significant positive impact on employee performance.

Cross Ogohi Daniel (2019) conducted research on the impact of workplace environment on employee performance at the Ministry of Works and Infrastructure in bayelsa State, Nigeria, using a descriptive survey research design, a sample size of 142 employees were drawn from a total population of 220 staffs of the Bayelsa State Ministry of Works and Infrastructure. The sample size for the study was determined using a sample random and proportionate sampling technique. It has been discovered that physical workplace environment factors have a significant impact on employee commitment to work. Furthermore, this study discovered that workplace rewards have a significant impact on employee productivity.

Nzewi et al. (2018) conducted a study on the physical work environment and employee performance in a sample of brewing companies in Anambra State, Nigeria. The sample size of 233 was determined using the yemane formula, and questionnaires were distributed using the bowely proportion allocation formula. Finally, the study's findings revealed a significant and positive relationship between the physical work environment and employee performance.

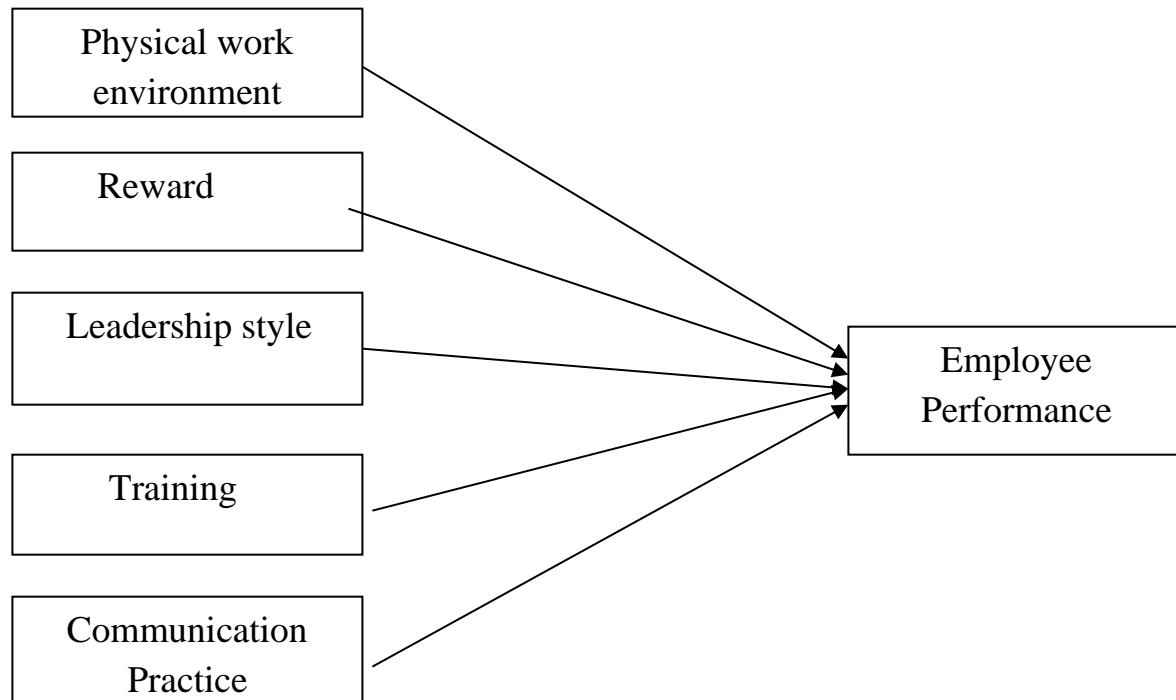
According to Assefa (2016), the findings of his study of a commercial bank in Ethiopia on the impact of training on employee performance disclosed that the effect of training on employee performance is significant. Respondents believe that the job instructions prepared by the organization are clear and easy to follow, and that they receive adequate guidance from their peers and supervisors. Furthermore, respondents agreed that job rotation has the potential to improve overall employee performance in their organization. Nonetheless, the majority of respondents stated that their efficiency improved after they received training.

2.7 Conceptual Framework of the Study

The conceptual model was developed to demonstrate the link between the workplace environment and employee performance. Employee performance is the dependent variable in this study, while

aspects of the working environment such as physical environment, reward, leadership style, training, and communication practices are independent variables.

Figure 2-1 Conceptual Model of the Research



2.8 Research Hypothesis

Based on a theoretical and empirical review, the following hypothesis is developed to determine the relationship and effect of the working environment on employee performance:

H1: 1 Physical environment has positive and statistically significant impact on employee performance.

H1: 2 Reward has positive and statistically significant effect on employee performance

H1: 3 Leadership style has positive and statistically significant effect on employee performance

H1: 4 Training has positive and statistically significant effect on employee performance.

H1: 5 Communication has positive and statistically significant effect on employee performance

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods used to collect study relevant data. It describes the research design, population, sample size and sampling technique, sampling procedure, and data collection, analysis, and interpretation of research findings.

3.2 Research Design

Research design helps the researcher to plan and conduct the research in a way that will help him/her achieve the expected results, thereby increasing the likelihood of collecting information that can be tied to the real situation (Burns and Grove 2001). A research design is also a study plan that specifies the procedures that the researcher must follow so as to accomplish the research purpose and test the hypothesis (McDaniel and Gates, 2006). As a result, this study employed a descriptive and explanatory research design to describe and interpret the impact of independent variables (working environment aspects) on the dependent variable (employee performance). Due to time and cost constraints, the study was cross-sectional in the sense that data was collected at a single point in time.

3.3 Research Approach

In terms of research approach, quantitative research is thought to be very efficient for questions with a large number of answers (Creswell, 2014). Furthermore, the results of quantitative research are easy to measure and clearly demonstrated using objective data. As a result, in this study, a quantitative method was used to analyze statistics-based data collected via questionnaire.

3.4 Population of the Study

A target population usually has a variety of characteristics, such as different ages, genders, educational backgrounds, and so on. As a result, it is the group from which the researcher has

drawn his research conclusions. The study's target population was all Professional staffs of Zemen Bank S.C in Head office which is around 309.

3.4.1 Sampling Techniques

In this study, data was collected using a stratified random sampling technique. According to Creswell (2005), random sampling is a subset of individuals drawn at random from a population. The goal is to obtain a representative sample of the larger population. In order to get respondents to answer the questionnaires, a random sampling technique was used. According to Kothari (2004), the sampling technique is used because it ensures the desired representation of the relevant subgroups. Sample is a small group of respondents taken from a population about which a researcher wishes to gather information in order to reach a conclusion. This study included respondents who are in charge of employee performance management as well as employees themselves (staff members). Respondents assist the researcher in making plans and generalizing the findings (Best & Kahn, 2006). According to Sekaran (2010), it would be practically impossible to collect data from, test, or examine every element in research investigations involving hundreds or thousands of elements. Even if it were possible, it would be prohibitively expensive in terms of time, money, and human resources. That is why sampling is used to make research possible. The sample size required for this study was calculated using Carvalho's sample size determination formula (1984).

Table 3.1 Sample Size Determination

Population Size	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1,200	32	80	125
1201-3,200	50	125	200
3201-10,000	80	200	315
10001-35,000	125	325	500
35001-150,000	200	500	800

As a result, based on Carvalho (1984) sample size determination method, for this study because of time and budget constraint medium sample size of 50, respondents were chosen from the total population of 309 of 9 departments. The sample taken from each department is depicted in the below table.

Table 3.2 Samples proportion

NO	Department	Target Population	Sample Size
1	International banking department (IBD)	35	$[(35/309) \times 50] = 6$
2	Corporate institution banking (CIB)	28	$[(28/309) \times 50] = 5$
3	Finance	55	$[(55/309) \times 50] = 9$
4	HRM	21	$[(21/309) \times 50] = 3$
5	Audit Department	14	$[(14/309) \times 50] = 2$
6	Risk Management	28	$[(28/309) \times 50] = 4$
7	Research and Development	22	$[(22/309) \times 50] = 4$
8	Credit Department	44	$[(44/309) \times 50] = 7$
9	Personal and Business Banking (PBB)	62	$[(62/309) \times 50] = 10$
	TOTAL	309	50

3.5 Types and Source of Data

The primary purpose of this study is to examine the impact of the working environment on Zemen Bank S.C employee performance. For the purpose of this study Primary and secondary data was used. Primary source of data refers to information obtained by the researcher for the first time on the variable of interest for the specific purpose of the study (Sekaran, 2003). The primary sources of data are surveys, observations, questionnaires and interviews. Secondary sources on the other hand are data that was previously collected by someone else. Secondary data is data collected by someone or groups unrelated to the research study, but collected that data for a different purpose and in a different way. Secondary data sources are government publication websites, books,

magazine articles, and internal records. The primary source of data for this research was obtained from professional employees of Zemen Bank S.c at the Head office through questionnaire. Whereas the researcher used secondary sources books, journal articles and Zemen bank magazine for references.

3.6 Data Collection Instruments

According to Creswell (2005) no single technique or instrument may be considered to be adequate in itself in collecting valid and reliable data

3.6.1 Questionnaire

A questionnaire, according to Kothari (2004), is a method of data collection that employs a series of questions. For the purpose of this research, the researcher employed a questionnaire as a data collection instrument. The questionnaire was divided into two parts. The first part comprises the respondent's background and demographic information, while the second part comprises details about the working environment and employee performance. Structured questions were used to get answers and relevant information from respondents.

3.7 Data Analysis

Data collected from respondents was analyzed using descriptive statistics such as mean, percentage, and standard deviation, as well as inferential statistics such as Pearson correlation and regression analysis. To determine the strength of the relationship between the independent and dependent variables, the correlation test was applied. Finally, regression and analysis of variance were used to put the hypothesis to the test. The data was analyzed using the SPSS version 23 software package by the researcher.

3.7.1 Descriptive Analysis

A variable relating to the respondents' background or demographics, as well as the mean score of working environment dimensions and employee performance, were interpreted using descriptive

analysis. The findings are illustrated in tabular, frequency distribution, and percentage form. This was done by calculating the means and standard deviations of the variables' data.

3.7.2 Inferential Statistics

Inferential statistics were used to demonstrate the relationship between the variables and to investigate the impact of the work environment on employee performance. In order to observe the relationship between working environment aspects and employee's performance a Pearson correlation was used. Whereas, to examine the impact of working environment on employee's performance multiple regression was applied.

3.7.3 Regression Model

The main purpose of the study as mentioned above was to investigate the relationship between independent variables and dependent variable. Moreover, to observe to what extent these factors affect employee's performance in Zemen Bank S.c. Working environment factors are factors that include physical working environment, reward, leadership style, training and communication practice. Therefore, based on the above theoretical review and conceptual framework the following econometric model which include all of the variables to test hypotheses is developed.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$
 Where,

Y = Employee job Performance

X₁ = physical environment factors

X₂ = Reward factors

X₃ = Leadership style factors

X₄ = Training factors

X₅ = Communication Practice factors

ε = error term

3.8 Reliability and Validity Analysis

3.8.1 Reliability analysis

According to Kothari, a measuring instrument is considered reliable if it produces consistent results (2004). Cronbach's alpha is a measure of reliability. It is frequently used to assess the internal consistency or reliability of a group of examinees' psychometric test scores. As a result, Cronbach's Alpha will be calculated to test the reliability of the research instrument and the data instrument. Because multiple items were used in all constructs, the internal consistency/reliabilities of dependent and independent variables were assessed using Cronbach's Alpha, and the reliability values for all constructs were confirmed to be greater than 0.7, which is considered acceptable.

Variables	Cronbach's alpha	No. of items
Physical environment	0.725	5
Reward	0.798	5
Leadership style	0.785	5
Training	0.821	5
Communication	0.815	5
Employee performance	0.801	5

3.8.2 Validity Test

The degree to which the study measures what it is supposed to measure is referred to as content validity. Simply put, it is concerned with the accuracy of the measurement. The researcher had not tested sample questionnaires before final distribution of questionnaires due to budget and time constraints. However, because the questionnaire was based on various journal articles and theses, it is possible to say that the instrument is valid.

3.9 Ethical Consideration

The researcher has emphasized ethical issues in every aspect of this study. The participants were chosen based on their willingness/free will. Furthermore, when the questionnaires were distributed to the respondents, they were informed and assured that the information they will provide will be

kept confidential and used only for academic purposes. Furthermore, a statement complies with the questionnaire's prohibition on disclosing personal information or identifying details. This will help in avoiding any biased responses by respondents, as well as making participants feel comfortable filling out the questionnaire. In general, the entire research process was carried out in accordance with acceptable professional ethics.

CHAPTER FOUR

FINDINGS AND ANALYSIS

4.1. Introduction

As discoursed in the previous chapter, the objectives of this study were to identifying the effect of working environment on employee's performance. The analysis and discussions of the results are made under this chapter to achieve the overall objectives of the research and to set a base for the conclusion. Thus, it elaborates and presents the results of the data. The chapter was divided into three parts. The first section presented a descriptive variable analysis. The second section is about correlation analysis, which shows the degree of association between the variables in the study. Finally, the third section presented the regression analysis to test the effect of independent variable on dependent variable.

4.2 RESPONSE RATE AND DEMOGRAPHIC DATA

A total of 50 questionnaires were distributed to employees and all of the questionnaire were filled and returned. The response rate for this study is 100 percent.

4.3. Descriptive Statistics

4.3.1. Background Information of the Respondents

Gender, age, marital status, and level of education are among the demographic characteristics. This aspect of the analysis is concerned with the personal information provided by the respondents to the questionnaires. As a result, in order to validate the reliability of the data collected, it is necessary to examine the respondent's demographic profile.

Table 4.1 Demographic Information of the Respondents

Profile	Frequency		Percentage (%)
Gender	Male	22	44.0
	Female	28	56.0
Age	18-25	11	22.0
	26-33	30	60.0
	34-41	7	14.0
	42-49	2	4.0
Work Experience	1-5 Years	24	48
	6-10 Years	16	32
	11-15 Years	8	16
	Above 15 Years	2	4
Education	Degree	36	72
	Masters	14	28
Current Position	Division Manager	4	8
	Senior Officer	28	56
	Junior Officer	18	36

According to the above table 3.1 the gender proportion of male respondents was 44 percent, while females were 56 percent. According to the survey, there were more females than males.

The age distribution of the respondents who took part in this study is shown in table 4.6 above. According to the table, 22 % of respondents are between the ages of 18 and 25. 60 % of respondents are between the ages of 26 and 33, 14 % are between the ages of 34 and 41, and 4% are between the ages of 42 and 49. Based on this, we can conclude that the majority of Zemen Bank employees are very young.

When we see the respondent's level of education the table above shows that 36(72%) are degree holders and 14(28%) are masters holders.

According to the above table respondent's current position 27(54%) are senior officers, 18(36%) junior officers, 4(8%) are division managers and 1(2%) is Auditor. From the result we can say that most of the respondents are senior officers.

4.3.2. Descriptive Statistics of the Variables

This section includes a computed summary of descriptive statistics for dependent (employee performance) and independent (physical environment, reward, leadership style, training, and communication practice) variables included in the questionnaires. All variables collected from respondents were discussed in terms of mean and standard deviation. Accordingly, the mean score values have been categorized as low, moderate and high with a mean value of below 3.39, between 3.40-3.79 and above 3.80 respectively (Zaidato, & Bagheri, 2009)

4.3.3. Physical Working Environment

Table 4.2 Descriptive statistics of Physical environment

Descriptive Statistics					
Physical Working Environment	N	Minimum	Maximum	Mean	Std. Deviation
The office facilities and resources are adequate for carrying out the work effectively. (Q1)	50	2	5	3.54	.646
My equipment is suited to my posture, and I can easily adjust it. (Q2)	50	2	5	3.62	.753
My workplace provides an undisturbed, noise-free environment in which I can perform my duties alone. (Q3)	50	2	5	3.52	.839
My office building encourages me to work comfortably and stay in the office. (Q4)	50	3	5	3.72	.640
The physical layout is comfortable and convenient to perform the work (Q5)	50	2	5	4.24	.591
Valid N (listwise)	50				

The above table 4.2 shows summary of the details for the issues related to working environment related factors by involving the number of respondents, mean, standard deviation, minimum and

maximum values in each category. The mean is the average value of participants' response, and the standard deviation is the measure of dispersion from the mean. The overall mean of working environment related factors is 3.6. The finding of this study indicates that most of employees were sufficiently agreed with physical environment with a mean value of 3.73 and 0.69 standard deviation. Research made by Leblebici (2012) investigated the impact of workplace quality on employee productivity in Turkey using a case study of a foreign private bank. According to the study's findings, employees are inspired when they work in a modernized office that is well-decorated, well-organized, and has ample storage space. This indicates that, Zemen Bank should maintain its strength on physical working environment since it has a positive impact on the performance of employees.

4.3.4 Reward

Table 4.3 Descriptive statistics for Reward

Descriptive Statistics					
Reward	N	Minimum	Maximum	Mean	Std. Deviation
My salary is satisfactory in relation to what I do(Q6)	50	1	5	3.14	1.050
The basics of payment, for example, over time payment are fair. (Q7)	50	1	5	3.10	1.111
The bank provides recognition for hard working employees. (Q8)	50	1	4	2.76	.981
The bank's benefit system treats each employee fairly. (Q9)	50	1	5	3.46	.973
The opportunity for promotion exists in the bank. (Q10)	50	2	5	3.50	.763
Valid N (listwise)	50				

Table 4.3 shows the description of the details for the issues related to reward factors by involving the number of respondents, mean, standard deviation, minimum and maximum values in each category. The cumulative mean and standard deviation of reward related factors is 3.19 and .976 respectively. This result shows as most of the respondent employees have responded below the average level of preference for reward related factors. Noorazem, Nurul and Md Sabri, Sabiroh and Mat Nazir, Eliy. (2021) examined the impact of the reward system on employee performance in the case of McDonald's in the Perlis and Penang region of Malaysia. The variables tested in this study included salary, bonuses, recognition, and medical benefits. Questionnaires were distributed to the participants selected by convenience sampling. The results show that all variables have a significant impact on employees' performance. We can clearly see from the above result, the reward system at Zemen Bank sc.co is not satisfactory. However, empirical studies shows that reward factors have positive and significant impact on the performance of the employees. Therefore, Zemen Bank S.c should give due attention on the reward methods of the bank.

4.3.5 Management/leadership style

Table 4.4 Descriptive statistics for Leadership Style

Descriptive Statistics					
Leadership Style	N	Minimum	Maximum	Mean	Std. Deviation
My manager role models high standards for quality performance(Q11)	50	2	5	4.10	.678
Senior management gives staff a clear picture of the direction in which the organization is headed hence motivating me to work(Q12)	50	2	5	3.70	.931
I am able to contact senior management or work hand in hand with my superior at the workplace. (Q13)	50	1	5	3.06	1.185
My immediate supervisor encourages me to be innovative and creative in my work. (Q14)	50	1	5	3.58	.971

My immediate supervisor encourages me to express my opinion in planning and implementing the work(Q15)	50	1	5	3.48	1.129
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Valid N (listwise)

Table 4.4 shows the description of the details for the issues related to Leadership factors by involving the number of respondents mean, standard deviation, minimum and maximum values in each category. The cumulative mean and standard deviation of Leadership related factors is 3.58 and 0.98 respectively. The result of this study shows that most of employees were sufficiently agreed with leadership related factors. Research done by Biqila Bedasa, (2020) on the relationship and effect of democratic and autocratic leadership styles on employee performance at the OmoKuraz I sugar factory using a data cross-section of 265 permanent employees and the result showed that a democratic leadership style has a significant positive effect, while an autocratic style has negative effects on employee performance. Based on the above results Zemen Bank should keep its strength and give high emphasis on the style of leadership that has to be practiced and this is because leadership style has significant effect on employees' performance.

4.3.6 Training

Table 4.5 Descriptive statistics for Training

Descriptive Statistics					
Training	N	Minimum	Maximum	Mean	Std. Deviation
Workers who require training are identified based on the skills they lack. (Q16)	50	1	5	3.08	1.158
The bank provides regular training to help us develop skills that will help us work effectively. (Q17)	50	1	5	3.02	1.152
The Bank provides training for employees by using on-the job training method. (Q18)	50	1	5	3.24	1.117
The Bank provides training for employees by using off-the job training method(Q19)	50	1	5	3.44	1.053

Following training, the bank conducts training evaluation. (Q20)	50	1	5	3.60	1.050
Valid N (listwise)	50				

As we can see from table 4.5 the description of the details for the issues related to training factors by involving the number of respondents, mean, standard deviation, minimum and maximum values in each category. The overall mean of training related factors is 3.28 this result shows as most of the respondent employees have responded below the average level of preference for training related factors by which the average result approximates to disagree level of preference. Bhat (2013) investigated the impact of training on employee performance: a case study of the Indian retail banking sector and 180 bank employees were participated in the study. According to the findings, there is a positive and statistically significant relationship between training and employee performance. Therefore, the success of the bank is highly determined by the performance of its employees. Thus, in order to enhance the performance of the workers, the Bank has to revise and check on its training methods. The Bank should give regular training for those employees who have skill and competency gap.

4.3.7 Communication Practice

Table 4.6 Descriptive statistics for Communication Practice

Descriptive Statistics					
Communication Practice	N	Minimum	Maximum	Mean	Std. Deviation
You are kept informed about how well organizational goals and objectives are being met. (Q21)	50	2	5	3.58	.810
The directives that come from top management are clear and consistent(Q22)	50	3	5	3.94	.620
Communication from another department is detailed and accurate. (Q23)	50	2	5	3.50	.863

Most of the information you receive from your manager is detailed and accurate. (Q24)	50	2	5	4.38	.635
I communicate well with colleagues and customers. (Q25)	50	2	5	4.24	.591
Valid N (listwise)	50				

Table 4.6 shows the description of the details for the issues related to communication factors by involving the number of respondents mean, standard deviation, minimum and maximum values in each category. The cumulative mean and standard deviation of communication related factors is 3.93 and 0.70 respectively. The result of this study showed that most of employees were sufficiently agreed with communication practice related factors. Kowang Owee Tan Maizaitula MdHusin (2019) investigated the impact of communication on employee performance in a Malaysian property development company. According to the findings, both downward communication (DC) and horizontal communication (HC) have a significant positive impact on employee performance. Based on the above result and empirical review, Zemen Bank should maintain its strength on communication practice since it has a positive and significant impact on employee performance.

4.3.8 Employee Performance

Table 4.7 Descriptive statistics for Employee Performance

Descriptive Statistics					
Employees Performance	N	Minimum	Maximum	Mean	Std. Deviation
I am able to meet my target periodically(Q26)	50	1	5	3.60	1.030
I am able to provide best customer care(Q27)	50	2	5	3.84	1.095
I offer help to customers without being asked (Q28)	50	2	5	3.92	.877
I act with integrity(Q29)	50	2	5	4.38	.635

I try to prevent problems from occurring(Q30)	50	2	5	4.24	.591
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Valid N (listwise) 50

Table 4.7 shows the description of the details for the issues related to employee performance factors by involving the number of respondents mean, standard deviation, minimum and maximum values in each category. The cumulative mean and standard deviation of employee performance related factors is 3.98 and 0.85 respectively. The finding of this study indicates that most of employees were sufficiently agreed with employee performance related factors.

4.4. Correlation Analysis

Correlation analysis' primary goal is to quantify the strength or degree of linear association between two variables. To investigate the strength and direction of a two-variable linear relationship, the correlation coefficient is used. The correlation coefficient has an absolute value ranging from -1 to +1; the higher the coefficient's absolute value, the stronger the relationship between the variables. A value of zero (0) denotes that no relationship exists between two variables. A correlation coefficient between 0.1 and 0.29, according to McDaniel and Gates (2006), shows a poor association between the items. Correlation, also known as Pearson correlation, was applied to determine the relationship between working environment dimensions and employee performance, according to Gujarati (2004). Table 13 displays the Pearson correlation between variables.

Table 4.8 Pearson Correlations

		PWE	RW	LS	TR	CP	EP
PWE	Pearson Correlation	1	.103	.352*	.208	.167	.440**
	Sig. (2-tailed)		.478	.012	.147	.245	.001
	N	50	50	50	50	50	50
RW	Pearson Correlation	.103	1	.388**	.103	.405**	.595**
	Sig. (2-tailed)	.478		.005	.475	.003	.000
	N	50	50	50	50	50	50
LS	Pearson Correlation	.352*	.388**	1	.147	.186	.547**
	Sig. (2-tailed)	.012	.005		.310	.197	.000
	N	50	50	50	50	50	50
TR	Pearson Correlation	.208	.103	.147	1	.292*	.444**
	Sig. (2-tailed)	.147	.475	.310		.040	.001
	N	50	50	50	50	50	50
CP	Pearson Correlation	.167	.405**	.186	.292*	1	.516**
	Sig. (2-tailed)	.245	.003	.197	.040		.000
	N	50	50	50	50	50	50
EP	Pearson Correlation	.440**	.595**	.547**	.444**	.516**	1
	Sig. (2-tailed)	.001	.000	.000	.001	.000	
	N	50	50	50	50	50	50

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 13 shows that there is a positive correlation between reward and employee performance, with a correlation coefficient $r=.595$ and sig. (2-tailed) of .000, which is $<.05$ as a result, there is a

strong and statistically significant relationship at the 5% significance level. Employee performance is positively related to leadership style, with a Pearson correlation coefficient of $r=.547$ and sig. (2-tailed) of .000, which is < 0.5 . As a result, there is a strong and statistically significant relationship at the 5% significance level. The correlation coefficient between communication practice and employee performance is $r=.516$ and sign. (2-tailed).000, indicating a statistically significant positive relationship. Employee performance is positively related to training, with a Pearson correlation coefficient of $r=.444$ and a sig. (2-tailed) of .001, which is $<.05$. As a result, there is a moderate and statistically significant relationship at the 5% significance level. Furthermore, physical working conditions are related to employee performance, with a Pearson correlation coefficient of .440 and a sig. (2-tailed) of .001, which is $<.05$. As a result, the relationship is moderate and statistically significant.

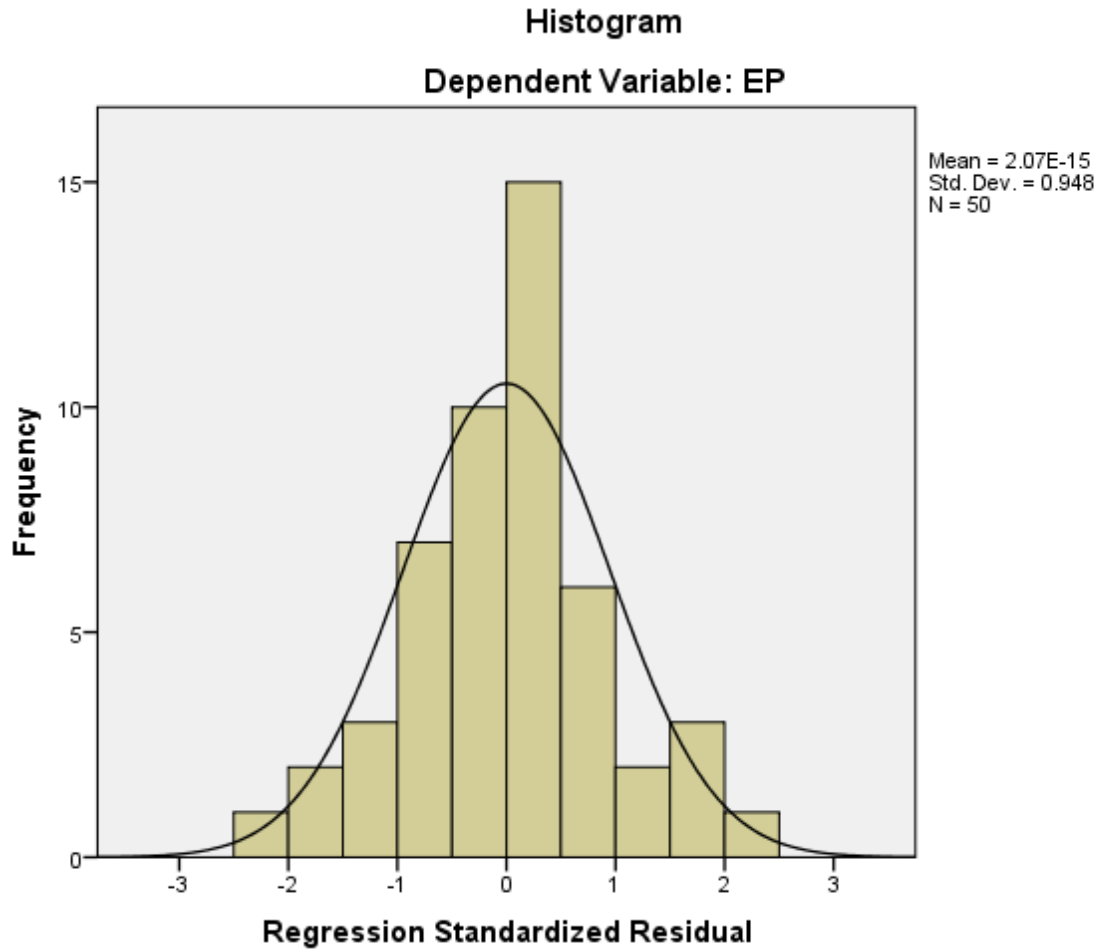
4.5. Regression Analysis

The objective of this study was to identify the major working environment factors that affect employee performance at Zemen bank. In order to study the relationship between the dependent and independent variables and specify the best predictors of the dependent variable (employee performance) a multiple Regression model was applied. Multiple regressions were used for testing the model and hypotheses. It provides information regarding the significance of the variables that were included in the model while the R^2 explains how much variance in the dependent variable is explained by the model or how much the employee performance is explained by the constructed variables.

4.5.1 Normality Test

According to field (2009), it is very important to test normality of the data distribution while conducting regression analysis and useful if we want to make speculation about the population parameter from the sample parameters. The error is normally distributed if the mean of the residual is zero and the variance is constant. As a result, the result in figure 4.1 shows that the mean of the residual is zero and its variance is approximately one, implying that the error distribution is normally distributed.

Figure 4-1 Regression Standardized Residual



4.5.2 Multi Co- linearity Test

Ho (2006) defines multicollinearity as a situation in which the independent/predictor variables are highly correlated. According to Royvok and Marcoulides(2006) in a regression analysis the presence of multicollinearity implies that one is using redundant information in the model, which can easily lead to unstable regression coefficient estimates. In order to check the presence of multicollinearity the researcher used variance inflation factor (VIF) and correlation coefficient of explanatory variables. If the VIF of the variables exceed 10%, multicollinearity can be a potential problem (Hair et al., 2013). The result in table 4.8 show that the co linearity between independent

variables has no series problem Since the value of tolerance for all independent variable is greater than 0.1 and all VIF is less than ten ($VIF < 10$).

Table 4.9 Multicollinearity test for independent variables

Model		Collinearity Statistics	
		Tolerance	VIF
1	Physical Working Environment	.842	1.188
	Reward	.727	1.375
	Leadership Style	.748	1.337
	Training	.885	1.130
	Communication Practice	.766	1.306

a. Dependent Variable: EP

Table 4.10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.822 ^a	.676	.639	.36771

a. Predictors: (Constant), CP, PWE, TR, LS, RW

As shown in the above table, the sum of factors of independent variables i.e. physical working environment, reward, leadership style, training and communication factors explains 67.6% ($R^2=0.676$) of the dependent variable, employee performance. However, the remaining 32.4% changes in employee performance at Zemen bank are caused by other factors that are not included in the model. Therefore, the constructed factors are good explanatory variables of the employee performance

Table 4.11 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12.406	5	2.481	18.351	.000 ^b
Residual	5.949	44	.135		
Total	18.355	49			

a. Dependent Variable: EP

b. Predictors: (Constant), CP, PWE, TR, LS, RW

As we see from table 4.11 the result $F= 18.351$ which is greater than 1 and $P<0.05$ we can conclude that the combination of factors has positive effect on employee's job performance which is statistically significant and confident at 95% level of significance. This means, over all the five explanatory variables have great impact on employee performance at Zemen bank.

Table 4.12 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2.936	.744		-3.944	.000
Physical environment	.284	.118	.226	2.413	.020
Reward	.568	.157	.364	3.615	.001
Leadership style	.300	.119	.249	2.512	.016
Training	.351	.122	.262	2.872	.006
Communication	.306	.144	.208	2.120	.040

a. Dependent Variable: EP

In the above table 4.11, coefficients indicated how much the dependent variable varies with an independent variable, when all other independent variables are held constant. The Beta coefficients indicated that how and to what extent the independent variables influence the dependent variable.

Accordingly, reward package related factors (Beta=0.568) make the highest determinant factor contribution to explaining the dependent variable in which the results revealed that, a one unit

increase or positive change in reward package would lead to a 0.568 unit increase the level of employees' job performance and training (B=0.351) and then followed by communication practice, Leadership style and physical working environment factors with a beta value of 0.306, 0.300 and 0.284 respectively. When we see the statistical significance of each variable from the above coefficient table, reward (Sig. = .001), training (Sig. = 0.006), physical working environment (Sig. = .020), Leadership style (Sig. = .016) and communication practice (Sig. = .040) have a statistically significant contribution (Sig<0.05) for the prediction of the dependent variable.

4.6 Regression Model

The equation of multiple regressions on this study is made on around two sets of variables, namely dependent variables (employee job performance) and independent variables (Physical working environment, Reward, Leadership style, Training and Communication Practice). The basic objective of using regression equation on this study is to make the researcher more effective at describing the stated variable (Faizal and palil, 2015). Mathematically, $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$, Where Y is the dependent variable- employee performance, X1 = Physical working environment, X2 = Reward, X3= Leadership style, X4 = Training and X5=Communication Practice are the independent variables; The intercept term is β_0 ; it represents the mean or average effect on Y of all the variables excluded from the equation, though its mechanical interpretation is the average value of Y when the stated independent variables are set to zero. $\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are the coefficients of their respective independent variables that measure the change in the mean value of Y per unit change in their respective independent variables. Thus, the regression equation can be stated as:

$$EP = -2.936 + 0.284PWE + 0.568R + 0.300LS + 0.351TR + 0.306CP + \mu$$

4.6.1 Hypothesis Testing

As illustrated in table 4.14 the coefficient of regression analysis indicates physical environment, reward, leadership style, training and communication practice showed positive effect and statistically significant at 5% significance level.

Hypothesis 1

H1:1 physical environment has positive and statistically significant effect on employee performance.

The results of multiple regressions, as shown in table 4.14 above, revealed that the physical environment has a positive and statistically significant effect on employee performance, with a beta value of 0.284 and a p-value less than 0.05. This means that if the mean score value of physical environment increases by one unit, the mean score value of employee performance increases by 0.284 unit, which is statistically significant at the 5% significance level. According to the findings, the researcher rejects the null hypothesis and accepts the alternative hypothesis, implying that the physical environment has a significant impact on employee performance. The research by Nzewiet al. (2018) conducted on the effect of physical work environment on employee performance in a sample of brewing companies in Anambra State, Nigeria. The sample size of 233 was determined using the yemane formula, and questionnaires were distributed using the bowely proportion allocation formula. Finally, the study's findings revealed a significant and positive relationship between the physical work environment and employee performance and it is in line with this study.

Hypothesis 2

H1: 2 Reward has positive and statistically significant effect on employee performance

The result of multiple regressions as illustrated in table 4.14 above revealed that reward has positive and statistically significant effect on employee performance with a beta value of 0.568 and p-value of .001 which is less than 0.05. This implies that, other explanatory variable remains constant, if reward increase by 1 unit, on average the mean score value of employee performance increase by 0.568 unit and statistically significant at 5% significance level. Based on the result the researcher rejects the null hypothesis and accepted alternative hypothesis; that means reward has significant effect on employee performance. Research done by Noorazem, Nurul and Md Sabri,

Sabiroh and Mat Nazir, Eliy. (2021) to examine the impact of the reward on employee performance in the case of McDonald's in the Perlis and Penang region of Malaysia and 132 questionnaires were distributed to the participants selected by convenience sampling. The results show that reward has a positive and significant impact on employees' performance which is in consistent with this research.

Hypothesis 3

H1: 3 Leadership style has positive and statistically significant impact on employee performance

The result of multiple regressions as illustrated in table 4.14 above revealed that leadership style has positive and statistically significant effect on employee performance with a beta value of 0.300 and p-value of .016 which is less than 0.05. This implies that, other explanatory variable remains constant, if leadership style increase by 1 unit, on average the mean score value of employee performance increase by 0.300 unit and statistically significant at 5% significance level. Based on the result the researcher rejects the null hypothesis and accepted alternative hypothesis; that means leadership style has significant effect on employee performance.

Research done by Biqila Bedasa, (2020) on the relationship and effect of democratic and autocratic leadership styles on employee performance at the OmoKuraz I sugar factory by using a data cross-section of 265 permanent employees revealed that a leadership style has a significant effect on employee performance which is in support with this research.

Hypothesis 4

H1: 4 Training has positive and statistically significant impact on employee performance.

The result of multiple regressions as illustrated in table 4.14 above revealed that training has positive and statistically significant effect on employee performance with a beta value of 0.351 and p-value of .006 which is less than 0.05. This implies that, other explanatory variable remains constant, if training increase by 1 unit, on average the mean score value of employee performance increase by 0.351 unit and statistically significant at 5% significance level. Based on the result the researcher rejects the null hypothesis and accepted alternative hypothesis; that means training has significant effect on employee performance. Bhat (2013) looked into the effect of training on employee performance a case study of the Indian retail banking sector. 180 questioners were

distributed and the findings revealed that there is a positive and statistically significant relationship between training and employee performance which is in line with this research.

Hypothesis 5

H1: 5 Communication has positive and statistically significant impact on employee performance.

The results of multiple regressions, as shown in table 4.14 above, revealed that communication has a positive and statistically significant effect on employee performance, with a beta value of 0.306 and a p-value less than 0.05. This means that if all other explanatory variables remain constant, increasing communication by one unit increases the mean score value of employee performance by 0.306 unit, which is statistically significant at the 5% significance level. According to the findings, the researcher rejects the null hypothesis and accepts the alternative hypothesis, implying that communication has a significant impact on employee performance. Research done by KowangOwee Tan Maizaitulaidawati Md Husin (2019) to investigate the impact of communication on employee performance in a Malaysian property development company. In this study, data was gathered using a survey questionnaire approach and a total of 120 people took part. The finding showed that, communication has a significant and positive impact on employee performance which is in line with this research.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

The objective of this study was to identify the major working environment factors that affect employee performance at Zemen bank. For conducting this research, descriptive and explanatory research designs have been adopted. 50 samples were distributed via simple random and stratified random sampling methods where 50 questionnaires have been properly filed and collected. Finally, the data has been analyzed via SPSS software packages.

Based on the discussion results, most of employees were sufficiently agreed with physical environment with a mean value of 3.6 and 0.72 standard deviation. This indicates that, Zemen Bank should maintain its strength on physical working environment. Regarding the rewarding system of the bank, most of the respondent employees have responded below the average level of preference which shows that they are not satisfied with the reward they are getting from the bank. Whereas the Leadership practice of the bank were sufficiently agreed by the employees of the bank. In terms of the bank's training practices, the majority of respondents stated that employee training is not being provided efficiently, despite the fact that it is a tool for filling skill and knowledge gaps. On the other hand, the communication practice of the bank was sufficiently agreed by the majority of respondents.

The correlation analysis shows that a significant positive relationship between physical environment, reward, Leadership style, training and communication practice with employee performance.

5.2. CONCLUSIONS

According to the regression results, the physical environment has a positive and statistically significant impact on employee performance. The correlation analysis confirmed the existence of a positive and significant relationship at the bank. This led to the conclusion that as the suitability of their physical working environment improved, so does their performance.

The coefficient of the reward variable in the model is positive and statistically significant at the 5% significance level. A significant and positive relationship between reward and employee performance is also revealed by correlation analysis. As a result, an increase in pay leads to significantly improved employee performance.

The leadership style regression output showed that it has a positive and significant impact on employee performance. Correlation analysis also reveals a positive relationship. As a result, a good and effective leadership practice results in a corresponding increase in employee performance of the bank.

In terms of training, the coefficient table revealed that as training levels increased, so does employee performance. Thus, at a 5% significance level, training has a positive and statistically significant impact. Correlation analysis also revealed a significant and positive relationship. From this we can conclude that, Workers who receive more training tend to perform better.

According to this finding communication has a positive and statistically significant effect on employee performance. The finding suggests that companies should strengthen their communication channels and processes in order to enhance the employee's job performance

5.3 RECOMMENDATION

The following recommendations are forwarded based on the above summary of study findings and conclusions.

- Because the physical working environment has a strong relationship with employee performance, a suitable work environment enables employees to perform better, increase productivity, and maximize quality in their performance. As a result, it is recommended that the physical environment of the bank should be kept at an acceptable level so that employees will not be distracted or bothered on the job. The bank should provide the required office equipment that will enable employees to execute their job properly. Office building and layouts should be arranged to the level employees feel safe and comfortable.
- Reward has a strong relationship with employee performance; appropriate reward will cause employees to be encouraged at work, which will help them perform better. As a

result, the rewarding practice of the bank must be fair to all employees based on their commitment level and qualification. Fair pay, reasonable overtime pays, and recognition for their hard work as well as fair promotion system should be applied. There should be criteria for identifying employees who are eligible for recognition, and then the bank should be consistent in recognizing anyone who meets the criteria.

- Regarding training the bank should apply a well-organized training system because employees who receive adequate job-related training perform better, increase productivity, and maximize performance. Thus, the bank should recognize the importance of providing on-the-job as well as off-the-job training and evaluating performance after training is completed, as this will result in a positive change in their performance. Trainees should be selected based on their skill and competency gap.
- Supervisors should clarify expectations and set goals and standards for their subordinates to meet. They should monitor performance on a regular basis. When a problem arises, supervisors should try to resolve it as soon as possible. Employees should also be allowed to make their own decisions without the intervention of their managers. Managers should take the time to talk with their subordinates, accept their feedback and comments, and respond to them. Furthermore, managers should instill strategic thinking in their employees so that they will be the primary actors in achieving the bank's strategic goals.
- According to this finding communication has a positive and statistically significant effect on employee performance. Therefore, it is recommended that, the bank should strengthen its communication channels and processes in order to enhance the employee's job performance. Updated information regarding the bank as well as the industry should immediately be communicated to the employees. Both upward and downward communication system of the company should be kept to the level that could avoid confusion and misunderstanding between managers and subordinates.

5.4 SUGGESTIONS FOR FURTHER STUDIES

The purpose of this study was to look into the impact of the working environment on employee performance in the case of Zemen Bank S.c, specifically at the head office. The researcher believes that the findings of this study will assist the bank's management in identifying environmental factors that influence employee performance. However, this study was limited to a few variables

as working environment factors. Based on this study, additional research should be conducted to include other working environment factors that affect employee performance in the banking sector as well as in other sectors.

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Appendix A: Questionnaire

Dear respondents: This questionnaire is prepared for a research study purpose entitled “Effect of working environment on employee ‘s performance”. I am sure you will give attention to forward your correct and complete information to have a representative finding on the current status of the effects of working environment on employee’s performance. In doing so, I confirm you that the information that you share will be kept confidential and used for the academic purpose only. I would like to thank you in advance for your honest cooperation.

INSTRUCTIONS:

Please READ each question carefully.

ENCIRCLE the option you think best suits you.

Section one: Demographic Information

1. Gender: A. Male B. Female
2. Age: A.18-25 B. 26-33 C.34-41 D.42-49 E. Above50
3. Working Experience: A.1-5 Years B. 6-10 Years C. 11-15Years D. above 15 Years
4. Education status: A. Diploma B. Degree C. Masters
5. Current Positions:

Section two: The table that follows in the next section consist list of items, please put —√ mark for every statement based on your level of agreement.

5: Strongly agree 4: Agree 3: Neutral 2: Disagree 1: Strongly Disagree

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
	Physical work environment					
1	Office facilities and resources are sufficient to exercise the work effectively.					
2	The equipment I use suits my posture and I can easily adjust.					
3	My workplace provides an undisturbed environment without any noise that gives me alone time to perform my duties.					
4	My office building influences me to stay in the office and work comfortably.					
5	The physical layout is comfortable and convenient to perform the work					
	Reward					
6	My salary is satisfactory in relation to what I do.					
7	The basics of payment, for example, over time payment are reasonable					

8	The bank provides recognition for hard working employees.					
9	The benefit system of the bank treats each employee reasonably.					
10	The opportunity for promotion exists in the bank.					
	Management/leadership style					
11	My manager role models high standards for quality performance.					
12	Senior management gives staff a clear picture of the direction in which the organization is headed hence motivating me to work.					
13	I am able to contact senior management or work hand in hand with my superior at the workplace.					
14	My immediate supervisor encourages me to be creative in my work and bring new ideas.					
15	My immediate supervisor encourages me to express my opinion in planning and implementing the work.					
	Training					
16	Workers who need training are identified based on their skill gap.					
17	The Bank provides regular training to develop skills that will help us to work properly					
18	The Bank provides training for employees by using on-the job training method.					

19	The Bank provides training for employees by using off-the job training method.					
20	The Bank conducts training evaluation after training is conducted.					
	Communication Practice					
21	You are kept informed about how well organizational goals and objectives are being met.					
22	The directives that come from top management are clear and consistent					
23	Communication from another department is detailed and accurate.					
24	Most of the information you receive from your manager is detailed and accurate.					
25	I communicate well with colleagues and customers.					
	Employee Performance					
26	I am able to meet my target periodically					
27	I am able to provide best customer care					
28	I offer help to customers without being asked					
29	I act with integrity					
30	I try to prevent problems from occurring					