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**Article**

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*Review*  
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# CONTRIBUTING FACTORS OF EMPLOYEE'S PERFORMANCE: A CASE STUDY OF LOCAL NGOS IN PESHAWAR CITY

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## **Abstract**

The research study has been focused to study the contributing factors towards employee's performance. Performance of employees is one of the most significant factors for the growth and success of every organization. Data was collected through the distribution of questionnaires. 120 questionnaires as the sample size were distributed among the employees of local NGOs. The returned questionnaires were 106 having a response rate of 88.33%. The findings of the study found that job security, relationship with colleagues, relationship with supervisor, working conditions and employee's empowerment were found to have significant impact on employee's performance.

**Keywords:** Job Security, Relationship with colleagues, Relationship with Supervisor, employee's Performance.

*Jel Classification:* L29; L31; M12

## **INTRODUCTION**

Organizations play a critical role in the development of a country. These organizations provide jobs to the people of that country, which help the people to live their lives in a better way. Similarly the Non governmental organizations (NGOs) are of the same importance regarding the economic development, life enhancement, providing technical skills and providing employment etc to the people of that particular country. Job satisfaction is considered to be a mandatory factor for an employee working in an organization whether it is a government organization or non government. Job satisfaction stems from the liking of an employee. If an employee likes his job then it can be said that employee is satisfied with the current job. If an employee dislikes the job then it can be said that the employee is not satisfied with the current job. According to some researchers

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job satisfaction has been defined in four ways: It is a happier emotional factor with the result of the appraisal of one's job; It is an affective attitude towards an individual's job; It is an affective reaction of satisfaction of an individual's job; Job satisfaction is an attitude but the researchers should clearly distinguish its evaluation that are affecting from emotions, beliefs and behaviors of people.

Job satisfaction of employees is positive and negative feelings towards his or her work. There are several factors that can influence the Job satisfaction of an employee, for example pay, relationships with supervisors, working environments, job security and motivation etc. The performance of an employee will be extremely affected with these factors. If an employee is fully satisfied with the Job, his performance will be excellent, but if employee is not satisfied then the performance will also be poor. Job satisfaction is defined as whether people like their jobs or dislike. If people like their jobs we can say that they are satisfied with their jobs, but if they dislike then we can say that they are dissatisfied with their jobs. In other words job satisfaction is the internal fulfillment and happiness of an employee when he or she is performing a specific job. Job satisfaction occurs when an employee feels that he or she has achieved something having importance and value for him or her.

Employee's performance is the reflection of job satisfaction, generally the satisfied employees are considered to be good employees. Performance management system is used to find out the level of performance of employees either employee shows poor or good performance after a period of time. Employee performance means how an employee performs the work assigned to that employee. Employee performance is basically related with achieving of individual goals and objectives. The employees when achieve the set goals and objectives in an efficient manner, it is considered that the employee is performing better.

**Research Objectives.** The objectives for this research study are as follows: to study the impact of Job Security on employee's performance; to determine the impact of relationship with colleagues on employee's performance; to find out the impact of relationship with supervisor on employee's performance; to examine the impact of working conditions on employee's performance; to find out the impact of employee's empowerment on employee's performance

## 1. REVIEW OF LITERATURE

Performance management plays an important role to enhance employee performance by providing feedback, setting goals and achieving them. Performance contributed to the advancement and success of the organization with more focus on the amalgamation of competencies and expertise in the organization. In the Field of *industrial/organizational* psychology, one of the most researched areas is examining the relationship between *job satisfaction and job performance*, that has added to the organizational growth (Judge, Thoresen, Bono, and Patton 2001).

Answering the identified needs is the most basic tactic of every organization to push up the commitment of their valuable employees (Chughtai 2008). An important accepted assumption is that better workplace environment produced better results. Mostly the offices were and even today are also designed with due importance to the nature of job and the individuals. Organizational culture has been found to have positive association with employees's performance (Awadh and Saad 2013). Performance of an employee is

evident from the productivity or output. Productivity also depends upon the '*physical environment*' and its affect on health and employees' performance. Effective training programs implemented by the management of organization are expected to improve the performance of the employees in the organization (Farooq and Khan 2011). The performance appraisal system and by providing training activities, the employees' performance gets improved. Working environment was found to have significant association with improved employee's performance (Sinha 2013).

Happy employees used to be more productive rather than productive employees happiness. Staff of these service sectors has been considered assets of their respective organizations. Learning value in the job and training and development have been found to have positive effect on the employability and employee's performance on the job (Green et al. 2000). Both males and females have equal responsibilities for the organizational performance. Their roles had equal importance according to the designation of their jobs.

There is an association between properly implementing HR practices and improved organizational performance (Hesketh and Fleetwood 2006). Their job performance equally affected the organizational effectiveness (Tarabity and Solomon 2005). Job satisfaction is an important factor among other factors in determining the employee performance. Job satisfaction is a pleasurable or positively emotional state that is resulting from the appraisal of an employee job or experience. For British men, job insecurity has substantially increased, specifically for higher skilled groups since the early 1980s (Nickell, Jones, and Quintini 2002). Job satisfaction also depends upon the employee that how the employee perceives the job itself. Thus it appears to be the most important situational effect on job satisfaction "the job itself" (Judge and Saari 2002). Job satisfaction is a vital technique used to inspire employees to work harder, i.e. "*A satisfied employee is a productive employee.*" Shields and Price (2002) reported that racial harassment was found to have negative relationship with job satisfaction and turnover intentions. Job satisfaction of employees can be judged through the system of pay and monetary benefits that affect the Job satisfaction of employees. Job Satisfaction and workload was found to have insignificant association with each other (Rose 2003). Job satisfaction and organizational justice were found to have significant relationship (Iqbal 2013).

According to Velnampy (2008) Job attitude and employee performance of public sectors organizations concluded that job involvement increases job satisfaction the ultimately affects performance of an employee, but excellent performance also enables people to feel more satisfied and committed. Attitudes such as satisfaction and involvement are important to the employees to have high levels of performance. The organizational culture should be improved further and conducive for higher levels of employee job satisfaction. Therefore, the management of the organization is always desirous to create greater level of job satisfaction to build teamwork and loyalty among employees. Only compensation is not one of the greater important factors for retaining employees and made them feel like home (Wanous and Lawler 1972).

Although, teamwork is the most vital factor having effect on job satisfaction, employees give considerable importance to job autonomy and leadership behavior as well. It is clear from the above results that that job satisfaction is significantly different for male and female employees. Absenteeism has a similar association with job satisfaction, however more for voluntary absenteeism and for specific groups of workers. Labor turnover is more strongly associated with satisfaction, and quite strongly when there is increased ratio of unemployment. Employee relations with supervisors are

significantly correlated with Human Resources Practices, labor productivity. Furthermore human resource practices are positively and significantly correlated with product quality that further enhances employees' performance. The human resources index and financial performance were positively correlated for the small firms (Forth and Bewely 2006). Job satisfaction and commitment are positively correlated with human resources practices for the private sector. Employee relations with supervisors are strongly related with human resources practices in the private sector organizations, but no relationship have been found in public sector organizations. The value calculated for the Employee Attitude index was found to be lower in larger establishments while in other organizations being equal. A more developed human resource function used to be positively and significantly correlated with job satisfaction and commitment in the private sector which in turn it enhanced the employee performance. Higher the relationship with supervisor lower was the turnover of employees and lower the relationship with supervisor higher was the turnover (Wall and Wood 2005). There is a critical relationship between employees' attitudes and customer satisfaction. Now it's up to organizations that what strategies and steps they take that help to improve the performance of employees. Workers believe that they are respected and treated by their supervisor and employer they are likely to be positively motivated and loyal to the organizations that has improved their performance. Raising and maintaining employees' engagement lies in the hands of an organization and used to require a perfect blend of time, effort, commitment and investment to achieve the vision and mission of that organization by the improved performance of its employees. Performance of employees has been strongly affected by the salary given to employees. Satisfaction of employees with pay results in excellent performance. *Work place environment* plays a central part in motivating employees to perform their assigned tasks. Since, *money* is not the only motivator in encouraging the work place performance that is required in today's highly competitive business environment. Time and energy is also needed to be given for providing relevant performance incentives, managing processes, providing adequate resources and workplace coaching. Managers and supervisors need to be comfortable in the workplace that influences employee's motivation. Skills required include the aptitude that is used to involve employees in shared goals setting, clarifying role expectations and provide systematic performance feedback.

Consistently higher performers used to have and even today are having higher pays in comparison to the lower performers. High pay levels have represented high outcomes that have motivated employees to adjust their inputs upward. Showering rewards on people for excellence is an important part of the management process. People like raises in their rewards more and more. They feel it the rest of their souls. The empirical investigation confirmed that job satisfaction is strongly dependent upon the relative wage increase as well as absolute wage level.

The degree of organizational commitment and job satisfaction among permanent workforce used to have higher satisfaction and commitment than contractual workforce. Significant and positive relationship between job satisfaction and organizational commitment with job security has been proved. There is a direct and significant relationship between employees' job security with pay, employee performance and organizational commitment. It has been found that there is significant and positive relationship between employees' job security, job satisfaction and organizational commitment. It means that if employees have more individual's job satisfaction, his or her organizational commitment will also be more and vice versa. Employees who have joined the organizations after *mergers* are very satisfied with their job security and they

were used to be highly motivated because they didn't have any threat and has increased their level of motivation. Those employees, who worked both pre and post *mergers & acquisitions*, environment, strongly feel that their level of enthusiasm is on the lower side. Employees feel strongly threatened to their job security while working in such environment.

## 2. HYPOTHESES

**H<sub>1</sub>:** Job Security has significant impact on employee's performance; **H<sub>2</sub>:** Relationship with colleagues has significant impact on employee's performance; **H<sub>3</sub>:** Relationship with Supervisor has significant impact on employee's performance; **H<sub>4</sub>:** Working Conditions has significant impact on employee's performance; **H<sub>5</sub>:** Employee's Empowerment has significant impact on employee's performance

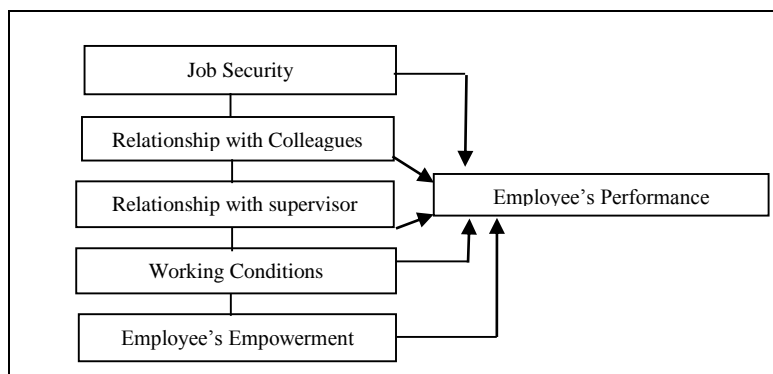


Figure 1. Conceptual Framework

## 3. METHODOLOGY

The data was collected from six NGOs operating in Peshawar. The focus was the employees working in offices not the field staff. The population was the employees working in the offices of the six selected NGOs. 120 questionnaires were distributed among the employees of the NGOs forming the sample size of the study. The sampling technique used was simple random sampling. Out of 120 distributed questionnaire 106 filed questionnaires were returned forming a response rate of 88.3%.

Table 1. Reliability Statistics

S. No	Variables	Cronbach's alpha	Items
1	Job Security	0.845	4
2	Relationship with Colleagues	0.764	4
3	Relationship with Supervisor	0.728	3
4	Working Conditions	0.752	5
5	Employees' Empowerment	0.827	3
6	Employee Performance	0.749	4

The above table of reliability statistics shows the cronbach's alpha values of the respective variables that indicate the internal consistency of the items for measuring the

variables. The cronbach's alpha values for job security is ( $\alpha=.845$ , items 4), relationship with colleagues ( $\alpha=.764$ , items 4), relationship with supervisor ( $\alpha=.728$ , items 3), working conditions ( $\alpha=.752$ , items 3), employees' empowerment ( $\alpha=.827$ , items 3), employees' performance ( $\alpha=.749$ , items 4). All the values are highly reliable and hence show the questions asked for measuring the respective variables were right questions.

**Table 2.** Correlation

	1	2	3	4	5	6
1. Job Security	1					
2. Relationship with Colleagues	.526**	1				
3. Relationship with Supervisor	.336**	.254**	1			
4. Working Conditions	.521**	.299**	.132	1		
5. Employees' Empowerment	.425**	.518**	.483**	.326**	1	
6. Employees' Performance	.800**	.867**	.589**	.418**	.473**	1

Note: \*\* Correlation is significant at the 0.01 level (2-tailed).

Above table 2 of correlation represents the values of strength of association among variables. The correlational value of employees' performance with job security is (.800,  $p<.01$ ), employees' performance with relationship with colleagues is (.867,  $p<.01$ ), employees' performance with relationship with supervisor is (.589,  $p<.01$ ), employees' performance with working conditions is (.418,  $p<.01$ ), employees' performance with employees' empowerment is (.473,  $p<.01$ ).

**Table 3.** Model Summary\*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig F Change
1	0.857	0.651	0.625	0.56741	0.625	9.348	0.001

Note: \* Predictors: (Constant), Job Security, relationship with colleagues, relationship supervisor, working conditions

The above table 3 shows the model summary statistics shows that R represents the correlation among the variables of the model.  $R=0.857$  shows that there is 85.7% job security, relationship between job security, relationship with colleagues, relationship with supervisor, working conditions, employee's empowerment and employee's performance. The value of R square is 0.651 shows that 65.1% variation in the employee's performance has been explained by the job security, relationship with colleagues and relationship with supervisor, working conditions and employee's empowerment. The value of F statistics is 9,348 (0.001) shows that the model is statistically highly significant.

**Table 4.** Coefficient\*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	3.21	0.349			.000
Job Security	0.431	0.536	0.601	4.129	.000
Relationship with colleagues	0.538	0.349	0.581	3.216	0.005
Relationship with Supervisor	0.573	0.481	0.598	6.482	0.025
Working Conditions	0.623	0.562	0.671	7.593	0.021
Employee's Empowerment	0.839	0.419	0.785	8.451	.000

Note: \* Dependent Variable: Employee's Performance

The above table 4 of coefficients show that the  $\beta$  of job security is 0.431 showing that one unit increase in job security causes 0.431 units increase in employee's performance. The t statistics value of job security is 4.129 ( $p=0.000$ ) showing that  $H_1$  i.e. accepted i.e. job security has significant impact on employee's performance.  $\beta$  of relationship with colleagues is 0.538 showing that one unit increase in relationship with colleagues causes 0.538 units increase in employee's performance. The t statistics value of relationship with colleagues is 3.216 ( $p=0.005$ ) showing that  $H_2$  accepted i.e. relationship with colleagues has significant impact on employee's performance.  $\beta$  of relationship with supervisor 0.573 showing that one unit increase in relationship with supervisor causes 0.573 units increase in employee's performance. The t statistics value of relationship with supervisor is 6.482 ( $p=0.025$ ) showing that  $H_3$  accepted i.e. relationship with supervisor has significant impact on employee's performance.  $\beta$  of working conditions is 0.623 showing that one unit increase in working conditions causes 0.623 units increase in employee's performance. The t statistics value of relationship with supervisor is 7.593 ( $p=0.021$ ) showing that  $H_4$  accepted i.e. working conditions has significant impact on employee's performance.  $\beta$  of employee's empowerment is 0.839 showing that one unit increase in employee's empowerment causes 0.839 units increase in employee's performance. The t statistics value of employee's empowerment is 8.451 ( $p=0.000$ ) showing that  $H_5$  accepted i.e. employee's empowerment has significant impact on employee's performance.

## CONCLUSION

The main aim of the study was to find out the impact of the factors on the employee's performance. The factors included in the study were job security, relationship with colleagues, and relationship with supervisor, working conditions and employee's empowerment while employee's performance was taken as the dependent variable. The results of the study showed that all the hypotheses of the study were accepted with high significance level. The factors taken for explaining employee's performance were found to have more than 60% variation employee's performance. Therefore these factors carried significant contributions towards explaining the employee's performance. Employee's empowerment showed the greatest contribution in terms of  $b=0.839$  ( $p=0.000$ ) proved that one unit increase in employee's empowerment causes 0.839% increase in performance of employees. Similarly working conditions also proved to have positive contribution towards performance of employees at the same time relationship with supervisor and relationship with colleagues and job security also were found to have positive contribution towards increase in employee's performance. This has proved that the management of the organizations needs to focus more on these factors to ensure improved employee's performance. This improvement in performance of employees is expected to result in efficient performance of organization. This improved performance of employees is also considered as an outcome of organizational culture where supportive colleagues and supportive behavior of supervisor is among the key drivers of employee's performance.

This study should be expanded to other sector as well with the inclusion of other factors that play a vital role in improving performance of employees. Realistically speaking it is the performance of employees that drives organizations towards the success but at the same time the policy makers in the management play equally important role in



this connection. As it is said about the performance one more important factor is the satisfaction of employees highly satisfied employees are expected to exhibit excellent performance.

Employees showing absenteeism in the workplace are considered as the poor performers. So specifically the improved performance of employees is an outcome of job attitude. Implementation of simple and sophisticated procedures can lead to achieving high performance of employees. Attitude of employees towards various factors of job has been found to have contributing affect on the performance of an employee. Management of the organization is suggested to focus on certain features and action that the organization must implement, so that the company can induct a high degree of empowerment among employees that is expected to lead to high performance in achieving the desired goals of organization.

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