

CHAPTER I INTRODUCTION

1.1 Research Background

Nowadays, organizations are more passionate about exploring more effective and novel techniques to boost productivity and establish a distinct market identity in order to compete. Out of all the methods and strategies, Human Resource (HR) practices take precedence as the most crucial because they influence an organization's overall performance and productivity. Consequently, organizations must prioritize the efficient management and optimization of their human resources properly and professionally (Khan et al., 2020). Effective human resource management (HRM) strategies are linked to organizational performance and productivity by allowing employees to make a significant contribution towards organization's goals (Bloom & Reenen, 2007).

Dedicated individuals are the primary assets of every organization. Skilled staff is the backbone of a successful organization. Thus, competent workers are necessary for an organization to achieve its goals (Bhalla et al., 2000). Employees satisfaction is fundamental to the success of an organizations (Khan et al., 2020). Petrescu and Simmons (2008) discover that HRM strategies improve employee's job satisfaction. Employee' satisfaction with leadership conduct and salary is higher in areas where performance-based salary and seniority-based incentive strategies are used. The process of improving employee performance can be done through several ways, including motivation, proper compensation, training and conducive working environment.

Job satisfaction, according to Porter and Steers (1973), is the total degree of employee expectations who stay committed to their work. Workers seek additional perks in addition to their positions, such as promotion, salary, flexibility, and so on. These advantages and the extent of their choices may fluctuate for each job, but if these incentives are not fulfilled, their satisfaction level may decrease, leading to withdrawal behavior. Ivancevich et al. (1997) described job satisfaction as the sentiments linked with a person's understanding of the disparity among what is anticipated as a reasonable return and what is experienced firsthand. Job satisfaction according to Nnadi (1997), is as an individual's attitude, behavior, or opinion towards job. While Davis and Newstrom (1999), defined it as a multidimensional experience. The most significant features are concerned with the workplace environment and employment nature. Employee's job satisfaction is severely impacted by limited job flexibility, security, low pay, and a lack of advancement opportunities. According to Hoppok and Spielgler (1938), job satisfaction is characterized as a complex combination of psychological, physical, and environmental factors that contribute to individuals expressing contentment with their job.

Clark (1997) suggests that if workers are unhappy with their assigned tasks, they are uncertain about their privileges, workplace environment is not favorable, colleagues are not supportive, managers are not cooperative, and they are not included in the strategic planning. Furthermore, organizations cannot tolerate unhappy workers because they may not work in accordance with their manager's requirements or demands, and they will indeed be fired, costing organization more

money to hire new personnel. As a result, a flexible workplace for the employees is necessary in which they believe their views are acknowledged and they are a part of the team.

The performance of employees can be significantly impacted by the working environment, playing a substantial role in either enhancing or hindering their productivity. Work and context are the two main dimensions of working environment. Work encompasses all job-related activities, such as job tasks, training, work accomplishment, variation and value of a task (Raziq & Maulabakhsh, 2015). Spector (1997) found negative impact of employee's performance if working environment is overlooked. In his opinion, the work environment should ensure employee job security, healthy interaction with colleagues, acknowledgment and motivation for good performance, and involvement in decisions related to organization future. Also, after knowing their importance, they would be more committed to the organization and would have a sense of belonging to their workplace. Employees who are mentally and physically well will become more motivated, and their performance will improve. Furthermore, a suitable office environment significantly reduces absence and therefore can enhance performance, which improves productivity in organization (Boles et al., 2004).

In an organization, clash between employees and supervisor is a big issue. Supervisors tend to ignore or disrespect employees resulting in negative impact on employee's performance. Supervisor's unprofessional attitude is an hurdle for the employees and they become hesitant to share innovative ideas and suggestions.

Moreover, rather of developing a sense of responsibility in employees by asking them to collaborate with others to accomplish stated goal, leadership limits them to their roles. Supervisors should motivate employees to participate in current management challenges, by highlighting the organization's aim and objectives, in order to boost work quality (Arnetz, 1999). Collaboration between employees inside an organization is critical for achieving organizational long-term objectives. The transfer of knowledge must be adequate and accurate in order for organizational processes to run successfully and smoothly. Disagreement between fellow workers, affects organizational goals (Pettersson & Arnetz, 1998).

It is highly beneficial for banks to discover the elements that contribute to employee performance and to monitor the degree of performance of workers. Banks should improve staff productivity, corporate culture, loyalty, and commitment. Indeed, firms must take care of their workforce's talents and skills in order to ensure their retention and engagement at work. This leads to appraising employees' skills and capacities in order to produce efficient job results (Yarnall, 2009).

UBL stands at the forefront as the leading entity in Pakistan's banking and financial services sector. With over 4 million customers, more than 1,400 branches, and over 1,400 ATMs within the country. The objective of this study is to assess the impact of the work environment on employee performance specifically at UBL Bank in Chakwal City Main Branch. Along with the development of UBL Bank Chakwal City Main Branch, of course companies want good performance in serving customers. The research focuses on investigating the work environment and its substantial influence on employee performance. If the working environment is

conducive and arranged as comfortably as possible for employees, then the employee's ability to work and serve the organization will be high and he will give the desired outcomes. In planning and designing working environment. It is crucial to give careful consideration to the factors that can affect working environment conditions such as noise, lighting, cleanliness, and temperature.

Before commencing the research, a preliminary assessment on 15 employees (consisting of branch manager, operations manager, treasury manager, human resources officer, marketing officer, IT officer, teller, cashier, support staff, customer service representatives, administrative assistants, data entry operators, IT support specialists, guard, and custodial staff) was conducted to gather insights and employee feedback regarding the major challenges faced within UBL Bank's work environment. The primary objective of this preliminary survey was to identify the key areas of concern that affect employee performance. The findings from the initial survey shed light on several significant challenges. One prominent issue highlighted by employees was the high noise levels experienced in the workplace. Excessive noise can disrupt concentration and communication, leading to decreased productivity and employee dissatisfaction.

Additionally, a shortage of office furniture such as chairs emerged as another pressing concern. The limited availability of furniture can hinder employees' ability to perform their duties efficiently and comfortably. Moreover, employees expressed discomfort due to long queues experienced during peak times, which can contribute to stress and negatively impact their overall job satisfaction and employee performance.

Table 1.1 Preliminary Assessment Findings

Challenges Identified	Description	Impact on Performance	Number of Employees (Total 15)
High noise levels	Employees reported experiencing high noise levels in the workplace, which can disrupt concentration and communication.	Decreased productivity and dissatisfaction	12
Shortage of office furniture and long queues during peak hours	The bank's scarcity of furniture for customers may primarily affect customer service. However, it is imperative to recognize its profound influence on employee performance. Insufficient customer furniture leading to long queues and customer discomfort can significantly impact employee productivity. Employees are tasked with managing the consequences of frustrated and impatient customers, resulting in heightened stress levels, increased workload, and reduced morale. Such conditions not only impede employee performance but also compromise the quality of customer interactions.	Decreased efficiency and performance and increase stress for employees because of impatient and frustrated customers	10
Dissatisfaction with promotion opportunities and allowances	Surveys revealed that employees at UBL Bank are dissatisfied with the promotion opportunities and monthly allowances	Decreased motivation and performance	10

Job satisfaction holds a crucial role in shaping employee performance. Surveys have revealed that employees at UBL Bank are dissatisfied with promotion opportunities and monthly allowances, which can lower motivation and, consequently, performance. The study aims to address these concerns and improve

employee satisfaction, ultimately contributing to better performance within the bank.

Conducting this study offers numerous benefits for the organization as a whole. By understanding the specific work environment factors that hinder employee performance, UBL Bank can take proactive measures to create a positive work environment that fosters productivity and satisfaction. This, in turn, increases employee motivation, and productivity, leading to improved customer service, operational efficiency, and overall performance. Therefore, It is also critical to investigate the impact of the work environment on the performance of employee working at UBL Bank Chakwal City Main Branch, which will give information and measurements to other institutions in the country.

1.2 Research Authenticity

Previous research serves as a reference and support for conducting this research. Previous studies used as a reference and support this research with one or more variables that are same as in this study. Following are some of the previous studies that used as a reference:

Table 1.2 Research Authenticity

No.	Researcher & Year	Title	Variables	Results
	Riyadi, (2019)	The Influence of Job Satisfaction, Work Environment, Individual Characteristics and Compensation toward Job Stress and Employee Performance	Working Environment, Job Satisfaction, Individual character, Compensation, Job stress, Employee performance	Job satisfaction, work environment, individual characteristics, and compensation had a significant and negative link with job stress. The findings of the study indicate that both job satisfaction and compensation play a positive role in influencing employee

No.	Researcher & Year	Title	Variables	Results
				performance. In addition, Job stress influenced negatively and significantly employee performance in this study.
	Idris et al., (2020)	The Mediating Role of Job Satisfaction on Compensation, Work Environment, And Employee Performance: Evidence from Indonesia	Work environment, Employee performance, job satisfaction, compensation	The results of the study indicate that an unfavorable work environment is strongly correlated with lower levels of job satisfaction.
	Dhamija et al., (2019)	Measuring of job satisfaction: the use of quality of work life factors	Quality of Work Life, Job Satisfaction, Socio-Demographic Variables	Results showed a significant relationship between JS, WE, OCS, leadership, and EJS. Job stress was found to have a negative effect on EJS.
	Jain et al., (2014)	“Impact of Work Environment on Job Satisfaction”	Work Environment, Job Satisfaction	Results of the study indicate that good working condition at workplace increase the degree of job satisfaction.
	Muguongo et al., (2015)	“Effects of Compensation on Job Satisfaction Among Secondary School Teachers in Maara Sub - County of Tharaka Nithi County, Kenya”	Compensation, Job Satisfaction, Work Environment	The findings of the study clearly indicate that the level of job satisfaction among teachers is significantly influenced by factors such as basic pay, allowances, and the overall work environment.
	Raziq et al., (2015)	“Impact of Working Environment on Job Satisfaction”	Working Environment, Job Satisfaction	Study found a positive relationship between working environment and employee job satisfaction
	Dwiyanti et al., (2021)	“The Influence of Work Environment and Compensation on Employee Performance through Job Satisfaction in the Office of the Regional Financial Management Agency Bantaeng Regency”	Work environment, Employee performance, job satisfaction, compensation	The study findings revealed a clear relationship between the work environment and compensation with job satisfaction and employee performance. Additionally, it was observed that job satisfaction has a significant impact on employee performance.

No.	Researcher & Year	Title	Variables	Results
	Mirrani et al., (2017)	Job Satisfaction of Employees of Private Banks of Pakistan	Work Itself, Pay, Benefits and Promotion, Organizational Culture, Recognition, Working Conditions, Job Security	The results of this research revealed that employees' overall satisfaction levels ranged from extremely satisfied to low satisfied. Overall employee satisfaction at four big private banks was fairly good.
	Khan et al., (2020)	Job Satisfaction among Banks Employees of Public and Private Sector in Malakand Division "Sector in Malakand Division	Job Satisfaction, Pay, Promotion, Supervision, Fringe Benefits, Contingent Rewards, Operating Conditions, Coworkers, Nature of Work, Communication	The results of this research showed that public bank workers were less satisfied with their work and communication. Private bank workers were found satisfied with their salaries, working circumstances, colleagues, and communication, supervision, and conditional compensation to a moderate degree. The study identified a weak positive correlation between job satisfaction and factors such as advancement opportunities and fringe benefits. However, there was no statistically significant relationship found between job satisfaction and the nature of the job itself.
	Erlangga et al., (2021)	The Effect of Organizational Commitment and Work Environment on Job Satisfaction and Teachers Performance	Job Satisfaction, Organizational Commitment, Work Environment and Teachers Performance	The results of the study showed that there was no significant impact of motivation and job satisfaction on teachers' performance. Additionally, organizational commitment and work environment did not have a significant effect on job satisfaction performance. However, organizational commitment and work environment were found to have a significant impact on teachers' performance.

The differing results in studies examining the relationship between work environment, job satisfaction, and employee performance can be attributed to variations in research methodologies, sample characteristics, cultural contexts, and the specific variables measured. These factors, such as differences in data collection methods, sample sizes, and cultural values, contribute to contrasting outcomes. Moreover, variations in the specific variables measured, such as dimensions of work environment and job satisfaction, can influence the observed relationships. External factors, including timeframe and contextual influences like economic conditions and industry trends, further contribute to differences in results.

The present study aims to contribute to the existing literature by investigating the relationship between work environment, job satisfaction, and employee performance in the context of the banking sector in Pakistan. While several previous studies have explored the influence of work environment and job satisfaction on employee performance, there are certain aspects that distinguish this study from the prior research.

Firstly, in the Pakistani context, limited research has been conducted specifically in the banking sector. The scarcity of studies in this context highlights the importance of conducting a comprehensive investigation within UBL Bank. Secondly, the existing studies have yielded varying results regarding the relationship between work environment and employee outcomes. Several studies have discovered a positive association between the work environment and job satisfaction, leading to enhanced employee performance, as demonstrated by Raziq & Maulabaksh (2015), Jain & Kaur (2015), Muguongo et al. (2015), Riyadi (2019),

and Idris et al. (2022). Dhamija et al. (2019) discovered a negative impact of an unfavorable work environment on employee satisfaction in the Indian banking industry, while Amiroso & Mulyanto (2015) reported no significant effect of work environment on employee performance.

Several previous studies on influence of work environment and job satisfaction on employee performance have been conducted by other researchers around the world, but few studies in Pakistan have been done especially in banking sector. A study conducted by Raziq & Maulabaksh (2015) found that work environment and job satisfaction correlate positively. Similar results were found in the studies by Jain & Kaur (2015) and Muguongo et al (2015). The work environment affected positively and significantly job satisfaction and employee performance in studies by Riyadi (2019) and Idris et al (2022). However, a study conducted by Dhamija et al. (2019) discovered that an unfavorable work environment in the Indian banking industry has a negative effect on employee satisfaction. Also, no effect of Work environment was reported on employed performance by Amiroso & Mulyanto (2015).

Thus, the novelty of this study lies in its exploration of the specific context of UBL Bank in Chakwal City, as well as its consideration of the mediating role of job satisfaction. Previous studies did not explicitly investigate job satisfaction as a mediating variable in the relationship between work environment and employee performance. By incorporating this additional dimension, the present study aims to provide a more comprehensive understanding of these variables.

According to author's knowledge, this will be the first study to be conducted in UBL Bank Chakwal City Main Branch. Based on the research data that has been mentioned, this study differs with previous research on basis of research objectives, research design, research subjects, research variables and research place and time. The inconsistency in these findings creates additional opportunities for further research, aiming to bridge the existing gap. Hence, the purpose of this study is to investigate the impact of the work environment on employee performance by analyzing the mediating role of job satisfaction.

1.3 Research problem

Considering the information provided in the background, the problem statement can be framed as follows:

- a) Does working environment has a direct effect on employee performance at UBL Bank Chakwal City Main Branch?
- b) Does job satisfaction directly affect employee performance at UBL Bank Chakwal City Main Branch?
- c) Does work environment indirectly affects employee performance through job satisfaction at UBL Bank Chakwal City Main Branch?

1.4 Objectives of the Research

Based on the problem statement, the research objectives are as follow:

- a) To analyze and explain the effect of working environment on employee performance at UBL Bank Chakwal City Main Branch.
- b) To analyze and explain the effect of the job satisfaction on employee performance at UBL Bank Chakwal City Main Branch.

- c) To analyze and explain the effect of working environment through job satisfaction on employee performance at UBL Bank Chakwal City Main Branch.

1.5 Benefits of Research

The benefits to be obtained from this research are as follow:

a) Theoretical Benefits

The results of this study are expected to contribute to the field of management of human resources in particular and as a comparison reference for researchers in future.

b) Practical Benefits

1. For Companies or Organizations

This research is expected to be used as a source for consideration or input to the company in managing employee performance through employee motivation.

2. For Researchers

This research is expected to add to the experience and knowledge of job satisfaction, work environment and performance in an organization.

1.6 Literature Review

1.6.1 Organizational Behavior Theory

Organizational behavior (OB) is a scientific discipline that explores the behaviors of individuals and groups in a systematic manner within organizations and how it impacts organizational performance. The primary focus of organizational behavior (OB) is to comprehend the impact that individuals, groups,

and structures have on human behavior within organizations. The practical implementation of organizational behavior (OB) is directed towards enhancing the operational efficiency and overall effectiveness of business organizations in response to changing internal and external environments (Aithal & Kumar, 2016).

The main objectives of studying organizational behavior include systematically describing behavior in different conditions, understanding the reasons behind people's actions, predicting future employee behavior, partially controlling and developing human activities at work, and motivating individuals to enhance individual and group performance, thereby increasing overall organizational productivity. By studying and applying the principles of organizational behavior, companies can gain valuable insights into managing human behavior, fostering positive work environments, and ultimately improving organizational performance (Aithal & Kumar, 2016).

1.6.1.1 Goal-setting Theory

Goal setting theory, assumes that employee motivation is greatly influenced by the individual goals they set for themselves. It emphasizes the importance of “engaging employees in mutual goal setting, clarifying role expectations, and providing regular performance feedback. Effective implementation of the theory requires managers to allocate time and resources for providing relevant performance incentives, managing processes efficiently, and offering workplace training” (Salaman et al., 2005).

The theory highlights the significance of creating an attractive, comfortable, and motivating work environment to enable employees to achieve their goals and

experience a deep sense of fulfillment and motivation in their work. (Taiwo, 2009). Research suggests that the design and occupancy of the work environment not only impact employees' feelings but also influence their work performance, commitment to the organization, and the generation of new knowledge within the organization (Taiwo, 2009).

Employee performance, as a multidimensional construct, is closely linked to the predetermined goals of an organization (Abbas & Yaqoob, 2009). It serves as a key factor in attaining desired outcomes and aligning with the organization's objectives (Sabir et al., 2012). By creating a supportive work environment, managers can enhance employees' motivation, commitment, and performance, ultimately driving the organization toward peak performance (Salaman et al., 2005; Taiwo, 2009).

1.6.1.2 Expectancy Theory

Victor Vroom's expectancy theory is a well-recognized framework for understanding workplace motivation. According to this theory, an individual's motivation to engage in specific actions is influenced by their belief that those actions will result in desired outcomes and the personal appeal of those outcomes (Vroom, 1964). In simpler terms, employees are motivated to perform better when they believe that their improved performance will be recognized through positive performance appraisals and rewarded with personal goals and rewards in the future.

The expectancy theory emphasizes three fundamental relationships as its focal points: “the relationship between effort and performance, the relationship between performance and rewards, and the relationship between rewards and

personal goals” (Vroom, 1964). According to the theory, employees modify their behavior in the organization based on their expectations of achieving valued goals and the subsequent satisfaction derived from them. Therefore, “aligning each employee's workplace goals and values with the organization's mission and vision becomes crucial for creating and maintaining a high level of motivation” (Salaman et al., 2005).

By ensuring that employees' goals and values are in harmony with the objectives and values of the organization, managers can cultivate a sense of purpose and alignment that leads to increased motivation, productivity, and performance. By ensuring employees' goals and values are congruent with those of the organization, the likelihood of low employee morale is reduced. This alignment promotes teamwork and cultivates a positive attitude among employees, even in challenging circumstances (Salaman et al., 2005).

1.6.1.3 McGregor Theory X and Theory Y

Douglas McGregor is known for developing a motivational theory that is based on specific assumptions regarding human behavior in the workplace. His theory consists of two sets of assumptions known as Theory X and Theory Y, which provide contrasting views on the nature of people in the workplace (McGregor, 1960).

Theory X assumes that individuals generally dislike work and try to avoid it whenever possible. It suggests that people lack ambition, prefer to be directed by others, and seek security in their jobs. From a management perspective, Theory X

implies that organizations need to enforce strict control, coercion, and punishment to ensure employees meet organizational objectives.

On the other hand, Theory Y proposes that work can be seen as natural and enjoyable, similar to rest or play. It suggests that individuals have inherent motivation and can find satisfaction in their work. Theory Y also posits that individuals are capable of seeking responsibility and are motivated to contribute if they are given the opportunity. For managers dealing with Theory Y workers, creating a supportive and empowering work environment becomes crucial in fostering creativity and motivation (McGregor, 1960).

The implications for management differ between Theory X and Theory Y. With Theory X workers, the emphasis is on using rewards and punishments as motivators to achieve organizational goals. In contrast, Theory Y workers are more likely to be motivated by intrinsic factors such as autonomy, mastery, and purpose. Therefore, creating a culture that encourages employee creativity and provides opportunities for personal development is essential in managing Theory Y workers effectively (McGregor, 1960).

1.6.1.4 Frederick Herzberg's Theory

Herzberg's theory, commonly referred to as the Motivator-Hygiene Theory or the Dual Structure Theory, examines factors that influence employee motivation and satisfaction. According to Herzberg, certain factors lead to motivation and satisfaction, while others, if absent, result in dissatisfaction. Motivators, such as “challenging work, recognition, and responsibility, contribute to positive satisfaction, while hygiene factors, including status, job security, salary, and fringe

benefits”, do not necessarily motivate but can lead to dissatisfaction if lacking (Herzberg, 1968).

In his research, Herzberg identified four basic states that can exist in the workplace: high motivation/high hygiene, high motivation/low hygiene, low motivation/high hygiene, and low motivation/low hygiene. The perfect state of happy and motivated employees is characterized by high motivation and high hygiene, while motivated employees who have complaints about certain hygiene factors fall into the high motivation/low hygiene category. Bored employees who simply punch the clock for a paycheck belong to the low motivation/high hygiene state, and a total mess of bored and unhappy employees represents the low motivation/low hygiene condition (Herzberg, 1968).

Herzberg's findings suggest that people strive to fulfill their hygiene needs to avoid dissatisfaction, but the satisfaction derived from meeting these needs is temporary. However, poorly managed organizations often fail to recognize that addressing hygiene needs alone is insufficient for motivating individuals. True motivation comes from enabling employees to reach and satisfy the motivators identified by Herzberg, such as achievement, advancement, and personal development. These factors represent deeper levels of meaning and fulfillment in the workplace.

1.6.2 Employee Performance

Organizational behavior that is specifically associated with the manufacturing of products or the provision of services is referred to as performance. The term "performance" comes from the words "ability to accomplish the task or actual

achievement”, which refers to the task quality and quantity accomplished by a worker in completing his or her tasks in line with the duty assigned to him (Nguyen et al., 2020). This notion conveys the idea that performance is an action or attitude of an individual in fulfilling their responsibilities that may be viewed and evaluated by somebody else. Data on performance of the organization is essential in determining how well the organization's performance strategy has been in accordance with the desired objectives. Unfortunately, many companies lack or, in certain cases, do not possess data regarding their organization's performance. In an organizational context, performance can be understood as the outcome or reaction to the successful or unsuccessful achievement of goals. Supervisors sometimes fail to give attention, except the situation arises. Some supervisors are unaware of how poor their employees' productivity is and as a result, the company / agency faces a serious crisis.

According to Sinha (2001), performance is linked with employees' desire and flexibility to executing his task. He also claimed that by possessing the employees' desire and flexibility to execute his task, it might boost the employees' efficiency, which contributes towards better performance. Eysenck (1998) discovered that an employee 's performance may also be evaluated as an individual's capacity to complete the work, which also includes the "chance and desire to perform. The desire to accomplish task refers to the employees' determination to put up as much energy as possible into his assignment. Moreover, an incentive system on the basis of performance should be established. The aim is to motivate employees to enhance their performance, and Stup (2003) identifies several factors

that contribute to achieving this. These factors encompass the workplace environment, technology, meaningful job roles, performance standards, feedback mechanisms, incentive systems, operational procedures, access to information, individual abilities, and mindsets. As per Miller et al. (2004), “performance is characterized as relying on self-motivation, although the availability of internal elements such as essential skills, intelligence level, and funds to accomplish the task definitely has an influence. As a result, companies must offer proper working circumstances to ensure that employees' performance meets the minimum criteria”.

Performance of employees may be measured using the following criteria, as per the Mangkunegara (2011) research: a. work quality; b. work quantity; c. responsibility; d. cooperation; and e. Initiative (Mirza N et al., 2019).

- a. Work quality: demonstrate tidiness, accuracy, work outcome associations, and adherence to workload. Great work can reduce the number of errors made when carrying out duties which enhance organizational performance.
- b. Work quantity: demonstrate the type and quantity of tasks completed in a specific span of time, allowing work productivity and efficiency to be accomplished in accordance with the organizational objectives.
- c. Responsibility: demonstrate the amount to which workers embrace and obey in carrying out and being accountable for their employment: work results, facilities and services used, and everyday work conduct.
- d. Cooperation: employees' readiness to collaborate with other employees, within and beyond the workplace.

- e. Initiative: Employees of an organization who are willing to execute their work and handle issues due to their employment without relying on directions.

According to Mathis and Jackson (2006), employee performance comprises of work quality and quantity, job completion punctually, availability, and teamwork. There are different definitions of performance; but, in general, it is the process way of achieving project outcomes. According to Dressler (2005), the following employee performance variables should be evaluated:

- a. Quality, precision, accuracy, and acceptance as job performance;
- b. Production efficiency, quantity, and effectiveness generated over a specific timeframe;
- c. Task-related information, practical and technological expertise, and knowledge employed inside tasks to ensure the accuracy and correctness of the work outcome;
- d. Commitment, faithfulness, and trust in job completion and follow-ups;
- e. Accessibility, timeliness, and the willingness to complete tasks on schedule;
- f. Ability to work alone and with minimal or no monitoring.

According to Mello (2011), employees' performance is evaluated depending on their mindset, conduct, and outcome. Mindset is connected to employee attributes like as devotion to the business, determination, and the capacity to collaborate with others. According to the description above, performance is an activity and achievement of work outcomes which can be evaluated through indicators such as quality of work, work load, commitment, collaboration,

and action; thus, it can illustrate an organization's productivity, which will assist that organization to meet its goals.

In a study by Mesiya (2019), it was found that compensation, encouragement, leadership, workplace culture, reward system, professional experience, and coaching were positively linked with performance, whereas dispute, work stress, and job timings had a negative impact.

1.6.2.1 Factors affecting Employee Performance

Based on previous researches, some factors, both individually and collectively, have an impact on employee performance, either positively or negatively. These elements include:

- a) **Leadership:** Leadership involves the act of motivating and guiding a collective of individuals by an individual to achieve shared objectives (Northouse, 2007). Leadership style is the mix of a leader's mindset and actions that results in specific patterns in interacting with subordinates (Dubrin, 2004). The leadership style of a company has an impact on whether or not employees perform well (Cronje et al 2001).
- b) **Coaching:** According to Chamberthes (2006), coaching has grown in importance as a method for increasing performance. It turns out that the communication is two-way, with coaches identifying what can be continued to improve and how it can be addressed. Additional coaching focuses on the attitudes and habits that limit success (Toit, 2007). Further evidence that coaching revolves around assisting another person in enhancing performance (Starr, 2004).

- c) Empowerment: As per Duvall (1999), the concept of success is characterized by accomplishment, fulfillment, and achievement as a result of empowerment in the following ways: (1) Personal success is accomplished through worker role performance, (2) institutional success is accomplished through employees of the group achieving collective goals of the business, and (3) people in the organization share a mutually advantageous and satisfying work experience that accommodates both social and personal demands. Furthermore, empowerment was associated with both performance and pleasure (Bartram and Casimir, 2007). In particular, empowerment was shown to be more strongly associated to followers' in-role performance than to manager contentment.
- d) Involvement: According to Chen and Tjosvold's 2006 investigation, involvement management is about including workers in the decision-making cycle so that they believe they have the chance to express concerns and affect the organizational choices. Involvement has an overall positive influence on employee work productivity and turnover. Furthermore, firms may take actions to enhance or reduce the amounts of these mediator factors in their personnel, possibly enhancing the beneficial performance benefits of employee engagement (Lam et al, 2002). Employees will be inspired since leadership views them as partners in participating to organizational success rather than as simple employees, and as a result, they will refuse to engage in unhealthy behaviors, resulting in better performance through timely attainment of organizational goals and targets (Carrel, Kuzmits & Elbert, 1989).

- e) **Organizational Culture:** It can be described as a collection of commonly held beliefs and behaviors among employees that, when used as a platform, contributes to the effective attainment of organizational goals (Schein, 1990). Organizational culture is the attitude of individuals that differentiates them from one another, both within and outside of the organization. This involves differences in the worker's attitudes, views, and actions from the other organization (Hofstede, 1991). A strong culture in the organization is highly beneficial in improving employee performance, which contributes to goal attainment and increases the productivity of the organization (Deal and Kennedy, 1982). As per Stewart (2010), organizational culture standards and beliefs have a significant impact on people who are actively or passively connected with the organization.
- f) **Working Environment:** The work environment plays a crucial role in influencing an employee's performance by meeting their intrinsic, extrinsic, and social needs. It serves as a fundamental factor in retaining employees within a company and is a significant predictor of job quality and performance levels (Haynes, 2008). A positive and enjoyable work environment offers numerous benefits to an organization. The extent of effect of the working environment is the inverse demand of a creative employment. People whose work environment followed the innovative aspects of employment reported greater job satisfaction and fewer inclinations to leave. Boosting workers' creative performance has been advised as critical for keeping competitive in a challenging environment and improving an organization's overall inventions (Janssen & Yperen, 2004).

- g) The working environment may be separated into two parts: physical and behavioral. The physical environment is made up of factors that are linked to the capacity of office occupants to physically engage with their working environment. The behavioral environment is made up of elements that contribute to how successfully office occupants engage with one another and the influence the office environment can have on an individual's attitude. As per Haynes (2008), the physical environment influences the performance of its occupants in two ways: workplace layout (open-plan vs. cellular offices) and workplace comfort (matching the work place environment to the work processes), while the behavioral environment has two major components: communication and loss of concentration.
- h) Motivation: Motivation plays a vital role in determining an individual's performance, and a workforce that lacks motivation can result in significant costs due to high employee turnover, high expenditures, demoralization, and increase in usage of managerial time (Jobber, 1994). As a result, managers must understand what motivates their workers so that funds are not mismanaged and worker displeasure does not arise (Jobber, 1994). As per Green (2000), “motivation to just be proactive means that when coping with high-performing people, incentive is vital; else, their performance will suffer or they will just quit their job. When engaging with underperformers, motivation is essential; else, these individuals will pull down performance, reduce productivity, and almost likely would not quit the company since they would have no place else to go”.

Having motivated employees is essential as their full engagement significantly contributes to the financial success of a company (Carlsen, 2003). Darmon (1974) suggests that motivation involves guiding employees to direct their efforts towards achieving organizational goals, leading to enhanced performance in boundary-spanning positions. Denton (1991) asserts that a motivated employee will result in improved communication, engagement, dedication to execution, comprehension of goals, and judgement between management and staff. The key elements of motivation encompass incentives, compensation, profit-sharing, opportunities for advancement, and career development.

- i) Training: Training involves enhancing an employee's skills and knowledge to increase performance (Swanson, 1999). Training is indeed an organized, planned action that results in higher levels of ability, information, and expertise needed to carry out job in an efficient manner (Gordon, 1992).
- j) Existing research has presented compelling evidence demonstrating that the performance of employees is undeniably influenced by development and training programs. Training programs may alter an employee's capabilities, claim Wright & Geroy (2001). By positively impacting employee productivity through the enhancement of the employee's expertise, abilities, potential, proficiencies, and behavior, training has been shown to overall gain benefits for the worker in addition to the company (Appiah 2010; Harrison 2000; Guest 1997).

k) Reward: The employment relationship is centered around compensation, which includes both financial aspects (such as profit sharing, employee benefits, and incentives) and non-financial aspects (such as achievement, autonomy, recognition, and opportunities for career advancement). The combined package of all these benefits provided to employees is referred to as the total reward. Implementing a total reward strategy entails considering all the ways in which individuals can be rewarded and find fulfillment in their work, rather than relying solely on isolated reward systems (Birhane, 2016; Armstrong, 2012).

1.6.3 Job Satisfaction

When individuals experience job satisfaction aligned with their desires, they tend to feel at ease and develop strong loyalty towards their company. It is widely assumed that job satisfaction is the mindset to individual's work. It is an emotion-based reaction to various domains of an individual's job. A worker who's really content to his or her work has positive approach to it, whereas a worker who is unsatisfied with his or her work has negative perception toward it. Job satisfaction is an expression of employees' sentiments toward their work, which is evident through their positive attitudes towards their tasks and the work environment. Conversely, dissatisfied employees exhibit negative attitudes towards their work.

Vroom (1964) characterized job satisfaction as the extent of an individual's engagement within the organization. Furthermore, job satisfaction is influenced by the emotional response of individuals towards their current job responsibilities. Job satisfaction is among the most vital aspects which managers encounter. Job satisfaction in the context of supervising workers can be defined as a combination

of psychological, physical, and environmental factors that culminate in an employee genuinely affirming, "I am satisfied with my work."

Job satisfaction is influenced by numerous external components, but there are also certain interior aspects that affect how a workers feel. Job satisfaction is frequently characterized as the extent to which an employee is content with the benefits derived from their work, particularly with regards to internal motivation (Statt, 1994). Job satisfaction encompasses individuals' perspectives and emotions towards their employment. It signifies the level of contentment and happiness a person experiences in their job position. Job satisfaction is influenced by various factors, such as salary, career advancement opportunities, bonuses, training programs, working environment, and interpersonal relationships with coworkers and managers (Rodrigo et al., 2022). According to Luthans (2005), a number of parameters affect job satisfaction, and five categories have been established throughout time to reflect the most essential job features. These determinants include the job itself, pay, opportunities for promotion, management, and colleagues.

Job satisfaction pertains to the level of happiness an individual derives from their work, acting as a significant motivator. It is widely believed that job satisfaction has a strong correlation with performance. Improvements in job satisfaction can lead to enhanced employee performance. When individuals are able to achieve a balanced harmony between their personal and professional lives, they tend to experience greater overall happiness. However, when personal time is

overshadowed by responsibilities and stress, individuals may experience psychological fatigue and dissatisfaction.

According to Rue and Ryaes (2003), job satisfaction is defined by certain factor such as pay, prospects for promotion, working environment, and group performance. An employee is said to be satisfied with his job if it meets his primary need and is compatible with his expectations and beliefs. Satisfied employees are more creative and imaginative. The elements that encourage a positive mindset and enthusiasm also contribute to a higher level of job satisfaction (Saranya, 2014).

Furthermore, a study conducted on job satisfaction from employee's point of view concluded that job satisfaction has five determinants, which include freedom, skill variety, assistance from higher authority, opportunities for further learning, and support from colleagues. Therefore, one of the significant aspects whenever it refers to ability and effectiveness of employees is the evaluation of employee satisfaction with work (Bos et al., 2009).

The essential aspects lead to increased job satisfaction

1. A demanding and responsible work.
2. There are several promotional chances.
3. Manager's equitable attitude.
4. Job security concepts that are creative and inventive.
5. Competitive pay and benefits.
6. Workplace independence.
7. Management through involvement.

8. Welfare services such as healthcare, uniforms, and tea breaks (Saranya, 2014).

The following are the major work-related components which impact employee job satisfaction:

- a) Job Security - It's indeed critical for a worker to have a sense of safety at the workplace. Sensitivity, susceptibility, instability, and powerlessness don't really contribute to job satisfaction. Job satisfaction is impacted by variables like efficient interaction and favorable relation and with managers and coworkers, safety at work, the allocation of rewards and benefits, and a better pay based on performance. Job security is only tangentially connected to work satisfaction (Hong et al., 2013).
- b) Possibilities for abilities and skills - Employees feel fulfilled with in workplace if they are given opportunity to put their abilities and knowledge to effective use. Individuals have received instruction in the area of administration or knowledge; thus, a person is happy when possibilities for successful exploitation of his knowledge and skills are easily accessible to him. If people are unable to put their skills and capabilities in the workplace, they are unhappy with what they do (Kapur, 2018). Employees tend to prefer jobs that provide opportunities to use their abilities and skills, freedom, and feedback on how well they are doing. These characteristics make work more challenging. Work that lacks sufficient challenge can lead to boredom, while an excessive amount of challenge can result in frustration and a sense of inadequacy.

- c) **Workforce Management** - It is an essential part of the organizational system. It arose from recognition that an organization's HR and the organization are linked. A well-managed firm organization views regular workers as the prime source of greater productivity. Workers, instead of finance, are viewed as the basic pillar of the firm and suppliers towards the company's performance. To guarantee that aims and targets are achieved the organization develops an environment of security and encouragement for its workers by initiatives that favor worker satisfaction. Human capital satisfaction forged deep bonds with motivated workers. Motivated individuals develop trustworthiness, or loyalty to the company, resulting in increased productivity and decreased turnover ratio (Parvin & Kabir, 2011).
- d) **Compensation/Salary** - Compensation can be described as the financial reward given offered to workers by the firm in exchange for the services offered to a firm. When employees believe that their salary and benefits are adequate to maintain their lifestyle, then they are content with the jobs. Workers feel enormous delight and contentment regarding their employment when they are promoted and receive higher salary. Compared to other significant drivers, compensation ranks #1 in determining satisfaction level (Neog, 2014). Employees want a pay system and promotion policy that is perceived as fair, unambiguous and in line with their expectations. When wages are perceived as equitable in relation to the requirements of a job, an individual's skill level, and the prevailing wage norms within a community, it is probable that it will lead to a sense of contentment.

- e) Support from Supervisor - Workers inside the organization require advice, instruction, and supervision from their supervisors. Among the most significant criteria for retaining employees and performing effectively in one's work tasks is the supervisor's encouragement. Supervisor support is characterized by the degree with which administrators and managers provide for the wellbeing of their workers and recognize their achievements (Neog, 2014). Workers who believe they are getting assistance, attention, and help by their supervisors, create the belief they are getting recognized, acknowledged, and valued for, and as a result, they are content with their work. Supervision plays a crucial role in management as it directly interacts with employees and significantly impacts their job performance. Generally, employees tend to prefer supervision that is fair and transparent, fostering a cooperative relationship with their superiors.
- f) Working Environmental Factors - The working environmental factors impact employee's satisfaction since employees desire to feel at ease in the physical place of work. The infrastructure, seats, furniture, machinery, gadgets, and so on are all part of the working environment. Workers are happier with the employment when production rise due to improved workplace conditions. When a worker is employed, he always wants working circumstances that will help him perform better at his job. Workers who do not consider their working conditions agreeable, on the contrary, do not generate sentiments of employee satisfaction (Kapur, 2018).

- g) Job Features - When workers have to establish a job satisfaction mindset, some factors must be considered. That include expertise diversity, role clarity, task importance, freedom, and assessment; these work qualities have an impact on the three important personality characteristics, which are perceived meaningfulness, perceived accountability for the results and awareness of the actual outcomes. Workers who have knowledge and understanding about such traits and elements will contribute to greater productivity and affect employee satisfaction, attendance, inspiration, and so on (Kumari et al., 2019).
- h) Relations with colleagues - Workers must create acceptable relationship with their colleagues inside the organizational. It is critical to create a culture at the office in which colleagues may engage in a friendly and casual way. Workers may do their tasks, responsibilities, and duties more effectively when they have positive and cordial connections with their colleagues. If the manager has delivered some type of clarification to the workers concerning the execution of work obligations, and a few of the workers might not have completely understood, they can always approach the colleagues for help and guidance. As a result, accessible conditions and connections with colleagues help workers improve efficiency and output while also developing job satisfaction (Kapoor, 2018). For most employees, work also fills the need for social interaction. It is therefore not surprising that having friendly and supportive coworkers leads to increased job satisfaction.
- i) Job Responsibilities - There are numerous types of work tasks in employment; some tasks and responsibilities are not regarded tough and workers are capable

of handling them well, whilst other positions include assigned duties that are complex. As a result, work tasks have a significant role in generating a mindset of satisfaction with their jobs. For example, work engagement results when job obligations are doable and people have correct and suitable information regarding how to accomplish their tasks. Workers, in contrast, are dissatisfied with the work when they lack enough resources and insight, are inexperienced, and consider the job obligations difficult (Kapur, 2018).

- j) **Balanced Life and Work Matters** - Adults are often active in many responsibilities outside of their professions, such as caring for family members, managing the family budget, participating in leisure activities, and so on. When a person thinks that managing his work and other concerns is not a stress to him and that he is capable of fulfilling all of his wants and demands, he is content with his work; when his job provides enough time and opportunity for him to meet all of his additional demands and desires. In contrast, if an individual discovers it challenging to cope his or her career as well as other difficulties and feels pressed, he or she may be dissatisfied with his or her career. Other challenges and worries may become barriers to his accomplishment of his job tasks (Kapur, 2018).
- k) **Educational and experience** - People have varying degrees of education, competencies, and talents. Their approach toward their professions is determined by their educational credentials, talents, and capabilities. People who have a high educational level are dissatisfied with their professions since they believe they are doing identical activities. It is critical that work

requirements correspond to the different levels of education of the personnel. Persons' credentials, experience, expertise, and talents obtained at academic institutions should be used effectively in the fulfilment of their job tasks. People are dissatisfied with their work when they are unable to put their academic background to use (Kapur, 2018).

Job satisfaction varies among individuals based on their personal value systems. The greater the alignment between their desires and various aspects of their work, the higher their level of job satisfaction tends to be. Generally speaking, job satisfaction refers to an individual's emotions toward their work, considering factors within their work environment and relationships with coworkers. The individual's perception of their work determines whether they experience positive or negative feelings about their job.

1.6.4 Working Environment

The work environment encompasses the surroundings in which employees operate and can have an impact on their ability to fulfill assigned tasks. The workplace environment, according to Sedarmayanti (2003), is the surroundings where an employee works, his operational procedures, and his work assignments both alone and in a group (Nguyen et al., 2020). According to McGuire and McLaren (2007), an institution's physical environment, especially its architecture and appearance, may influence employee workplace behavior. Among the characteristics that impact the workplace, according to Nitisemito (2001), are hygiene, lightning, coloring, security, and noise. Many workplace research studies have discovered that employees are happy with various workplace environment

elements. Will Air temperature, illumination, exposure to good lighting, and the sound level are among the aspects (Humphries, 2005; Veitch et al., 2004). Hameed and Amjad (2009) in a study on 31 bank branches found that efficient and comfortable workplace layout motivated workers and considerably enhanced productivity. According to Chandrasekar (2011), an unpleasant and risky work place, such as inappropriate ventilation, excessive noise, and insufficient illumination, affects a worker's productivity and well-being. Productivity can be boosted by 5 to 10 percent as a result of workplace layout modifications (Brill, 1992).

There are components associated to a workplace environment, according to Amir (2010). The office layout plan and workplace satisfaction are the two most important factors. Amir (2010) also noted that a workplace is a space in an organization that is designed such that organization's aim can be accomplished. Some aspects of the work environment at the workplace might induce changes in employee productivity. The considerations include the company's design, layout and light conditions (Boyce et al., 2003). According to Evans and McCoy (2005), If a person feels anxious at work, the activity of executing their job slows down and turns into an interruption in the worker's performance. Performance at office will be determined by the task assigned as well as the workplace environment. A favourable environment allows employees to devote their whole effort and focus on their tasks (Vischer, 2007).

1.6.5 Relationship between Variables

1.6.5.1 The Effect of Work Environment on Job Satisfaction

Various research studies conducted worldwide have examined the correlation between job satisfaction and the work environment across different contexts. The importance of research in this area has grown significantly due to its impact on social factors. For instance, a Danish study conducted by Buhai et al. (2008) suggests that modifying internal aspects of the work environment can potentially enhance a company's productivity. Additionally, Herzberg et al. (1959) developed a motivational framework for employee satisfaction, identifying two categories of work-related factors: hygiene and motivation factors. Hygiene factors cannot bring contentment, although they can reduce dissatisfaction or offer brief encouragement, however, motivational factors have a long-term influence by increasing good sentiments about one's employment and turning no discontent into contentment. Workers are more likely to be unsatisfied when hygiene variables (such as working circumstances, management style, interpersonal interactions, employment rights, and wages) are lacking.

According to Baah and Amoako (2011), motivational factors (sort of work, feelings of accomplishment, recognition, devotion, and chance for professional growth and promotion) assist employees in finding their worth provided by the firm. It can also increase staff motivation, which contribute to greater internal joy. Although hygiene factor can only increase external contentment and cannot transform unhappiness to contentment, it is essential.

According to Bakotic and Babic (2013), workplace factors are a key contributor to job satisfaction for workers who are employed in tough scenarios, and as a result, workers in challenging situations are unsatisfied. If workers are employed under tough conditions, leadership must work on working environment in order to boost staff morale and satisfaction. As a result, they will be as delighted as others who perform under normal circumstances, and productivity will be increased.

In order to maximise revenues, a firm should prioritise a workplace atmosphere that promotes employees to work more efficiently. He went on to explain that, instead of income, social connection and relationships are more important in determining job related happiness and satisfaction, but that leadership behaviors, time, and commitment are all required to improve a company's productivity (Chandrasekar, 2011).

1.6.5.2 The Effect of Job Satisfaction on Employee Performance

Numerous studies have indicated that job satisfaction plays a significant role in influencing employee performance. This is due to the fact that job satisfaction has a notable impact on employee enthusiasm, which in turn affects their performance and productivity levels (Aziri, 2011). Employee performance within a firm is predicated on job satisfaction. It is essential both for workers and employers. Job satisfaction provides employees with a sense of stability and fulfilment. As a result, employee engagement increases, absences decreases, and staff turnover decreases. Employee job satisfaction provides dedicated personnel and a steady manpower for the company, reducing the expense of recruiting and training. Most

successful firms see employee's motivation and level of satisfaction as essential outputs as performance. Job satisfaction has a positive influence on various aspects of employee performance, including their level of commitment, overall well-being, and professional growth. When individuals are satisfied with their job, they tend to approach their work with a positive mindset, leading to improved performance and productivity (Coombe & barriball, 2007).

A number of factors which suggest job satisfaction is a consequence of one's success, and rewards play a crucial part in this. Internal incentives are offered in response to work outcomes (i.e. a sense of accomplishment), whereas external rewards are given in response to job-related appreciation (pay). These rewards will please workers (Gholipour,2001). Performance results in job satisfaction, satisfaction leads to performance, while awards serve as a middle ground in both satisfaction and performance. Among these 3 theories, last one is supported strongly. Rewards in addition to improving performance, also have an influence on job satisfaction. According to Stirs and Porter (1991), there is a direct relationship between employee enthusiasm, a professional approach to work, and performance. Vroom (1964) also found a positive association between job satisfaction and employee performance. Incentives play a significant role in job satisfaction, and rewarding employees and fostering job satisfaction can greatly enhance productivity and performance (Indermun & Bayat, 2013). The engagement of workers and the quality of the workplace environment have a substantial impact on employee satisfaction. When employees are given autonomy in decision-making and provided with a comfortable and hygienic work environment, their satisfaction

levels increase, leading to improved performance (Javed et al., 2014). Awan et al. (2014) discovered a favorable relationship between job satisfaction and employee performance, particularly concerning salary, job security, and incentives. Satisfied employees who feel valued for their compensation, have a sense of security at the workplace, and are rewarded with bonuses and incentives tend to perform well. Job satisfaction significantly influences performance, as content and fulfilled employees contribute to the success of a company by working efficiently and helping achieve organizational goals, while dissatisfied employees are often considered a financial burden (Shmailan, 2016).

1.6.5.3 The Effect of Work Environment on Employee Performance

Employee performance, contentment, interpersonal interactions, and wellbeing are all affected by working environment. It is widely accepted that the architecture of workspaces and the working environment are essential elements in the growth of organization. Badayai's (2012) research highlighted five major causes of an unfavorable working environment that influence performance of a worker.

a) Ventilation

The ventilation system in the workplace has a substantial influence on employees' attitude and, in particular, their work performance. The quality of the air directly affects the health, satisfaction, and productivity of workers. Indoor pollutants often exceed outdoor levels, and considering that employees spend approximately 90% of their time indoors, the importance of maintaining good air quality cannot be overstated. Inorganic compounds, cigarette smoking, organic material, and radiation are among the most

dangerous interior air contaminants. Additional contaminants, like smells and debris, may create significant distress and sensations of unease, which can result in a decline in performance and productivity (Ossama et al., 2006).

b) Temperature consideration

Appropriate room temperature boosts performance and decrease stressful mood. A good temperature reveals how warm or cold surroundings actually make people feel (Aamodt, 2004). Extreme temps can have an influence on work, especially those requiring thinking and focusing skills (Badayai, 2012). Chandrasekar (2011) conclude that extreme temps might have a significant effect on the wellbeing and lead to heat anxiety and tiredness. Moreover, Sehgal (2012) stated that a greater temp could be preferable for a skinny individual. But, for someone who is not as skinny, a decrease in temperature may be preferable.

c) Aspect of noise

Noise, described as unpleasant audio, seems to be the most prevalent workplace issue. Several studies suggested that loud and annoying areas and introducing worker to these circumstances can influence overall work performance. In a study conducted by Melamed et al. (2001), it was found that excessive exposure to noise can lead to various health issues, such as heart problems, hormonal imbalances, and digestive disorders, particularly in complex tasks compared to simpler jobs. Despite the growing trend of adopting open-office designs in order to promote collaboration,

efficiency, and interaction, research indicates that such layouts actually contribute to increased noise levels within the workplace.

Employee's organizational performance might be impaired by noise. Kjelberg and Skoldstrom (1991) found that tasks requiring understanding of the text and memorization are among the most sensitive to noise, particularly sounds connected to employees' interactions. Noise is much more likely to disturb employees while they have zero authority over the sound source and it is unexpected. Basic office technology, such as Computers, printing presses, cellphones, copy machines, air conditioning units, and office clerk chats, contribute to increased noise at work. (Maxwell, 2001) Mital, McGlothlin, and Faard (1992) discovered that major noises included people coming/leaving, computer sounds, and exhaust fans. Whereas 90 percent of research participants found chats and Personal computer buzzer noises to be the most annoying.

d) Lighting and colors considerations

Irrespective of structured wiring style or type of construction, sunshine is the most desired natural source inside the office, since researches have consistently demonstrated that natural light inside an workplace affects workers' life quality. The optimal amount of lighting needed in an office setting depends on the nature of the tasks being performed, whether they are conducted indoors or outdoors, and the timing of the work, whether it occurs during the day or at nighttime. Adequate lighting can enhance working efficiency, while insufficient or excessive

lighting can have a negative impact on productivity. Improper light causes stress, which leads to poor employee productivity. Furthermore, color is shown to enhance working efficiency and performance and boost staff morale. It has an impact on workplace by just creating a good working environment. Colors, according to psychological studies, can influence people's moods and generate feelings (Carruthers et al., 2010). Colors that are cool may arise unpleasant and depressing sensations, whereas warm colors in general, elicit pleasant and joyful sentiments (Ching & Binggeli, 2012).

e) Physical Layout

Whenever it comes to boosting staff efficiency the physical architecture of a workplace is critical. Currently, work settings promote new methods of functioning and adaptable workspaces that exhibit flexibility of contact and personal interaction in comparison to totally contained office spaces, and this shift to open workplace has increased worker's performance in comparison to closed workplaces (Becker, 2002). Workstations that are overcrowded and cramped can lead to feelings of tension, frustration, and other mental issues among individuals. A worker may feel insecure and less flexibility and enthusiasm; in the near term, this may result in quite an uncomfortable workplace, lowering the level of productivity. According to Gifford (1996), employees who value privacy tend to be dissatisfied with open-layout workplaces. In situations where the design and layout of the workspace are inconvenient, workers may adapt to their environment

without realizing that it could be improved. Sehgal (2012) discovered that elements such as furniture (tables, chairs, filing systems, bookshelves, cabinets, etc.) have a significant impact on employee productivity, including the effective organization and maintenance of the workspace.

1.7 Research Framework

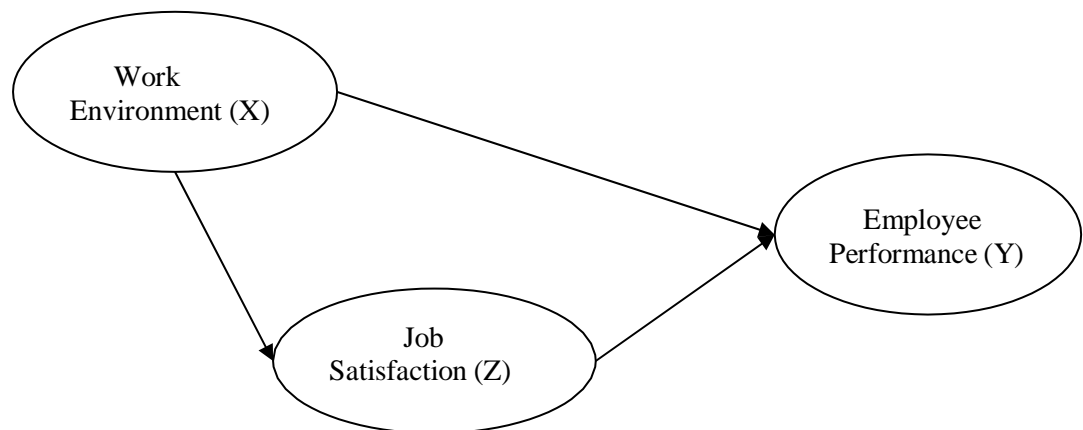


Figure 1.1 Research Framework

1.8 Research Hypothesis

A hypothesis is a statement about something that must be tested for truth. Considering the theoretical foundations and framework presented earlier, this study formulates the following hypotheses:

- H1: Job satisfaction directly affects employee performance.
- H2: Work environment has a direct effect on employee performance.
- H3: Work environment directly affects job satisfaction.
- H4: Work environment has indirect effect on employee performance through job satisfaction

1.9 Research Methods

The research methodology employed in this study was quantitative research, which aligns with the positivist philosophy. This approach involved examining specific populations and samples, collecting data through research instruments, and conducting statistical analysis to test the formulated hypotheses.

1.9.1 Place and Time of Research

This research was conducted at the UBL Bank Chakwal City Main Branch. Data collection was carried out in February 2023.

1.9.2 Population and Sample

The population in this study was all employees who work in UBL Bank Chakwal City Main Branch, with a total of 70 employee's, 15 female employees and 55 male employees. The sampling technique utilized in this study was a census approach, where the entire population was selected as the sample. Specifically, the study included all employees of UBL Bank Chakwal City Main Branch, comprising a total population of 70 individuals.

1.10 Conceptual and Operational Variables Definitions

1.10.1 Research variables

This study consists dependent variable, which is influenced by other variables, and independent variables, which do not depend on other variables. Additionally, there is a presence of mediating/intervening variables, which act as a bridge between the influence of the dependent variable and the independent variable. The variables used in this study are:

- a. The dependent variable is Employee Performance (Y)

According to Sinha (2001), performance is linked with employees' desire and flexibility to executing his task. He also claimed that by possessing the employees' desire and flexibility to execute his task, it might boost the employees' efficiency, which contributes towards better performance. Eysenck (1998) discovered that an employee's performance may also be evaluated as an individual's capacity to complete the work, which also includes the "chance and desire to perform. The desire to accomplish task refers to the employees' determination to put up as much energy as possible into his assignment. Performance of employees may be measured using the following criteria, as per the Mangkunegara (2011) the performance can be measured using the following indicators:

- a) Work quality: demonstrate tidiness, accuracy, work outcome associations, and adherence to workload. Great work can reduce the number of errors made when carrying out duties which enhance organizational performance.
 - b) Work quantity: demonstrate the type and quantity of tasks completed in a specific span of time, allowing work productivity and efficiency to be accomplished in accordance with the organizational objectives.
 - c) Responsibility: demonstrate the amount to which workers embrace and obey in carrying out and being accountable for their employment: work results, facilities and services used, and everyday work conduct.
 - d) Cooperation: employees' readiness to collaborate with other employees, within and beyond the workplace.
 - e) Initiative: Employees of an organization who are willing to execute their work and handle issues due to their employment without relying on directions.
- b. The independent variable is Working environment (X)

The working environment refers to the specific context or surroundings in which employees carry out their tasks and perform their daily work activities (Ahyari, 2004). The physical work environment encompasses all the physical conditions and elements present in and around the workplace that can directly or indirectly impact employees. According to Nitisemito (2001), factors such as lighting, air temperature, room color, noise levels, and security are among the aspects that influence the work environment. On the other hand, the non-physical work environment refers to the various circumstances and dynamics pertaining to work relationships, including interactions with superiors, colleagues, and subordinates. The indicator used to assess the non-physical work environment is the quality of work relationships.

c. Mediating/Intervening Variable is Job Satisfaction (Z)

Job satisfaction, according to Handoko (2000), is the emotional condition of employees. Job satisfaction reflects an individual's emotional and attitudinal response towards their occupation. This is evident in the employees' good attitude toward his job and everything in the surrounding. According to Luthans (2005), a number of parameters affect job satisfaction, and five categories have been established throughout time to reflect the most essential job features. These determinants include work Itself, pay, promotion opportunities, supervision, and coworkers' relationship.

1.10.2 Operational Variables Definition

The operational definition involves assigning significance to a variable by outlining the specific activities or measures needed to measure it. This operational definition is subsequently translated into indicators based on empirical evidence which include:

Table 1.3 Research Variables, Indicators, and Items

Variable	Indicator	Items
Work Environment (X)	Lighting (X ₁)	Workplace lighting will assist workers in completing their tasks more efficiently and thoroughly.
	Air circulation (X ₂)	A proper air exchange creates freshness and wellness, which makes a sense of satisfaction.
	Noise (X ₃)	Noise in the office can disrupt employee attentiveness and affect their wellbeing.
	Safety (X ₄)	Workplace has proper security system e.g; guards
	Cleanliness (X ₅)	Clean workplace conditions make workers feel more at ease, which affects workers morale.
	Water (X ₆)	Availability of clean water at workplace.
	Relations with Co-workers (X ₇)	Relationship with co-workers is good.
Job Satisfaction (Z)	Satisfaction with Pay (Z ₁)	Satisfaction with the given salary.
	Satisfaction with Promotion (Z ₂)	Promotion opportunity in a transparent way without discrimination.
	Satisfaction with Supervision (Z ₃)	Satisfaction with how supervisor works with subordinates.
	Satisfaction with Colleagues (Z ₄)	Relationship with co-workers.
	Satisfaction with Work (Z ₅)	Employees feel the work carried out interesting and fun, given the widest possible opportunity to study and given responsibility of job
Quality of Work (Y)	Quality of Work (Y ₁)	Quality of work based on the requirements of suitability and readiness
	Quantity of Work (Y ₂)	The amount of work done in a specified time period.
	Responsibility(Y ₃)	- How much the employee is in accepting and carrying out his work - Taking responsibility for the work results and the facilities

Variable	Indicator	Items
Employee Performance (Y)		and infrastructure used and his work behavior every day.
	Cooperation (Y ₄)	Willingness to cooperate with other employees, within and beyond the workplace.
	Initiative (Y ₅)	The organization's members take the initiative to proactively engage in tasks, address work-related challenges, and demonstrate a sense of responsibility without relying solely on directives from their superiors.

1.11 Data Types and Sources

Quantitative data was employed in this study as the research data consisted of numerical values and data analysis was carried out using statistics.

Both primary and secondary data sources were utilized in this research.

a) Primary data.

Primary data came from distributing questionnaires, observation and conducting interview of employees who work at the UBL Bank Chakwal City Main Branch.

b) Secondary data.

Secondary data in this study was data sourced from articles and books, reports, and other documents created by third parties which were relevant to this research on job satisfaction, work environment and employee performance.

1.12 Data Collection Method

a) Questionnaire

The questionnaire method involves gathering data by presenting a set of questions to respondents, typically accompanied by questionnaire instructions.

b) Observation

Observation is a research technique where researchers directly observe and examine the object of study. As a researcher conducting the study at UBL Bank Chakwal City Main Branch, the observation involved carefully observing and assessing various aspects of the work environment, job satisfaction, and employee performance. This included examining the physical conditions of the workplace, such as lighting, temperature, noise levels, and overall cleanliness. The researcher also observed the dynamics of work relationships, including interactions between employees, superiors, and subordinates.

Additionally, the observation focused on assessing employee job satisfaction, which involved observing employees' emotional responses, attitudes, and overall contentment with their work. This included looking for indicators of job satisfaction such as satisfaction with pay, promotion, supervision, and colleagues.

Furthermore, the researcher observed employee performance by evaluating factors such as work quality, work quantity, responsibility, cooperation, and initiative. This involved assessing the employees' ability to meet job expectations, complete tasks efficiently and effectively, take ownership of their work, collaborate with others, and show proactive behavior.

c) Interview

Interviews are a way of collecting data by communicating and face-to-face directly through a question-and-answer process to selected sources or respondents.

d) Literature Study

A literature review is a data collection method that involves reviewing and analyzing books, literature, journals, references, and prior research that are relevant to the current study.

1.13 Data analysis method

The method used in this research was quantitative analysis method. This quantitative analysis is intended to estimate the magnitude of the influence quantitatively from changes in one or several other events using statistics. Statistical analysis used in this study was path analysis method because in this study there is a mediating variable /intervention between dependent and independent variables. Data was processed with quantitative analysis through the following stages:

1. Editing is the process of reviewing the complete set of questions provided by respondents. Some of the stages that need to be considered in this stage are:
 - a) The suitability of the answers with the questions asked.
 - b) Completeness of filling out a list of questions.
 - c) Consistency of respondents' answers.
2. Coding involves assigning numerical values to the answers obtained from respondents. The goal is to simplify the answer.

3. Tabulation, which is the activity of compiling and calculating the data resulting from the coding.
4. Analyzing the data, in analyzing the data, path analysis was be used.

1.13.1 Measurement Scale

Measurement Scale, which is an additional benchmark that provides a score based on the number and intensity of respondents in a series of questions. The study employed a Likert scale as the measurement instrument where the level of ordinal measure is widely used in social research, especially to measure the interests, attitudes or perceptions (M. Imran Malik, 2011). This measurement divides the respondents in order of ranking on the basis of their attitudes towards certain actions. The level of the Linkert scale used in this study is a scale of 1 – 5. The value for the Linkert scale is determined from 1 for negative questions and 5 for positive values such as:

1. Strongly disagree = SD=1
2. Disagree =D= 2
3. Neutral =N= 3
4. Agree = A= 4
5. Strongly agree =SA= 5

1.13.2 Validity Test

A question in research must be able to measure what it wants to measure and the respondent's answers must be consistent. Therefore, to assess the reliability and validity of a questionnaire, it is essential to conduct tests for both. The validity test focuses on determining the extent to which the questionnaire items accurately

measure the intended variables. This is achieved by comparing the calculated r-value (obtained from corrected item-total correlations) with the critical r-value from a table, considering the degrees of freedom (df) equal to the sample size (N) minus the number of independent variables (k). If the calculated r-value is greater than the critical r-value and is positive, the question (indicator) is considered valid. (Darsih et al., 2019).

1.13.3 Reliability Test

The reliability test is a valuable tool for assessing the consistency or dependability of a questionnaire. It aims to determine if respondents' answers to the questionnaire's questions remain stable and consistent over time. To measure reliability, researchers often utilize statistical software such as SPSS for Windows, which provides the Cronbach's Alpha (α) statistic test. A variable is considered reliable if it yields a Cronbach's Alpha value greater than 0.60. (Sekaran & Bougie, 2010).

1.14 Classic Assumption Test

1.14.1 Normality Test

The normality test is employed to assess the normal distribution of residuals in a regression model. This test can be performed using two approaches. Firstly, a graphical analysis such as a normal probability plot can be used to evaluate linearity, indicating normal distribution. Secondly, the one-sample Kolmogorov-Smirnov test can be utilized by comparing the significance value (sig) with the critical value from the Kolmogorov-Smirnov table. If the sig value is greater than the chosen significance level (alpha), it suggests that the data follows a normal distribution. Non-normal distribution is indicated when the sig value is less than alpha (Agresti, 2007; Field, 2018).

1.14.2 Linearity Test

The linearity test is conducted to determine whether the model being used is linear or not. There are two approaches to perform the linearity test. Firstly, by examining the curve estimates and assessing the significance value of f for departures from linearity. If the significance value of f is less than or equal to 0.05, it indicates a linear relationship between the X variable and Y . Conversely, if the significance value of f is greater than 0.05, there is no linear relationship between the X variable and Y . Secondly, by evaluating the significance of f for deviations from linearity. If the significance value for deviations from linearity is less than or equal to 0.05, it suggests a linear relationship between the variables. Conversely, if the significance value for deviations from linearity is greater than 0.05, the relationship between the variables is not linear (Kutner, 2005).

1.15 Path Analysis

The analysis used to evaluate the suggested hypothesis is one of the variables postulated by path analysis in this study. The survey findings are employed in this research to assess the degree of impact on a causal relationship.

1.16 Hypothesis Test

The precision of the regression function in estimating the actual value can be evaluated through its goodness of fit, as indicated by Ghozali (2006). Statistically, this evaluation can be conducted by examining the coefficient of determination, F statistic, and t statistic. Therefore, to assess the accuracy of the regression function based on the sample data, hypothesis testing in the form of F -test and t -test is necessary.

1.16.1 Simultaneous Hypothesis Testing (F Test)

The F test is employed to assess the significance of the equation, determining the collective influence of the independent variables (X1, X2) on the dependent variable (Y), which in this case is performance. By comparing the calculated F statistical value with the F table statistic value:

- If $F_{test} < F_{table}$, the null hypothesis (Ho) is accepted, indicating no simultaneous effect.
- If $F_{test} > F_{table}$, the null hypothesis (Ho) is rejected, and the alternative hypothesis (Ha) is accepted, indicating a simultaneous effect.

How to calculate F test:

$$F_{test} = \frac{R^2/(k - 1)}{(1 - R^2)/(n - k)}$$

Where

R^2 = Coefficient of determination.

k = Number of independent variables

n = Number of samples

1.16.2 Partial Hypothesis Testing (t Test)

The t-test is utilized to examine the individual partial regression coefficient and ascertain if the independent variable has a significant individual impact on the dependent variable. The decision-making process involves comparing the computed t statistic with the critical t statistic from the t table.

- If $t_{test} < t_{table}$, or sig > 0.05 then Ho accepted
- If $t_{test} > t_{table}$, or sig < 0.05 then Ho rejected and Ha received.

The critical value for the t statistic is determined based on a significance level of 0.05, with degrees of freedom (df) equal to $(n - k)$, where n represents the number of data and k represents the number of independent variables.

1.16.3 Coefficient of Determination (R^2)

The coefficient of determination (R^2) is employed to assess the accuracy of the regression model. When the R^2 value is close to 1, it indicates a stronger relationship between the independent variable(s) and the dependent variable or it can be said that the user of the model can be justified, measuring the contribution of several X variables to the variation of ups and downs of Y variables, the rest can also be expressed in percentages. As the value of R^2 increases, it signifies a larger proportion of the total variation in the dependent variable that can be accounted for by the independent variable(s) (Chicco et al., 2021).

1.17 Sobel test

Sobel test analysis is used to test hypotheses and calculations to measure independent variables with the dependent can be mediated or not mediated simultaneously. To find out the value of intervening, mediating or no variables, the researcher conducted a Sobel test based on the formula. The value (a) and (sa) was be taken from the regression coefficient between work environment variables on job satisfaction. The value (b) and (sb) was be taken from multiple linear regression between work environment and job satisfaction on employee performance. Following formula was be used:

$$Z - value = \frac{a \times b}{\sqrt{b^2 \times Sa^2 + a^2 \times Sb^2}}$$

- If $Z_{count} > Z_{table}$, it was concluded that there is a mediating effect.
- If $Z_{count} < Z_{table}$, it was concluded that there is no mediating effect.