A new decade for social changes
Job environment the Pancea on employee performance of selected Small and Medium Enterprises (SMEs) in the Kumasi Metropolis

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Abstract. The study focused on the effect of job environment on employee performance of some selected SMEs within Kumasi Metropolis. Correlation as well as analytical survey research design were used. Respondents for this study were one hundred and twenty-nine (129) employees. This study employed two non-probability sampling techniques, namely convenience sampling, and purposive sampling techniques. This indicates that a low rewards system will have a slow increase in productivity. It is recommended that under the reward system, special commissions or allowances will be provided to staffs. The institution can also introduce the best staff of the month system based on perfect and more proactive staff and good delivery. The study showed the offices have enough tools and equipment for working. Again, the study revealed that there is regular appraisal for promotion in the selected SMEs. The study recommended that; Management of the institutions should have safety-training programmes for its employees.

Keywords. Job environment, employee performance, organization, small and medium enterprises

Background to Study

The SME sector contributes significantly to economic growth and, more specifically, to job development and creation in both developed and developing countries (Kumar, 2017). Small and medium-sized businesses (SMEs) account for 60-70 percent of jobs in developing and transitional economies. In emerging countries, SMEs accounted for roughly 45 percent of total jobs and 33 percent of GDP. Small and medium-sized businesses are also considered as engines for innovation, economic growth, job creation, and social mobility (Page & Söderbom, 2015; Kumar, 2017). The SMEs carry such functions by creating a working habitat or environment, which enables the employees to increase their performance, which leads to job expansion.

Generally, humans affect behaviours around their ecosystem or working environment. It is possible to define a work or job environment as the place where one operates, which implies the environment surrounding an individual (Mandhanya, 2015). The work or job environment is the social and professional setting in which a person is expected to interact with a variety of
people. According to Hay Group (2007), a friendly, well-designed, secure physical space, good equipment, and efficient communication are all part of a work environment that will increase employee and organizational productivity. Well-designed and coordinated workplaces and fields of employment allow crucial changes in how people feel about their job. Some depressing messages about how much the company values workers and the norms it wants from them can be generated by the working atmosphere (Armstrong & Murlis, 2007, Armstrong & Murlis, 2010).

In a world where competition between companies and even between countries is increasingly global, good performance of human capital is necessary for the growth of the companies and the economy at large. The greatest asset of any organization is a satisfied, happy and hard-working worker. Good work environment attracts the happy employee with their work that eventually influences an organization's development as well as economic growth (Al-Omari, & Okasheh, 2017). Employee success or performance is a result that an employee needs to achieve based on the expertise and experience he has in carrying out the work given to him. In addition, employee performance is the product of an employee's qualitative and quantitative work in completing his work in accordance with the duties assigned to him. It relates to how workers try to do and complete the job that is provided well (Andreani & Petrik's, 2016).

**Problem Statement**

Employees need a working environment to meet the organization's expectations, which helps them to work easily without problems that can prevent them from performing to the extent of their full potential (Raziqa, & Maulabakhsha, 2015).

Work-life organization is also becoming a major consideration in small and medium-sized businesses as they strive for exceptional performance (Smith, 2010). Furthermore, poor physical job environments such as poor air circulation, inadequate personal protective equipment, inappropriate furniture, inadequate security measures in fire emergencies (absence of fire extinguishers), unnecessary noise, unfitting lighting, and poorly designed workplaces are very common in many Small and Medium Scale Enterprises in Ghana, which has harmed productivity.

As a result, this study sought to ascertain the effect of job environment on employee performance of selected SMES in the Kumasi Metropolis.

**Objectives of Research**

I. To explore the job environment (physical, social, and psychological) of the selected SMEs within the Kumasi Metropolis.

II. To evaluate key employee’s performance indicators (effectiveness, efficiency, and relevance) at the selected SMES within the Kumasi Metropolis.

III. To determine the relationship between job environment and employee’s performance at the selected SMEs within the Kumasi Metropolis.

**Literature review**

**Job Environment**

The sum of forces, actions, and other key aspects that are currently and/or potentially impacting the employee's activities and performance are characterized by Kohun (1992). The working environment is the sum of people's interactions with the environment in which they work. "The ability to transfer knowledge across organizations depends on how the work
environment is built to enable organizations to use the work environment as an asset," according to Brenner (2004). This aids in the improvement of organizational effectiveness and allows employees to benefit from collective knowledge." He also said that building a work environment that caters to employee enjoyment and allows for the free flow of ideas is a better method to drive people to boost their productivity. According to Sedarmayanti (2003), a respectable working environment is one in which employees can perform their jobs in an optimal, secure, healthy, and comfortable manner (Wibowo, Indratjahyo & Saragih, 2018). The working environment is the immediate context in which employees carry out their obligations effectively and efficiently. It is one of the most essential factors influencing the quality and productivity of employee work. Working conditions that are unpleasant make the workplace unsafe and reduce employee productivity. Employees expect to work in a secure environment as a result of this. The work environment has an effect on individual employee behavior (Hafeezi et al. 2019). As a result, workplace quality has a big influence on employee and worker motivation, productivity, and performance (Sharma, Dhar, & Tyagi, 2016).

Employee performance is dependent on a pleasant and supportive work environment. A range of factors in the workplace can have an impact on both physical and mental health. Employees must be able to focus on their numerous jobs and work efficiently in a pleasant working environment. The three categories of work settings are physical work environments, psychological work environments, and social work environments. According to Leshabari et al. (2008), supportive work environments assist workers to do everyday activities more successfully, maximizing their knowledge, skills, and competences, as well as available resources, to provide high-quality services.

**Physical Environment**

This is the working environment in which the physical or tangible items at the task site are dealt with. It includes machinery, office layout, temperature, ventilation, and lighting. It also considers the amount of noise and the amount of accessible space. Heat, noise, and lighting in the workplace have been shown to have a direct and indirect impact on a range of psychological processes. For example, noise can make it difficult to perform some cognitive tasks. The towns of Banbury and Berry are located in the United Kingdom (1998).

The physical work environment can influence the amount and character of social interaction between coworkers. The type of interactions that can occur, for example, may be influenced by the design of open plan workplaces and other physical layout aspects. Sundstrom is a writer from Sweden (1986). The level of physical safety varies based on the physical environment. According to research by Barry (2008), improving the physical design of an office building enhances productivity by 5-10% through enhanced staff performance. Similarly, Chandrasekar (2011) discovered that the kind and quality of lighting in the workplace improves the working experience of employees, resulting in increased productivity. According to Sarode and Shirsath, lighting, noise, color, and air quality all have an impact on employee productivity (2014). Accidental or damage fears can also have a negative effect on one's mental health.

**Psychological Job Environment**

The psychological work environment encompasses all components of the workplace that have an impact on employee behavior. While discussing behavior, three sorts of psychological phenomena are studied: affect (e.g., emotions, mood, psychological symptoms, affective disorders); cognitions (e.g., attitudes, perception, decision making); and conduct (e.g., effectiveness, absence, motivation). As a result, the psychological work environment is a set of
characteristics that affect how a worker feels at work. A good description of a worker's mental activities during working hours or at work is the psychological work environment.

The psychological work environment includes good descriptions and references to various sources of information on stress, bullying, working needs, collaboration and conflict, and other topics. Stress and well-being are common concerns in the psychological workplace. Workers consider several factors, such as the nature of the job, expected earnings, and opportunities for advancement. These factors influence an employee's level of satisfaction, which in turn influences his or her performance. According to a study by Sarode and Shirsath (2014), workers become satisfied and productive when there is a significant change in remuneration, promotions, and benefits.

**Employee Performance**

Employee performance is determined by the employees' willingness and openness to do their tasks, according to Sinha (2001). He also stated that having employees that are willing and open to do their duties will increase their productivity, resulting in greater results. In order to achieve standard performance, managers must ensure that employees' duties are performed on time in order to satisfy the organization's goal or target, according to Stup (2003). If the work or assignment is finished on time, employers may be able to monitor their employees and aid them in improving their performance. Furthermore, a performance-based reward system should be developed.

According to Stup (2003), there are several factors that influence an employee's performance. Some of the factors include the physical work environment, equipment, meaningful job, performance expectations, performance feedback, reward for excellent or bad system, standard operating procedures, knowledge, skills, and attitudes. Internal factors such as required skills, intellectual capacity, and resources to execute the work all have an impact on performance, but Franco et al. (2002) described performance as being reliant on internal motivation. As a result, companies must provide suitable working conditions in order for employees' performance to meet the required standards.

**Organizational Effectiveness**

Organizational effectiveness is defined as the degree to which a corporation achieves its goals or the way its outputs interact with the economic and social environment. Typically, the success of an organization is determined by its policy goals or the extent to which it fulfills its own goals (Zheng, Yang, & McLean, 2010). Organizational effectiveness, according to Heilman and Kennedy-Philips (2011), aids in analyzing progress toward mission and goal fulfillment. To increase organizational performance, management should strive for greater communication, interaction, leadership, direction, adaptability, and a positive environment.

**Organizational Efficiency**

Organizational efficiency is the most efficient transformation (activities) of inputs into outputs. It emphasizes the tactical use of resources, meeting deadlines, and keeping costs low while attaining maximum results (UNDP, 2010). Organizational efficiency measures the relationship between inputs and outputs, or how successfully inputs are transformed into outputs (Low, 2000). It's a ratio that compares the outcomes obtained vs the costs incurred to achieve these goals.

Organizational efficiency is shown in the improvement of internal organizational processes such as organizational structure, culture, and community (Pinprayong & Siengthai,
Efficiency can be divided into two categories. The first is the cost of producing the goods and services that are relevant to the organization's objective. The second is the cost of producing the goods and services that are relevant to the organization's aim (Barker, 1995). This means that, in order to be efficient, a corporation must ensure that the resources it devotes to a program, operation, or department produce the maximum amount of output (Tavenas, 1992). On the other side, efficiency is achieved when the least number of resources are required to produce the desired result.

**Job Environment Factors that Affect Employees Performance**

Employees may deliver high-quality organization service in an appealing and supportive work environment by maximizing their knowledge, skills, and competences, as well as the available resources. Based on the findings of this investigation, the criteria are mentioned below.

**Supervisor Support**

In the first level of organizational management, a supervisor is also known as an expert leader, a problem-solver, and a role model (Nijman, 2004). As a result, as a seasoned leader, I always included my superiors in the training process. The training program includes establishing the objectives, selecting the trainer, creating lesson plans, selecting the program method and techniques to be used, preparing the materials, scheduling the program, and conducting a training needs analysis (Nijman, 2004).

According to Rabey (2007), a supervisor could be a trainer to the employees since the trainer will assist the employees in getting their job done by taking them through the operational process, especially if it is a new operational method. Although supervisory support can help employees perform better, there have been times when supervisors have failed to do so. Employee-supervisor miscommunication, for example, in terms of communicating job-related information or processes to employees (Harris et. al., 2000).

**Physical job Environment**

The physical working environment of a person may influence whether or not they are a good match for the job. A physical work environment is referred to as an ergonomic workplace. To offer an ergonomic workplace for all employees, research into the workplace environment is essential. Employees will be less prone to suffer from nerve damage if they operate in an ergonomically designed physical environment (Cooper & Dewe, 2004). Additionally, according to McCoy and Evans (2005), the working atmosphere must be adequate so that personnel are not stressed while doing their jobs. In their essay, they also asserted that the physical aspect plays an important role in the formation of the network and relationships at work.

Additionally, according to McCoy and Evans (2005), the working atmosphere must be adequate so that personnel are not stressed while doing their jobs. In their essay, they also asserted that the physical aspect plays an important role in the formation of the network and relationships at work. The working environment has an impact on employees' productivity, satisfaction, social interactions, and health. The physical design of workplaces, as well as the working environment, are well-known to be important factors in organizational efficiency.
Methodology
Research Design
This study research design was a correlation study as well as analytical survey which establish the associations between variables. A correlational study, according to Leedy and Ormrod (2010), examines the degree to which differences in one trademark or variable are associated with differences in one or more other characteristics or variables. To build up the effect of job environment on employee performance, this study adopted a correlational approach. This design is often embraced because it incorporates the use of quantitative and qualitative data methods and seeks a population's view on a particular subject matter. The approach is preferred because it is more concise and precise and requires a precisely prepared explanation of events (Babbie, 2004).

Sampling Techniques
This research used convenience sampling and purposive sample approaches, both of which are non-probability sampling methods. The convenience sampling is used when the researcher has the population of the study in mind (Henn et al., 2006).

Sample Size Determination
Based on the population, the sample size was calculated using Roscoe Rule thumb, given as;

\[ n = \frac{N}{1 + N(\alpha^2)} \]

Where,
\( n \) = Sample size
\( N \) = population of staff of the eighteen (18) selected SMEs in the Kumasi Metropolis
\( \alpha \) = error of tolerance which is 0.07

Substituting these values in the formula,
\[ n = \frac{448}{1 + 448(0.0741^2)} \]
\[ n = 129.4841518 \]
\[ n \approx 129 \]
Therefore, based on the Roscoe Rule thumb, a sample size of 129 will be taken from the total list of 448 working staff of the eighteen selected SMEs in the Kumasi metropolis.

Data collection Methods
The primary and secondary sources of data were used for the study. Original data that has never been published before is referred to as primary data. Respondents completed survey questionnaires to get the primary data. Secondary data is information that has been gathered for a different purpose than the current study effort (Kumekpor, 2002). Reading journals, past research, publications, magazines, and reports provided the secondary data for this investigation.

Data analysis
Specific Objectives: Determine the effect of the job environment (physical, social, and psychological) on the performance (effectiveness, efficiency, and relevance) of the employees.
Regression Result

The SMEs were found to have three (3) research independent factors, according to the study. The coefficient of determination describes how much variation in the dependent variable (organizational performance) can be explained by changes in the independent variables, or the percentage of variation in the dependent variable (organizational performance) that can be explained by all three independent variables (physical, social and psychological).

Table 1.1: Hausman Test for Fixed and Random Effect

<table>
<thead>
<tr>
<th></th>
<th>Fixed</th>
<th>Random</th>
<th>Difference</th>
<th>S.E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Effect (PE)</td>
<td>0.485</td>
<td>0.093</td>
<td>0.392</td>
<td>0.286</td>
</tr>
<tr>
<td>Social Effect(SE)</td>
<td>-0.013</td>
<td>0.964</td>
<td>-0.977</td>
<td>0.299</td>
</tr>
<tr>
<td>Psychological Effect (PsE)</td>
<td>-0.161</td>
<td>0.302</td>
<td>0.141</td>
<td>0.154</td>
</tr>
</tbody>
</table>

Prob>chi² = 0.019

Source: Field data report, 2022

For an acceptable investigation, the Houseman Test at 5% level allows the researcher to choose between a random and fixed effect model. Because the Hauseman test found a significant prob>chi² of 0.019, it is better to employ the random effect in the estimation, as it is more significant in predicting the independent variables.

Table 1.2: Summary of One-Way ANOVA results of the regression analysis between organizational performance and predictor variables

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Square</th>
<th>Df</th>
<th>Means square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.510</td>
<td>5</td>
<td>.502</td>
<td>2.099</td>
<td>.070b</td>
</tr>
<tr>
<td>Residual</td>
<td>29.413</td>
<td>123</td>
<td>.239</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>31.922</td>
<td>128</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data report, 2022

The processed data, which are the population parameters, had a significant level of 0.070 in the ANOVA statistics in table 4.9, indicating that the data is excellent for forming a conclusion on the population's parameter. The F was calculated at 5%. The significance level was 3.939. The F estimated is less than the F critical (value =2.132), indicating that the entire model was not significant (2.099) (2.132). As a result, we cannot rule out the possibility of a substantial relationship between organizational performance (the dependent variable) and the independent variables (physical, social and psychological working Environment). Bakotic and Babic (2013), the working environment also affects job satisfaction because employees prefer to work in a less risky working environment. Similarly, as pointed out by Amina and Shehla (2009), office design also has an impact on performance environmental variables as a source of employee motivation.
Table 1.3: Regression coefficients of the relationship between the organizational performance and the three predictive variables

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standard Error</th>
<th>t-stat</th>
<th>P-value</th>
<th>Collinearity Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>1.487</td>
<td>.447</td>
<td>3.325</td>
<td>.001</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PE</td>
<td>.119</td>
<td>.069</td>
<td>1.731</td>
<td>.086</td>
<td>.912</td>
<td>1.097</td>
</tr>
<tr>
<td>SE</td>
<td>.046</td>
<td>.068</td>
<td>.671</td>
<td>.504</td>
<td>.780</td>
<td>1.282</td>
</tr>
<tr>
<td>PsE</td>
<td>-.140</td>
<td>.064</td>
<td>-2.174</td>
<td>.032</td>
<td>.949</td>
<td>1.053</td>
</tr>
</tbody>
</table>

R = 0.280  
R-square = 0.079  
Adjusted R-square = 0.041  
S.E. = .48901

**Source:** Field data report, 2021  
** indicates significant at the 0.01 level (2-tailed)

The coefficient of regression in table 4.9 above was used in coming up with the model below:

The model is given as:

$$LP_{it} = \beta_0 + \beta_1 PA_{it} + \beta_2 TD_{it} + \beta_3 GS_{it} + \epsilon_{it}$$

$$LP = 1.487 - 0.119PE + 0.46SE - 0.140PsE$$

Where PE denotes the physical environment, SE denotes the social environment, and PsE denotes the psychological environment. Employee performance was 1.487 when all components (Physical Environment, Social Environment, and Psychological Environment) were kept constant at zero in the model.

Taking all other independent variables to zero, the data findings likewise demonstrate that. Physical Environment will drop by 11.9 percent with a 1% increase in employee performance; Social Environment will grow by 4.6 percent with a 1% increase in employee performance; and Psychological Environment will decrease by 14 percent with a 1% increase in employee performance. Also, holding the predictive variable to zero, the explanatory variable Physical Environment show a significant (p-value < 0.05 = 0.032) relationship between the employees’ performance of the institution. This means Physical Environment stands to be the most important variable in the increase in employee’s performance in the organization.

Conclusion

The study established that, safety checks are done periodically, and prompt actions are taken to address identified challenges. It also states that the organization receives frequent appraisals for promotion, as well as performance-based feedback and coaching. The study reveals that appraisal data is utilized for decision-making in the selected SMEs, such as promotion, job rotation, training, compensation, transfers, and discharge, and that job performance is a key component in calculating incentive compensation (service award) for employees. On the other hand, the study showed most of the workers disagree on some underling factors such as safety policies goals and objectives are easily accessible, well communicated and understood, there is a good working communication between managers and subordinates and finally, rewarded is based on performance in the organization.

The study further established that the organization is very inspiring, and employees indicated they will not stop working with the SMEs until retirement. The study concludes that
welfare packages, job transfer and promotional interviews are always relevance to workers of the SMEs. On the other hand, most of the workers disagree that employees do not perform outstanding work in the organization.

The study finally concludes that, there is a significant relationship between organizational performance (dependent variable) and the independent variables (physical, social and psychological working Environment). Physical Environment stands to be the most important variable in the increase in employee’s performance in the organization.

References


