

IMPACT OF WORK ENVIRONMENT ON EMPLOYEE SATISFACTION: AN EMPIRICAL STUDY

Ms. Shipra Goyal, Research Scholar, The IIS University, Jaipur

Dr. Shuchi Singhal, Associate Professor, International School of Informatics & Management, Jaipur

Abstract

The workplace within the organisation plays a vital role in developing the interpersonal relations, building satisfaction and thereby having an impact on productivity. A satisfied employee performs more efficiently and acts as a driving force for others. The Indian financial sector is very diverse with huge number of institutions providing multifaceted services. Among them are the Big 4's namely Deloitte, PricewaterhouseCoopers, KPMG and Ernst & Young. The work environment in these companies is said to be very different from other organisations as well as there is a difference in work environment of these four companies.

Powerful outcomes and profitability may be expected if employees are highly satisfied. The aim of the present study is to analyse the impact of work environment on employee satisfaction in Deloitte. Stratified random sampling method was used in present study. This study is conducted in major 5 cities in India and sample size was 125 employees working in Deloitte.

Varied statistical techniques were applied to test the reliability of the instrument used and to measure the relationship between work environment and employee satisfaction. Karl Pearson's Correlation and Regression analysis along with Coefficient of Determination were used to test the relationship and interpret the results.

The study offers useful managerial implications by which the company can understand the relevance of work environment as a component of employee satisfaction.

Key Words: Work Environment, Employee Satisfaction, Human Resource Management, Deloitte, Big 4.

Introduction

An attractive and strong workplace (Biswas et. al., 2017) can be portrayed as an environment that pulls individuals into the professions, inspire them to stay in the organisation and equip them to work efficiently. The motivation behind giving alluring workplaces (Huang et. al., 2017) is to make motivators for entering in the organisation (recruitment) and for staying in the workforce (retention).

Working environment can be classified into two segments - physical and behavioural. The physical environment comprises of those elements which facilitate to develop a physical interface with their office environment. The behavioural environment consists of those elements that help an individual to interact with each other, and the affect conduct of the individual.

The effectiveness of employees depends, to a great extent, on the environment in which they work. Workplace comprises of many variables which have a direct or indirect impact on the employee. Under Industrial psychology, there are three areas namely physical, mental and social in which individuals work and which should be investigated to recommend upgrades in them. The essential point is to make a situation which guarantees the best condition is harmonious, repetitiveness and

fatigue are limited and work execution can be expanded in order to enhance productivity.

Review of Literature

According to Haynes (2008), the physical environment with the profitability of its inhabitants falls into two principle classifications office format (open plan verses cellular workplaces) and office comfort (coordinating the workplace condition to the work forms), and the behavioral condition speaks to the two primary segments to be specific connection and diversion.

According to Scott (2000) detailed that working environment allies with employees work association and job satisfaction. Strong et al (1999) in an investigation found that there is an impact of social, authoritative and physical settings in the workplace which has an impact on the way workers execute their work. Looks into on nature of work life have additionally settled the significance of protected and solid working conditions in deciding employees work execution.

According to Franco execution depends on inward inspiration yet nearness of inner factors, for example, important aptitudes, scholarly limit and assets to carry out the activity obviously have an effect. As a result businesses should give fitting working conditions with a specific end goal to ensure the execution of representatives meet the required gauges.

Elements of work environment

Work environment in an organisation may be divided into three broad categories namely-physical, mental and social environment.

Physical Environment: Physical condition comprises lighting, ventilation, temperature, noise level and so forth.

- i. Lighting: Satisfactory and legitimate lighting is basic for employees as it empowers them to work with speed and precision. Then again poor lighting causes eye strain, mental weariness, discomfort and lack of focus. Thus the quality and amount of work execution suffer adversely. Regular light or sunshine is the perfect requirement for work.
- ii. Ventilation and temperature: Stale air at the work place makes inconvenience and fatigue to workers and reduces their productivity. Hence, ventilation is important to give fresh air. Temperature ought not to be outrageous as this may cause distress. It is important to keep the air sensibly cool and dry. Air should also be free from dust, toxic gases and fumes. Fans, coolers, heaters and air conditioners may be used for this purpose.
- iii. Noise: Noise implies any sort of sound unpleasant to ears. It causes weariness and decreases effectiveness of work. Intermittent noise is more irritating than continuous noise. A person cannot remain indifferent to noise. The effort made to ignore noise causes fatigue and adverse effect on the nerves of a worker. Therefore efforts should be channelized to reduce noise. Noisy work should be kept apart from the quieter work.

Mental Environment: Mental environment comprises the psychological factors which influence the attitude, behaviour and performance of a worker. Leadership (Akdol & Arikboga, 2015) provided to workers is an important part of mental environment. A cooperative and sympathetic leader can inspire workers to put in their best.

Social Environment: Social environment refers to the group in which the worker works and is comfortable. Within a large formal work group (e.g, assembly shop in an automobile factory) workers

form informal groups of their own and develop a sense of belongingness to their group. The norms of the group influence significantly the attitude and behaviour of its individual workers. Therefore, management should understand and make constructive use of groups.

Job Satisfaction

Job satisfaction is the feeling that gives a sense of achievement and happiness of a person after performing a particular task. Job satisfaction is not the same as motivation and morale. Motivation is related to the eagerness to work. Morale suggests a general mentality towards work and workplace. Job satisfaction might be viewed as a measurement of motivation and morale could likewise be a source of work. Job satisfaction, despite what might be expected, is the feeling sensed after completion of a task which may impact subsequent behaviour of an employee.

Job satisfaction is a fundamental part of organisational wellbeing and an essential component in industrial relations. The level of job satisfaction appears to have some connection with different parts of work conduct like productivity, turnover, dedication etc. Several research have uncovered differing degrees of association between job satisfaction and these variables of work behaviour. Thus, it signifies that work environment is closely associated with job satisfaction.

Objectives of the Study

The study aims at fulfilling the following objectives:

- To find the factors affecting the work environment in Deloitte, a MNC Big 4 company.
- To analyse the impact of work environment on employee satisfaction in Deloitte.

The study will help to understand the work environment of employees in financial sector in India. The study will unveil the following factors:

- The working environment of employees in Deloitte.
- The gender ratio in Deloitte.

Hypotheses of the Study

Ho: There is no significant impact of work environment on employee satisfaction.

Ha: There is significant impact of work environment on employee satisfaction.

Research Methodology

The present study has adopted descriptive as well as quantitative method, because descriptive research is to extract all possible information regarding the current status of the phenomena to describe "what exist" or what is the actual picture of any concerned area in today's perspective, in accordance with variables or conditions in any given circumstances, where quantitative method helps in enlightenment of an observable fact by collecting numerical data that are analyzed using mathematically based method. In view of this, the use of quantitative strategy was judged completely appropriate.

Sampling methods are used to select a sample from the population. They are essential for removing bias in the selection process. Basically there are two types of sampling methods i.e. probability and non-probability method. The sample to be studied for the present study has been selected through Probability Sampling Method "Stratified Random Sampling Method". A sample of 125 employees was collected by stratified proportional random sampling technique.

Area of study: The area of study covers respondents from 5 major cities in India.

- Gurgaon
- Mumbai
- Bangalore
- Chennai
- Hyderabad

25 employees from each city has been taken under study in order to have the complete overview of the work environment in Deloitte.

Research Design

The research design has been adopted so as to suit the empirical analysis based on primary data which is collected through questionnaire. Schedules and personal interviews are used for primary data collection. We presented 10 statements to edge questions and five point Likert scale is used for assessing work environment and satisfaction level of employees. To find the satisfaction level of employees, they were inquired to rank their satisfaction level on the scale of 1-5, where 1 is equal to strongly disagree & 5 means highly satisfied. The inner reliability has been tested with the help of Cronbach's Alpha and KMO statistic and the value was attained by using SPSS (version 22.0).

Various tools of analysis are used depending upon the nature, need and suitability of the data available. Various tests are applied on the data collected to get significant output and results.

Data Analysis

Reliability

The questionnaire used for measuring the satisfaction level of employees was verified and tested for reliability using Cronbach's alpha. The detail values are depicted in the Table listed below:

Table 1: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.876	10

Source: SPSS 22

From the above **Table 1**, it can be concluded that Cronbach's alpha is 0.876 which indicates a high level of internal consistency for the scale used in the study.

To test the reliability KMO test was also conducted using SPSS 22 which gave the following results: **(Refer Table 2)**

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.808
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As the value is greater than 0.7, we can conclude that the instrument used is reliable and can be used for further analysis.

Demographic Analysis

The sample of employees working in Deloitte, one of the MNC Big 4 companies, has been taken from five cities of India. The respondents' demographic analysis reveals the following facts:

Table 3: Demographic Profile of Respondents

Demographic Profile of Respondents			
Parameters	Category	Frequency	Percentage
GENDER	Male	77	61.6
	Female	48	38.4
Total		125	100.0
AGE	20-25	41	32.8
	25-35	62	49.6
	35-45	18	14.4
	Above 45	4	3.2
Total		125	100.0

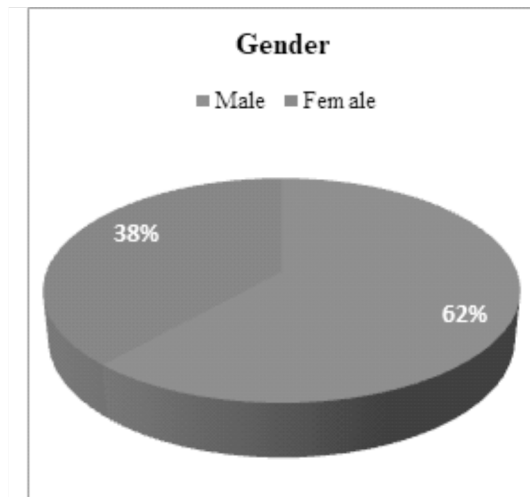


Figure 1: Gender of Respondents

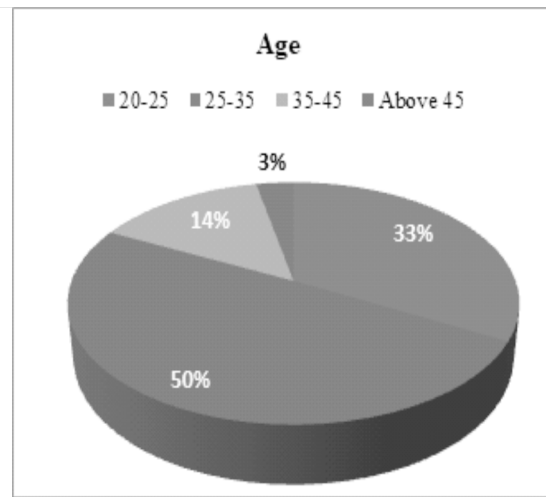


Figure 2: Age of Respondents

The gender of respondents states the fact that out of 125 employees, 62% respondents were males and 38% were females. It was found that 33% respondents were between 20-25 years old, 50% respondents lie between 25-35 years, 14% respondents fall under 35-45 years slab and rest 3% are above 45 years. (Refer Table 1 & Figure 1 & 2)

Descriptive Statistics

Various parameters of employee satisfaction and work environment has been studied using a questionnaire. The parameters has been grouped into two dimensions namely work environment and employee satisfaction. The mean and standard deviation for both dimensions has been calculated and as depicted in **Table 4**.

Table 4: Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Work Environment	3.4016	.31876	125
Employee Satisfaction	3.5184	.48599	125

Correlation Analysis

Karl Pearson's correlation analysis has been used to study the degree of relationship between the aforesaid parameters. The following matrix was obtained:

Table 5: Karl Pearson's Correlation Analysis

Correlations			
		Work Environment	Job Satisfaction
Work Environment	Pearson Correlation	1	.427**
	Sig. (2-tailed)		.006
	N	125	125
Employee Satisfaction	Pearson Correlation	.427**	1
	Sig. (2-tailed)	.006	
	N	125	125

**** . Correlation is significant at the 0.05 level (2-tailed).**

The above **Table 5** revealed that there is a significant relationship between Work Environment and Employee Satisfaction. Above analysis shows that Pearson correlation value is 0.427 and p value (sig value) is .006 which indicates there is significant moderate positive correlation between work environment and employee satisfaction.

Regression Analysis

Linear regression analysis has been performed on the variables under study to find the impact on the dependent variable in terms of explained variation depicted through coefficient of determination i.e. R² as depicted in **Table 6**.

Table 6: Regression Analysis

Dependent Variable	Independent Variable	R	R ²	Adjusted R ²	F Sig.	Unstandardised Coefficient (B)	t Sig.
Employee Satisfaction	Model	0.427a	0.182	0.162	0.006	2.24	0.006
	Work Environment					0.376	0.00
a- Predictors: + (Constant), Work Environment							
b- Dependent Variable: Job Satisfaction							

In the Model Summary, the R² value is 0.182 of work environment (independent variable) explain 18.2% of the variability of Employee Satisfaction (dependent variable).

Unstandardized coefficient as specified in the above regression analysis **Table 6**, indicates how much the dependent variable varies with the independent variable. The t sig. value is 0.000 is less than 0.05, which concludes that null hypothesis is rejected. Thus, it can be said that there is a significant impact of work environment on employee satisfaction in Deloitte.

Discussion & Conclusion

Discussion concludes that work environment has a significant impact on employee satisfaction in financial sector in India. Work environment have r value 0.427 (p= 0.000), r² value is 0.182 of work environment explain 18.2% of the variability of Employee Satisfaction.

Conclusion

Effective management of human resources through congenial working environment always lead to employee satisfaction and their enhanced performance which is reflected in improved productivity. Thus, the study focus on the study of the work environment of Deloitte at five major cities and the results are analysed using varied statistical techniques.

As per the data analysis, we can draw the conclusion that work environment constitutes the most important factor for employee satisfaction. It is quite clear that financial sector should provide a healthy work environment for employee satisfaction. It has found that work environment and employee satisfaction has moderate relationship (r = +0.427) which indicates that if the organisation create a healthy and safe work environment for their employees it will uplift their motivation and satisfaction level. Further, the coefficient of determination signifies that the 18.2 % is the explained variation in employee satisfaction which is explained by work environment. It indicates the presence of other significant factors also which may impact employee satisfaction in Deloitte.

This study reveals that work environment directly or indirectly has an impact on employee satisfaction. Effective work environment ultimately effects the individual performance as well as organisational performance.

Way Forward

There is a huge scope for further research on the basis of this study. A comparative study between Indian Financial sector & Foreign Financial sector can be done on the same parameters. The study may be extended to Non-Financial sector in India. There is a scope of future research on the effect of work environment on the performance of financial sector and can be compared with the findings of this study. Further research may be conducted exploring the other variables apart from work

environment which may have an impact on employee satisfaction and a model may be constituted which can further be authenticated using Structural Equation Modelling.

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