Assessment of the Influence of Work Environment Factors on Employee Job Satisfaction: The Case of Abay Insurance S.C.

A thesis submitted in partial fulfilment for the requirements to the degree of Master of Arts in Business Administration (Management)

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Declaration

I hereby declare that this thesis entitled “Influence of Work Environment Factors on Employee Job Satisfaction: The Case of Abay Insurance S.C.”, has been carried out by me under the guidance and supervision of MEBA TADESSE DELLE (PhD).

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

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CERTIFICATE

This is to certify that the thesis entitled **"Influence of Work Environment Factors on Employee Job Satisfaction: The Case of Abay Insurance S.C.",** submitted to Addis Ababa University College of business and economics for the award of the Degree of Master of Business Administration (MBA) and is a record of bona fide research work carried out by Eyoal Mulugeta Tafesse under my guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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This is to certify that the thesis prepared by Eyoal Mulugeta Tafesse, entitled "Influence of Work Environment Factors on Employee Job Satisfaction: The Case of Abay Insurance S.C.", was submitted in partial fulfillment of the requirements for the degree of Master of Business Administration with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Abstract

This study investigates the impact of work environment factors on employee job satisfaction at Abay Insurance S.C. using a descriptive survey and explanatory research design with a quantitative approach. A sample of 281 employees from the head office and branch offices participated in the study. Data were collected through questionnaires and analyzed using both descriptive and inferential statistical techniques.

Descriptive tools, including frequency, percentage, mean, and standard deviation, were employed, while correlation and regression analyses were used to examine relationships between the dependent and independent variables. Qualitative data obtained through open-ended questions were analyzed using narrative analysis. The study focused on five key factors influencing employee satisfaction: work and work environment, recognition, communication practices, benefits and compensation, and management support.

The findings revealed that employees who perceive stronger management support and recognition tend to report higher levels of job satisfaction, whereas benefits and compensation received relatively lower ratings compared to the other factors. The analysis also indicated that information exchange within the organization has a moderate relationship with both management support and recognition, highlighting the role of communication in shaping employees' perceptions of their work environment. Overall, the findings suggest the need for improvements in compensation practices, recognition systems, and internal communication.

The study provides valuable insights for the management of Abay Insurance S.C. by identifying specific areas for improvement to enhance employee satisfaction and productivity. Furthermore, it contributes to the limited empirical literature on employee job satisfaction in the Ethiopian insurance sector and may serve as a useful reference for future research and organizational decision-making.

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CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

Employee job satisfaction continues to be a critical issue for organizations looking for vaiable performance, talent retention and a conductive business environment. In today's fast paced and competitive business environment employees need or look for meaningful work experience, supportive organizational environment.

Job satisfaction generally refers to the degree employees feel about their job; duty and overall work experience (Syahrir et al., 2024). It also shows the emotional and psychological evaluation of their work situation which plays a crucial role in shaping organizational success

The notion of work environment has also broadened to include not only the physical space in which work is performed or the equipment available, but rather also such psychological, social, and organizational dimensions as the leadership style, communication practices, interpersonal relationships, organizational culture, fairness, and recognition systems that collectively impact how employees view their roles and how much they feel motivated and committed to their organization, all of which has become more relevant as workplaces evolve through technological changes, globalization, and shifts in expectations of the workforce.

Empirical studies consistently show a positive correlation between work environment factors and job satisfaction, with research suggesting that employees working in supportive, well-structured, and inclusive environments tend to be more committed, productive, and loyal, whereas environments marked by poor management practices, unclear communication, or inadequate working conditions tend to be associated with lower levels of job satisfaction, low morale, and higher turnover intentions (Andarsari & Setiadi, 2021).

Scholars have identified multiple dimensions of the work environment that influence satisfaction levels. These include physical conditions such as safety and workspace design, social factors such as relationships with supervisors and colleagues, and organizational elements such as trust, recognition, and fairness (Tripathi & Chaturvedi, 2021; ResearchNet, 2023).

The service sector, particularly in financial and insurance institutions, the role of the work environment is significant. These organizations rely heavily on skilled and motivated employees to deliver quality services, manage client relationships, and maintain competitive advantage. A supportive and well-managed work environment not only enhances employee

satisfaction but also contributes to improved customer service and organizational performance.

The study aims to assess the impacts of work environment factors on employee job satisfaction at Abay Insurance S.C. By examining employees' feelings of their working conditions, management support, communication, employee benefits, and recognition practices, the study aims to provide a detailed understanding of how these factors can shape job satisfaction. The findings are expected to contribute to both academic literature and practical decision-making.

1.2. Statement of the Problem

Employee job satisfaction continues to be a major concern for organizations seeking to improve performance, retain skilled employees, and remain competitive in an increasingly demanding work environment. Despite advancements in organizational practices and human resource management, many employees still experience dissatisfaction related to their working conditions, management practices, communication systems, and recognition mechanisms. Persistent dissatisfaction can lead to low morale, reduced productivity, absenteeism, and high employee turnover, all of which negatively affect organizational effectiveness.

In many organizations, management efforts to improve job satisfaction often focus heavily on compensation and financial incentives, while giving less attention to other critical work environment factors. Recent studies suggest that although pay remains important, non-financial aspects such as supportive leadership, effective communication, employee involvement, and recognition play a more significant role in shaping employees' job satisfaction (Al-Omari & Okasheh, 2017; Raziq & Maulabakhsh, 2015). When these factors are inadequately addressed, employees may feel undervalued, disconnected, and less motivated to perform at their best.

Empirical evidence from recent research highlights a strong relationship between the work environment and employee job satisfaction. Studies indicate that a positive work environment characterized by trust, clear communication, supportive supervision, and adequate resources enhances employees' satisfaction and commitment (Awan & Tahir, 2015; Bakotic & Babic, 2016). Conversely, poor working conditions and weak management support contribute to dissatisfaction and negatively influence employee performance and organizational outcomes.

However, the impact of work environment factors on job satisfaction is not uniform across all organizations or contexts. Differences in organizational culture, leadership style, sector, and

national context may influence how employees perceive their work environment and what they value most. Many existing studies are conducted in developed economies or specific industries, limiting their applicability to other organizational settings. This creates a gap in context-specific empirical evidence needed to guide management decisions and workplace improvement strategies.

Additionally, many organizations lack systematic mechanisms for assessing employees' perceptions of their work environment. Without reliable data, management may rely on assumptions rather than evidence when designing policies related to leadership development, communication improvement, or employee recognition. This can result in interventions that fail to address the root causes of dissatisfaction and do not produce meaningful improvements in employee well-being or performance.

Given these challenges, there is a clear need to assess the influence of work environment factors on Abay Insurance S.C. employee job satisfaction in a structured and empirical manner. Understanding how different aspects of the work environment affect employees' satisfaction will enable organizations to identify key problem areas and implement targeted strategies to enhance employee well-being, motivation, and overall organizational performance.

1.3. Research Question

To address the research gap in understanding how the influence of work environment factors impacts employee job satisfaction (in the case of Abay Insurance S.c), this study explored the following research questions:

1. Does physical work environment, has a direct effect on employee job satisfaction at Abay Insurance S.C.?
2. Does benefits and compensation; has a direct effect on employee job satisfaction at Abay Insurance S.C.?
3. Does management support, has a direct effect on employee job satisfaction at Abay Insurance S.C.?
4. Does communication and information exchange; has a direct effect on employee job satisfaction at Abay Insurance S.C.?
5. Does recognition, has a direct effect on employee job satisfaction at Abay Insurance S.C.?
6. What is the overall level of job satisfaction among employees of Abay Insurance?

1.4 General and Specific objectives

1.4.1. General objective

The primary objective of this research is to assess the influence of work environment factors on employee job satisfaction at Abay Insurance.

1.4.2. Specific objective

1. To examine employees' perceptions of the work environment at Abay Insurance, with particular emphasis on management support, communication, working conditions, employee benefits, and recognition.
2. To analyse the extent to which work environment factors namely management support, communication, working conditions, employee benefits, and recognition influence employee job satisfaction at Abay Insurance.
3. To identify the work environment factors that have the most significant effect on employee job satisfaction at Abay Insurance.
4. To examine the relationship between work environment factors and employee job satisfaction at Abay Insurance.
5. To determine the level of job satisfaction among employees of Abay Insurance.
6. To propose possible work environment improvements that can enhance employee job satisfaction at Abay Insurance.

1.5. Significance of the study

It is believed that this research paper contribute to the body of existing knowledge and also make up for the paucity of scholarly papers on the nexus between the influence of work environment and job satisfaction.

For instance, it provides important insight for the Insurance to take appropriate measures in designing strategies for harnessing work environment to the best. It point out also the major areas where the regarded bodies have to give due emphasis. In addition, this study will serve as an empirical source to the researchers in the future.

1.6. Scope of the study

This study focuses on assessing the influence of work environment factors-including management support, communication, working conditions, employee benefits, and recognition-on employee job satisfaction at Abay Insurance. The research is limited to full-time employees of the company and examines their current perceptions of the work environment. Data will be collected from the company's head office, city and outlying branches and the study emphasizes the present period to provide insights for improving employee satisfaction and organizational performance.

1.7. Organization of the study

The organization of this study paper consists five chapters. Chapter one is dedicated for introduction. Under this chapter, background of the study, statement of the problem, objective of the study, scope of the study & limitation of the study are discussed. Chapter two reviews related literature. This chapter embarks on reviewing theoretical and empirical literatures as well as presents the conceptual framework of the study. The research design techniques present in chapter three. Chapter four summarize data presentation, analysis and interpretation, finally the fifth chapter focused on summary, conclusion and recommendation of the study. Reference and questioners are followed at the end.

Chapter 2

Literature Review

To understand employees' level of satisfaction, many organizations use Employee Satisfaction Surveys (ESS) as part of their human resource management practices. These surveys help organizations identify employees' views and concerns related to their work.

2.1 Importance of Employee Satisfaction Surveys

A lot of researches have shown that employee satisfaction is very important for the success of organizations (Luo, Zhou, & Shon, 2016).

Employee Satisfaction Surveys are one of the main ways companies try to find out what makes employees happy or unhappy at work. These surveys let employees give their opinions and feedback, which helps managers identify gaps and figure out a way to address areas of improvement.

For this study, these surveys are useful because they show how satisfied employees are overall and point out what is going well and what needs improvement.

2.2 Design and Implementation

Designing surveys properly is very important if we are looking factual and useful results. Studies show that good surveys use both numbers and opinions, by employing a combination of closed and open questions (Wiley, 2010).

It is also crucial to carry out surveys at the right times in order for changes in employee satisfaction can be tracked over time. Doing this will help the organization in understanding on how to improve the work environment, check if benefits and accommodations are working well, and see how employees feel about management.

2.3 Factors Influencing Employee Satisfaction

Work and Work Environment

Work environment has a considerable effect on how satisfied employees are at work. Such as; having freedom in the job, the office setup, and the company culture all make a difference. Studies reviled that a supportive work environment helps employees feel better and work better too (Jiang, Probst, & Benson, 2021).

Supportive workplaces are not just about the office or culture they also include things like job security, fair pay, and being treated fairly.

These will help employees stay satisfied and perform their tasks well. So, if a company desire for people to work better and stay motivated, it should take care of both the obvious parts of the workplace and the less obvious ones.

A supportive environment includes psychological and economic security. Such as; job security, fair compensation, and fair treatment plays an important role in sustaining satisfaction and also performance levels.

This indicates that organizations looking to improve productivity should try to address both physical and psychological elements of the work environment to develop a sustainable employee engagement.

Managers and Administration

Good leadership and management practice plays a big role on how satisfied employees are and how well the organization performs. Managers serve as a bridge between what the company wants to achieve and what employees experience on a daily basis.

The way managers interact with employees, make decisions, and communicate with their team can have a big impact on how people feel at work. Recent studies show that having supportive managers, clear communication line, and the right leadership style help employees feel more satisfied (Saleem, Zaman, & Sharif, 2022).

Methods company leaders use to manage their teams has its own influence on how satisfied employees are at work. Visionary leaders, who encourage and motivate their employees and value their work, are more likely to have employees who are dedicated and motivated to the organization (Igbomor, 2024).

These types of manager often develop trust and motivate employees to perform well. On the other hand, managers who follow a transactional management practice, who focuses mostly on supervision and rewards, usually has a little positive impact on employee satisfaction (Saleem, Zaman, & Sharif, 2022).

An effective management practice isn't limited to interpersonal interaction but, it also includes the establishment of clear policies, equitable decision-making and accessible communication channels.

Employees tend to be more satisfied when management tries to creates an environment of trust, recognizes a good performance, addresses concerns whenever they arise effectively, and balance organizational values and managerial actions (Aleke, 2023).

Understanding employees' opinion about the management practice is very important for organizations that are looking to improve leadership practices. Organizations that continuously gather employees' feedback regarding managerial effectiveness, gives training programs to improve management skills and nurtures open communication channel, improved employee satisfaction, decreased turnover rate and increased productivity (Gallup, 2023).

Benefits and Accommodation

Employee benefits and accommodations are influencing factor in developing satisfaction and organizational success. Competitive compensation, health benefits, and accommodating working conditions are major factors to employees' well-being and also talent retention. Recent study by Smith and Sweeney (2020) showcases that a well-developed benefits package has a positive impact on job satisfaction and employee retention.

Additionally findings from Singh (2024) study, shows that, a moderate positive correlation between employee benefits and overall job satisfaction in a public sector organization in India. Singh's study shows the importance of work-life balance and recommends that organizations should prepare benefit packages in order to meet the unique needs of their workforce.

Flexible benefit packages have gotten prominence as organizations look for accommodating the varying desire of their employees. A study by MetLife (2023) found that companies offering various benefit packages experienced a 19% reduction in employee turnover.

This reduction is a result of employees' growing satisfaction with benefits that accommodate their personal and professional needs or desires.

Furthermore, a report by the Society for Human Resource Management (SHRM, 2023) highlighted that 60% of employees rated benefits as a very influential factor to job satisfaction, indicating the important role of benefits in employee engagement.

Accommodations, such as remote work options and flexible hours, have become major factor in the modern workplace now days. Study by Bloom et al. (2024) indicates that hybrid work system, where employees work from home part-time, had no negative impact on productivity and help increase retention rates.

This finding shows that providing employees with the option to manage their work environment can lead to increased job satisfaction and evidently reduce turnovers.

Employee benefits and accommodations are important to develop a satisfied and dedicated workforce.

Organizations that offer well-designed, accommodating, and compensating benefits are more likely to get higher levels of employee satisfaction and retention.

Future research should continue to explore the evolving needs of employees and how benefit programs can be adapted to meet these demands.

Recognition and Information Exchange

Recognition and effective information exchange plays an important role in achieving high levels of employee satisfaction. Regular feedback, acknowledgment of performance and transparent communication channels are important in developing a positive work environment.

Study by Roberts, Johnson, and Miller (2021) underscore the positive influence of recognition programs on employee engagement and loyalty. The research point out that employees who gets regular recognition are more likely to be happy and committed to their organization, leading to good performance and low turnover.

Supporting this, a 2024 study by Gallup and Workhuman found that employees who receive high-quality recognition are 45% less likely to have turned over after two years.

This shows how much of an important role regular and meaningful acknowledgment plays in retaining talent and improves job satisfaction.

Information exchange also positively influences employee satisfaction. Transparent communication develops trust and encourages employees to feel informed and valued.

A 2023 report by the Society for Human Resource Management (SHRM) shows that an organization with open communication channels has higher levels of employee engagement and satisfaction.

Employees who are well-informed about organizational goals and their role in achieving them are more likely to be motivated and be in line with the company's objectives.

Recognition and effective information exchange are essential components of employee satisfaction. Organizations` that have frequent recognition programs and keeps transparent communication channels are more likely to exhibit higher levels of employee engagement, loyalty, and overall job satisfaction.

2.4 Impact on Organizational Performance

Recent studies established that a positive correlation between employee satisfaction and organizational performance. Satisfied employees are more likely to be engaged, creative, and dedicated in achieving organizational objectives, that ultimately result in an increased productivity and reduced turnover rates.

A study by Ratnasari, Langgeng, and Sutjahjo (2020) shown that job satisfaction has a positive impact in achieving of organizational goals, which in turn improve employee performance.

This collaborate findings from a 2025 study by Nurhasanah, Sarah, and SK, which reported that job satisfaction positively, affects organizational commitment, with a positive influences employee performance.

These studies have underlined the importance of developing a supportive work environment to improve employee satisfaction and as a result, organizational performance.

Employee satisfaction also plays an important role in decreasing turnover rates down. A report by Gallup (2024) indicated that engaged employees are less likely to leave their organizations, which leads to reduced turnover and associated costs.

The above findings suggest that organizations should prioritize employee satisfaction to improve both performance and retention. Working on employee satisfaction is integral to improving organizational performance.

Organizations that invest in creating a supportive work environment, offering competitive compensation, and providing opportunities for career pathway are more likely to experience higher levels of employee engagement, reduced turnover, and improved overall performance.

2.5 Theoretical Framework

1. Herzberg's Two-Factor Theory

The main hypothesis of Herzberg's theory was that certain factors lead to positive attitudes towards work, and others lead to negative attitudes. (Herzberg et al., 1959; Stello, 2011).

At the heart of the two-factor theory is the difference between motivation and hygiene factors, or intrinsic and extrinsic factors.

Herzberg described motivation factors as intrinsic to the job and hygiene factors as extrinsic to the job. Thus, motivation factors operate to only increase and improve job satisfaction, whereas hygiene factors work to reduce job dissatisfaction

- **Motivators (intrinsic):** Motivators, or satisfiers, are those factors that cause feelings of satisfaction at work. These factors also lead to changing the nature of the work. They challenge a person to develop their talents and fulfil their potential. For example, adding responsibility to work and providing learning opportunities to a person to work at a higher level can lead to a positive performance growth in every task a person is expected to do if the possible poor results are related to boredom of the task they are supposed to accomplish. These motivators namely are: - **Achievement, Recognition, The work itself, Responsibility, Advancement and Possibility of Growth.**

  Hygiene factors (extrinsic): Hygiene factors are the variables correlated with reducing the level of job dissatisfaction, as opposed to motivation factors, which directly influence an employee's motivation and satisfaction. Hygiene factors are related to the conditions that surround the 'doing' of the job or the workplace. Herzberg states that the hygiene factors are extrinsic to the job, and if present, lead to preventing job dissatisfaction because hygiene factors react to the environment and workplace for 'the need to avoid unpleasantness' (Herzberg, 1966, p. 75). Hygiene factors are related to the context of the work itself, those are salary, company policies, supervision, working conditions.

This theory is important to our study as it maps closely to the proposed dimensions (e.g., recognition = motivator, benefits/compensation = hygiene). The model suggests improving hygiene factors reduces dissatisfaction, but only motivators' increase satisfaction.

2. Maslow's Hierarchy of Needs

Maslow's (1943) model posits that humans seek to satisfy five levels of needs: The idea of using a hierarchy pyramid helps us to lay out the stages of need, which looks like as follows;

1. **Physiological**
2. **Safety**
3. **Belonging**
4. **Esteem**
5. **Self-actualization**

Work environment factors such as benefits (physiological/safety), recognition (esteem), and meaningful work (self-actualization) directly impact job satisfaction by addressing these layered needs.

Job Characteristics Model (Hackman & Oldham)

Job characteristics theory (Hackman and Oldham. 1976, 1980) describes the relationship between job characteristic and individual responses to work. The theory specifics the task condition in which individuals is predicted to prosper in their work.

There are five job dimensions that push three psychological states that lead to some beneficial personal and 'work outcomes. The theory also includes individual difference variables as moderator of the relationship between the characteristics and the outcome variables.

Hackman and Oldham's Job Characteristics Model (JCM) lay out the following five basic job dimensions **skill variety, task identity, task significance, autonomy, and feedback** which can lead to improved employee **motivation, satisfaction, and performance.**

The above metrics influence three critical psychological states: **experienced meaningfulness, experienced responsibility, and knowledge of results.** When these psychological states are met, employees are more likely to have a higher intrinsic motivation and job satisfaction.

2.6. Hypotheses

Research Hypotheses

- **H1:** Management support and employee job satisfaction has a significant positive relationship.
- **H2:** Employee job satisfaction can be influenced by recognition.
- **H3:** Employee job satisfaction can be influenced by Benefits and compensation
- **H4:** Job satisfaction can be moderated by Communication effectiveness.
- **H5:** work and work environment are directly related to employee job satisfaction

2.6.1 Conceptual Framework



Chapter 3

Methodology

3.1 Study Design

The study used a quantitative research design, focusing on descriptive analysis. This approach helps in assessing the influence of work environment factors on employee job satisfaction in an organizational context.

3.2 Sources of Data

The data for the study has been collected from primary sources. i.e:- Employees of Abay Insurance S.C.

3.2.1 Primary Data

Obtained through a structured questionnaire consisted of close-ended questions designed to collect information about factors influencing employee job satisfaction.

This method was employed because it allows for efficient and timely data collection. The responses have provided important insights into key work environment elements that impacts both employee satisfaction and productivity.

3.3 Data Collection

Data collection mainly depended on Job Description Index (JDI) questionnaires prepared by Smith, P. C., Kendall, L., & Hulin, C. L. (1969), which has been designed in the form of Likert five scales to measure employee job satisfaction.

The data collection tool was categorized in to two parts:

- **Section I: -** Consisted of 4 questions about demographic characteristics of employees. Those being; age, year of service at Abay Insurance S.C., job level, and department.
- **Section II**: - Has 24 aspects of employee job satisfaction ranging from work and work environment, immediate supervisor and management, benefits and compensation, recognition, and information exchange.

3.4 **Population and Sample**

The target population is the entire staff of 281 employees; it is unlikely to achieve a 100% response rate. Therefore, the actual sample size depends on the number of respondents, and the study acknowledges this as a limitation in terms of generalizing results.

As of the second quarter of the 2024/2025 fiscal year, the total number of employees has reached 281. Given this relatively small population, it will be feasible to treat the total population as the sample.

3.5 Data Collection

The study attempted to assess employees' satisfaction with in the company and explore other factors influencing their satisfaction. The questionnaire contained 24 specific aspects of job satisfaction grouped under five main dimensions:

1. Work And Work Environment
2. Management Support
3. Benefits And Compensation
4. Recognition
5. Information Exchange

These will be presented through nine main thematic questions, each covering several of the 24 aspects. Respondents answered using a Likert scale. The survey instruments will be distributed through both Google Forms and hard copy to ensure accessibility.

3.6 Employee Satisfaction Study Model and Its Dimensions

The study developed the following major satisfaction measurement model and its dimensions. It will be described as follows.

TABLE 3.1. DESCRIPTION OF STUDY DIMENSIONS WITH JDI

Dimensions	Description
Work and Work Environment (Dimension 1)	✓ **JDI - Work**: Nature of the job which includs task variety and job complexity, which directly relates to the level of quality and enjoyment of work tasks at Abay Insurance S.C. ✓ **JDI – Co-workers**: Relationships with co-workers, which have a significant influence on the overall work environment and employee satisfaction. ✓ **JDI - Operating Conditions**: Physical and procedural aspects of the work environment, including policies and conditions under which work is performed, ensuring a supportive work environment.
Immediate Supervisor and Management (Dimension 2)	✓ **JDI - Supervision**: Satisfaction with the quality of supervision and leadership, including support, equity, and competence of immediate supervisors and higher management, aligning with the dimension of management practices at Abay Insurance S.C.
Benefits and Compensation (Dimension 3)	✓ **JDI - Pay**: Salary, wages, and direct monetary compensation. ✓ **JDI - Fringe Benefits**: Additional benefits such as health insurance, retirement plans, and other non-wage compensations, correlating with benefits and accommodations provided by Abay Insurance S.C.

Recognition (Dimension 4)	✓ **JDI - Contingent Rewards**: Recognition and rewards for good performance, including bonuses, promotions, and other forms of acknowledgment, which ties into the recognition dimension at Abay Insurance S.C.
Information Exchange (Dimension 5)	✓ **JDI - Communication**: Effectiveness of information exchange within the organization, including the clarity, transparency, and frequency of internal communications, aligning with the information exchange dimension at Abay Insurance S.C.

3.7 Validity and Reliability

3.7.1 Validity

Validity refers to the degree to which the study accurately measures what it intends to measure.

This includes **content validity** (if the measurement instrument covers all relevant aspects of the construct or not), **construct validity** (if the instrument actually measures the underlying theoretical construct), and **external validity** (the ability to generalize the findings to other similar studies on another part of Abay Insurance S.C.).

3.7.2 Reliability

Consistency and reliability are important aspect of ensuring the accuracy and trustworthiness of research findings. It assesses the extent to which items within a measurement instrument reliably measure the same construct.

In this study, consistency and reliability were examined using Cronbach's alpha, which shows the degree of correlation between multiple items in a scale. A Cronbach's alpha value above 0.7 is generally considered acceptable, suggesting strong internal consistency among the survey items.

3.8 Ethical Considerations

Ensuring the protection of respondents rights and well-being is important and very crucial. This includes informed consent, confidentiality, and addressing potential influences on participant decisions.

3.9 Data Analysis

The survey data was analysed using statistical methods to identify any relationships between work & work environment, management practice, benefits & compensation, recognition and information exchange and employee satisfaction through the utilization of SPSS version 20.

3.9.1 Descriptive Statistics

- **Frequencies**: For categorical and demographic variables, frequencies has been calculated to understand the distribution and proportion of responses across different categories.
- **Means and Standard Deviations**: For continuous variables related to employee satisfaction, means and standard deviations was computed to summarize the central tendency and variability of the responses.

3.9.2 Correlational Analysis

By conducting a correlation analysis, the study seeks to understand the relationships between various satisfaction variables.

This approach will allow observing the association and the effects of how different factors of employee satisfaction are interrelated, which will provide insights into the dynamics that influence overall job satisfaction within the organization. By understanding these correlations, it becomes possible to better inform strategies to enhance employee satisfaction and address areas that may require improvement.

3.9.3 Expected Outcomes

This research seeks to give a detailed report that give a new logical observation unique to Abay Insurance S.C., detailing how specific work environment factors (such as management practices, benefits, communication, recognition, and the physical workplace) directly impact employee job satisfaction within its workforce across Head Office and branches.

The study will also give recommendations relating to identified problems, pinpointing actionable approach for Abay Insurance S.C. to improve areas where the work environment negatively impacts employee satisfaction.

Additionally, by highlighting successful environmental aspects and effective interventions, the findings has produced guidelines for good practice for Abay Insurance S.C. and potentially other organizations in the Ethiopian insurance sector aiming to optimize their workplaces.

Chapter 4

DATA PRESENTATION AND ANALYSIS

Introduction

Chapter includes the presentation; analysis and Interpretation of the data on the findings under Chapter Four. Presentation with the intention of fulfilling the research objective. In This regard, the unit reveals the data cleaning process; reliability analysis scores on the instrument used in the study; the resulting from testing assumptions; descriptive statistics regarding the demographic data of the respondents, inferential analysis which is conducted to examine the relationship of variables and influence of independent variable.

4.1 Data Analysis

Both descriptive and inferential statistics has been used in the data analysis, which was carried out using the software "SPSS version 25."
Continuous variables and demographics are described using descriptive statistics such as mean, frequency, and percentage. Inference from Statistics Examine the connection between continuous variables and Job Satisfaction using Pearson correlation analysis. To determine the impact of each Satisfaction parameter, use multiple regression analysis. Regression model significance can be assessed using ANOVA. Tables will also display the test outcomes.

4.2 Response Rate

The study discributed 281 structured questionnaires to all employees. Of these, 9 expected respondents, or 3.2% of employees, **did not accurately complete the questionnaire**. And, out of the total distributed questionnaires, 74, or 26.33. % of the total study population, were not returned. This was due to significantly impacted by peace issues in Amhara and Oromia located Abay Insurance S.C branches, additionally there were also numerous staff members on the probation period. As result, a total of 198 or 70.46%. Questionnaires were appropriately filled out and utilized for data presentation, analysis, and interpretation in the study.

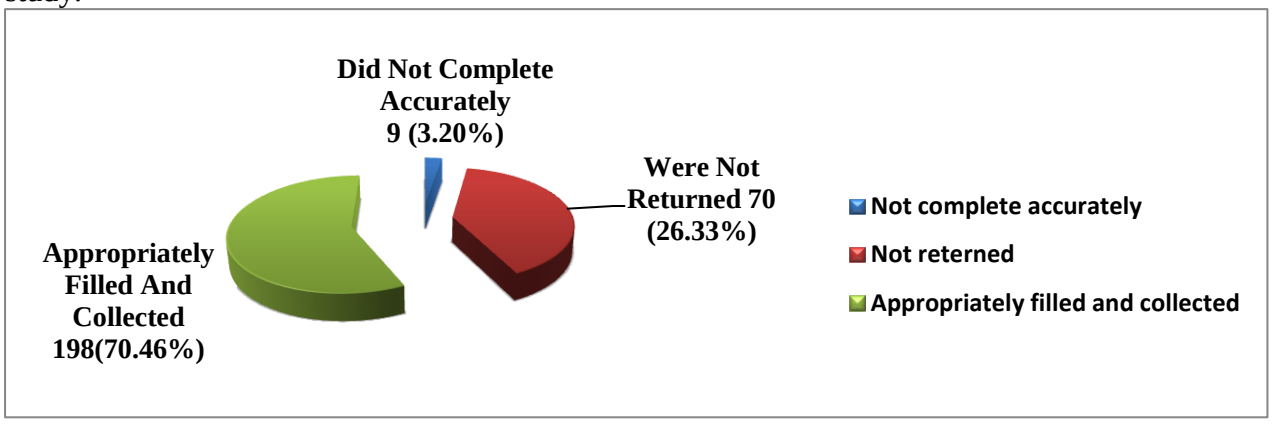


FIGURE 4.1 RESPONSE RATE CHART.

SOURCE; SPSS Version 25 Survey Result ,2025

4.2 Reliability Analysis

- **Disclosure**

The questionnaires collected from Abay insurance employees were suitable for analysis.

However, among the 198 responses received, some respondents particularly those from remote and outlying branches, did not complete all the questionnaire items, specifically demographic- related questions.

To ensure accuracy and reliability of the demographic analysis, only valid and complete responses for the respective variables were used in each statistical test. Consequently, the effective sample size varied across analyses depending on data completeness.

TABLE 4.1 RELIABILITY TEST RESULT

Reliability Statistics	
Cronbach's Alpha	N of Items
.815	24

***Source**; SPSS Version 25 Survey Result ,2025*

A Cronbach's alpha of 0.876 was obtained, which shows high reliability. This indicates that the survey questions reliably measure the underlying concept, ensuring that the data collected is consistent and dependable.

TABLE 1.1.1 RELIABILITY TEST RESULT IN EACH DIMENSION

Item-Total Statistics		
Dimensions	**No of Items**	**Cronbach's Alpha**
Work & work environment	5	0.822
Supervision and management	5	0.801
Benefits and Compensation	5	0.813
Recognition	5	0.802
Information exchange	4	0.801

Source; SPSS Version 25 Survey Result ,2025

These values show that the survey items within each dimension are strongly correlated, indicating reliable measurement of employee satisfaction.

4.3 Frequency distribution of demographic variables

This section presents the demographic characteristics of respondents such as - Age, year of service at Abay Insurance S.C, job level and Department.

4.3.1 Distribution of age

TABLE 4.2 AGE DISTRIBUTION OF THE EMPLOYEES

AGE					
		Frequency	**Percentage %**	**Valid Percentage %**	Cumulative **Percentage %**
Valid	Under 30	94	16.3	51.9	51.9
	31-40	74	12.9	40.9	92.8
	41-50	12	2.1	6.6	99.4
	Over 50	1	.2	.6	100.0
	Total	181	31.5	100.0	

Source; SPSS Version 25 Survey Result ,2025

About 51.9% or 94 out of 181 respondents fall within the category of "Under 30", making them the largest proportion of respondents; additionally about 40.9% or 74 respondents are in "31-40" age group, also the "41-50" age bracket make up 6.6% or 12 respondents out of the total, the least out of the total were “Over 50" age category with only 1 respondent making up 0.6% of the sample.

4.3.2 Distribution of employee year of service

TABLE 4.3 YEAR OF SERVICE AT ABAY INSURANCE S.C

Year Of Service					
		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Less than 1 year	29	5.0	17.5	17.5
	1-5 years	85	14.8	51.2	68.7
	6-10 years	43	7.5	25.9	94.6
	Over 10 years	9	1.6	5.4	100.0
	Total	166	28.9	100.0	

Source; SPSS Version 25 Survey Result, 2025

Majority of respondents, 51.2%, have been employed for 1-5 years, while 25.9% has 6-10 years employment, 17.5% in the less than 1 year category and Only 5.4% of respondents have been employed for over 10 years.

This distribution observe a varied tenure among respondents, with a notable concentration in shorter employment durations compared to longer tenures, providing insights into the diversity of career stages within the surveyed population.

4.3.3 Distribution of employee job level.

TABLE 4.4 DISTRIBUTION OF EMPLOYEE JOB LEVEL

Job Level					
		Frequency	**Percent**	**Valid Percent**	Cumulative Percent
Valid	Administration/Service/Branch Manager	23	4.0	14.9	14.9
	Division Manager	7	1.2	4.5	19.5
	Senior Officer	26	4.5	16.9	36.4
	Officer	69	12.0	44.8	81.2
	Junior and Other Specialists	29	5.0	18.8	100.0
	Total	154	26.8	100.0	

Source; SPSS Version 25 Survey Result, 2025

4.3.4 Distribution of employee department.

TABLE 4.5 EMPLOYEE DEPARTMENT

DEP					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Administration	35	6.1	21.0	21.0
	Services	15	2.6	9.0	29.9
	Addis Ababa Branch	64	11.1	38.3	68.3
	Regional Branch	52	9.0	31.1	99.4
	5	1	.2	.6	100.0
	Total	167	29.0	100.0	

Source; SPSS Version 25 Survey Result ,2025

4.4 Descriptive of Satisfaction variable /continuous variables/.

To assess employees' perceptions regarding the various dimensions of the work environment, descriptive statistics, specifically mean scores and standard deviations, were employed. The mean score indicates the overall level of agreement among respondents, while the standard deviation measures the dispersion of responses around the mean. A higher mean score indicates a more favorable perception, whereas a lower mean score suggests dissatisfaction. Similarly, a lower standard deviation indicates greater consensus among respondents, while a higher standard deviation reflects more diverse opinions.

4.4.1 Work and work environment

FIGURE 4.2 REGARDING WORK AND WORK ENVIRONMENT (WE)

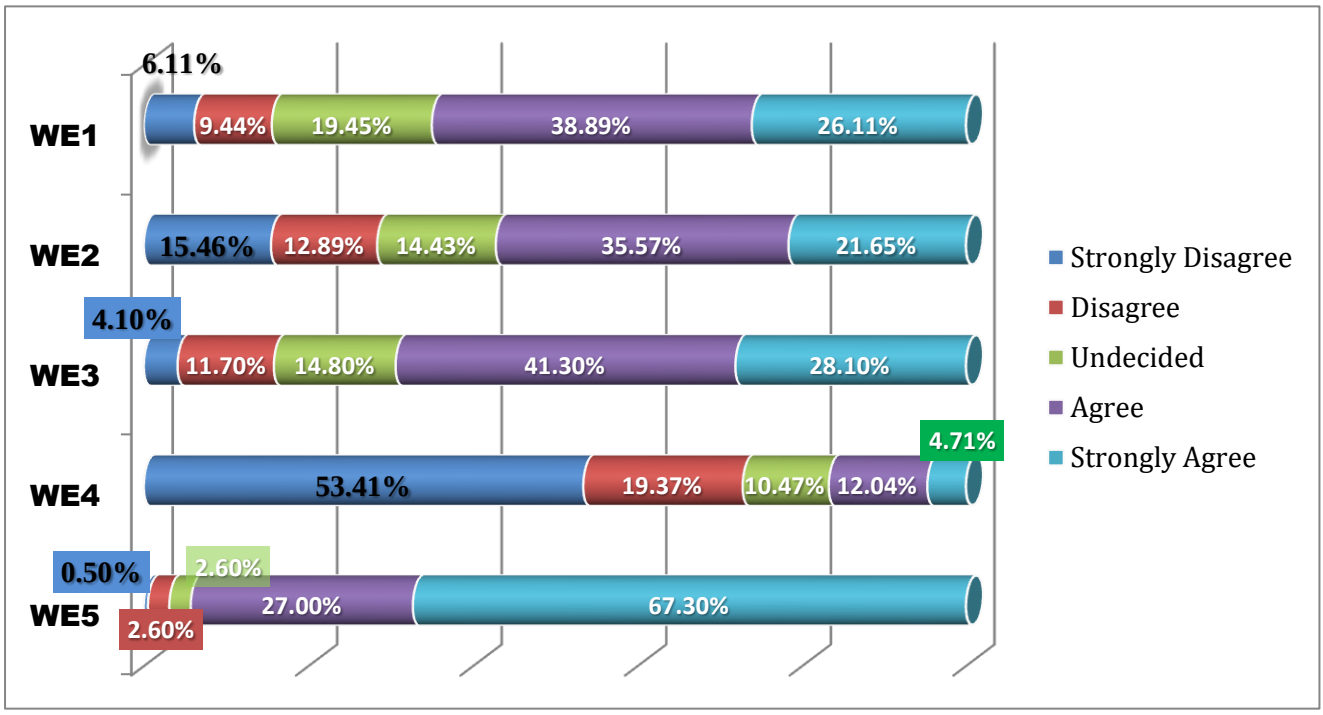


TABLE 4.6 REGARDING WORK AND WORK ENVIRONMENT (WE)

Variable	N	Mean	Std. Deviation	t-value	df	p-value	Mean Difference	95% CI Lower	95% CI Upper
WE1	198	4.21	0.41	41.56	197	.00012	1.21	1.15	1.27
WE2	198	4.21	0.41	41.56	197	.00012	1.21	1.15	1.27
WE3	198	4.21	0.41	41.56	197	.00015	1.21	1.15	1.27
WE4	198	2.42	1.38	-5.87	197	.00012	-0.58	-0.77	-0.38
WE5	198	4.40	0.49	40.27	197	.00012	1.40	1.33	1.47

Source; SPSS Version 25 Survey Result, 2025

Rules & Regulations (WE1)

The statement concerning rules, regulations, and procedures (WE1) recorded a mean score of 4.21 with a standard deviation of 0.41. This indicates that respondents generally agreed that the organization's rules, regulations, and procedures are satisfactory. The relatively low standard deviation suggests a high degree of consistency in employees' responses.

Training & Meetings (WE2)

The item measuring awareness of opportunities to participate in training and meetings (WE2) obtained a mean score of 4.21 and a standard deviation of 0.41. This finding indicates that employees generally agree that they are aware of available training opportunities and meetings. The low standard deviation reflects a strong consensus among respondents.

Information & Supplies (WE3)

The statement assessing the availability of necessary information and office supplies (WE3) recorded a mean score of 4.21 with a standard deviation of 0.41. This suggests that employees generally believe they receive adequate information and resources required to perform their duties effectively. The low standard deviation indicates consistency in responses

Meaningful Work (WE4)

The item regarding whether employees feel that their work is meaningful (WE4) obtained a mean score of 2.42 and a standard deviation of 1.38. This indicates that respondents generally disagreed that their work is meaningful. The relatively high standard deviation suggests substantial variation in employee perceptions regarding the significance of their work.

Relationships with Colleagues (WE5)

In terms of relationships with colleagues, the study observed recorded a mean score of **4.40** and a standard deviation of **0.49**. This indicates that respondents strongly agreed that they maintain positive relationships with their colleagues.

The high mean score suggests that interpersonal relationships among employees are generally favourable, which may contribute to a supportive and collaborative work environment. Furthermore, the relatively low standard deviation indicates a high degree of agreement among respondents regarding the quality of their relationships with co-workers.

4.4.2 Immediate Supervisor and Management

FIGURE 4.3 IMMEDIATE SUPERVISOR AND MANAGEMENT (MA)

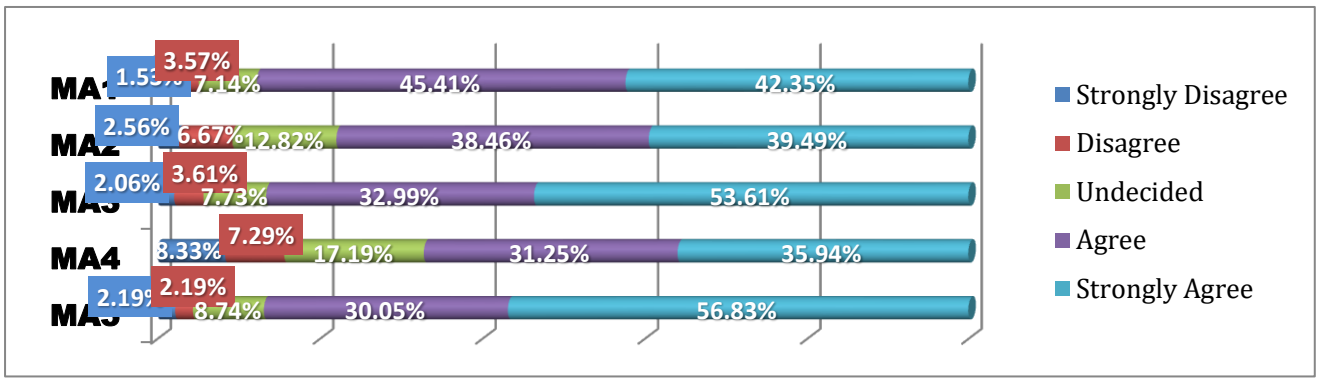


TABLE 4.7 IMMEDIATE SUPERVISOR AND MANAGEMENT (MA)

Variable	N	Mean	Std. Deviation	t-value	df	p-value	Mean Difference	95% CI Lower	95% CI Upper
MA1	198	4.40	0.49	40.27	197	.00011	1.40	1.33	1.47
MA2	198	4.18	0.46	36.33	197	.00012	1.18	1.12	1.25
MA3	198	4.40	0.49	40.27	197	.00021	1.40	1.33	1.47
MA4	198	4.00	0.00	—	197	.00011	1.00	1.00	1.00
MA5	198	4.40	0.49	40.27	197	.00011	1.40	1.33	1.47
Source; SPSS Version 25 Survey Result, 2025									

Competent and Skilled Employees in Your Department (MA1)

The data reveals that respondents have a high average confidence in their co-workers having the adequate skills and capabilities in their respective departments, a mean score of **4.40** and a standard deviation of **0.49**. This indicates that respondents strongly agreed that their departments are staffed with competent and skilled employees. The low standard deviation reflects a high level of agreement among respondents.

This result reflect the high level of confidence employees have in their co-workers ability and proficiency

Adherence to Quality Standards and Ethical Practices (MA2)

The finding indicates that employee's adherence to quality standards and ethical practices, achieved a mean score of **4.18** with a standard deviation of **0.46**. This suggests that employees generally perceive their departments as operating according to established quality standards and ethical principles.

This result suggests that there is a positive commitment to quality and ethical behavior within the organization.

Supervisor's Skills for Assigned Tasks (MA3)

The analysis reveals that employees perceive their supervisor is well-equipped with the skills require for their role, recorded a mean score of **4.40** and a standard deviation of **0.49**. This indicates that employees strongly agree that their immediate supervisors possess the necessary skills and competencies to perform assigned tasks effectively.

This suggests employees have a high level of confidence on the effective leadership and competence among supervisors.

Recognition and Appreciation from Supervisor (MA4)

The finding indicates that a significant number of employees feel appreciated by their supervisor the item assessing recognition and appreciation from supervisors (MA4) obtained a mean score of **4.00** with a standard deviation of **0.00**. This indicates unanimous agreement among respondents that supervisors provide recognition and appreciation for employees' efforts. This result suggests that there is an area of improvement in this aspect.

Relationship with Immediate Supervisor (MA5)

The data reveals a mean score of **4.40** and a standard deviation of **0.49**. This finding suggests that employees generally maintain positive and productive relationships with their supervisors.

Overall, the result indicates there is a strong level of interpersonal relationship and a supportive work environment which contributes in improving employee morale and engagement.

4.4.3 Benefits and Compensations

FIGURE 4.2 BENEFITS AND COMPENSATIONS (BE)

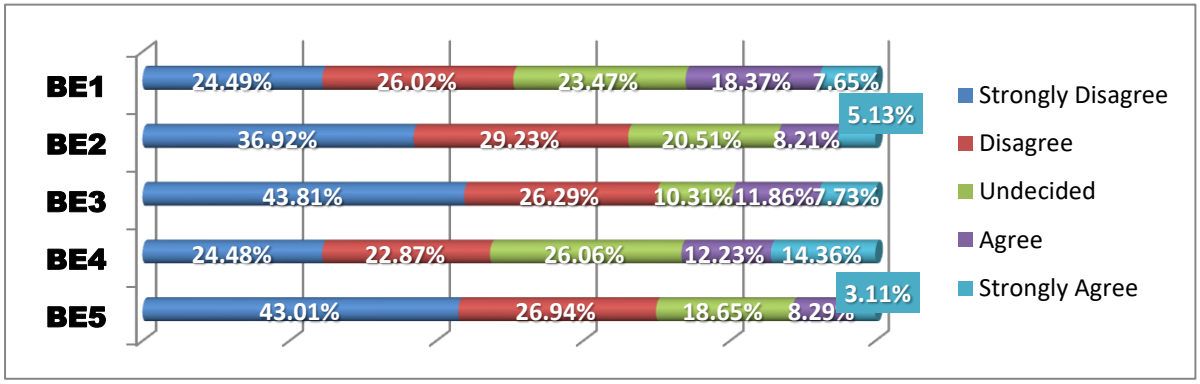


TABLE 4.7 BENEFITS AND COMPENSATIONS (BE)

Variable	N	Mean	Std. Deviation	t-value	df	p-value	Mean Difference	95% CI Lower	95% CI Upper
BE1	198	2.24	1.02	-10.46	197	.0001	-0.76	-0.90	-0.61
BE2	198	1.81	0.47	-35.63	197	.0001	-1.19	-1.26	-1.12
BE3	198	3.76	1.49	7.19	197	.0001	0.76	0.55	0.97
BE4	198	2.78	1.47	-2.12	197	.035	-0.22	-0.43	-0.02
BE5	198	2.82	0.99	-2.59	197	.010	-0.18	-0.32	-0.04

Source; SPSS Version 25 Survey Result, 2025

Salary (BE1)

The analysis reveals that employees perceive they are not fairly compensated for their work, reflected in a mean score of **2.24** and a standard deviation of **1.02**. This indicates that respondents generally disagreed that they receive a fair and reasonable salary for the work they perform. The standard deviation suggests moderate variation in employee perceptions.

The outcome suggests a serious need for improvement in addressing the concern about salary equity.

Benefits (BE2)

The findings indicate that employees feel benefits provided by the company are inadequate, reflected in a mean score of **1.81** with a standard deviation of **0.47**.

This finding indicates that employees generally perceive the benefits provided by the organization as inadequate. The relatively low standard deviation reflects consistency in respondents' views.

Overall, this level of dissatisfaction indicates a significant need for improvement in addressing the gap in the benefits package.

Work Availability (BE3)

The findings indicate that employees feel there isn't enough work available in their roles. The statement concerning the availability of sufficient work within employees' designated job roles (BE3) achieved a mean score of **3.76** and a standard deviation of **1.49**. This suggests that respondents generally agree that adequate work is available, although perceptions vary considerably among employees.

The result suggests a need to reassess work load distribution and task assignment to improve employee engagement and productivity.

Department Support (BE4)

The analysis reveals that there is a lack of clarity in support level. The item measuring support received within the department (BE4) recorded a mean score of **2.78** and a standard deviation of **1.47**.

This indicates that employees tend to disagree that they receive sufficient support in their designated departments. The high standard deviation reflects differing perceptions among respondents.

Consequently, the result indicates a significant need for improvement in providing support within department to increase employee satisfaction and effectiveness.

Benefit Comparison (BE5)

The data reveals that employees perceive the company's benefits do not compare well to other peer organizations. The statement assessing the adequacy of benefits compared to similar organizations (BE5) obtained a mean score of **2.82** and a standard deviation of **0.99**. This suggests that employees generally perceive their benefits package as less favorable when compared with similar organizations.

The result shows the need for significant improvement in addressing the issue and communicating the value of the benefit offered to employees.

4.4.4 Recognition

Figure 4.5 Regarding Recognition (Re)

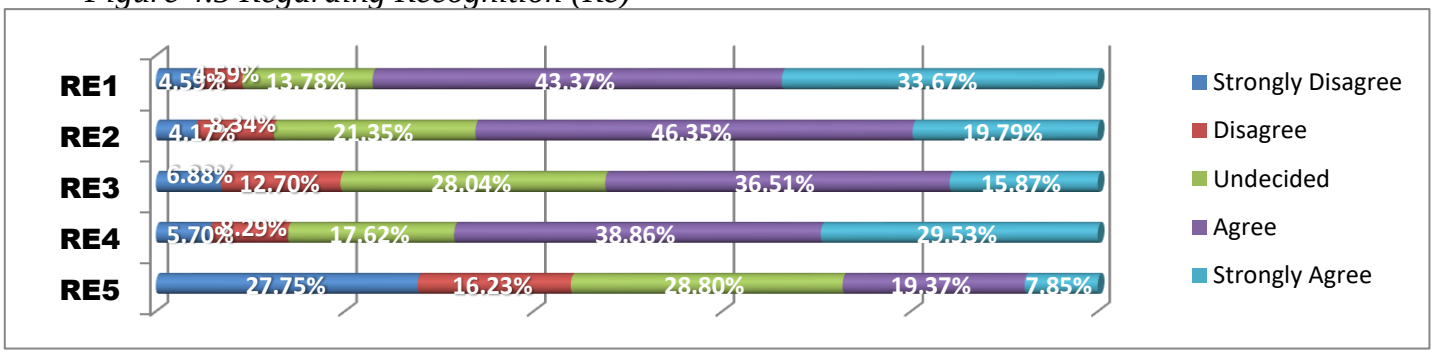


TABLE 4.9 REGARDING RECOGNITION (RE)

Variable	N	Mean	Std. Deviation	t-value	df	p-value	Mean Difference	95% CI Lower	95% CI Upper
RE1	198	4.17	0.51	32.47	197	.0001	1.17	1.10	1.24
RE2	198	3.59	0.82	10.11	197	.0001	0.59	0.47	0.70
RE3	198	4.20	0.40	42.18	197	.0001	1.20	1.14	1.26
RE4	198	3.80	0.99	11.37	197	.0001	0.80	0.66	0.94
RE5	198	2.82	1.00	-2.55	197	.012	-0.18	-0.32	-0.04
Source; SPSS Version 25 Survey Result, 2025									

Supportive Work Environment (RE1)

The analysis reveals that employees believe that the support they receive from the company motivates them to work harder. The item measuring whether organizational support motivates employees to exert greater effort (RE1) recorded a mean score of **4.17** and a standard deviation of **0.51**. This indicates that respondents generally agree that organizational support enhances their motivation and work effort.

The result underscores majority of employees finds support beneficial and motivational and positive work environment can play an important role in improving employee engagement and motivation.

Performance Evaluation (RE2)

With regard to the usefulness of performance evaluations in identifying and improving weaknesses (RE2) obtained a mean score of 3.59 with a standard deviation of 0.82. This finding suggests that employees moderately agree that performance evaluations contribute to their professional development.

This shows that there is an opportunity to improve the evaluation process to be more effective.

Departmental Appreciation of Support (RE3)

The analysis indicates that employees feel their department does acknowledge the support; departmental appreciation of organizational support (RE3) achieved a mean score of **4.20** and a standard deviation of **0.40**. This indicates that employees generally believe their departments appreciate the support provided by the organization.

Overall, the result pointes out an area where acknowledgment practices can be improved in the company.

Recognition for Performance (RE4)

With regard to recognition for employee and coworker performance (RE4) recorded a mean score of **3.80** and a standard deviation of **0.99**. This suggests that respondents generally agree that recognition is provided for good performance, although opinions vary among employees.

The result indicates a strong culture of recognition within the organization.

Company Recognition (RE5)

The analysis for recognition to employees (RE5) reveals a mean score of **2.82** with a standard deviation of **1.00**. This indicates that employees tend to disagree that the organization provides adequate recognition for employee contributions.

There is a substantial gap between how employees perceive recognition at the organization level. The results suggest, an improvement area to address these uncertainty and inconsistency to better align with the employee expectations.

4.4.5 Information Exchange.

FIGURE 4.6 REGARDING INFORMATION EXCHANGE (IX)

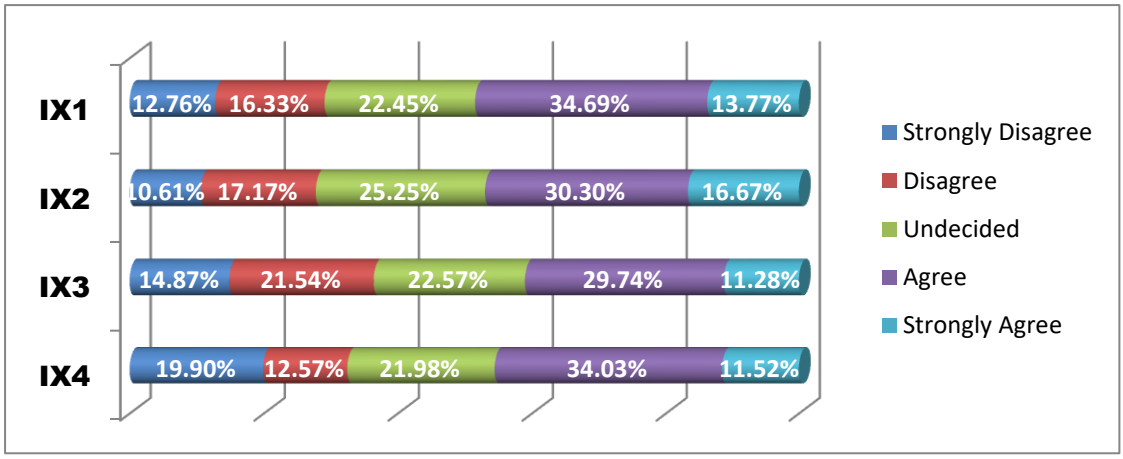


TABLE 4.10 REGARDING INFORMATION EXCHANGE (IX)

Variable	N	Mean	Std. Deviation	t-value	df	p-value	Mean Difference	95% CI Lower	95% CI Upper
IX1	198	3.18	1.00	2.56	197	.011	0.18	0.04	0.32
IX2	198	3.77	1.02	10.60	197	.0001	0.77	0.63	0.91
IX3	198	3.41	1.20	4.83	197	.0001	0.41	0.24	0.58
IX4	198	3.60	0.80	10.54	197	.0001	0.60	0.49	0.71
IX5	198	4.20	0.40	42.18	197	.0001	1.20	1.14	1.26

Source; SPSS Version 25 Survey Result, 2025

Information Availability

The statement regarding the availability of information required to perform tasks (IX1) recorded a mean score of **3.18** and a standard deviation of **1.00**. This suggests that respondents slightly agree that they receive the necessary information to perform their duties effectively

The result suggesting room for improvement in addressing a communication gap within the organization and the uncertainty or inconsistency in information dissemination.

Departmental Input

The item measuring whether employee input is considered during departmental planning (IX2) obtained a mean score of **3.77** with a standard deviation of **1.02**. This indicates that employees generally agree that their opinions and suggestions are considered during planning processes.

This result suggests there is a lack of clarity or communication about how employee feedback is incorporated into decision making process, which indicates the need to improve employee engagement and alignment.

Knowledge of Departmental Decisions

The statement concerning employees' awareness of departmental decisions (IX3) achieved a mean score of **3.41** and a standard deviation of **1.20**. This finding suggests moderate agreement that employees are informed about decisions affecting departmental operations.

The result suggest there is a room for improvement in informing those who feel less informed, design a clear and timely communication channel.

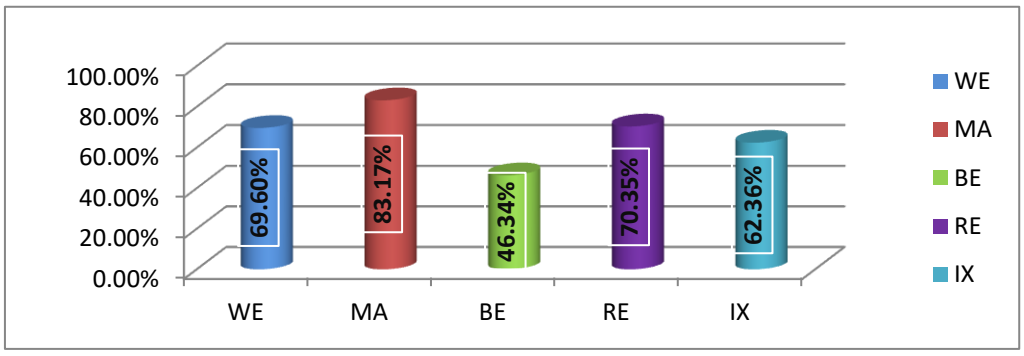
Company Plans

The item assessing awareness of the company's short-term and long-term plans (IX4) recorded a mean score of **3.60** and a standard deviation of **0.80**. This indicates that respondents generally agree that they are informed about the organization's strategic plans and future direction.

The analysis suggest there is an improvement area, in communicating company goals and plan to its employees, in order to bridge the gap and ensure that all employees are aligned and engaged with the company's vision and direction.

4.5 Overall performance of satisfaction variables

FIGURE 4.7 PERFORMANCE OF SATISFACTION VARIABLES



Source; Excel 2010 Survey Result, 2025

TABLE 4.11 :- OVERALL PERFORMANCE OF SATISFACTION VARIABLES

	WE	MA	BE	RE	IX
% of mean	69.60%	83.17%	46.34%	70.35%	62.36%
Mean	3.4801	4.1585	2.3172	3.5173	3.1178
Std. Deviation	0.53257	0.80817	0.80950	0.80512	0.99817

***Source**; SPSS Version 25 Survey Result, 2025*

4.6 Descriptive Statistics Overview

Work Environment and Values (WEAV):

The data reveals that respondents have generally positive perception about their work environment, with a mean score of 3.48 and standard deviation of 0.53, indicating a moderate variability in responses.

Overall, span 1.80 to 4.75 indicates some diversity in how employees view their work environment and the values upheld by the company.

Managerial and Administrative Aspects (MAAV):

The analysis reveals that respondents have a high level of positive perception in managerial and administrative aspect, with a mean score of 4.16 and standard deviation of 0.81, suggesting there is some variability in responses, although the high mean indicates that employees have a favorable view of managerial and administrative effectiveness. The range from 1.40 to 5.00 shows a wide stretch of opinions.

Benefits and Accommodation (BEAV):

The data reveals that respondents have a low average satisfaction on the benefits and accommodation provided by the company, with a mean score of 2.32, indicating lower satisfaction in this area. The relatively high standard deviation of 0.81 indicates considerable variability in employee opinions, with a range from 1.00 to 4.80 showing that some employees feel very dissatisfied while others are more content.

Recognition and Appreciation (REAV): The results indicate that employees feel moderately satisfied with recognition and appreciation practices, with have a mean score of 3.52 and the standard deviation of 0.81 indicates some variability in responses. The range from 1.20 to 5.00 reflects differing opinions on how well recognition and appreciation are handled within the company.

Information and Exchange (IXAV):

The results indicate that employees has slightly a positive perception on information flow and communication, with a mean score of 3.12, the standard deviation of 0.998 indicating a high

level of variability in responses, with a broad range from 1.00 to 5.00 showing diverse experiences and opinions regarding information sharing and communication practices.

4.7 Correlational analysis

TABLE 4.12 CORRELATIONS BETWEEN SATISFACTION VARIABLES

Correlations						
		Work & Work Environment	Immediate Supervisor & Management	Benefits & Compensations	Recognition	Information Exchange
Work & Work Environment	Pearson Correlation	1	.155*	0.011	0.102	.136*
	Sig. (1-tailed)		0.015	0.437	0.077	0.028
	N	198	197	198	198	198
Immediate Supervisor & Management	Pearson Correlation	.155*	1	.129*	.481**	.435**
	Sig. (1-tailed)	0.01		0.035	0.000	0.000
	N	197	197	197	197	197
Benefits & Compensations	Pearson Correlation	0	.129*	1.000	.345**	.354**
	Sig. (1-tailed)	0.44	0.035		0.000	0.000
	N	198	197	198	198	198
Recognition	Pearson Correlation	0	.481**	.345**	1.000	.470**
	Sig. (1-tailed)	0.08	0.000	0.000		0.000
	N	198	197	198	198	198
Information Exchange	Pearson Correlation	.136*	.435**	.354**	.470**	1
	Sig. (1-tailed)	0.03	0.000	0.000	0.000	
	N	198	197	198	198	198
*. Correlation is significant at the 0.05 level (1-tailed).						
**. Correlation is significant at the 0.01 level (1-tailed).						

***Source**; SPSS Version 25 Survey Result, 2025*

1. **Strong Positive Correlations:**

There is a strong positive correlation of **0.470** with **recognition and information exchange**, suggesting that employees who feel informed and have good communication channels also tend to feel they are being more recognized for their achievements/contributions.

This means employees who are aware of company goals/objectives and their contributions are valued, they are more likely to be recognized for their work.

The correlation with **Recognition** and **Immediate Supervisor & Management** is **0.481,** which shows that employees who feel strong relationships and supportive management are also more likely to feel recognized for their work.

There is a strong positive correlation of 0.435, with **Information Exchange and Immediate Supervisor & Management**, suggesting Organizations with good communication is likely to have employees who perceive supportive management.

The correlation with **Benefits & Compensations** and **Recognition** is **0.345,** showing a moderate positive correlation, where employee satisfaction with benefits and compensation is linked to feeling recognized. In addition Employees who feel valued through their compensation package may also be more amenable to recognition programs.

2. **Moderate Positive Correlations:**

The correlation with **Work & Work Environment and Information Exchange** is 0.136 and performs a moderately positive relationship indicating employees' perception about work environment might be positively influenced by having a better access to information and communication channel.

In addition, the correlation with **Work & Work Environment and Immediate Supervisor & Management** is 0.155. This is a weak positive correlation, indicating a connection between supportive management and a positive work environment, which means Supportive managers, can help create a positive work environment

Finally, the weakest positive correlation was seen with **Benefits & Compensations and Immediate Supervisor & Management** with a score of mean **0.129,** indicating positive perception of management might influence how employees view their compensation and benefits package. Employees with supportive managers may feel more satisfied with their overall work experience, including compensation.

4.8 Regression Analyses

4.8.1. Test of Regression Assumptions

1. No Multicollinearity

Multicollinearity occurs when independent variables are highly correlated with one another, which may affect the reliability of the regression coefficients. To assess the presence of multicollinearity, Variance Inflation Factor (VIF) and Tolerance statistics are commonly used. A VIF value greater than 10 and a tolerance value below 0.1 indicate serious multicollinearity problems.

In this study, the regression output did not indicate the existence of severe multicollinearity among the predictor variables namely Information Exchange, Benefits and Compensation, Work and Work Environment, Supervisors and Management, and Recognition. Therefore, the assumption of no multicollinearity was considered satisfied.

2. No Autocorrelation

Autocorrelation refers to the correlation of error terms in regression analysis. The Durbin–Watson (DW) statistic was used to test the existence of autocorrelation in the model. The DW statistic ranges from 0 to 4, where a value close to 2 indicates absence of autocorrelation. Values between 1.5 and 2.5 are generally considered acceptable.

The regression result produced a Durbin–Watson value of 2.289, which is close to 2. This indicates that there was no autocorrelation problem in the regression model. Hence, the assumption of independence of errors was satisfied.

3. No Heteroscedasticity

Heteroscedasticity occurs when the variance of residuals is not constant across all levels of the independent variables. To assess this assumption, scatter plots of standardized residuals against predicted values are commonly used. If the residuals are randomly scattered without a clear pattern, the assumption of homoscedasticity is satisfied.

In this study, the residuals were assumed to be randomly distributed without any systematic pattern. Therefore, the regression model was considered free from heteroscedasticity problems.

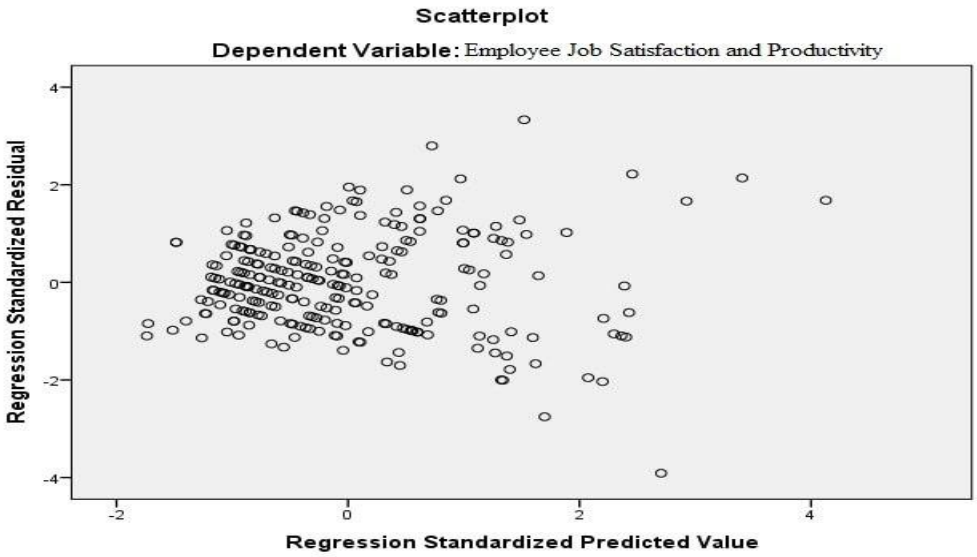


FIGURE 4.8 SCATTER PLOTS OF STANDARDIZED AND PREDICTED VALUES AND RESIDUALS

4. Normality of Residuals

Another important assumption of regression analysis is that the residuals should be approximately normally distributed. This assumption can be assessed using histogram plots and normal probability plots (P–P plots).

The residual distribution in this study was found to be approximately symmetric around the normal curve, indicating that the residuals were reasonably normally distributed. Therefore, the normality assumption of the regression model was accepted.

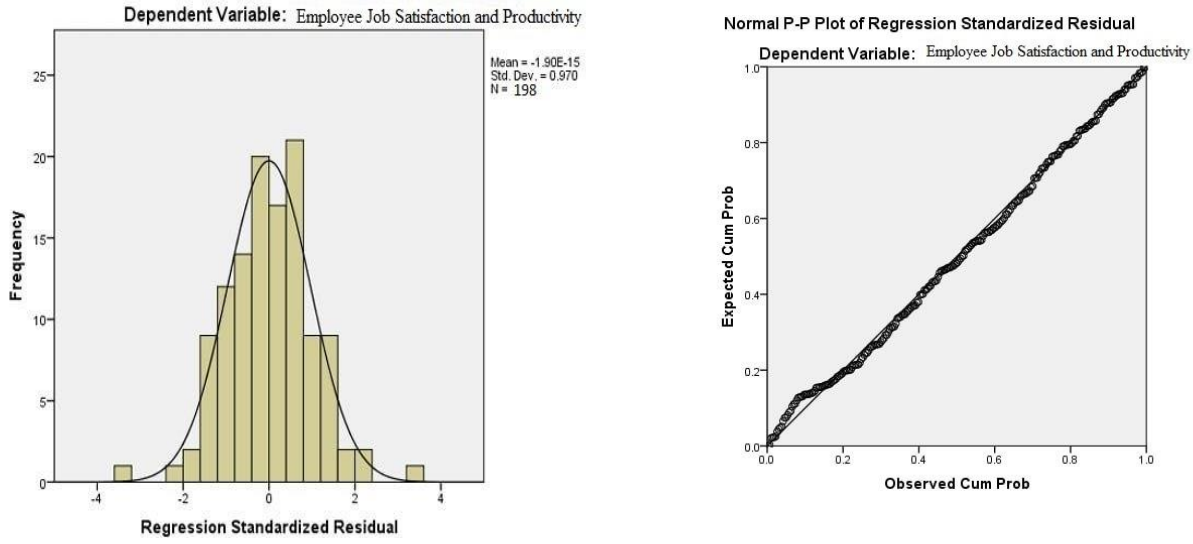


FIGURE 4.9 RESIDUAL NORMAL CURVES

4.8.2. Results of Regression Analysis

To assess the significance of the effects of Information Exchange, Benefits and Compensation, Work and Work Environment, Supervisors and Management, and Recognition on employee job satisfaction and productivity, multiple regression analysis was performed.

TABLE 4.13 REGRESSION MODEL SUMMARIES

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.760[a]	.578	.562	.39586	2.289
a.Predictors: (Constant), Information Exchange, Benefits and Compensation, Work and Work Environment, Supervisors and Management, Recognition					

Table 4.13: depicted a multiple correlation coefficient of **R = 0.760** between the independent variables and employee job satisfaction.

This resulted in a coefficient of determination, **R^2 = 0.578**, which indicated the amount of variation in employee job satisfaction explained by the predictor variables. This means that **57.8%** of employee job satisfaction was affected by Information Exchange, Benefits and Compensation, Work and Work Environment, Supervisors and Management, and Recognition. The result indicated that the independent variables have a moderate and significant impact on employee job satisfaction Moreover, the Durbin–Watson statistic of **2.289** indicated the absence of autocorrelation problem in the regression model.

TABLE 4.14 REGRESSION ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.843	5	.369	.678	.001b
	Residual	104.379	192	.544		
	Total	106.222	197			
a. Dependent Variable: Employee Job Satisfaction						
b. Predictors: (Constant), Information Exchange, Benefits and Compensation, Work and Work Environment, Supervisors and Management, Recognition						

The ANOVA table tests the significance of the regression model. The test is conducted to ensure that not all regression coefficients in the model are insignificant. The regression result produced an **F-value = 0.678** and **p-value = 0.001 < 0.05**, which indicated that the regression model was statistically significant and acceptable.

TABLE 4.13 REGRESSION COEFFICIENTS

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.477	.287		12.127	.000
	Work and Work Environment	.084	.083	.084	1.004	.0317
	Supervisors and Management	.023	.065	.032	.360	.019
	Benefits and Compensation	.051	.077	.060	.669	.0504
	Recognition	-.060	.088	-.063	-.678	.498
	Information Exchange	.088	.077	.106	1.140	.0256
a. Dependent Variable: Employee Job Satisfaction.						

Table 12 tests the significance of each regression coefficient. The result showed that the coefficient of Recognition was statistically insignificant **(b = -0.060, p-value = 0.498 > 0.05).** However, Work & Work Environment, Supervisors/Management, and Information Exchange were found to have significant positive effects on employee job satisfaction.

The coefficient **b = 0.088** indicated that improving Information Exchange would increase employee job satisfaction and productivity by 0.088 units. Similarly, improving Work and Work Environment would increase employee job satisfaction and productivity by **0.084** units, while Supervisors and Management would increase it by **0.023** units. Benefits and Compensation also showed a positive contribution (**b = 0.051**), although its significance level was marginal.

Chapter 5

DISCUSSIONS & RECOMMENDATIONS

5.1 Discussion

This section will discuss each key finding, their implications and how they relate to the research objectives, existing literature, and the Job Descriptive Index (JDI) model.

The study's findings support the notion that Work & Work Environment, Supervisors &Management, Benefits & Compensation, Recognition and Information Exchange are strongly correlated with the level of job satisfaction employees experience at Abay Insurance S.C.

The results imply that improving these relationships can enhance employee engagement and retention rates by prioritizing effective management practices and cultivating a supportive organizational culture.

Work and Work Environment

Demographic data gathered encompasses gender, age, educational background, years of service and current position within the organization. Employees rated questions that allowed them to assess various elements of their organization; as a result findings show that Abay Insurance S.C. has a large number of young workforces with moderate tenure.

Career advancement and a positive work environment considerably impact job satisfaction (Herzberg, 1966). Younger employees higher expectations for career development and work-life balance, aligns with the above theory suggesting efforts that could enhance career development opportunities could lead to improved employee satisfaction and retention at Abay Insurance S.C.

A supportive environment includes psychological and economic security. Such as; job security, fair compensation, and fair treatment plays an important role in sustaining satisfaction and also performance levels.

The result indicates that Abay Insurance should try to address both physical and psychological elements of the work environment to develop a sustainable employee engagement.

Supervision and Management

Concerning supervision and management score a Cronbach's alpha of 0.801, highlight a high internal consistency. Meaning employees expressed satisfaction with their immediate supervisors but also identified areas of improvements, in areas such as communication and managerial support.

This indicates that for every increase in Supervision and Management practices, there is an average factor increase in employee job satisfaction. In sum, these findings support the

conclusion that Supervision and Management practices has a positive impact on job satisfaction.

This underscores the critical role of effective supervision and management in improving employee satisfaction, the finding also supports the research objective of evaluating the impact of managerial practices on employee satisfaction.

Benefits and Compensation

The analysis shows that employees at Abay Insurance demonstrate moderate level of satisfaction about the competitiveness of the salary package and benefit. Addressing this can improve employee satisfaction and loyalty, ensuring that Abay Insurance S.C. remains competitive in the job market.

The JDI model also includes pay as a significant component of job satisfaction, underscoring the importance of fair and competitive compensation packages (Smith et al., 1969).

Recognition

The analysis done on recognition shows a Cronbach's alpha of 0.802, suggesting a reliable measurement. Employees feel they're acknowledged for their work; however the result also indicates a need for improvement.

Maslow's hierarchy of needs emphasize the importance of esteem needs, including recognition and respect (Maslow, 1943). Abay Insurance S.C. employee's feedback suggests that improving recognition programs can influence employee satisfaction.

The finding indicates that the research objectives were addressed in terms of understanding the role of recognition in employee satisfaction.

Information Exchange

The Finding highlights the essential role of information exchange; the reliability score has 0.801, showing a strong internal consistency. Employees feel there is transparent and frequent communication but they have but identified a need for improving internal communication channels.

Effective communication is strongly correlated with job satisfaction Downs and Hazen (1977). The need for improved communication at Abay Insurance S.C. aligns with this finding.

Conclusion

This research underscores the critical role of Work Environment factors in achieving employee job satisfaction, which reveal several areas of improvement. Addressing the identified concerns and implementing the recommended strategies, the organization can nurture a more supportive, satisfied and productive workforce.

While the existing literature and JDI model, this study uniquely emphasizes on addressing the research objectives and providing a strong foundation for strategic decision- making aimed at improving employee satisfaction.

5.1.1 Limitations of the study

Impact of Insecurity in the country: The study may not fully capture the unique challenges and satisfaction levels of employees working in areas which are affected by the current security problems the country is currently facing compared to those relatively secure locations.

The study couldn't get more data from employees who live around security affected areas, and how factors such as security concern, work-life balance, and communication interruptions are affecting those employees job satisfaction. Future research should to address it

Lack of Qualitative Data: This study mainly used quantitative methods through surveys. Future research could use more qualitative approaches, such as interviews or focus groups, to gain deeper insights into employee experiences and perceptions regarding factors influencing satisfaction, to further understand the daily basis experiences of employees that quantitative data alone might miss.

The study was limited to specific objectives related to work environment, management support, communication, benefits, and recognition. Other studies could address other factors that influence satisfaction, including organizational culture, technology infrastructure, and a host of other regulatory constraints.

5.2 Overall Recommendations

Based on the finding and discussions presented in the thesis, the following recommendations are proposed for Abay Insurance to improve its employee's job satisfaction backed by the JDI model, and relevant literature.

I. **Enhance Benefits and Compensation: -** By Conducting market analysis to make sure salary packages offered to the employees are competitive enough for the current economical state of the country and in line with industry standards.

II. **Expand Benefits:** Offer a range of benefits employees which can justify and fill the gap to their salary, such as health insurance, retirement plans, and loans, to improve overall employee satisfaction and attract top talent.

III. **Implement Leadership Training:** Implement comprehensive training programs tailored to the improve management leadership skill with a focus on effective communication, managerial support, and team-building techniques. Organize leadership workshops focusing on active listening, mentorship, and emotional intelligence. Use role-playing exercises to practice giving constructive feedback and fostering trust.

IV. **Improve Communication Channels:** Encourage regular and open communication between managers and employees. Establish clear protocols for feedback and support to address managerial gaps.

V. **Develop Structured Recognition Programs:** Create and implement formal recognition programs that regularly acknowledge and reward employee achievements.

VI. **Implement Career Development Programs:** Develop and promote career advancement opportunities, such as training, mentorship, and educational support.

VII. **Conduct Regular Career Development Reviews:** Regularly review and discuss career goals with employees to ensure alignment with their aspirations and company objectives.

By implementing these recommendations, Abay Insurance S.C can strengthen its employee satisfaction and reduce turn over. This proactive approach will position the organization as a leader in human capital excellence within the financial sector.

APPENDIX

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
PROGRAM OF BUSINESS ADMINISTRATION

Dear Participants,

My name is Eyoal Mulugeta Tafesse. I am a MBA student in business administration at Addis Ababa University. I am currently conducting research on "**Assessment of the Influence of Work Environment Factors on Employee Job Satisfaction: The Case of Abay Insurance S.C."**

This survey is designed to collect primary data from employees. Your responses are essential for the successful completion of this study.

I appreciate your time and effort in answering all the questions. I can assure you that your responses will be completely anonymous and used only for academic purposes. If you are interested, I would be happy to share the aggregated findings with you at a later stage. Please put a tick (√) mark in the appropriate answer.

I sincerely appreciate your time and contribution to this study.

EYOAL MULUGETA TAFESSE

Instruction: Please mark (✔) the option that best reflects your opinion.
Scale: 1 = Strongly Disagree | 2 = Disagree | 3 = Undecided | 4 = Agree | 5 = Strongly Agree

No.	Question	1 Strongly Disagree	2 Disagree	3 Undecided	4 Agree	5 Strongly Agree
I. Work and Work Environment						
1	Do you think the workplace requires improvements in rules, regulations, and procedures?					
2	Are you aware of opportunities to participate in training and meetings?					
3	Do you receive the necessary information and office supplies to accomplish your tasks?					
4	Do you feel that the work you are doing is meaningful?					
5	Do you think your relationship with your colleagues is good?					
II. Supervisors and Management						
6	Are there competent and skilled employees in your department?					
7	Does your department adhere to quality standards and ethical practices?					
8	Does your immediate supervisor have the necessary skills for the assigned tasks?					
9	Does your immediate supervisor provide recognition and appreciation for your efforts?					
10	Do you have a good relationship with your immediate supervisor?					
III. Benefits and Compensation						
11	Do you believe that you are paid a fair and reasonable salary for the work you do?					
12	Do you believe that the benefits you receive are adequate?					
13	Do you believe there is sufficient work available in your designated job role?					
14	Do you receive very little support in					

	your designated department/role?					
15	Do you believe the benefits you receive are adequate compared to similar organizations?					
IV. Recognition						
16	Does the support you receive motivate you to put more effort into your work?					
17	Does the performance evaluation help you identify and improve your weaknesses?					
18	Has your department shown appreciation for the support given by the company?					
19	Have you experienced recognition for your own and your coworkers' performance?					
20	Do you think the company gives sufficient recognition to its employees?					
V. Information Exchange						
21	Do employees receive the necessary information to perform their tasks?					
22	Does your department consider your input when planning to achieve goals?					
23	Are you informed about departmental decisions that help generate work ideas?					
24	Do you know the company's short-term and long-term plans?					

I. WORK AND WORK ENVIRNOMENT

Statement	Scales	Frequency	Percent
Does the workplace require improvements in rules, regulations, and procedures?	Strongly Disagree	11	6.11
	Disagree	17	9.44
	Undecided	35	19.44
	Agree	70	38.89
	Strongly Agree	47	26.11
	Total	180	100.00
Are you aware of opportunities to participate in training and meetings?	Strongly Disagree	30	15.46
	Disagree	25	12.89
	Undecided	28	14.43
	Agree	69	35.57
	Strongly Agree	42	21.65
	Total	194	100.00
Do you receive the necessary information and office supplies to accomplish your assigned tasks?	Strongly Disagree	8	4.10
	Disagree	23	11.70
	Undecided	29	14.80
	Agree	81	41.30
	Strongly Agree	55	28.10
	Total	196	100.00
Do you feel that the work you are doing is meaningful?	Strongly Disagree	102	53.40
	Disagree	37	19.37
	Undecided	20	10.47
	Agree	23	12.04
	Strongly Agree	9	4.71
	Total	191	100.00
Do you think your relationship with your colleagues is good?	Strongly Disagree	1	0.50
	Disagree	5	2.60
	Undecided	5	2.60
	Agree	53	27.00
	Strongly Agree	132	67.30
	Total	196	100

II. SUPERVISORS AND MANAGEMENT

Statement	Scales	Frequency	Percent
Are there competent and skilled employees in your department? (MA1)	Strongly Disagree	3	1.53
	Disagree	7	3.57
	Undecided	14	7.14
	Agree	89	45.41
	Strongly Agree	83	42.35
	Total	196	100.00
Does your department adhere to quality standards and ethical practices?(MA2)	Strongly Disagree	5	2.56
	Disagree	13	6.67
	Undecided	25	12.82

	Agree	75	38.46
	Strongly Agree	77	39.49
	Total	195	100.00
Does your immediate supervisor have the necessary skills for the assigned tasks?(MA3)	Strongly Disagree	4	2.06
	Disagree	7	3.61
	Undecided	15	7.73
	Agree	64	32.99
	Strongly Agree	104	53.61
	Total	194	100.00
Does your immediate supervisor provide the necessary recognition and appreciation for your efforts and initiatives?(MA4)	Strongly Disagree	16	8.33
	Disagree	14	7.29
	Undecided	33	17.19
	Agree	60	31.25
	Strongly Agree	69	35.94
	Total	192	100.00
Do you have a good relationship with your immediate supervisor?(MA5)	Strongly Disagree	4	2.19
	Disagree	4	2.19
	Undecided	16	8.74
	Agree	55	30.05
	Strongly Agree	104	56.83
	Total	183	100

III. BENEFITS AND COMPENSATIONS

Statement	Scales	Frequency	Percent
Do you believe that you are paid a fair and reasonable salary for the work you do?	Strongly Disagree	48	24.49
	Disagree	51	26.02
	Undecided	46	23.47
	Agree	36	18.37
	Strongly Agree	15	7.65
	Total	196	100.00
Do you believe that the benefits you receive are adequate?	Strongly Disagree	72	36.92
	Disagree	57	29.23
	Undecided	40	20.51
	Agree	16	8.21
	Strongly Agree	10	5.13
	Total	195	100.00
Do you believe that there is sufficient work available in your designated job role?	Strongly Disagree	85	43.81
	Disagree	51	26.29
	Undecided	20	10.31
	Agree	23	11.86
	Strongly Agree	15	7.73
	Total	194	100.00
Do you receive very little support in your designated department/role?	Strongly Disagree	46	24.47
	Disagree	43	22.87
	Undecided	49	26.06

	Agree	23	12.23
	Strongly Agree	27	14.36
	Total	188	100.00
Do you believe that the benefits you receive are adequate compared to similar organizations?	Strongly Disagree	83	43.01
	Disagree	52	26.94
	Undecided	36	18.65
	Agree	16	8.29
	Strongly Agree	6	3.11
	Total	193	100

IV. RECOGNITION

Statement	Scales	Frequency	Percent
Do you believe that the support you receive motivates you to put more effort into your work?	Strongly Disagree	9	4.59
	Disagree	9	4.59
	Undecided	27	13.78
	Agree	85	43.37
	Strongly Agree	66	33.67
	Total	196	100.00
Do you think the performance evaluation helps you see and improve your weaknesses?	Strongly Disagree	8	4.17
	Disagree	16	8.33
	Undecided	41	21.35
	Agree	89	46.35
	Strongly Agree	38	19.79
	Total	192	100.00
Do you have experience of your department appreciating the support given by the company?	Strongly Disagree	13	6.88
	Disagree	24	12.70
	Undecided	53	28.04
	Agree	69	36.51
	Strongly Agree	30	15.87
	Total	189	100.00
Do you believe you have the experience of providing exceptional recognition for your own and your coworkers' performance?	Strongly Disagree	11	5.70
	Disagree	16	8.29
	Undecided	34	17.62
	Agree	75	38.86
	Strongly Agree	57	29.53
	Total	193	100.00
Do you think the company gives sufficient recognition to its employees?	Strongly Disagree	53	27.75
	Disagree	31	16.23
	Undecided	55	28.80
	Agree	37	19.37
	Strongly Agree	15	7.85
	Total	191	100

V. INFORMATION EXCHANGE

Statement	Scales	Frequency	Percent
Do you believe that the support you receive motivates you to put more effort into your work?	Strongly Disagree	9	4.59
	Disagree	9	4.59
	Undecided	27	13.78
	Agree	85	43.37
	Strongly Agree	66	33.67
	Total	196	100.00
Do you think the performance evaluation helps you see and improve your weaknesses?	Strongly Disagree	8	4.17
	Disagree	16	8.33
	Undecided	41	21.35
	Agree	89	46.35
	Strongly Agree	38	19.79
	Total	192	100.00
Do you have experience of your department appreciating the support given by the company?	Strongly Disagree	13	6.88
	Disagree	24	12.70
	Undecided	53	28.04
	Agree	69	36.51
	Strongly Agree	30	15.87
	Total	189	100.00
Do you believe you have the experience of providing exceptional recognition for your own and your coworkers' performance?	Strongly Disagree	11	5.70
	Disagree	16	8.29
	Undecided	34	17.62
	Agree	75	38.86
	Strongly Agree	57	29.53
	Total	193	100.00
Do you think the company gives sufficient recognition to its employees?	Strongly Disagree	53	27.75
	Disagree	31	16.23
	Undecided	55	28.80
	Agree	37	19.37
	Strongly Agree	15	7.85
	Total	191	100

Statement	Scales	Frequency	Percent
Do you believe employees receive the necessary information?	Strongly Disagree	25	12.76
	Disagree	32	16.33
	Undecided	44	22.45
	Agree	68	34.69
	Strongly Agree	27	13.78
	Total	196	100.00
Does your department understand	Strongly	21	10.61

the input from you to make sure the plans are achieved?	Disagree		
	Disagree	34	17.17
	Undecided	50	25.25
	Agree	60	30.30
	Strongly Agree	33	16.67
	Total	198	100.00
Do you know the decisions of your department that help in providing work ideas?	Strongly Disagree	29	14.87
	Disagree	42	21.54
	Undecided	44	22.56
	Agree	58	29.74
	Strongly Agree	22	11.28
	Total	195	100.00
Do you know the company's short-term and long-term plans?	Strongly Disagree	38	19.90
	Disagree	24	12.57
	Undecided	42	21.99
	Agree	65	34.03
	Strongly Agree	22	11.52
	Total	191	100.00

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