

# Employee performance- Impact of Work environment and Organization commitment- Empirical evidence from manufacturing industry in India

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## Abstract

Enhancing employee's performance is major task experienced by organizations. Literature suggests that work environment and organization commitment are the most related factor enhancing performance. This study explores the impact of work environment and organization commitment. On the performance of employees working in ceramic sanitary ware factories in India. 550 employees from 5 factories located at different places chosen for survey and questionnaire were distributed to them. 416 usable questionnaire were analyzed using statistical tool like correlation and regression. The findings reveal that work environment and employees organization commitment are positively related to performance of employees of ceramic sanitary ware factories in India. The research also reveals that organization commitment is stronger predictor and weaker predictor is work environment. Managerial implications and suggestions for future research are discussed.

**Keywords:** work environment organization commitment, employee performance, ceramic sector.

## 1. Introduction

In the context of turbulent Economic conditions, the organization's sustainable development rests on the improved performance of employees. Employee performance is the completion of task effectively and efficiently in a challenging environment utilizing available resources within the stipulated time. Employee performance is related to their activities performed, to attain the targets and objectives of organizations (Motowidlo, et. al 1999). Organization's development is mostly relied on the employees performance since it affects profitability (Bevan, (2012) and lack of required performance affects Organization's survival (Okoyo

and Ezejiofor, 2013). Employees performance is very important as it creates overall organizational performance (Berberoglu and Secim, 2015, Muchhal, 2014). Skills and attitudes are not same but combinations of both make a perfect employee. Appreciation at work in front of others can fuel confidence in employees and uplift their performance (Katie Embry, 2017). Increased Commitment level acts as the driving force behind performance. (Dubies, 1997). Motivation plays an important role and motivated employees are more productive than non motivated employees (Chaudhary and Sharma, 2012, Afful-Broni, 2012). While analyzing the effects of the organization commitment, several studies support the idea that organization commitment motivates the employees to perform highest levels of performance (Berberoglu and Secim, (2015). Researchers Aisha, et. al (2013) conclude that incentives motivation and working condition have a significant effect on employee performance. This paper analyzes the effect of work environment (WE) and organization commitment (OC) on performance of employees working in ceramic sanitary ware factories in India, a sector which is unattended in the context of employee performance (EP) though this industry contributes substantially to national income and provides employment to considerable number of work force and tries to fill-in the gap in the literature.

### 1.1 Motivation to Research

Ceramics is a diverse industry and contains several categories of products, including sanitary ware. Ceramic segment has recorded remarkable growth in the last 20 years and emerged as a major producer and supplier in the world market. The Indian Ceramic Industry ranks at 8th position in the world

and produces around 2.5% of global output. The industry provides employment to 550,000 people, of whom 50,000 are directly employed. ( Ceramic industry in India a trade perspective). Due to comparatively lower cost of ceramic sanitary wares and easier for cleaning its requirements increased in residential, commercial, and public areas. The awareness about sanitary and hygiene in India remarkably increased the need of sanitary ware products. These are all accounted for 13% growth and valued approximately INR 10,000 crores in year 2017 (Nitin Khurana ,2015). Availability of abundant raw materials and availability of labours for lesser pay and opportunities exists in the sanitary ware market, attracted manufacturers and paved way for the new comers to start manufacturing units and also guided the leading players to expand their units in India.

These are all increased the requirement of workforce and performance enhancement of employees has become a major issue to be tackled by this industry and to ascertain the factors which can increase the performance of employees

## 2. Review of Literature

### 2.1 Organization commitment and Employees Performance

Organization commitment is getting more attention now-a-days due to its desirable outcomes for the people and organization. It is an emotional reaction towards organization policies and satisfaction over organization policies increases employee's dedication to work, in turn improves performance (Siders et. al 2001, Jaramillo et. al 2005, Neining, et. al 2010) The previous studies relating to organization commitment and performance of employees given evidence that there exists positive relationship between them (Suliman and Iles ,2000 ,Negin ,et. al 2013, Folorunso, 2014, Berberoglu, and Secim, 2015, Hafiz , 2017). The above findings gives evidence that organization commitment is an important factor closely related to employee performance and the hypothesis is as follows.

H1: OC will be positively related to employee performance.

### 2.2 Work environment and Employees Performance

Work environment refers to the atmosphere prevailing in the work spot and to utilize employee's full potential, motivating environment is necessary. Work environment can be discussed by three aspects, namely health wise, from the point of actual execution and lastly by psychological , catering all the above needs can improve performance. Researcher by khan, et.al (2011) given evidence that the right environmental factors both physical and Psychosocial will lead to increased

performance and in manufacturing sector also there exists positive impact on employees performance by the favorable working conditions.(Kahya, 2007). Work place environment contributes 24% in job satisfaction and increases productivity level of individual by 5%, besides increasing team performance by 11%. (Sehgal,1995). Hence work environment increases employee's job satisfaction level, consequently the achievement of organization goals Further good working condition can increase the performance level of employees from 5% to 15% (Roelofsen,2002). Several researchers on working environment establish a positive relationship with employee performance (Naharuddin, and Sadegi, 2013, Jayaweera, 2015, Awan, and Tahir, 2015).

From the previous studies it is concluded that working environment is an important determinant of employees performance and hypothesis is follows  
H2: WE will be positively related to employee performance

## 3. Methodology

### 3.1 Sample and procedures

The study focuses on ceramic sanitary ware factories in India. On contacting manufacturing units of top-ten brands, permission received for survey only from five factories located at different places, by giving assurance of anonymity. After arriving total sample size as 550, and also size for each factory, questionnaire were distributed to employees by researcher with the help of some HR staffs during break hours and 416 usable questionnaire received back ,representing a response rate of 75%. The selection of the respondents was based on the simple random sampling. Around 81% of the respondents were of 25-45 age group and 73% of them possess post graduate and professional qualification while 57% of the respondents falls under 5-15 years of experience. Regarding designation, middle level managers were dominating in the industry and majority of them belong to production department.

### 3.1 Measurement

The independent variables proposed in the study are WE and OC . And the outcome variables is employee performance . Totally 17 questions exists in the questionnaire besides questions related to personnel details. Work environment was measured utilizing 5 items adopted from Chew (2004).. The reliability coefficient ( $\alpha$ ) for the items is 0.717 which is above the acceptance level of 0.700 and provides support to the items. Organization commitment items were adopted from (Mowday et al. 1979) that consists of 9 items. The reliability coefficient for the items ( $\alpha = 0.845$ ) gives good level of support to the items. Finally employee performance was measured using 3 items adopted from ( Netemeyer and Maxham III, 2007). The reliability coefficient

for the items is 0.707 which is above acceptable limit of 0.700. Respondents were asked to respond the questionnaire on a likert- scale range from 1- 5, 1 = strongly disagree and 5 = strongly agree. Statistical package for the social sciences(SPSS) has been employed for analyzing the data's collected. All the items were subjected to an assessment of content validity as per the procedure described by Hinkin (1998). A correlation matrix (item by item) of the data was calculated and that matrix was subjected to principle component analysis. A commonly used rule specifies that only variables with loadings greater than 0.40 on a factor should be considered "significant" and used in defining that factor.. The factor loadings of all the items were above 0.40 with no major cross loadings and taken for analysis

#### 4. Results

Table 1 represents mean standard deviation, Cronbach's alpha and correlation matrix of the proposed factors. The alpha coefficient varies from 0.707 to 0.845 concurs with minimum acceptable value of 0.700 (Nunnally and Bernstein, 1994). There exists correlation among all the variables and ranges from 0.554 to 0.606. Further all the proposed factors are significantly related to OC and EP.

Table 1. Mean, standard deviation and Cronbach's alpha & correlation of proposed factors

factors	mean	Cronbach	S.D	1	2	3
1.work environment	21.72	0.717	1.98	1	0.554	0.565
2.organization commitment	38.58	0.845	3.67	0.554	1	0.606
3.employee performance	12.91	0.707	1.28	0.565	0.606	1

\*\*p<0.01 source primary data

Table 2. Multi linear regression analysis of employee performance on proposed factors [n = 416]

factors	p	Standardized beta	t	R	Adjusted R2	F
work environment	0.0	0.170	3.65	0.713	0.506	213.562**
Organization commitment	0.0	0.588	12.61			

\*\*p<0.01 source primary data

To determine the relationship between proposed factors and EP, all the factors regressed simultaneously and the results are tabulated in Table 2. As shown in Table 2, the proposed factors exhibit significant amount of variance in EP ( $R^2 = 0.506, p=0.000$ ). The proposed factors WE and OC were significant predictors of EP and provides support to the hypothesis H1, H2. The strong predictor is OC ( $\beta = 0.588$ ) and the weak is WE ( $\beta = 0.170$ )

#### 5. Discussion

The purpose of this study was to check the impact of WE, OC over EP among employees of ceramic sanitary ware factories in India.

The Multi linear regression proposing EP as dependent variable and the proposed factors as independent variables show that all the two factors are positively related to employee's performance. Employees are influenced by career turbulence and volatile business environments and this will have reasonable impact on the factors influencing EP. The result of the study indicates that proposed factors explained 50.6% of variance in EP. This signifies that all the proposed factors are influential and crucial and need to be given top priority for better performance of employees. The findings that indicate OC as the strongest predictor of EP coincides with earlier findings of (Hafiz AZ, 2017, Negin, et. al 2013).

This finding can be justified as follows. As the commitment is the outcome of positive perception of organizational membership and positive feelings of identification, committed employees work sincerely exerting of utmost efficiency, this acts as a driving force for their better performance. The next predominant factor positively related to EP is WE and this coincides with previous findings of (Jayaweera, 2015). This may be due to the fact that employees, while joining organization, expect favorable working condition to unfold their capabilities. Positive perception towards availability of such favorable working conditions, gives them satisfaction, which leads to dedication in their work, consequentially improves performance.

In summary HR managers need to extent their support to the factors WE and OC to improve employee's performance.

#### 6. Conclusion, Implication and Future Study

In this carrier turbulent era though performance of employee as gained more attention, only few studies were carried out in Indian manufacturing industries and practically no research was carried out in the fast growing ceramic sector and this research fills the gap. The findings provide empirical evidence that work environment and employees organization commitment are positively related to performance of

employees of ceramic sanitary ware factories in India. The research also reveals that organization commitment is stronger predictor and weaker predictor is work environment. Factory managers are advised to take all measures to increase commitment of employees along with providing favorable working condition. Future study is proposed for conducting research on other manufacturing industry and using other variables for getting more specific results.

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