

**THE EFFECT OF WORKING ENVIRONMENT ON EMPLOYEE  
PERFORMANCE: IN COMERCIAL BANK OF ETHIOPIA, JIMMA  
DISTRICT OFFICE AND JIMMA TOWN BRANCHES**

**ARESEARCH THESIS SUBMITTED TO POST GRADUATE  
PROGRAMME, IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTERS IN BUSINESS  
ADMINISTRATION**

**PREPARED BY: MOMINA ABAMECHA**

**SUBMMITED TO, PRINCIPAL ADVISOR: Mr.WUBSHET MENGESHA**

**AND**

**CO-ADVISOR: - Mr. KEDIR ABRAHIM**



**MBA Program, Department of Management, College of Business and  
Economics, Jimma University, Jimma, Ethiopia**

**July, 2020**

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**CO-ADVISOR: - Mr. KEDIR ABRAHIM**



**MBA Program, Department of Management, College of Business  
and Economics, Jimma University, Jimma, Ethiopia**

**July, 2020**

## **Declaration**

I, hereby, declare that, this thesis entitled “The effect of working environment on employees’ performance in the case of Commercial Bank of Ethiopia Jimma town branches and district office” in partial fulfillment of the requirement of the Degree of Masters in Business Administration in Management with the guidance and support of the research supervisors. This study is my original work and that has not been presented for any degree or diploma program in this or any other university/institutions to the best of my knowledge, and that all source of materials used for the thesis have been duly acknowledged.

Declared by: Momina Abamecha

Signature: \_\_\_\_\_

July,2020

## Certification

This is to certify that the thesis prepared by Momina Abamecha, entitled: “THE EFFECT OF WORKING ENVIRONMENT ON EMPLOYEE PERFORMANCE: A case of CBE, Jimma distinct” is my own idea, and has not been done by any other person for an award of a degree in the Ethiopia or any other University.

Researcher Name	Date	Signature
MominaAbamecha	_____	_____

Approved by the Board of Examiners:

This research idea has been submitted for examination with my approval as University advisors

Name	Date	Signature
Mr.WUBSHET MENGESHA (Main advisor)	_____	_____

Mr. KEDIR ABRAHIM (Co-advisor) \_\_\_\_\_

### Examiners' Name

Mr. Emnet N. (Ass. professor)

Dr. Workineh B.

Signature	Date
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## ABSTRACT

Employees are a valuable resource that can contribute in various ways to some organizational activities and its achievements. Employee's performance depends on (hinges on) a productive and accomplishing relationship between employee, their companies and their productivity. The issue of employee satisfaction has been momentous in recent times to the development and accomplishment of organizations' goals and objectives.

The aim of this study is to investigate the factors(variables) that affect employees' performance or the effect of working environment on employee performance, on CBE Jimma district city branches. Employees are a valuable resource that can contribute in various ways to all organizational activities and its achievements. Employee performance always relates to individual satisfaction toward his or her work environment. The researcher utilized simple random sampling to collect 164 questionnaires from CBE Jimma district city branches. Data collection was conducted by using both primary and secondary source. Primary data was mainly collected using standardized questionnaires consisting of closed ended questions with 5 point Likert Scale. The collected data were quantitatively analyzed using SPSS to produce descriptive statistics and regression analysis. These respondents were provided a questionnaire with five main construct item. However, using correlation coefficient, the study found that organizational performance had significant positive influence with four dimensions of independent variables. The result of regression analysis found that all constructs had statistically significant, positive, and straight effects with employee performance. The researcher recommends the following ideas based on the major findings. The organization could be pay incentives, rewards must be based on the individual's performance achievements not on organizational performances; CBE should recognize the importance of relevant training & development opportunities to its staff to help work effectively and professionally; CBE use individual's performance for decision making like promotion, job rotation, training, compensation and transfers in spite of generalizing employee performances.

**Keywords: Working environment, Compensation and reward, Performance appraisal management, work setting and employee performance.**

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## LIST OF ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of variance
BBO	Branch Business Officer
BCRO	Branch Customer Relation Officer
BM	Branch Manager
BOO	Branch Operation Officer
COMRW	compensation and reward
CSO	Customer Service Officer
G.C	Gregorian calendar
ICO	Internal Controller Officer
MBA	Masters of Business Administration
EMPER	Employee performance
PRAPR	performance appraisal
SBBO	Senior Branch Business Officer
SBC	Senior Branch Controller
SBOO	Senior Branch Operation Officer
SPSS	Statistical Packages for Social Sciences
TRD	Training and Development
VIF	Variance of Inflation Factor

# CHAPTER ONE

## **Introduction**

### **Background of the Study**

Among other organizational resources, human resources are one of the most critical and valuable resource to achieve organizational objectives. Human resource can be defined as the most important resource to affect performance in organizations (Stone,2008). Effectiveness and efficiency of an organization cannot be achieved without effective management of human resource. Performance analysis is an examination of the knowledge, skill, abilities, and attitudes of employees, their current and future career goals and objectives, and the “match” between employees and organizational expectations. Such an analysis also helps determine how employee performance helps the organization achieve its strategic goals and objectives (Gilley, 2009). The main focus of Human resource management is the organization’s interest in employees’ performance. Performance management is one function performed by HR manager as well as all managers on how people should be managed to achieve the performance that the organization needs to succeed (Carter & Frank, 2005).

All organization needs employee’s performance in order to achieve pre- stated objectives, and employees accomplish their duties based on specific standard stated by their managers. There are different factors that determine the performance of employees. Of these performance appraisals system by itself and its application in an organization has its own impacts on the performance of employees (DelPo,(2007). Nickols (2003), and Fort and Voltero (2004), identify factors that are closely related and affect provider ‘s performance in the workplace.

Oswald (2012), defines work environment as the physical geographical location such as offices which involves factors like air quality, noise level, employees’ welfare, or even adequate parking. As stated in a case study, workplace environment and

performance are inter-related and they play a major role towards the performance of an employee (Naharuddin & Sadegi, 2013).

Workplace environment plays an essential role towards workers' performance and productivity in any organization (El-Zeiny, 2013). When people are working in situations that suit their physical and mental abilities, the correct fit between the person and work task is accomplished. Employees are then in the optimum situation for learning, working and achieving.

According to Maina Waiganjo and others (2015) Workplace environment is the sum of the interrelationships that exists within the employees and the environment in which they work. (Kohun, 2002). According to Heath (2006), this environment involves the physical location as well as the immediate surroundings, behavioral procedures, policies, rules, culture, resources, working relationships, work location, all of which influence the ways employees perform their work. The quality of the workplace environment impacts on employees. Performance and subsequently influences the organization competitiveness. A healthy workplace environment makes good business sense and is characterized by respect that supports employee engagement and creates a high performance culture that encourages innovation and creativity (Kohun, 2002). Organizations deemed as a positive place to work will more likely have a competitive edge since they are in a better position to attract and retain highly skilled employees". This is a significant consideration in the current tight labor market. A positive workplace environment is likely to result in less employee turnover, fewer cases of fraud, better safety practices, easier to attract and retain qualified employees and improved employees" wellbeing (Cunnen, 2006). In almost all high performing banks, one message holds true above them all "People are an organization's most important asset (O'Neill, 2007).

Organizational environment plays essential role for the employees. These days' employees may have a large number of working alternatives, thus the environment in workplace becomes a critical factor for accepting and/or keeping the jobs. The quality of environment in the workplace may simply determine the level of employee's

motivation, subsequent performance and productivity (Aram and others, 2017). Also this researcher stated that, higher salaries and compensation benefits may seem the most likely way to attract employees. However, quality of the physical workplace environment may also have a strong influence on a company's ability to recruit and retain talented people. Some factors in workplace environment may be considered essential such as employee's engagement, productivity, morale, comfort level etc. both positively and negatively (NANZUSHI, (2015).

To continuously improve workplace conditions, special attention to a performance culture that values every single employee and promotes a sustainable work-life balance should be embraced (World at work, 2007). Banks therefore have to create a workplace environment where their employees take pleasure in their work, believe their output is appreciated and rewarded appropriately enabling them to reach their potential. (Gitahi, ,Njenga, Samson and etc.2015).

In another study, it is said that workplace environment is the key factor affecting an employee's engagement, productivity, and comfort level. Apart from that, factors such as safety & health and emergency access also influence the performance of an employee (Leblebici, 2012). Therefore, this study, is to assess the effect of working environment on employee performance in CBE jimma district selected branches.

## **1.2 BACKGROUND OF THE ORGANIZATION**

The history of the Commercial Bank of Ethiopia (CBE) dates to the establishment of the State Bank of Ethiopia in 1942. CBE was legally established as a share company in 1963. In 1974, CBE merged with the privately-owned Addis Ababa Bank. Since then, it has been playing significant roles in the development of the country. Commercial bank of Ethiopia has more than 1,500 branches stretched across the country and plays a catalytic role in the economic progress and development of the country. Commercial bank of Ethiopia is the leading African bank with assets of more than 700 billion birr as on Mar 31st 2020. It is the first bank in Ethiopia to introduce automated teller

machine (ATM) service for local users and pioneer to introduce western union money transfer service in Ethiopia. Currently CBE has more than 24 million account holders. It has strong correspondent relationship with more than 700 foreign banks. CBE combines a wide capital base with more than 38,000 talented and committed employees. CBE has reliable and long standing relationship with many internationally acclaimed banks throughout the world. Also commercial bank of Ethiopia has opened four branches in South Sudan and has been in the business since June 2009. It has its own vision, mission and values.

Vision: The vision of commercial bank of Ethiopia is ‘To become a world class commercial bank by the year 2025’.

Mission: The mission of commercial bank of Ethiopia is that, committed to realize stakeholders’ needs through enhanced financial intermediation globally and supporting national development priorities, by developing highly motivated, skilled and disciplined employees as well as state of the art technology. Commercial bank of Ethiopia believes that winning the public confidence is the basis for success.

**The values of commercial bank of Ethiopia are:**

Integrity

Customer satisfaction

Employee satisfaction

Learning organization

Teamwork and collaboration

Public trust

Value for money

Decentralization

Corporate citizenship

This study was conducted in Jimma Zone, CBE Jimma District city branches from July, 2019 to July, 2020. Jimma District is found in Jimma Town which is located 352 Km Southwest of Addis Ababa, the capital city of Ethiopia.

### **1.3 Statement of the problem**

Performance of employee in general and Commercial Bank employees can be influenced by various aspects. There may work environment factors those have effects on employees' performance in organizations. Work environment comprises the totality of forces and influential factors that are currently or potentially contending with the employees' activities and performance. According to Chandrasekar (2011) there are key factors in the workplace environment that could give a great impact towards the motivation and performance level. The business environment is becoming very competitive, dynamic and complex. Poorly designed workstations, unsuitable furniture, lack of ventilation, inappropriate lighting and excessive noise adversely affect employee performance (Becker, 2002). Management should therefore find ways to ensure that workplace environment is conducive enough to enable employee performance in order to remain competitive. Moreover, Humphries, (2005) described the quality of the workplace environment impacts on employees. Performance and subsequently influences the organization competitiveness. An effective workplace environment management entails making work environment attractive, comfortable, satisfactory and motivating to employees so as to give employees a sense of pride and purpose in what they do. Also he mentioned that an effective workplace environment management entails making work environment attractive, comfortable, satisfactory and motivating to employees so as to give employees a sense of pride and purpose in what they do. Wellbeing Cunnen, (2006) suggested Organizations deemed as a positive place to work will more likely have a competitive edge since they are in a better position to attract and retain highly skilled employees". This is a significant consideration in the current tight labour market. A positive workplace environment is likely to result in less employee turnover, fewer cases of fraud, better safety practices, easier to attract and retain qualified employees and improved employees"

Similarly, Frese and Sonnentag (2001) opined that an individual performance is highly important for an organization as a whole and the individuals working in it. Organizations need highly performing employees in order to meet their goals and to deliver the products and services they are specialized in and finally to achieve a competitive advantage.

Mainly we can understand the role of work environment and its impacts on employees' performance in various organizations. The existence of transparency, make workplace environment comfortable and opening chance for employees' participation boost the employees' performance

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which leads to upgrade organizational performance. If not, different impacts and problems happen on employees' performance as well as companies' productivity.

Employees in many organizations are encountering with working problems related to workplace environmental and physical factors. It has been argued by Pech and Slade (2006) that employee disengagement is increasing and it has become important to make workplaces that positively influence workforce. According to Gitahi (2014) who conducted study on the Effect of Workplace Environment on Performance of Commercial Banks Employees in Nakuru Town, psychosocial aspects are an important factor in boosting the performance of employees than the physical workplace factors and work life factors. Hence, the work environment related problems which cause impacts on employee performance should be inquired and working conditions should be improved to enhance both employees and organizations need and performance.

Some researchers like Aram et. el. 2017, Samson et. el 2015, Cynthia. 2014, have done the study related to this research but their findings may not be applicable to Jimma district city branches due to difference place environment and system of administration and also most importantly methodological difference.

Regarding to job performances of CBE there are many personal problems among employees that affect individuals, i.e. there is no given rest time, allowed short time for launch and restrict the leave of absence and others. This may lead ineffective managing time among employees and poor performer. Also this may bring a conflict between manager and subordinate. (researcher practical observation).

Therefore, this research will look up to CBE in order to answer the research question, what is the effect of working environment on employee's performance in Jimma Town branches? And the study aims to investigate the effects of work environment on employee performance at the study setup.

## **1.4 Research Questions**

This study mainly focuses on the following basic questions: -

1 What is the effect of compensation and rewards on employee performance?

What is the effect of training and development on employee performance?

3 What is the effect of performance appraisal on employee performance?

4 What is the effect of work setting on employee performance?

5 What is the effect of work environment on employee performance at CBE Jimma District?

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## **1.5. Research objectives**

### **1.5.1 General Objective**

The general objective of this study was to examine the effect of working environment on employee's performance at commercial bank of Ethiopia Jimma District Office and Jimma city branches.

### **1.5.2 Specific Objectives**

To examine the effect of compensation and rewards on employee performance

To determine the effect of training and development on employee performance

To measure the effect of performance appraisal on employee performance

To examine the effect of work setting on employee performance

## **1.6 Significance of the study**

The work environment which encompasses several factors impacts on the way the employees perform their work. This study proposed that appropriate working environment, processes and practices and the possible outcomes in the CBE Jimma district city branches settings. It would also provide insights into approving the "best fit" practices as strategic response for CBE Jimma district city branch in the near future. Also, it will utilize as an input for CBE managers and directors in the process of improving work place in particular and employees' performance and effective aim achievement of CBE in general. Besides, it can be base for policy making regarding institution's rule and regulation. It will serve as a reference material for future researches in this area.

There for, result of the study would contribute an improvement of workplace, enhance employees' performance, building trust between managers and employees, increase organization performance, and etc.

## **1.7 Scope of the Study**

The study was focus on the effect of work environment on employees' performance among the commercial bank of Ethiopia Jimma district office and Jimma town branches; mainly focused on variables such as compensation and rewards, training and development, performance appraisal and management and work setting. The study was adopted on descriptive, experiential statics and

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explanatory research design. This design may be used both qualitative and quantitative data analysis.

Also the study would be restricting on CBE employees those who are providing most services for customers as well as they have direct contact with customers. This means it was not including managers and others administrators due to most of services and activities are provided by professional employees rather than managers.

### **1.8 Limitation of the study**

In conducting this research, the researcher faced the following limitations.

Some of employees were not willing to fill the questionnaire

Faced problems like shortage of document source of information

Methodological limitation: even though the study used methods of its findings were mostly from the quantitative data or closed ended question because of the employees have not more time to discuss about problems of their organization.

### **1.9 Organization of the paper**

The study was being structured into five chapters. Chapter one was deal with introduction, statement of the problem, research objectives and significance of the study. Chapter two will consist of literature review which will comprise of conceptual definitions, theoretical review, empirical analysis and conceptual frame work. Chapter three contain the research methodology which comprise of the research design, study area, research population, sampling design, and data collection methods, chapter four consist major research findings and chapter five was consist conclusion and recommendation of the study.

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## **CHAPTER TWO: REVIEW OF LITERATURES**

### **Introduction**

Literature review is one of the main parts of the research and linked with the research topic. It is important for both the researchers and the readers to have a perfect base of reference before conducting research. It helps to identify the coherence of theories chosen.

#### **Theoretical Literature of Work Environment and Employee Performance**

In this section we seek to establish a theoretical basis for our hypothesis of a link between organization work environment and employees' performance and to outline possible mechanisms through which the relationship may operate. The framework we adopt is relatively simple and serves to provide a background to the potential channels that connect various theories as to why work environment may be an important concept regarding to employee performance.

### **2.1 Concept of Employee Performance**

Organizations are undergoing a transformation for coping against the changing needs of the environment and excelling in the business by building up their adaptive capabilities for managing change proactively. Sustainability of business organization is depending on talent, skill, knowledge and experience of employees and on their performance (Armstrong, 2009). Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. Employee's performance is the contribution of employees for the achievement of organization objective. Employees expected to perform acceptable level of the standard and managers follow up, and evaluate the performance of employees to attain the stated objective of an organization (Armstrong, 2009).

According to Cooke (2000) performance can be defined as the achievement of specified task measured against predetermined or identified standards of accuracy, completeness, cost and speed.

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In an employment contract, performance is deemed to be the accomplishment of a commitment in such a manner that releases the performer from all liabilities laid down under the contract.

Performance is essentially what an employee does or does not do. Performance of employees that affects how much they contribute to the organization could include;

Quantity of output

Quality of output

Timeliness of output

Presence at work

Cooperativeness and etc.

Obviously other dimensions of performance might be appropriate in certain jobs, but those listed are common to most. However, they are general; each job has specific job criteria or job performance dimensions that identify the elements most important in that job. (Human resource management 1st edition on page 376).

Employees' performance has been established to be directly related to employees' motivation. This assertion was corroborated by different management theories since the works of Frederick Taylor on 'The Principle of Scientific Management' in 1911 and Henry Gantt on 'Works, Wages and Profits' in 1913. Modern employees' motivation management methods have evolved over time which discredited Taylor's "differential piece rate -work" and Gantt's "task and bonus wage" systems. The modern employees' motivation management methods are employees' oriented and are more effective (Gardner and Lambert 1972).

Maslow (1943) said that people work to survive and live through financial compensation, to make new friends, to have job security, for a sense of achievement and to feel important in the society, to have a sense of identity, and most specially to have job satisfaction. All employees that have job satisfaction are high performers in their respective workplaces.

## **2.2 Concepts of Performance management**

As Armstrong (2009) discussed one of the most important concepts of performance management is that it is a continuous process that reflects normal good management practices of setting direction, monitoring and measuring performance and taking action accordingly. Performance management should not be imposed on managers as something 'special' they have to do. It should instead be treated as a natural function that all good managers carry out. According to Pam (2000)

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Performance management is about getting results. It is concerned with getting the best from people and helping them to achieve their potential. It is an approach to achieving a shared vision of the purpose and aims of the organization. It is concerned with helping individuals and teams achieve their potential and recognize their role in contributing to the goals of the organization. Armstrong (2009) has defined performance management as a systematic process for improving organizational performance by developing the performance of the individuals and teams. Ndung'u (2009) has pointed out that performance management aligns individual and organizational objectives. Wright (2003) has pointed out that individuals are more committed to their performance objectives when they believe those objectives are achievable and will result in important outcomes for themselves or, the organization in which they work.

Gary (2004) define Performance management (PM) is the process of managing the execution of an organization's strategy. It is how plans are translated into results. Performance management fosters a work environment in which managers and employees are genuinely engaged and behave as if they were the business owners.

In general, all organizations have people who are not performing to standard, but try not to label them as 'poor' performers. Over their careers, people may have times when they are performing well and other times when they are not bringing in the results expected. The challenge is to maintain and develop the performance of all people. One of the main issues is when to act. Managing poor performance is a bit like catching sand falling through an hourglass. You need to tackle the grains rather than wait for a heap of sand to build up (Pam, 2000). Performance management is an important HRM process that provides the basis for improving and developing performance and is part of the reward system in its most general sense. Performance management is a means of increasing the engagement and motivation of people by providing positive feedback and recognition (Armstrong, 2009).

### **2.3 Measures of performance**

According to Armstrong (2005) individual performance can be measured by reference to key performance indicators (KPIs) and metrics. KPIs define the results or outcomes that are identified as being crucial to the achievement of high performance. Strictly speaking, metrics are measurements using a metric system, but the term is used generally for any form of measure. It can be argued that what gets measured is often what is easy to measure. And in some jobs what is meaningful is not measurable and what is measurable is not meaningful.

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Measuring performance is relatively easy for those who are responsible for achieving quantified targets, for example sales. It is more difficult in the case of knowledge workers, such as scientists. But this difficulty is alleviated if a distinction is made between the two forms of results – outputs and outcomes (Armstrong, 2005).

Performance means both behavior and result. Behavior emanates from the performer and transforms performance from abstraction into action. Not just a means to an end, the behavior is also an outcome in itself, the product of mental and physical effort applied to the task, which can be judged apart from the result (Armstrong, 2005). As Armstrong (2005) have pointed out that performance is a multidimensional construct, the measurement of which varies depending on a variety of factors. A more comprehensive view of performance is achieved if it is defined as embracing both behavior and outcomes. Employees' performance is an important factor that contributes to improve the outcomes, behavior and traits of the employees. It helps to improve the productivity of the organization. As it was indicated in Hunger and Wheelen (2000), Controls can be established to focus either on actual performance results (output) or on the activities that generate the performance (behavior). Whereas behavior controls specify how some thing is to be done through policies, rules, standards, operating procedures, and orders from a supervisor. Output controls specify what is to be accomplished by focusing on the end results of the behaviors through the use of objectives and performance targets or milestones.

There are essentially three types of performance data available (Wheelen, 2000). These are measures of output of goods and services, which may be quantitative (units produced, customers served) or qualitative (number of errors, customer complaints); measures of time, including lateness, absence, lost working time, failure to meet deadlines); and financial indicators, which include a large array of possibilities. These may be interrelated; thus absence reduces a unit production level which reduces profits. Where 'hard' quantitative data are not available, we may wish to resort to measures of behavior.

Ideally, we observe people at work, noting whether they approach customers and offer help, or noting whether they observe safety procedures. Failing that, we can obtain reports either from an 'observer', such as the superior or a peer or subordinate, or from the person under study (John, 2002). The same perspective can be adopted for performance data of interest to other stakeholders, for example those concerned with the environment. The measurement becomes more complex when applied to employees, since we will need to add subjective evaluations. The important point is that

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they should be collected systematically, perhaps through mechanisms such as attitude surveys (John.2002). Behavior and output controls are not interchangeable. Behavior controls (such as following company procedures and getting to work on time) are most appropriate when performance results are hard to measure but the cause – effect connection between activities and results is clear. Moreover, output controls (such as surveys of customer satisfaction) are most appropriate when specific output measures have been agreed on but the cause – effect connection between activities and results is not clear.

## **2.4 Work Environment and Factors Those Affect Employee's Performance**

There are many factors that affect employee performance at the workplace. These factors can affect performance of employees individually and collectively. They can also have either positive or negative impact on employee performance. The workplace environment comprises of various factors that are imperative determinants of employee performance (Lambert, 2001). These factors may positively or negatively contribute to achieving maximum employee performance.

### **2.4.1 Workplace Environment**

Many executives are under the mistaken impression that the level of employee performance on the job is proportional to the size of the employee's compensation package. Although compensation package is one of the extrinsic motivation tool (Ryan and Deci, 2000) it has a limited short term effect on employees' performance. A widely accepted assumption is that better workplace environment motivates employees and produces better results. Office environment can be described in terms of physical and behavioral components. These components can further be divided in the form of different independent variables. An organization's physical environment and its design and layout can affect employee behavior in the workplace. Brill (1992) estimates that improvements in the physical design of the workplace may result in a 5-10 percent increase in employee productivity. He argued that increasing the organization's physical layout is designed around employee needs in order to maximize productivity and satisfaction. Opperman (2002) stated that, working environment means those processes, systems, structures, tools or conditions in the workplace that impact favorably or unfavorably individual performance. The working environment also includes policies, rules, culture, resources, working 3 relationships, work location, internal and external environmental factors, all of which influence the ways that employee perform their job functions.

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### **2.4.2 Definition of Workplace Environment**

Location where a task is completed when pertaining to a place of employment, the work environment involves the physical geographical location as well as the immediate surroundings of the workplace, such as a construction site or office building. Typically involves other factors relating to the place of employment, such as the quality of the air, noise level, and additional perks and benefits of employment such as free child care or unlimited coffee, or adequate parking (www.business dictionary.com). Also, the term work environment is used to describe the surrounding conditions in which an employee operates. The work environment can be composed of physical conditions, such as office temperature, or equipment, such as personal computers. It can also be related to factors such as work processes or procedures.

### **2.4.3 Compensation and reward**

Compensation processes are based on compensation philosophies and strategies contained in the form of policies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation. This constitutes measuring job values, designing and maintaining pay structure, paying for performance, competence and skill and providing employee benefit. However, compensation management is not just about money, it is also concerned with that non-financial compensation which provides intrinsic or extrinsic motivation (Bob,2001).

Compensation has a motivational effect and therefore implies that having a compensation structure in which the employees who perform better are paid more than the average performing employees is vital to enhancing organizational performance (Hewitt,2009). The growing recognition and consensus that compensation promotes productivity is consistent with the early work of Peter Drucker (1956) that states “happy workers are productive workers.”

Finding the right blend of tangible and intangible rewards to adequately motivate and retain your employees is a difficult task. The total reward approach is therefore very broad and can never constitute a one size fits all solution to rewarding employees in the workplace. One important question posed by (De Mattio et al., 1998, p. 174) is how a combination of reward practices can be used to reinforce and encourage high levels of individual performance and, at the same time, foster team work among individuals. Some researchers suggest that rather than choosing individual or group based incentives on their own, a combination of the two incentive strategies may be more

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effective in motivating performance at the individual level and cooperation at the team level (Murphy,2015).

#### **2.4.4 Training and Development**

A formal definition of training and development is any attempt to improve current or future employee by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge. While training is seen to be the process of imparting specific skills, development is said to be the learning opportunities designed to help employees grow. According to (Armstrong,2001)training is the formal and systematic modification of behavior through learning which occurs as a result of education, instruction, development and planned experience. Training has the distinct role in the achievement of an organizational goal by incorporating the interests of organization and the workforce (Stone R J. Human Resource Management, 2002). For training to have a better effect on performance, its design and delivery should be well executed.

Training remains a vital to enhancing employee performance. The organizational commitment or "the relative strength of an individual's identification and involvement in a particular organization" (Pool S.,2007) depends on effective training and development programs. According to these authors, organizations demonstrating keen insight make provisions for satisfying the training needs of their current workforce. Cheng and Ho (2001) indicate that adequate training produces marked improvements in employee communication and proficiency of performances as well as extending retention time.

Moreover, when programs target communication skills with co-workers, there are significant increases in profit as well as a greater number of reported positive working relationships that are formed. Also, training and education have been shown to have a significant positive effect on job involvement, job satisfaction, and organizational commitment (Karia,2006). Moreover, poor performance reviews due to inadequate job training can produce employee dissatisfaction and conflict.

### **2.5 Uses of Performance Appraisal**

#### **2.5.1 Appraisal/Performance Management**

Performance appraisal of employees is the systematic evaluation of employees' performance and potential for development during a certain period of time by supervisors or others who are familiar

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with their performance. It is one of the oldest and widely used management practices. Performance appraisal is an indispensable tool for an organization because the information it provides is highly useful in decision making regarding issues such as promotion, merit increases transfer, discharge, training and development. Not only is performance appraisal useful for the above issues, it may also increase employee's commitment and satisfaction (Weiss,1998).

However, there has been a great realization that it is more important to focus on defining, planning and managing performance than merely appraising performance (Pareek,2006). The increased competitive nature of the economy and rapid changes in the external environment has forced many organizations to shift from reactive performance appraisals to proactive performance management to boost productivity and improve organizational performance(Nayaab,20011). (Prasad,2005)defines performance management as the process of planning performance, appraising performance, giving its feedback, and counseling an employee or teams to improve performance. (Armstrong,2006)performance management is a systematic process for improving organizational performance by developing the performance of individual and teams.

**Performance appraisal (PA)** is the process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating that information to those employees. Such appraisal also has been called employee rating, employee evaluation, performance review, performance evaluation, and results appraisal. Performance appraisal sounds simple enough; and research shows that it is widely used for administering wages and salaries, giving performance feedback, and identifying individual employee strengths and weaknesses. Most U.S. companies have performance appraisal systems for office, professional, technical, supervisory, middle management, and nonunion production workers.

For situations in which an employer deals with a strong union, performance appraisals are usually conducted only on the salaried, nonunion employees. Generally, unions emphasize seniority over merit, which precludes the use of performance appraisal. Because unions officially view all members as equal in ability, the worker with the most experience is considered the most qualified, and a performance appraisal is unnecessary.

Performance appraisal often is many managers' least-favored activity, and there may be good reasons for that feeling. Not all performance appraisals are positive, and discussing ratings with poorly performing employees may not be pleasant. Also, it may be difficult to differentiate among employees if sufficient performance data are not available. Further, some supervisors are

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uncomfortable “playing God” with employees’ raises and careers, which they may feel is a result of conducting performance appraisals.

Performance appraisal has two general uses in organizations, and these roles often are potential conf Promotions or layoffs might hinge on these ratings, often making them difficult for managers to do. Another role is development of individual potential lists. One role is to measure performance for the purpose of rewarding or otherwise making administrative decisions about employees (Human resource management 9th edition on page 380).

### **2.5.2 Performance Standards**

It defines the expected levels of performance, and is “benchmarks,” or “goals,” or “targets” “depending on the approach taken. Realistic, measurable, clearly understood Performance standards benefit both the organization and the employees (Human resource mgmt. 9th edition on page 378).

### **2.5.3 Administrative Uses**

A performance appraisal system is often the link between the rewards employees hope to receive and their productivity. The linkage can be thought of as follows:

Productivity → performance appraisal → rewards

Compensation based on performance appraisal is at the heart of the idea that raises should be given for performance accomplishments rather than for seniority.

### **2.5.4 Development Uses**

Performance appraisal can be a primary source of information and feedback for employees, which is key to their future development. When supervisors identify the weaknesses, potentials, and training needs of employees through performance appraisal feedback, they can inform employees about their progress, discuss what skills they need to develop, and work out development plans. The manager’s role in such a situation is like that of a coach. The coach’s job is to reward good performance with recognition, explain what improvement is necessary, and show employees how to improve. The purpose of developmental feedback is to change or reinforce individual behavior, rather than to compare individuals—as in the case of administrative uses of performance appraisal. Positive reinforcement for the behaviors the organization wants is an important part of development. (Human resource management 9th edition on page 380).

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Employee work setting: is an arranged area which is provided by the company in order to achieve its goal. According to Mullins (2008) an increasingly important issue affecting employee performance and efficiency is the work setting and workplace facilities. Josias (2005) demonstrate that employees prefer physical surroundings that are safe, clean, comfortable and with minimum degree of distractions. Mullins (2008) further argues that an inspired workplace will result in a motivated employee thereby increasing the job satisfaction and employee performance. The social work environment deals with relationships at job settings. It includes communication styles, relationship between superiors and subordinates. It also includes relationship among coworkers, the readiness of others to assist and team work. To achieve a progressive work setting, personal respect for personnel at every levels of an establishment is vital in operations.

## **2.6 Review of Empirical Studies**

This study will not be complete without taking a critical look at some past empirical studies in terms of the purpose of the studies, the methodology that was adopted and the findings of the studies are related to this current study. This is necessary in order to enable to see the gaps that might have been left or to get a brief view of some recommendations for further studies that might have been reported in these previous studies. Accordingly, literature of empirical studies on the effect of working environment on employees' performance among different organization are focused and discussed under this topic.

Many relevant studies were conducted on related topic of undergoing research. That means studies on the impacts of work environment on employee's performance among organization in general and in CBE in particular.

NANZUSHI (2015) studied on the effect of workplace environment on employee performance in the mobile telecommunication firms in Nairobi City County and he concluded that work environmental factors that influenced employee performance were physical environment factors, reward, management/leadership/ style, training and development and work-life balance. He said that, "a comfortable and all-inclusive workplace environment will boost the employees' performance hence boosting the organizational performance".

According to P. BUSHIRI (2014) work on the impact of working environment on employees' performance at Institute of Finance Management in Dares Salaam Region, "the problems are flexibility of working environment, work noise distraction, supervisor's interpersonal relationship

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with subordinates, presence of job aid, the use of performance feedback and improve of work incentives in the organization. so that to motivate employees to perform their job”.

Furthermore, the study of Daniel Gray and others (2014) focused on employee trust, specifically employee trust in management, which has attracted limited interest in the economics literature. Their research findings support a positive relationship between three measures of workplace performance (financial performance, labor productivity and product or service quality) and employee trust at both points in time. Also their findings suggest that restricting paid overtime and access to training potentially erode employee trust. In addition, it finds that job or work reorganization experienced at either the employee or organization levels are associated with lower employee trust.

Joel Koima and others (2015) study aimed to investigate the effect of workplace environment on the performance of Bank employees in Nakuru Town. The study sought to establish the extent to which physical workplace factors, psychosocial factors and the work life balance factors affect performance of Bank employees. The study findings showed that the physical aspects were did not have a significant effect on employee performance while the psychosocial and work life balance factors were significant. The results therefore indicated that psychosocial aspects exhibited the strongest association with employee performance while physical aspects and psychosocial aspects were moderate.

None of them give attention to exploring the effect of working environment on employees' performance among CBE Jimma district city branches and district office. This gap motivates the researcher to make the present study timely and reasonable. Therefore, this research was conducted on the effect of working environment on employees' performance in CBE branches of Jimma City and district office.

## **2.7 Conceptual Frameworks**

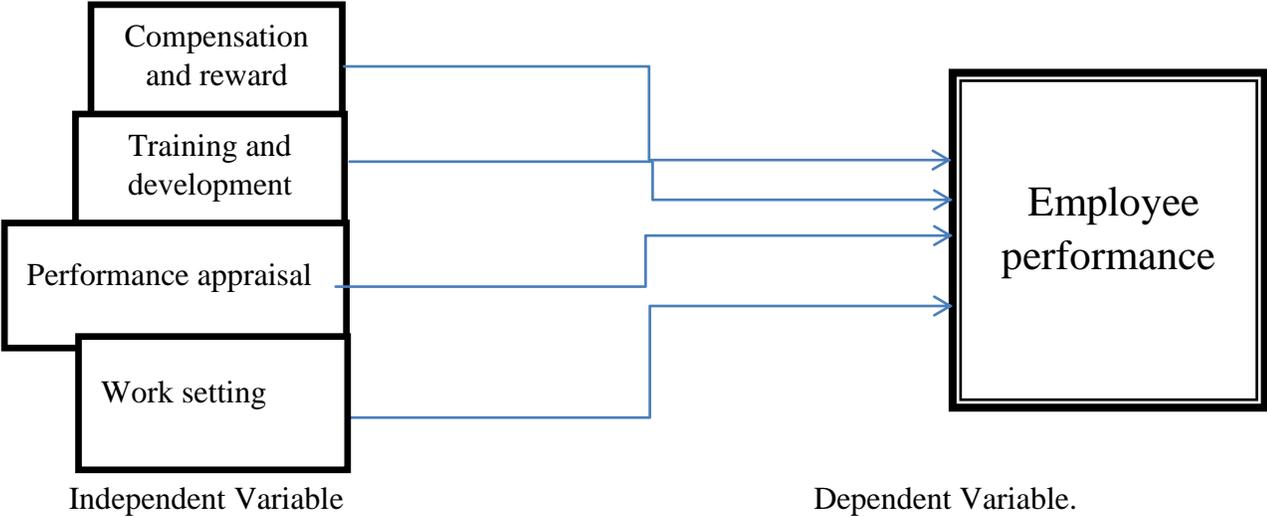
The conceptual framework illustrates the relationship between the dependent and independent variables. Eisenhart (1991) has described a conceptual framework as "a skeletal structure of justification, rather than a skeletal structure of explanation". Furthermore, it is “an argument including different points of view and culminating in a series of reasons for adopting some points . . . and not others". A conceptual framework is an argument that the concepts chosen for investigation, and any anticipated relationships among them, will be appropriate and useful given the research problem under investigation. Like theoretical frameworks, conceptual frameworks are based on

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previous research, but conceptual frameworks are built from an array of current and possibly another sources. The framework used may be based on different theories and various aspects of practitioner knowledge, depending on what the researcher can argue will be relevant and important to address about a research problem (Frank, 2005). Eisenhart(1991) argued that Conceptual frameworks are not constructed of steel girders made of theoretical propositions or practical experiences; instead they are like scaffoldings of wooden planks that take the form of arguments about what is relevant to study and why...at a particular point in time.

Therefore, this study conceptually limited to examine the effect of working environment on employee’s performance at CBE branches in jimma city. It was not exhaustively discusses every aspects of the workplace environment impacts rather it focus on identifying the effect of work environment on employees’ performance.

**Figure 1. conceptual framework for the effect of working environment on employee performance.**



Source: from researcher

## CHAPTER THREE: RESEARCH METHODS

### Introduction:

In this chapter the researcher describes the research methodology employed in the study, which include research design, target population, source of data, method of data collection, instruments and data analysis technique and etc.

### 3.1 Research Design

Research design is the plan, structure and strategy of investigation. It used in collecting data from the respondents and conceived as to obtain answers to research questions. Generally, it includes how data is to be collected, what instruments will be employed, how the instruments will be used and the intended means for analyzing data collected.

The study was adopted on both descriptive and explanatory research design. This design may be uses both qualitative and quantitative data analysis.

According to Mugenda (2003), descriptive research is used to obtain information concerning the current status of the phenomena to describe what exists, with respect to variables or conditions in a situation. **Descriptive** research design was used in this study since the researcher intended to look at the problem at hand thoroughly to define it, clarify it, and obtain pertinent information that will be used in assessment of the effect of work environment on employee performance. It was also able to describe the data and find out the relationships among the variables under study. Also it was carefully have designed to ensure complete description of the situation, making sure that there is minimum bias in the collection of data and reduce errors in the interpretation of the data and able to describe the data and find out the relationships among the variables under study.

The main aim of **explanatory** research is to identify any causal links between the factors or variables that affect to the research problem (Singh, 2007). Also the main purpose of it was

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formulating a problem for more precise investigation, developing the working hypotheses from an operational point of view, characterized by a high degree of flexibility and lacks a formal structure Generally, three methods in the context of research design for such studies

(a) the survey of concerning literature;

(b) the experience survey; and

(c) the analysis of ‘insight-stimulating’ examples. Mekonen (2019), research method teaching material.JU.

The general objective of this research was to assess the effect of working environment on employee performance.

### 3.2 Target Population:

Population refers to the entire group of people, events, or things of interest that the researcher has to investigate. A target population usually has varying characteristics e.g. different ages, different genders, varying education backgrounds etc (Babbie, 2002). The study was target non-managerial employees in CBE branches of jimma district city branches and district office. There are fourteen branches in Jimma city under the direct supervision of Jimma district office.

Table 15: Number of branches and employees in Commercial bank of Ethiopia Jimma city branches and district office.

Name of the Branch/ District Office	Number of Employees		Professional employees (N)	Managers	Total
	F	M			
Aba Jifar	9	18	24	3	27
Awetu	4	9	10	3	13
Becho Bore	11	7	9	2	11
Bishishe	5	18	20	3	23
Ferenj Arada	4	9	10	3	13
Ginjo Guduru	7	13	17	3	20
Hirmata	8	37	42	3	45

Jimma Main	14	52	63	3	66
Jiren	6	16	19	3	22
Mentina	7	16	20	3	23
Sedecha	4	10	11	3	14
Shenen Ghibe	6	16	19	3	22
Jimma District Office	8	94	102	-	102
Al-Amana	1	8	7	2	9
Al-Bereka	1	6	4	3	7
Total	88	329	377	40	417

Source: Researcher

### 3.3 Sample Size and Sample Design

Sampling is taking any portion of a population or universe as representative of that population (Kerlinger, 1983). Sample design deals with the sample frame/ population, sample size, sampling techniques. The study was use probability sampling technique specifically simple random sampling. The following sample size determination formula was used to determine the sample size of the Jimma District CBE branch employees. The formula was developed by Taro Yamane (1973). It is calculated as follows, formula with 95% confidence level.

$$n = \frac{N}{1+N(e)^2}$$

Where, n = sample size,

N = population size,

e = sampling error assumed as 0.05

$$n = \frac{377}{1+377(0.05)^2}$$

Therefore, substituting all in the above formula  $n= 194$

Hence, fourteen (14) branches in Jimma city under the direct supervision of Jimma district office were focused in this study.

$194 \text{ Respondents} / 14 \text{ branches} = 13.8 = 14 \text{ Respondents}$  from each Branch. These 14 employees were selected using Random sampling method.

The researcher distributes 194 questionnaires to the respondents. But only 164 questionnaires collected from respondents. The remaining one is uncollected due to the pandemic diseases of covid-19 many employees are absent from office.

### **3.4 Sources of Data collection**

After reading too many researches and going back to the classes learned during title selection, the researcher has come to realize what type of data is needed to conduct the selected title and decided that both the primary and data are needed to conduct the study and it was collected from different sources.

#### **3.4.1 primary Source Data:**

Mainly primary source of data obtained from original data collected and analyzed from the respondent's field of study and researcher's observation.

#### **3.4.2 Secondary Data:**

Due to acquire data from secondary sources documented materials like annual performance report, training reports, employment policies, and relevant information from the newsletters are reviewed and obtained data are analyzed to assess reliability, validity, adequacy and suitability in answering research questions.

### **3.5 Method of data collection**

The necessary data was collected through self-administered survey questionnaires (questionnaire has high level of reliability and validity; it can be analyzed more objectively than other methods. Questionnaire is a list of structured questions, which was be presented, mailed or e-mailed to selected respondents to obtain reliable response.

The questionnaire was containing closed indeed questions and which adopted from previous studies, or from researcher's practical experience personal observations and suggestions was done. To determine the potential effectiveness of the questionnaire and whether further revision is needed

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prior to conducting the survey, the questionnaire was pilot tested. In addition, the pilot study was conducted to ensure the validity, sequence and relevance of the questionnaire to this study. There are different types of questionnaires such as:

Interview questionnaire (schedule)

Mail Questionnaires (Self-administered questionnaires)

Questionnaires through Internet (Through electronics media)

The questionnaire was used to gather the primary data from the employees of the Commercial Bank of Ethiopia Jimma city branches and district office, which was distributed by the researcher to the respondents. For the purpose of this study, close-ended items were used to measure dependent and independent variable. The Likert-type scale method used to range of responses: strongly disagree, disagree, Neutral, Agree, and strongly agree, with a numeric value of 1-5, respectively. The usage of this particular scaling method ensured that the research study illustrated the ability to assess the responses and measure the responses quantifiably so that a pattern or trend may be produced in order to answer the research questions.

### **3.6 Validity and Reliability of Research Instrument**

Validity refers to the accuracy and meaningfulness of inferences, which are based on the research results. (Alemeye. (2019) cited Harper and Thompson (2011) note that in order to data collection tools to provide useful results, the questions must be both valid and reliable. Reliability measures the relevance of the questions included in the questionnaires. Validity also refers to whether the instrument is actually able to test what it is supposed to test (Harper and Thompson, 2011). According to Creswell, (2009), the usual procedure in assessing the content validity of a measure is to use a professional or expert in a particular field which helps in discovering question content, correction in the wording and the sequencing problems before the actual study as well as exploring ways of improving overall quality of study. For the sake of this study, the researcher would see opinions of experts in the field of study especially university research instructors to establish the validity of the research instrument. Also the researcher would use opinions of experts of the organization for the questionnaires whether they are correctly processed or not. This would facilitate the necessary revision and modification of the research instrument thereby enhancing validity.

Reliability of the data collection instrument is the consistency of measurement and frequently assessed using a test–retest reliability method (Alemeye, (2019) cited Cooper and Schinder, 2007).

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Reliability enables the researcher to identify the ambiguities and inadequate items in the research instrument; where the instrument reliability is the dependability, consistency or trustworthiness of a test. The test retest technique is the measure, where questionnaires were administered to a group of individuals (according to the tested number) with similar characteristics as the actual sample. The scores were tested using Cronbach's Alpha for the data to be reliable for those questionnaires raised by Likert scale. According to George & Mallery (2003), cited in Alemeye, (2019) it is recommended that if a Cronbach's coefficient of measurement scale exceeds 0.70 is acceptable as an internally consistent so that further analysis can be carried unless it is unacceptable. They indicated the alpha in the following rule of thumb concerning reliability coefficient: Alpha > 0.9 – Excellent, Alpha > 0.8 – Good, Alpha > 0.7 – Acceptable, Alpha > 0.6 – Questionable, Alpha > 0.5 – Poor and Alpha < 0.5 – Unacceptable. Therefore, Cronbach's alpha is above the cut of point of 0.7 it can be inferred that all measures are internally consistent. Accordingly, the questioners were distributed to sample respondents.

### **3.7 Data Analysis Method**

The study was finally organized, summarized and analyzed by using both descriptive and inferential Statistical Package for the Social Sciences (SPSS). SPSS was used for the simple descriptive data to compute the mean score of factors and to the advanced statistical procedures of factor analysis. This was done with the help of analytical tools like the tabular system.

Descriptive analysis is largely the study of distributions of one variable. This study provides us with profiles of companies, work groups, persons and other subjects on any of a multiple of characteristics such as size. Composition, efficiency, preferences, etc.”2. this sort of analysis may be in respect of one variable (described as unidimensional analysis), or in respect of two variables (described as bivariate analysis) or in respect of more than two variables (described as multivariate analysis). In this context we work out various measures that show the size and shape of a distribution(s) along with the study of measuring relationships between two or more variables. (Kothari, 1990).

Descriptive statistics are used to describe, summarize, or explain a given set of data. It includes frequencies, mean, standard deviation and Percentages were having applied to establish patterns and trends for easy understanding and interpretation of the findings. (Mekonnen, (2019) Research method course teaching material). Frequencies is the frequently occurring value in a series or data.

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Mean is known as arithmetic average, is the most common measure of central tendency and may be defined as the value which we get by dividing the total of the values of various given items in a series by the total number of items. Kothari (1990).

Standard deviation is most widely used measure of dispersion of a series and is commonly denoted by the symbol ' $\sigma$ ' (pronounced as sigma). Standard deviation is defined as the square-root of the average of squares of deviations, when such deviations for the values of individual items in a series are obtained from the arithmetic average. Kothari (1990).

Percentages is used to find the relative standing of value in a data set. (Mekonnen, 2019).

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# **CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION**

## **Introduction**

In this chapter, the major findings of the study, based on the data obtained through questionnaire and document analysis are presented, analyzed and interpreted. The questionnaires were randomly distributed to 194 employees. Out of the total distributed questionnaire 164 to be filled and returned by employees. The rest did not return due to various reasons such as absence of employees from office because of pandemic disease covid-19 and other. The data are presented and organized in a sequential order in line with the specific objectives stated under the first chapter of the thesis. The quantitative result was presented in line with qualitative data (document analysis result) and all analysis has been conducted by using statistical package for social science (SPSS). And based on the researcher's practical experiences observation was used to analysis qualitatively.

### **4.1 Socio-Demographic Characteristics of Respondents**

In this study, two groups of respondent populations involving different divisions in the selected branches of Commercial Banks of Ethiopia Jimma District. These are Customer Service Officer (CSO), Banking Business Officer (BBO) and Senior Banking Business Officer (SBBO) and few selected Supervisors (to assess the effect of working environment on employee performance). The socio-demographic profiles of the respondents (all the professional employees) were displayed in table 1 below. As indicated, larger proportions of the professionals (79.10%) were males. The majority of the respondents were found between the age range of 20-30 with the age of the majority 105 (64.0%) followed by the range of 31–40 years (32.3%). Regarding their academic qualification, degree holders accounted for 79.3% with 54.3% of them had worked as Business Banking Officer (BBO) in the selected banks.

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**Table 4.1: Socio-demographic data characteristics of respondents' presentation, CBE Jimma District, June 2020**

<b>Variables</b>		<b>Bank Professionals N=164 (%)</b>
<b>Sex</b>		
	Frequency	Percent
Female	35	21.3
Male	129	79.1
Total		164 (100%)
<b>Age range</b>		
	Frequency	Percent
20-30	105	64.0%
31-40	53	32.3%
41-50	2	1.2%
≥ 51	4	2.4%
Total		164 (100%)
<b>Marital Status</b>		
	Frequency	Percent
Married	91	55.5%
Single	73	44.5%
Total		164 (100%)
<b>Academic Qualification (F)</b>		Percent

Diploma	-	-- (--%)
Degree	130	79.3%
Masters	34	20.7%
Total		164 (100%)

Position in the Office	Freq.	percent
CSO	21	2812.8%
BBO	89	54.3%
SBBO	54	32.9%
Total		164 (100%)

Source: researcher's field survey SPSS output

According to the data obtained from the quantitative, socio-demographically, most respondents were males. In most government banks, the number of males was larger than the female and so are the professionals in the study set-up. As far as age is concerned, majority of the professional employee respondents (105, 64.0%) were with age group of 20-30, and followed by 32.3% of them were between 31-40 and most of the respondents (164, 100%) were holding either degree or Masters.

The demographic result shows that there are younger age respondents in Jimma District Office of the Commercial banks of Ethiopia in this study. Similarly, most of these employees are holding either degree or masters and this shows that, the study participants are educated and younger.

It is also clear that the selected bank was male dominated. However, being younger and highly educated will lead to an increase in organizational performance and also an increase in service excellence for the organization but decrease of female participation in the organization.

## 4.2 Descriptive Statistics of Study Variables

In order to assess the effect of working environment on the employee performance on every variable according to the response of the study, means and standard deviations for the independent variables (compensation and reward, training and development, performance appraisal and management and work setting were calculated.

### The Bank Professionals Compensation (Pay) and Rewards

The next section was providing a descriptive statistics or summary of the results of questions items related to the professionals work environment. This first item was about compensation and rewards of the respondents working in the selected bank. The results of questions provide merely an indication of the frequency of each statement in the questionnaire with the amount of the respondents for each Likert scale answers.

**Table 4.2: Employees compensation and rewards as assessed by the respondents at CBE Jimma District, June 2020**

	N	Mean	Std. Deviation
Employees are rewarded based on performance.	164	2.588	1.321
Compensation packages encourage employees to achieve organization's objective.	164	3.463	1.284
Employees are recognized and rewarded appropriately in this organization	164	2.66	1.31
Profit sharing/bonuses are used as a mechanism to reward higher performance.	164	3.3	1.366
I am satisfied with the same amount of pay and other benefit I receive.	164	3.18	1.311
In this organization, pay of employees is directly linked to performance.	164	2.317	1.176

Average mean and Std. Deviation	164	3.192	.85
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Description of the item Scale (rating)

Using the scale above (1–5) please tick (√) the levels of agreement in each of the items below with regards to the effect work environment of your bank.

Mean  
Score

Compensation (Pay) and Rewards

Employees are rewarded based on performance.	73(44.5%)	35(21.3%)	8(4.9%)	40(24.4%)	8(4.9%)	2.548
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Compensation packages encourage employees to achieve organization's objective.	20(12.2%)	21(12.8%)	19(11.6%)	71(43.3%)	33(20.1%)	3.463.
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Employees are recognized and rewarded appropriately in this organization	40(24.4%)	45(27.4%)	21(12.8%)	46(28.0%)	12(7.3%)	2.66
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Profit sharing/bonuses are used as a mechanism to reward higher performance.	27(16.5%)	22(13.4%)	22(13.4%)	61(37.2%)	32(19.5%)	3.292.
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I am satisfied with the same amount of	28(17.1%)	24(14.6%)	22(13.4%)	70(42.7%)	20(12.2%)	3.182.
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pay and other benefit I receive.	)	)	)	)	)	45
In this organization, pay of employee is directly linked to performance.	52(31.7%)	47(28.7%)	30(18.3%)	31(18.3%)	4(2.4%)	2.313.
Overall mean score						3.192

Source: Researcher’s field survey at 2020 and SPSS output

Accordingly, to address the first question of the current study as the researcher have mentioned above in the data presentation topic, a set of 6 (six) items were used to investigate the issue of compensation and rewards in the study setup.

In the above table respondents were asked about their compensation and reward using different stated items in order to generally report their overall response. Accordingly, the respondents were reacted with significant number that the employees are rewarded based on performance, the majority of them responded strongly disagreeing (73(44.5 %),) and Disagreeing (35(21.3%), mean score 2.23), Compensation packages encourage employees to achieve organization’s objective (Agree; 71(43.3%) Strongly Agree; 33(20.1%), mean score 3.46), Employees are recognized and rewarded appropriately in this organization (Strongly Disagree; 40(24.4%), Disagree; 45(27.4%), mean score 2.66), In this organization, payment of employee is directly linked to performance (Strongly Disagree; 52(31.7%), Disagree; 47(28.7%), mean score 2.31).

Similar to the above statement that while the researcher is looking into different documents it shows that the employees will be rewarded according to their performances and it will be implemented in the near future. It is mentioned in the vision of the Commercial Bank of Ethiopian with regard to the employees reward and compensation.

### **Training and Development**

The next series of questions respondents training and profession development and to rate how often they do each of the items. It was discussing the result is presented separately according to the agreeing and disagreeing of the respondents in the literature review part. Items defining the role consists are of statements; the set of statements defining a particular role will be summarized and presented in a set of table 3.

Table 4.3: Employees training and development as assessed by the respondents at CBE Jimma District, June 2020

	N	Mean	Std. Deviation
Training needs_are_discussed_with_employees	164	2.7012	1.40630
Extensive_training_programs_are_provided_for_employees	164	2.9268	1.30389
There_is_a_training_strategy_and_coherent_training_program	164	3.0976	1.22959
Training_incorporates_the_interest_of_the_organization_as_well_as_employee	164	3.2500	1.14782
Training_needs_are_identified_through_a_formal_mechanism	164	2.7866	1.14455
Training_programs_have_improved_my_decision_making_and_problem_solving_skills	164	3.4268	1.21877
Every_employee_goes_through_various_training_programs	164	2.8902	1.35217
My_communication_and_working_relationship_with_colleagues_have_improved	164	2.9878	1.32456
There_is_a_budget_dedicated_to_training_and_development	164	3.6646	1.20976
There_is_a_room_for_short_term_on_the_job_training	164	2.9512	1.19716
Average mean score	164	3.193	1.25

The next items describe the trainings given to the employees and the professional development of the employees. The significant amounts of respondents were responded agreeing to most of the items. Accordingly, the significant majority of the respondents agreed that their extensive training programs are provided for employees in all aspects (Agreeing 73(44.5%), Strongly agree 9(5.5%), mean score 2.92), Training incorporates the interests of the organization as well as the employee; (Agree; 73(44.5%), Strongly Agree; 14(8.5%), Training program have improved my decision making and problem solving skills; (Agree 64(39.0%), Strongly Agree 30(18.3%), mean score

3.42), my communication and working relationship with co-workers have improved due to training programs; (Agree 66(40.2%), Strongly Agree 14(8.5%), mean score 2.98).

In accordance with the questionnaire items the documents that has been reviewed shows that there is a dedicated document that shows the employees are getting training and professional development workshops in accordance the job they have.

Qualitatively it is mentioned in the reviewed documents of the bank with regard to the training and development on employee performance said that” every employee must goes through different types of training and development such as on job and off job training in order to improve their performance” (Branch Banking procedure 2019).

### Employees Performance Appraisal

The following table presents the employees performance appraisal in their respective offices.

**Table 4.4: Employees performance appraisal as assessed by the respondents at CBE Jimma District, June 2020**

	N	Mean	Std. Deviation
1. In this organization, employees are provided performance based feedback and counseling.	164	2.57	1.177
2. The appraisal data is used for decision making like promotion, job rotation, training, compensation, transfers and discharge.	164	2.82	1.20
3. There are corrective measures for under-performance.	164	2.65	1.14
4. There is a well-defined performance management strategy.	164	2.90	1.18
5. There is regular appraisal for promotion	64	2.71	1.22
6. I am informed of how my performance evaluation is done.	164	2.32	1.24
7. Performance of employees is measured on the basis of objective quantifiable results.	164	2.92	1.11
8. The objectives of the appraisal system are clear to employees.	164	2.90	1.2

. Appraisal system helps to grow and develop my career	164	3.09	1.2
Average mean and Std. Deviation	164	2.773	1.18

Description of the item	Scale (rating)					Mean Score
	SDA	DA	N	A	SA	
Using the scale above (1–5) please tick (√) the levels of agreement in each of the items below with regards to the employees Performance Appraisal						
In this organization, employees are provided performance based feedback and counseling.	42(25.6%)	35(21.3%)	40(24.4%)	45(27.4%)	2(1.2%)	2.57
The appraisal data is used for decision making like promotion, job rotation, training, compensation, transfers and discharge.	28(17.1%)	40(24.4%)	40(24.4%)	45(27.4%)	11(6.7%)	2.82
There are corrective measures for under-performance.	31(18.9%)	46(28.0%)	41(25.0%)	40(24.4%)	6(3.7%)	2.65
There is a well-defined performance management strategy.	26(15.9%)	38(23.2%)	33(20.1%)	60(36.6%)	7(4.3%)	2.90
There is regular appraisal for promotion	37(22.6%)	34(20.7%)	38(23.2%)	49(29.9%)	6(3.7%)	2.71
I am informed of how my performance	34(20.7%)	76(46.3%)	13(7.9%)	37(22.6%)	4(2.4%)	2.39

evaluation is done.	%)	%)	)	%)	)	
Performance of employees is measured on the basis of objective quantifiable results.	26(15.9%)	28(17.1%)	45(27.1%)	63(38.4%)	2(1.2%)	2.92
The objectives of the appraisal system are clear to employees.	31(18.9%)	30(18.3%)	32(19.5%)	65(39.6%)	6(3.7%)	2.90
Appraisal system helps to grow and develop my career	22(13.4%)	34(20.7%)	26(15.9%)	70(42.7%)	12(7.3%)	3.09
Overall mean score						2.773

The respondents were asked to show their level of agreement and disagreement to the items with regard to employee's performance appraisal. The significant number nearly half of the respondents strongly disagreed that in their organization, employees are provided performance based feedback and counseling (Strongly Disagree 42(25.6%), Disagree 35(21.3%), with mean score of 2.57), The appraisal data is used for decision making like promotion, job rotation, training, compensation, transfers and discharge (Strongly Disagree 28(17.1%), Disagree 40(24.4%), with mean score of 2.82), Performance of employees is measured on the basis of objective quantifiable results (Strongly Disagree 26(15.9%), Disagree 28(17.1%), with mean score of 2.92), I am informed of how my performance evaluation is done results (Strongly Disagree 34(20.7%), Disagree 76(46.3%)with mean score of 2.39).

Performance appraisal (PA) is the process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating that information to those employees. Such appraisal also has been called employee rating, employee evaluation, performance review, performance evaluation, and results appraisal. Performance appraisal sounds simple enough; and research shows that it is widely used for administering wages and salaries, giving performance feedback, and identifying individual employee strengths and weaknesses. (Human resource management 1th edition).

The document also showed that one role is to measure performance for the purpose of rewarding or otherwise making administrative decisions about employees.

### Work setting

The next series of questions were about workplace environment that helps for the effectiveness of the employees in their job. The result is presented according to their level of agreement and disagreement. Each item defining the workplace environment are summarized and presented in table.

**Table 5: Employees work setting as assessed by the respondents at CBE Jimma District, June 2020**

	N	Mean	Std. Deviation
The job occurs in a clean environment.	164	3.18	1.13
The job has a low risk of accident.	164	2.51	1.22
The job takes place in an environment free from health hazard (e.g., chemicals, fumes, etc.).	164	3.3	1.26
The seating arrangements on the job are adequate (e.g. opportunities to sit, comfortable chairs).	164	2.96	1.28
My nearest superior respects the co-worker's opinions.	164	3.14	1.14
get the information I need to fulfill my duties.	164	3.28	1.16
Resources needed for proper functioning of the organization are always available	164	3.08	1.28
Averag mean and Std. Deviation	164	3.063	1.21

Description of the item	Scale (rating)					Mean Score
Using the scale above (1–5) please tick (√) the levels of agreement in each of the items below with regards to the Work setting or environment for effectiveness						
	SDA	DA	N	A	SA	
The job occurs in a clean environment	18(11.0%) )	26(15.9%) )	39(23.8%) )	69(42.1%) )	12(7.3%) )	3.18
The job has a low risk of accident.	45(27.4%) )	41(25.0%) )	30(18.3%) )	44(26.8%) )	4(2.4%) )	2.51
The job takes place in an environment free from health hazard (e.g., chemicals, fumes, etc.).	25(15.2%) )	16(9.8%) )	28(17.1%) )	74(45.1%) )	21(12.8%) )	3.30
The seating arrangements on the job are adequate (e.g. opportunities to sit, comfortable chairs).	32(19.5%) )	28(17.1%) )	32(19.5%) )	58(35.4%) )	14(8.5%) )	2.96
My nearest superior respects the co-worker's opinions.	18(11.0%) )	31(18.9%) )	37(22.6%) )	66(40.2%) )	12(7.3%) )	3.14
I get the information I need to fulfill my duties.	18(11.0%) )	26(15.9%) )	23(14.0%) )	85(51.8%) )	12(7.3%) )	3.28
Resources needed for proper functioning of	24(14.6%)	38(23.2)	21(12.8)	62(37.8)	19(11.6)	3.08

the organization are always available	)	%)	%)	%)	%)
Overall mean score	3.063				

Accordingly, the items characterizing about workplace environment the majority of respondents were agreed that their job takes place in an environment free from health hazard (e.g., chemicals, fumes, etc.) (Agree; 74(45.1%), strongly Agree; 21(12.8%) and almost nearly half of the respondents were also Agreed that their job occurs in a clean environment (Agree; 69(42.1%), strongly Agree; 12(7.3%), Resources needed for proper functioning of the organization are always available (Agree 62(37.8%), strongly agree 19(11.6%)).

#### Employee performance

The following series of questions or items were discussing about the employees' performance for the success of the employees and then the organisation. The result is presented according to their level of agreement and disagreement. Each item defining the employee's performance are summarized and presented in table 7

Table 7: Employees performance as assessed by the respondents at CBE Jimma District, June, 2020

Description of the items	Scale (rating)					Mean Score
	SDA	DA	N	A	SA	
Using the scale above (1–5) please tick (√) the levels of agreement in each of the items below with regards to the employees' performance in the selected Banks						
I always accomplished my work on time	2(1.2%)	6(3.7%)	16(9.8%)	65(39.6%)	75(45.7%)	4.25
I always accomplished my work in the given standard	2(1.2%)	4(2.4%)	18(11.0%)	82(50.0%)	58(35.4%)	4.15
I strictly follow the policies and procedures of the bank (for example dressing code,	2(1.2%)	2(1.2%)	8(4.9%)	98(59.8%)	52(31.7%)	4.18

moral and ethical standards, rules of conduct  
etc.)

I always work hardily at my job, because of the competence of people I work with.	10(6.1%) 2(1.2%)	18(11.0%)	90(54.9%)	44(26.8%)	4.00
When I do a good job, I receive the recognition for it that I should receive.	22(13.4%)	37(22.6%)	32(19.5%)	58(35.4%)	15(9.1%) 3.04
I believe there is fairness in the way my performance is assessed.	31(18.9%)	35(21.3%)	29(17.7%)	53(32.3%)	16(9.8%) 2.92
I effectively use resources including time and materials	16(9.8%) 4(2.4%)	18(11.0%)	86(52.4%)	40(24.4%)	3.86
I effectively work with other employees	12(7.3%) 4(2.4%)	8(4.9%)	88(53.7%)	52(31.7%)	4.04
My performance is limited by poor leadership of my supervisor.	29(17.7%)	40(24.4%)	44(26.8%)	35(21.3%)	16(9.8%) 2.81
The bank working environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability.	18(11.0%)	32(19.5%)	18(11.0%)	47(28.7%)	49(29.9%) 3.35
Overall mean score					3.633

The above table with regard to the effect of work environment on employee performance in the study set up. Accordingly, a significant number of respondent was answered agreeing to the bank working environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability (69, 58.6% mean score 3.35), the employees always accomplished their work in the given standard (140, 85.4%, mean score 4.15), the employees also follow the policies and procedures of the bank (for example dressing code, moral and ethical standards, rules of

conduct etc.) (150, 91.5%, mean score 4.18) In consideration of the above outcomes, there is high likelihood that physical environments spur employee's performance.

### Inferential Statistics of Study Variables

This section covers the findings of correlation and regression analysis. It includes direction and magnitude of relationship, Goodness of fit Model and Test of significant of model.

### 4.3 Correlation Analysis

Correlations are the measure of the linear relationship between the variables. A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship. As described by Andy (2006) cited in Abdisa (2010), the correlation is a commonly used measure of the size of an effect: values of  $\pm 0.1$  represent a small effect,  $\pm 0.3$  is a medium effect and  $\pm 0.5$  is a large effect. Or Correlation coefficient is a single number that describes the degree of the relationship between two or more variables. A Pearson correlation indicates the direction, strength and significance of the bivariate relationships of two variables.

According to Hinkle and others, (2003) cited in Alemeye, (2019) the rule of thumb for interpreting the size of a correlation coefficient is as indicated below in the table.

**Table 8: Rule of Thumb for Interpreting the Size of a Correlation Coefficient Size of Correlation Interpretation**

Size of Correlation	Interpretation
.90 to 1.00 (-.90 to -1.00)	Very high positive (negative) correlation
.70 to .90 (-.70 to -.90)	High positive (negative) correlation
.50 to .70 (-.50 to -.70)	Moderate positive(negative) correlation

.30 to .50 (-.30 to -.50)	Low positive (negative) correlation
.00 to .30 (-.00 to -.30)	Little if any correlation

Source: (Hinkle and others, (2003)

Correlation analysis does show the relationship between the variables of interest, hence to answer the proposed research questions the following correlation analysis is undertaken by the researcher.

Table 9: Correlations table

		Compensation & reward	Training & development	Performance appraisal	Work setting	Employee performance
Compensation & reward	Pearson Correlation	1	.610**	.593**	.477**	.497**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	164	164	164	164	164
Training & development	Pearson Correlation	.610**	1	.696**	.457**	.522**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	164	164	164	164	164
Performance appraisal	Pearson Correlation	.593**	.696**	1	.633**	.510**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	164	164	164	164	164
Work setting	Pearson Correlation	.477**	.457**	.633**	1	.502**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	164	164	164	164	164
Employee performance	Pearson Correlation	.497**	.522**	.510**	.502**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

ee perform	N	164	164	164	164	164
<p>Correlation is significant at the 0.01 level (2-tailed).</p> <p>Correlation is significant at the 0.05 level (2-tailed). In most case.</p> <p>Source: Researcher's field survey 2020 and SPSS output (2020).</p>						

The relationship between compensation and reward and employee performance

As summarized in the table 4.3.2 there is a significant positive relationship between Compensation & reward and employee performance ( $r=.497$ ,  $p < 0.01$ ). According to Hinkle and others, (2003) magnitude of correlation the relationship between the two variables was low relationship as quoted in Alemeye, (2019) .

The relationship between training and development and employee performance

According to table 4.5.2 represents the table of correlation where two variables training & development and employee performance are positively correlated ( $r=.522$ ,  $p < 0.01$ ). The magnitude of relationship between the two variables was falls in moderate positive level of correlation.

The relationship between performance appraisal and employee performance

The correlation between performance appraisal and employee performance was founded as ( $r=.510$ , and  $p < 0.01$ ) with a positive significant relationship between the two variables. According to Hinkle (2003) mentioned by Alemeye, (2019) magnitude of relationship between the two variables it is found to be “moderate” level.

**The relationship between work setting and employee performance**

As summarized in the table 4.3.2 there is a significant positive relationship between work setting and employee performance ( $r=.502$ ,  $p < 0.01$ ). As Hinkle (2003) indicated, level of correlation falls in moderate positive level of correlation.

Summary: from the above table 4.3.2. result, it can observe that, Training and development is the most correlated variable with employee performance (with the r value of 0.522) and it was followed by Performance appraisal (with the r value of 0.510), and work setting (with the r value of 0.502) and Compensation and reward (with the r value of 0.497) respectively.

## Multiple Linear Regression Analysis

Prior to running the analysis of multiple regression models, it is mandatory to assess whether the collected data violate some key assumptions of the standard linear regression models because an assumption violation can result in distorted and biased parameter estimates. The assumptions include sample size, multi-collinearity, homoscedasticity, and independence of residuals crucial to confirm them.

### **Assumption 1 – Sample Size**

Regression analysis is often sensitive to sample sizes. The common rule of thumb floating about the sample size in standard linear regression is fifteen (15) cases of data per predictor (Field, 2009). According to (Green, 1991 as cited in Field 2009) to test the overall model the recommended minimum sample size of  $N=50+8k$ , where  $k$  is the number of independent variables. Taking into account the four (4) number of independent variables in the present study;  $50+8(4) = 82$  which is less than observed respondents/sample size/. i.e.  $50+ 8(4) = 82 < 164$ . Based on the criteria, the sample size exceeds the minimum to run the standard multiple linear regressions.

### **Assumption 2 –Multi-collinearity of the variables**

According to Field (2009) cited in Abdisa Nemomsa. (2010) if there is perfect collinearity between predictors, it becomes impossible to obtain unique estimates of the regression coefficients because there are an infinite number of combinations of coefficients that would work equally well. Multicollinearity can be controlled by two ways: tolerance values and values of variance of inflation factor (VIF). The simplest way to ascertain whether the explanatory variables are highly correlated or not with each other is to examine a correlation matrix. If correlations are above .80 then it may have a problem. The Variance inflation factor (VIF) and tolerance statistic can tell us whether or not a given explanatory variable has a strong relationship with the other explanatory variables. When a predictor variable has a strong linear association with other predictor variables, the associated VIF is large and is evidence of multicollinearity. The rule of thumb for a large VIF value is ten. Small values for tolerance and large VIF values show the presence of multicollinearity (Shieh, 2010, Keith, 2006). According to Garson, (2012), cited by Abdisa Nemomsa. (2010) as a rule of thumb, intercorrelation among independents above .80 signals a possible problem.

According to Saunders (2009), cited by Abdisa Nemomsa. (2010) most regression programs can compute variance inflation factors (VIF) for each variable and as a rule of thumb; VIF above 5.0 suggests problems with multi collinearity. Field (2009), also underline that, values for “Tolerance”

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below 0.1 indicate serious problems, although several statisticians suggest that values for “Tolerance” below 0.2 are worthy of concern.

**Table 10: Results of multi-collinearity test**

Independent variables(From)	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Compensation & reward	.558	1.792
Training & development	.455	2.196
Performance & appraisal	.376	2.659
Work setting	.583	1.716

Source: Researcher’s field survey 2020 and SPSS output

According to the table 4.4.1 the tolerance for all independent variables is more than (0.10) and VIF for independent variables is less than the limited value (10.0), and so that there is no multi collinearity between the independent variables of the model.

**Assumption 3- Independence of Residuals (Autocorrelation)**

The last assumption for multiple regressions is the independence of residuals. The independence of the residuals can be measured by Durbin-Watson statistics. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated from one observation to the other one) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Muluadam, 2015 cited by Alemeye, (2019)). For this study table4.4.2 below, the output value of Durbin-Watson is 2.098; approximate to 2, indicating that there is no correlation among the residuals

**Table11: The output value of Durbin-Watson**

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson

	620a	384	368	45877	.098
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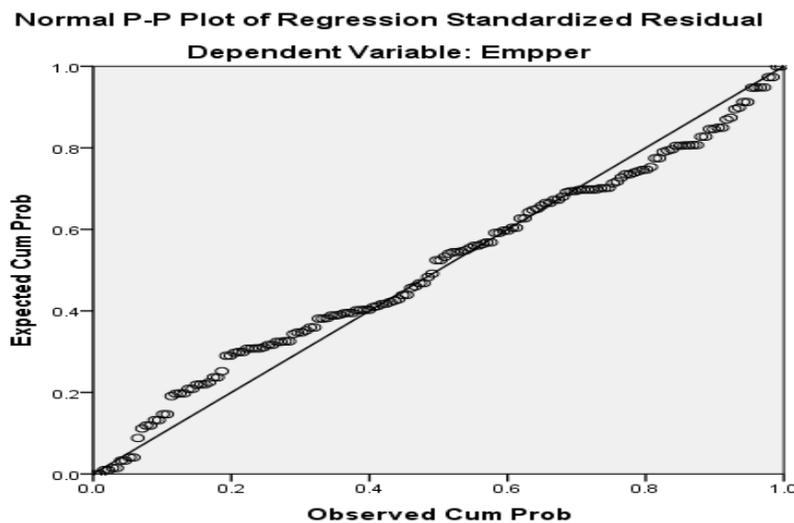
Predictors: (Constant), Workset, Train, Comp, perfap

Dependent Variable: Empper

Source: Researcher's field survey 2020 and SPSS output

#### Assumption 4 – Linearity Test

To check whether the residuals have a normal distribution, scatter plots of residuals against each independent variable and predicted dependent variable were analyzed (i.e. the normal probability plot or normal P-P of regression standard residual were used).



**Figure2: Normal p-p plot of regression standardized residual**

Source: Researcher's field survey at 2020 SPSS output

#### Assumption 5 – Normality Test

The normality assumption is about the mean of the residuals is zero. Moreover, Normality tests are used to determine whether a data set is well-modeled by a normal distribution or not, or to compute how likely an underlying random variable is to be normally distributed (Gujarati, 2009 quoted in Alemeye, (2019)).

Therefore, the researcher was used Histogram methods of testing the normality of the data. According to Fidell, (2001),cited by Alemeye, (2019) if the residuals are normally distributed around it's mean of zero, the histogram should be a bell-shaped and regression standardized

residual plotted between 3.3 and -3.3. So that, from figure 4 below, it can be noted that the data conforms to the normality assumption (Stevens, 2009 cited by Alemeye, (2019).

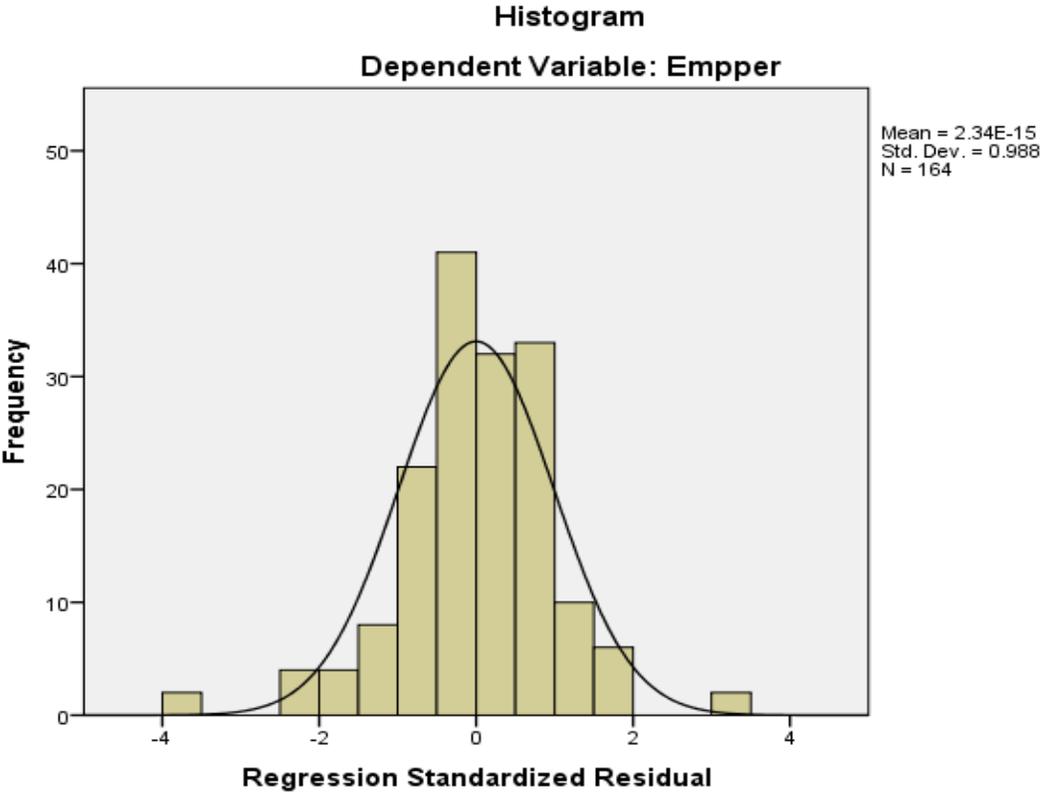


Figure 3: Histogram of regression standardized residual

Source: Researcher’s field survey 2020 and SPSS output

Relationship between working environment and employee performance

The study proposed that there exists a relationship between working environment and employee performance of CBE Jimma district office and Jimma city branches. Regression analysis was used to come up with the model that can explain the relationship between variables. The table 4.5.1 below shows the model summary of the coefficient of determination.

**Table 10: Regression Model Summary**

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.620a	.384	.368	45877	.098

.. Predictors: (Constant), Workset, Train&devt, Comp&rew, perfap

.. Dependent Variable: Empper

Source: researcher's field 2020 and SPSS output.

The above table shows the model summary of this study. The R value shows the total correlation of all the independent variables with the dependent variable. In this case, the correlation of all the independent variables i.e. compensation and reward, training and development, performance appraisal and Work setting with the dependent variable, employee performance is 0.620. It shows that there is a moderate positive correlation between independent and dependent variable. R square shows the total effect of all independent variables (compensation and reward, training and development, performance appraisal and Work setting) on the dependent variable (employee performance). The value of R square is 0.384. This value shows that 38.4% variance in employee engagement is due to change in all the independent variables. While the remaining 61.6% of variation in employee performance can be attributed to other variables which are not considered in this study. The value of adjusted R square is 0.368. This shows that the model is 36.8%.

**Table 11: Analysis of ANOVA Result**

**ANOVAa**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	0.857		.214	4.774	.000b
Residual	3.464	59	.210		
Total	4.321	63			

.. Dependent Variable: Empper

.. Predictors: (Constant), Workset, Train, Comp, perfap

Source: Researcher's field survey on 2020 and SPSS output

**ANOVA** findings (P- value of 0.000) in Table 4.5.2 show that there is correlation among the predictor's variables and response variable. The table 4.5.2 shows that the independent variables are statistically significant in predicting the dependent variable. This is because the P value denoted by

sig shows whether the variance is significant or not. In this study, the ANOVA of the model is significant given  $P=0.000 < 0.05$  (i.e., the regression model is a good fit of the data).

The significant level in ANOVA table shows that the combination of the variables significantly predicts the dependent variable. On the other hand, in residual, the value of sum of squares is 33.464, the value of df is 159 and the value of mean square is 0.210. According to Field (2009) cited in Alemeye, (2019) if a model is good, then we expect the improvement in prediction due to the model to be large and the difference between the model and the observed data or mean square residual to be small. In short, a good model should have a large F-ratio (greater than 1 at least) because the mean square regression will be bigger than the mean square residual. According to table 4.5.2 the ANOVA table result shows a relationship between the independent variables and dependent variable of the study with F-statistic or F-ratio of 24.774.

**Table 12: Regression Coefficients**

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant)	.123	.158		3.458	.000
Comp	.123	.055	.185	.218	.028
Train	.166	.062	.246	.667	.008
Perfap	.043	.069	.063	.622	.535
Workset	.176	.055	.262	.209	.002

.. Dependent Variable: Empper

Source: Researcher’s field survey 2020 and SPSS output

In table 4.5.3 the standardized and un-standardized coefficients show the contribution of each independent variable. The significance level in last column shows whether the contribution of the independent variable is statistically significant. The t value shows the likelihood that the value of the individual variable in the regression model is not zero ( $\neq 0$ ). The smaller the t value the higher the likelihood that the value of the variable is higher than 0. Based on the results presented in table

4.5.3 the equation general form to predict employee performance of CBE Jimma district city branches based on employee performance functions as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon: \text{Whereby}$$

Y = employee performance; X1 = compensation and reward; X2 = Training and Development; X3 = Performance Appraisal, X4 work setting,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$ = Regression Coefficients and  $\varepsilon$  = Error term normally distributed about a mean of 0 and for purposes of computation  $\varepsilon$  is assumed to be 0.

$\beta_1$ = unstandardized regression coefficient of compensation and rewards

$\beta_2$ = unstandardized regression coefficient of Training and Development

$\beta_3$ = unstandardized regression coefficient of Performance Appraisal

$\beta_4$ =unstandardized regression coefficient of work setting

$$\text{Employee performance} = 2.123 + .123X_1 + 0.166X_2 + 0.043X_3 + 0.176X_4 + 0.158$$

Keeping all other variables Constant;

The prediction model was acquired from the Coefficients table (Unstandardized coefficients), as displayed above. The Unstandardized coefficients illustrate how much the dependent variable varies with an independent variable, when all other independent variables are taken constant.

For every one-unit increment on Compensation and Rewards, the percentage of employee performance increases by 12.3%.

For every one-unit increment on Training and Development, the percentage of employee performance increases by 16.6%.

For every one-unit increment on Performance Appraisal, the percentage of employee performance increases by 4.3%.

For every one-unit increment on work setting, the percentage of employee performance increases by 17.6%.

From the regression equation, the constant value  $\beta_0 = 2.123$  implies that, if independent variables levels are taken at constant zero, employee performance would be 2.123.

These results infer that work setting ( $\beta_4=0.176$ ) contributes more to employee performance of CBE Jimma district city branches, followed by Training and Development ( $\beta_2=0.166$ ) and Compensation & Rewards ( $\beta_1=0.123$ ), Performance Appraisal ( $\beta_3=0.043$ ) respectively. At 5% level of significance and 95% level of confidence, Compensation Rewards had a 0.028 level of significance, Training and Development had a 0.008, Performance Appraisal had a 0.535 and work setting had a 0.002,

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hence the most significant aspect of work setting and Training and Development in influencing the employee performance of CBE Jimma district office and Jimma city branches.

#### Discussion of the Findings

The goal of this study was to understand the effect of working environment on employee's performance. In accordance with this issue like compensation, rewards, training and development, performance appraisal and work setting was dealt with. Mixed research approach was used to gather data from 164 respondents of structured questionnaire (structured and close indeed question) for both professional employees and supervisors (110, 67.1.3% and 54, 32.9%) respectively and (129, 78.7% male and 35, 21.3% female). Adding to that qualitatively the researcher also conducted through analyzing few document from the Commercial bank of Ethiopia and the documents (Branch Banking Procedure, 2019) were also reviewed. Accordingly, primary data was collected from the aforementioned respondents to address the objectives of the study. In addition, secondary data were also used to review research documents to support the research findings and theoretical framework as a guide with the study findings. By systematically analyzing the information gathered from various data sources, the researcher has drawn possible substantial account of the issue being studied and major findings were presented. According to the data obtained from the quantitative, socio-demographically, most respondents were males. In most government banks, the number of males was larger than the female and so are the professionals in the study set-up. As far as age is concerned, majority of the professional employee respondents (105, 64.0%) were with age group of 20-30, and followed by 32.3% of them were between 31-40 and most of the respondents (164, 100%) were holding either degree or Masters.

The demographic result shows that there are younger age respondents in Jimma District Office of the Commercial banks of Ethiopia in this study. Similarly, most of these employees are holding either degree or masters and this shows that, the study participants are educated and younger. It is also clear that the selected bank was male dominated. However, being younger and highly educated will lead to an increase in organizational performance and also an increase in service excellence for the organization but decrease of female participation in the organization

The current study was about assessing the effect of work environment on employee performance in Jimma district Offices of CBE. Accordingly, to address the first question of the current study as the researcher have mentioned above in the data presentation topic.

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Accordingly, a set of 6 (six) items were used to investigate the issue of compensation and rewards in the study setup. The result showed that the respondents were reacted with significant number disagreeing that the employees are rewarded based on performance, (108, 65.8%), mean score 2.23), and the respondents also significantly disagreed that organization payment of employee is directly linked to performance (60.4%). However, it was found that the respondents showed their agreement to the Compensation packages encourage employees to achieve organization's objective (63.4%, mean score 3.46), Profit sharing/bonuses are used as a mechanism to reward higher performance (56.7%), I am satisfied with the same amount of pay and other benefit I receive (54.9%). The result showed that the respondents were reacted with significant number disagreeing that the employees are rewarded based on performance. There is a significant positive relationship between Compensation &reward and employee performance ( $r=.497$ ,  $p< 0.01$ ). As Hinkle (2003) cited by Alemeye, (2019) indicated, level of correlation falls in low positive level of correlation.

The study also found that fair compensation and rewards (incentives) promoted employee performance. These results reflect the findings by Ajila and Abiola (2004) cited in Cynthia Nanzushi.(2015) that a reward package can influence employees' performance; it can help to increase performance by enhancing employee skills, knowledge and abilities. Compensation processes are based on compensation philosophies and strategies contained in the form of policies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation (Branch banking procedure 2019).

The next point that has to be discussed is the second issue of the study that the organizations (current study setup) valued training and development by ensuring that they monitored all plans regarding training and development. The significant number of employees were agreeing with the item of that The training program have improved the employees' decision making and problem solving skills. Even though half of the respondents showed disagreement to the Training needs are discussed with employees and therefore give „wholesale“ training programs to their employees and this means that training and development programs do not incorporate the interest of individual employees.

The employee's communication and working relationship with co-workers have improved due to training programs. Training and development opportunities were also availed to employees. This is consistent with Tzafrir (2005) who found out that training is an important element in producing the

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human capital, it provides employees with the skills, abilities and knowledge required to perform their tasks. According to correlation result where two variables training & development and employee performance are moderate positive level of correlated ( $r=.522$ ,  $p < 0.01$ ). The positive correlation means training & development results in increasingly employee performance. The magnitude of relationship between the two variables was moderate level. Training and development opportunities were also availed to employees.

Qualitatively it is mentioned in the reviewed documents of the bank with regard to the training and development on employee performance said that "every employee must go through different types of training and development such as on job and off job training in order to improve their performance". (Branch Banking procedure 2019).

Similarly, the theory of training and development implemented that "Training remains a vital to enhancing employee performance. The organizational commitment or "the relative strength of an individual's identification and involvement in a particular organization" (Pool, 2007) depends on effective training and development programs.

The following issue that has been addressed in the current study was effect of performance appraisal on employee performance in the study set up. Based on that it has found out that most of the employees agreed that appraisal system helps to grow and develop my career. Even though the significant amount of the respondents strongly disagree that in the organization, employees are provided performance based feedback and counseling, the employees are not informed of how their performance evaluation is done, and the objectives of the appraisal system are clear to employees, appraisal system helps to grow and develop employees career whereas, performance based feedback and counseling, use of appraisal data for decision making like promotion, job rotation, training, compensation, transfers and discharge, corrective measures for under-performance and a well-defined performance management strategy are low.

These results were consistent with the results obtained from the respondents in the study (Alemeye 2019. Unpublished MA Thesis), the participants remain neutral on the issues raised under appraisal and management on the organizational performance and it found to be very low performance appraisal strategy exists in the study.

The correlation between performance appraisal and organizational performance was founded as ( $r=.510$ ,  $p < 0.05$ ) with a positive significant relationship between the two variables. According to

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Hinkle (2003) cited by Alemeye, (2019) magnitude of relationship between the two variables it is found to be “moderate level of correlation.

Therefore, based on the results obtained from the respondents, it can be said that, participants remain neutral on the issues raised under appraisal and management on the employee performance. Performance appraisal (PA) is the process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating that information to those employees. Such appraisal also has been called employee rating, employee evaluation, performance review, performance evaluation, and results appraisal. Performance appraisal sounds simple enough; and research shows that it is widely used for administering wages and salaries, giving performance feedback, and identifying individual employee strengths and weaknesses. (Human resource management 9th edition). The document also showed that one role is to measure performance for the purpose of rewarding or otherwise making administrative decisions about employees.

The last issue that has been addressed to be discussed was the effect of work setting on employee performance at CBE Jimma District. Accordingly, it is found out that a significant number of respondent was agreed to the bank working environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability. There is a strong relationship between work setting and employee’s performance. Based on this the top management of the CBE Jimma city branches and district office is recommended to improve the working conditions. This will make them equally satisfied with those who work under normal working condition and in return overall performance will increase.

From the Regression results there is a significant positive relationship between work setting and employee performance ( $r=.502$ ,  $p< 0.01$ ). As Hinkle (2003) indicated, level of correlation falls in moderate positive level of correlation.

According to Mullins (2008) an increasingly important issue affecting employee performance and efficiency is the work setting and workplace facilities. Josias (2005) demonstrate that employees prefer physical surroundings that are safe, clean, comfortable and with minimum degree of distractions. Mullins (2008) further argues that an inspired workplace will result in a motivated employee thereby increasing the job satisfaction and employee performance.

The pre-model fitting five assumptions (i.e., sample size, normality of distribution, linearity, multi collinearity of the variables and independence of residuals) of multiple regressions are met accordingly. Furthermore, the multiple linear regression analysis (The R square) implies that about

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0.384(38.4%) shows that the four working environment element that (compensation and reward, training and development, performance appraisal and work setting) can determine the variation of the employee Performance of CBE jimma district office and Jimma city branches. Therefore, the researcher can convincingly have concluded that the working environment has a significant influence on employee performance.

Findings from the study show that elements of the physical workplace environment play an important role in positively influencing the employees' performance. These results were consistent with McCoy and Evans (2005) who found out those elements of physical work environment need to be proper so that the employees would not be stressed while doing their work. Stress affects the performance of employees in that they are not able to perform to the expected standards. This indicates that work setting and temperature has an influence on office work (Seppanen, 2006).

NANZUSHI (2015) said that, "a comfortable and all-inclusive workplace environment will boost the employees' performance hence boosting the organizational performance". Joel and others (2015) study aimed to investigate the effect of workplace environment on the performance of Bank employees in Nakuru Town. The study sought to establish the extent to which physical workplace factors, psychosocial factors and the work life balance factors affect performance of Bank employees.

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# **CHAPTER FIVE: CONCLUSION AND RECOMMENDATION**

## **Introduction**

This chapter provides the conclusions drawn from findings and recommendations based on the findings. Conclusions drawn would be deduced from analysis and objectives set for the research. The area for further research was also suggested in this chapter. The objective of the present study was to examine the current working environment in CBE Jimma district office and Jimma city branches. The goal of this study was to understand the effect of working environment on employee's performance. In accordance with this issue like compensation and rewards, training and development, performance appraisal and work setting was dealt with.

## **Conclusions**

During the investigation the researcher used both descriptive and inferential statistics and based on the findings of the research the researcher made conclusions by outlining the following points

### **Compensation (Pay) and Rewards**

Employees claimed that as a fact (practice), employees have rewarded based on their performance, but the research proved otherwise. Research findings prove that Profit sharing/bonuses are not used as a mechanism to reward higher performance, there is no equal pay and other benefit with the same experience and educational qualification. Accordingly, a set of 6(six) items were used to investigate the issue of compensation and rewards in the study setup. The result showed that the respondents were reacted with significant number disagreeing that the employees are rewarded based on performance. There is a significant positive relationship between Compensation &reward and employee performance ( $r=.497$ ,  $p< 0.01$ ). As Hinkle (2003) cited by Alemeye, (2019) indicated, level of correlation falls in low positive level of correlation.

### **Training and development**

Training and development programs are meant to add value to employees and improve employee performance. Most city branches do not have Training needs are discussed with employees and therefore give „wholesale“ training programs to their employees. the organizations (current study setup) valued training and development by ensuring that they monitored all plans regarding training and development. The training program have improved the employees' decision making and problem solving skills. The employee's communication and working relationship with co-workers

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have improved due to training programs. According to correlation result where two variables training & development and employee performance are moderate positive level of correlated ( $r=.522$ ,  $p < 0.01$ ). The positive correlation means training & development results in increasingly employee performance. The magnitude of relationship between the two variables was moderate level. Training and development opportunities were also availed to employees. This is consistent with Tzafrir (2005) who found out that training is an important element in producing the human capital, it provides employees with the skills, abilities and knowledge required to perform their tasks.

### **Performance Appraisal**

Another important of working environment element is performance appraisal and management. Based on that it has found out that most of the employee's agreed that appraisal system helps to grow and develop my career. Even though the significant amount of the respondents strongly disagrees that in the organization, employees are provided performance based feedback and counseling, the employees are not informed of how their performance evaluation is done, and the objectives of the appraisal system are clear to employees.

The correlation between performance appraisal and organizational performance was founded as ( $r=.510$ ,  $p < 0.05$ ) with a positive significant relationship between the two variables. According to Hinkle (2003) explained in Alemeye, (2019) magnitude of relationship between the two variables it is found to be "moderate"

Therefore, based on the results obtained from the respondents, it can be said that, participants remain neutral on the issues raised under appraisal and management on the employee performance.

### **Work setting**

The last issue that has been addressed to be discussed was the effect of work setting on employee performance at CBE Jimma District. Accordingly, it is found out that a significant number of respondent was agreed to the bank working environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability.

There is a strong relationship between work setting and employee's performance. Based on this the top management of the CBE Jimma city branches and district office is recommended to improve the working conditions.

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. From the Regression results there is a significant positive relationship between work setting and employee performance ( $r=.502$ ,  $p< 0.01$ ). As Hinkle (2003) indicated, level of correlation falls in moderate positive level of correlation.

The pre-model fitting six assumptions (i.e., sample size, normality of distribution, linearity, multi collinearity of the variables and independence of residuals) of multiple regressions are met accordingly. Furthermore, the multiple linear regression analysis (The R square) implies that about 0.384(38.4%) shows that the four working environment element that (compensation and reward, training and development, performance appraisal and work setting) can determine the variation of the employee Performance of CBE jimma district office and Jimma city branches. Therefore, the researcher can convincingly have concluded that the working environment has a significant influence on employee performance.

### **Recommendations**

This study has demonstrated that the effect of working environment on employee performance of CBE jimma district office and Jimma city branches. In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the institutions for improving working environment to assure and improve the employee performance.

According to the study CBE; profit sharing/bonuses are not used as a mechanism to reward higher performance. Individual employees can be rewarded even based on the organization performance not based on his/her achievements. This can demotivate higher achiever employees. The researcher recommends that rewards must be based on the individual's performance achievements.

According to researcher perspectives CBE recognized the importance of relevant training & development opportunities to its staff to help work effectively and professionally. Relevant training is provided to the staff following the recommendations given by its supervisors either internally or abroad depending on the availability of the budget.

From the research findings; the appraisal data in the CBE is not used for decision making like promotion, job rotation, training, compensation and transfers; only done for sake of paper value. The researcher recommends that individual's performance appraisal should be measured fairly and valuable used for decision making makes the individual employees highly encourages as well as the organizations competitiveness can highly increases.

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N0	1	2	3	4			5	
	Strongly Disagree (SD)	Disagree(D)	Neutral (N)	Agree (A)			Strongly Agree (SA)	
	Using the scale above (1 – 5) please tick (√) the levels of agreement in each of the items below with regards to the work environment of your bank.			SD	D	N	A	SA
			1	2	3	4	5	
<b>1. Compensation (Pay) and Rewards</b>								
1.1	Employees are rewarded based on performance.							
1.2	Compensation packages encourage employees to achieve organization's objective.							
1.3	Employees are recognized and rewarded appropriately in this organization							
1.4	Profit sharing/bonuses are used as a mechanism to reward higher performance.							
1.5	I am satisfied with the same amount of pay and other benefit I receive.							
1.6	In this organization, pay of employee is directly linked to performance.							
<b>2. Training and Development</b>								
2.1	Training needs are discussed with employees.							
2.2	Extensive training programs are provided for employees in all aspects							
2.3	There is a training strategy and coherent training program.							
2.4	Training incorporates the interests of the organization as well as the employee.							
2.5	Training needs are identified through a formal performance appraisal mechanism.							
2.6	Training program have improved my decision making and problem solving skills.							
2.7	Every employee goes through various training programs every year.							
2.8	My communication and working relationship with co-workers have improved due to training programs.							
2.9	There is a budget dedicated to training and development every year							

2.10	. There is a room for short term on Job training					
<b>3. Performance Appraisal</b>						
3.1	In this organization, employees are provided performance based feedback and counseling.					
3.2	The appraisal data is used for decision making like promotion, job rotation, training, compensation, transfers and discharge.					
3.3	There are corrective measures for under-performance.					
3.4	There is a well-defined performance management strategy.					
3.5	There is regular appraisal for promotion					
3.6	I am informed of how my performance evaluation is done.					
3.7	Performance of employees is measured on the basis of objective quantifiable results.					
3.8	The objectives of the appraisal system are clear to employees.					
3.9	Appraisal system helps to grow and develop my career					
<b>4. Work setting</b>						
4.1	The job occurs in a clean environment					
4.2	The job has a low risk of accident.					
4.3	The job takes place in an environment free from health hazard (e.g., chemicals, fumes, etc.).					
4.4	The seating arrangements on the job are adequate (e.g. opportunities to sit, comfortable chairs).					
4.5	My nearest superior respects the co-worker's opinions.					
4.6	I get the information I need to fulfill my duties.					
4.7	Resources needed for proper functioning of the organization are always available					

<b>5. Employee performance</b>						
5.1	<i>I always accomplished my work on time</i>					
5.2	<i>I always accomplished my work in the given standard</i>					
5.3	I strictly follow the policies and procedures of the bank (for example dressing code, moral and ethical standards, rules of conduct etc.)					
5.4	<i>I always work hardily at my job, because of the competence of people I work with.</i>					
5.5	<i>When I do a good job, I receive the recognition for it that I should receive.</i>					
5.6	I believe there is fairness in the way my performance is assessed.					
5.7	I effectively use resources including time and materials					
5.8	I effectively work with other employees					
5.9	My performance is limited by poor leadership of my supervisor.					
5.10	The bank working environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability.					

***Thank you for your cooperation!!!!***