

**EFFECT OF WORK ENVIRONMENT ON PERFORMANCE OF  
LARGE MANUFACTURING FIRMS IN NAIROBI COUNTY,  
KENYA**

**BY**

**ANNE AKWIJAYA INDANGASI**

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## **DECLARATION**

I declare that this study is purely my work and has not been submitted for any other examination in any institution for academic purposes.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**ANNE AKWIJAY INDANGASI**

**D61/79037/2015**

This research project has been submitted for examination with my approval as the University Supervisor.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**DR. JEREMIAH KAGWE**

**Senior Lecturer, Department of Business Administration**

**School of Business, University of Nairobi**

## **DEDICATION**

This project paper is dedicated to my loving family, who have always encouraged and supported me throughout my life. They have been, and still are, the pillar of strength in my life. I thank you. This project is also dedicated to my friends, for your wonderful support and great input, you are much appreciated.

## **ACKNOWLEDGEMENT**

To God, who made all this possible. All glory unto him.

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I would like to thank some of my classmates who encouraged me to finish what we started together. Thank you all.

## **ABSTRACT**

The general objective of the study was to establish the influence of work environment on the performance of manufacturing firms in Nairobi County, Kenya. Specifically, the study sought to: - identify influence of physical work environment, employee relations and empowerment on performance among manufacturing firms. The study was based on three theories which are namely; resource based view theory, competence based view theory and contingency theory. A descriptive cross sectional research design was used to solve this research problem. The target population comprised of all the 230 large-scale manufacturing companies in the city of Nairobi, Kenya. The study employed both stratified and simple random sampling approaches. Stratified random sampling was employed to split the heterogeneous population into homogenous groups so that the samples were picked from each stratum. The sample size was 45 respondents. Structured questionnaires were used to collect primary data using the Likert Scale. The primary data collected using questionnaires was coded and entered into SPSS. The analysis comprised of both descriptive and inferential statistics. Descriptive statistics such as frequencies and percentages was used to analyze the descriptive elements of the study. Correlations and regression analysis was also calculated to draw inferences to the entire population. From the findings the study concluded that work environment at manufacturing firms' influences the firms' performance. The study also concluded that the relationship between work environment and performance of manufacturing firms is positive and significant. The specific aspects of work environment that influence the performance include physical environment, employee relations and empowerment. In relation to the findings the study recommends that manufacturing firms in Kenya ought to revise their human resource policies which govern the employees' relations. This would help to increase the benefits reaped from existence of good human resource policies. The study also recommends that manufacturing firms should look forwards to make the physical environment better through acquisition of ergonomic furniture which takes into consideration the health of employees' as it impacts on employee productivity directly and thus result to improved performance.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>KAM</b>	Kenyan Association of Manufacturers
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>MDGs</b>	Millennium Development Goals
<b>MTP</b>	Medium Term Plan
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>RBV</b>	Resource Based View
<b>SPSS</b>	Statistical Package for Social Science

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

An employees' both working environment and working conditions are as vital as the contribution of capital in promoting sustainable development of the organization. Historically, work has been part and parcel of human beings survival. Worker's perception towards the working experience has also been a major concern for both managers and workers (Hollensen, 2004). Besides a positive work environment being vital for our physical, emotional and mental health, it is also important for the generation of desirable firm outcomes. The more satisfied an employee is, the higher their loyalty towards their jobs and the more the pride held towards their jobs. In today's global economy, work environment in the organization is a vital factor in driving the attainment of organizational goals. No organization in today's competitive world could attain optimum performances without the employees' commitment towards work effectively and attainment of organizational goals (Dicken, 2003).

Several theories have emerged expounding on work environment and firm performance. The contingency theory advanced by Fiedler (1964) posits that organizations must efficiently match their general strategies to suit environmental conditions. The theory links on the notion that no specific criteria of responding to work environmental changes exists. The RBV of the company strengthens the idea that success of an organisation depends highly on people, as an important asset and that firms should nurture employees within a supportive work environment (Collins & Porras, 2004). Competence based theory posits that by hiring individuals who have the right competencies in regard to behavioural tendencies and capabilities and creating conducive work environment, an

organization can raise its overall competence of its workforce and its capacity to accomplish the work at hand.

The expectations of Kenya's manufacturing sector as stated in Vision 2030 development plan, is to have a vigorous, diversified and aggressive manufacturing sector that can support the socio-economic development agenda of the country. This can only be attained through employment creation, attraction of Foreign Direct Investment (FDI), wealth generation and providing the necessary motive towards the achievement of Millennium Development Goals (MDGs). The contribution of the manufacturing sector to the GDP for the country has stagnated at around 10% and set to rise at a rate of 10% per year as per the Medium Term Plan of Kenya Vision 2030 (KAM, 2016). The current study attempts to find out whether work environment is among the aspects that contribute towards the performance of the manufacturing sector in Kenya.

### **1.1.1 Work Environment**

According to Gully and Phillips (2012), the work environment is defined as a sequence of an organization's policies, rules, reward systems, management practices which influence the motivation of the employees and identifies the key motivators in any organisation as fun work environment and supportive supervision. Illich, (2007) defines a work environment as any environment where people work for money. The employees are motivated by enabling work environments as it allows them to adequately deliver their duties. Tripathi (2014) defines work environment as the surrounding where people work and include physical setting, job profile, market condition and culture. There exists a correlation between the employees' working environment and overall productivity and performance. Conducive work environment motivates the employees to work harder leading to increased performance. According to Briner (2000), work environment is the

environment where people work and entails the physical setting (i.e. equipment, heat), job characteristics (for example task complexity and work load).

Employees always feel satisfied when their immediate environment conditions are in line and match obligations (Farh, 2012). Chandrasekar (2011) argues that the nature of the employees' workplace environment determines the extent of prosperity of organizations. The workplace environment constitutes physical factors such as the office design and layout while the psychosocial factors comprises of social support, working conditions and role congruity. The other elements of the workplace environment are policies such as conditions of employment. A good physical workplace environment increases the performance of employees.

Work environment can either be described as good or bad. Workers feel appreciated and at ease in a good work environment and are often more happy and productive. On the contrary, workers feel under-appreciated, unsettled and threatened in a bad work environment. A bad work environment often results in high worker turnover rate and thus the full potential of the workers is not realized. Workers are motivated to come to work by a positive work environment which provides them with the sustainability to work throughout the day. Apart from the welfare created to the employees, a positive work environment also benefits customers, communities and shareholders (Barnes, Brown & Bimrose, 2008). Happy employees attract happy customers thus generation of good business outcomes.

### **1.1.2 Organization Performance**

Richard, Yip, Johnson and Devinney (2009) defined organizational performance as fulfillment of the intended mission of organizations which is obtained through good management, persistent efforts and superior governance in order to achieve goals. The

multiple performance criteria for organizations include responsiveness, flexibility, cost, productivity, asset efficiency utilization and reliability (Chang, Tsui, & Hsu, 2013). An organization's performance is centered on the kind of activities that it carries out in fulfillment of its mission. End results are the observable aspects that determine an organization's performance (Valmohammadi & Servati, 2011).

Some frequent performance measures include productivity, market share, profitability, growth, competitive position and stakeholder satisfaction (Kantor, 2001). Nevertheless, firm performance is not only measured by financial elements as the only indicator (Chesbrough, 2010); business performance is split into four dimensions, rational goals, internal processes, human relations and open system, where each gets measured by whatever changes in its variables. There seem to be no agreement concerning the best or even the most sufficient measure of organization performance. This is because many views exist as to what are the desirable outcomes of organizational effectiveness and because performance is often based on the theory and purposes of the research that is being performed (Carton & Hofer, 2006). Some use financial measures as a criterion to judge the success or failure of a decision or action. Performance measurement focuses on the internal processes to quantify the effectiveness and efficiency of an action with a set of metrics.

According to Richard et al., (2009) how an organization performs is centered on three fields of outcomes which include financial performance in terms of profits, ROI and ROA; product performance measured by market share, sales volume; and returns made on investments by the shareholders that includes total shareholder return and economic value added. There are, however, challenges in using these measures; for starters most managers are unwilling to allow researchers access their financial

records, savings are inconsistent from year to year, environments are constantly changing which makes it difficult to compare the savings made years after.

### **1.1.3 Manufacturing Firms in Kenya**

Despite Kenya's manufacturing industries being small, they have been ranked as the most advanced in East Africa. A significant growth has occurred in Kenya's manufacturing sector since the late 1990s to the present. Kenya's manufacturing industries are wide and diverse and the most common ones include: Small-scale consumer goods (furniture, plastic, textiles, batteries, cigarettes, soap, flour and clothing), horticulture, agricultural products, aluminum industries, oil refining, steel industries, lead industries, commercial ship repair and cement industries. The contribution of the manufacturing sector in promoting economic growth and competitiveness in Kenya cannot be underestimated. The manufacturing sector has been ranked as the third leading contributor to GDP in Kenya. The manufacturing sector has undergone various fluctuations and turbulences over the years due to varying financial conditions (KAM, 2016).

The Kenyan manufacturing sector is a major contributor to the growth in the economy and development due to its great potential for wealth, poverty alleviation and creation of employment. The sector currently employs up to 397,000 people accounting for approximately 13 percent of the total employment and another 1.7 million people employed in the industry's formal sector. Based on Kenya Bureau of Statistics Report (2016), the manufacturing sector mainly deals with agro-based commodities and is denoted by low value addition, export volumes capacity utilization and employment due to weak associations between the sectors. Furthermore, the sector continues to steer the drive towards the attainment of both long term and medium term Millennium



Development Goals (MDGs) such as the goal eight on Global Partnerships for Development and Eradication of extreme Poverty and hunger. The manufacturing sector contributes to the attainment of Vision 2030 through wealth and employment creation. The sector's overall goal in the MTP is to raise the GDP contribution by not less than 10% per annum in the medium term as stated in Vision 2030 (KNBS, 2016). For this study's purpose, the researcher will focus on manufacturing firms in Nairobi County.

#### **1.1.4 Large Manufacturing Firms in Nairobi County**

Nairobi is the capital city of Kenya and a manufacturing hub nationally and regionally. Its location coupled with a good transport network makes it an attractive destination for manufacturing firms. Kenya's manufacturing sector highly depends in imports (Kagechu, 2013). Firms face a number of challenges that include, work related challenges that emanate from the work environment, limited access to the market, start-up capital and high labour costs among others. Current research will be focused at establishing the work environment factors influencing manufacturing firms' performance in Nairobi County, Kenya.

#### **1.2 Research Problem**

A great link exists between the success of any organization and its employee's job performance. According to Heath (2006), the quality of the work environment of the employees affects their motivation level and consequently their performances. The employees' performance is increased when they exhibit both physical and emotional desire to work (Boles et al., 2004). They further argued that the existence of a positive workplace environment helps to curb work absenteeism which results in increased performance in today's dynamic and competitive business world. The workplace

conditions influence employees' morale, productivity and participation either in a positive or negative manner (Chandasekar, 2011). She further argues that workplace environment factors play a vital role towards overall organization performance. The workplace environmental factors have a huge influence on performance either towards the positive outcomes or negative outcomes.

Kenya is the most industrially advanced country in the East African region, but it's yet to produce results that match its potential (UNIDO, 2009). The manufacturing industry has to invest more exertion to guarantee that it performs better and contributes more to the nation's GDP. Currently, the manufacturing sector makes a key contribution to Kenya's economy and currently employs over 250,000 people representing about 13% of the entire population, with another 1.4 million individuals employed in the industry's informal sector. If the factors that influence performance of the manufacturing sector can be identified, then it can be improved and this results to greater contribution to the economy. This study investigated whether the work environment is a significant factor in influencing performance of manufacturing firms in Nairobi County.

Empirical studies done include Gitahi (2014) who studied the impact of workplace environment on employees' performance in Nakuru town banks and the results revealed that psychosocial are more vital factors in improving the employees' performance compared to physical workplace factors and work life factors. This study focused on employee performance while the current study will focus on firm performance. Naharuddin and Sadegi (2013) studied on workplace environmental factors that influence the performance of employee: a case of Miyazu Malaysia. The results depicted that supervisor support in not an adequate contributor towards

attainment of employee performance while physical workplace environment and job aid had a strong link towards performance of the employees. Studies by Amusa et al., (2013) explored job performance and work environments of public universities' librarians in South-West Nigeria. Results shows that there is a notable association between work environment and job performance in libraries. These two studies also focused on employee performance and left a gap on overall firm performance.

Linguli (2013) did a study to investigate the impact of work environment on employees' commitment and quality of work at Devki Limited- Ruiru. The findings revealed that work environment has a strong effect on the employees' commitment and quality of work life. Nanzushi (2015) studied on influence of workplace environment on the performance of the employees among the mobile telecommunication companies in Nairobi City County. The results identified the work environmental factors that affected the performance of the employees as reward, leadership style/ management, physical environment factors, work-life balance and training and development. Musembi (2012) investigated the impact of the work environment on the administrative staff productivity. Study findings indicated that the physical environment has an impact with respect to noise factor which was cited as disruptive and hard to regulate more so among the open plan office design in some offices. Factors that are job related were also identified to influence the employees' productivity which was poorly ranked by the respondents of the study. However, all these studies were done in distinct contexts and the current study seeks to bridge this gap by focusing on manufacturing firms in Nairobi County.

From the above both local and international researches, it can be clearly seen that a knowledge gap exists based on the fact that no single study has been carried out on

the impact of work environment on performance of manufacturing firms in Nairobi County. In addition, majority of the studies have looked into the effect of work environment on employee performance (Gitahi, 2014; Naharuddin and Sadegi, 2013) and quality of work life and commitment (Linguli, 2013). The gaps raise the question; what is the effect of work environment on performance of manufacturing firms in Nairobi, County Kenya?

### **1.3 Objectives of the Study**

The study objectives were:

- i. To identify influence of physical work environment on performance among manufacturing firms in Nairobi County, Kenya.
- ii. To establish the extent to which employee relations influence performance among manufacturing firms in Nairobi County, Kenya.
- iii. To find out how empowerment with regard to decision making influences performance among manufacturing firms.

### **1.4 Value of the Study**

The study's results will be used as a reference by scholars, students and researchers who might want to undertake studies in the same knowledge area. The findings will be significant to both scholars and researchers in identifying research gap in this field which will prompt and guide them in executing further studies.

The study will also explore the effect of work environment and identifies the initiatives that could be adopted by the employers to improve the work environment promote the well-being of the employee and enhance overall performance. The study will assist departmental manager and supervisors to identify strategies that could be

implemented to increase the productivity and performance of the employee at the work place by providing a conducive work environment.

To government and organizations such as KAM, in the formulation and implementation of policies and regulations governing work environment so as to promote manufacturing sector performance and in essence economic growth. This will contribute to the advancement of work environment and productivity in the sector and the country as a whole.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The section takes an in-depth study of literature and researches in relation to the work environment and its association with organizational performance. The chapter analyzes the theories guiding the study, summarizes the gaps and identifies the contradictions in the empirical literature and the conceptual framework.

### **2.2 Theoretical Foundation**

The study was based on three theories which are namely; RBV, competence based view and contingency theory.

#### **2.2.1 Resource Based View Theory**

RBV sets up the importance of an organisation to fabricate a crucial resources arrangement and packaging them together in remarkable and dynamic manner so as to increase the achievement of a firm. Competitive advantage is dependent not, as customarily expected, on such factors as natural resources, innovation, or economies of scale, because these are progressively simple to imitate. In reality, human capital is an "invisible asset" (Itami, 2007).

The RBV of the firm strengthens the idea that the success of an organisation depends highly on people, as an important asset and that firms should nurture employees within a supportive work environment (Collins & Porras, 2004). Collins and Porras (2004) encourages the improvement and nurture of workers inside a steady solid culture. A later and similarly essential strand has risen under the title "the talent-based view of the firm", which underlines the prerequisite of the association to create and increment the talent and learning abilities of the representatives through talent obtaining and

talent sharing and exchange, to accomplish competitive advantage. As indicated by the resource-based view, equal firms contend based on the heterogeneity and fixed status of their resources and capacities (Peteraf and Bergen, 2003). Resources can be physical, human and organisational in nature, and can be utilized to actualize esteem making methodologies. As was recommended by Barney (1991), resources that are significant, uncommon, matchless, and non-substitutable, can possibly furnish firms with a practical competitive advantage. An arrangement of resources that appear to coordinate the above criteria are talent assets.

Literature on the competitive advantage has taken a move and it has recognized that the inside resources have a significant task to carry out in the organisation performance (Wright et al., 2009). The RBV of the firm offers significance to building exceptional, difficult to imitate and important resources and also a dynamic method to incorporate those resources to get an organisation's success. As indicated by resource based view, firm performance is reliant on the significant, uncommon and difficult to duplicate resources that dwell in the association and a conducive work environment is one of those scarce resources.

### **2.2.2 Competence Based View Theory**

The competence-based view, primarily represented by Sanchez (2001) argued that firms should use competence with the end goal to achieve define objectives, paying little heed to whether it is reduced expenses or competitive advantage. Yet, the center of the competence based viewpoint lies in its way to deal with the idea of information, and of its exchange of learning forms (Sanchez, 2001). For example, the distinction between information, data, information and interpretive system is featured as the contrast among learning and sense-making. An important element of this school of

thought is the change of talent into capability or competence that is done using learning cycles, including individual, group and organizational learning (Sanchez, 2001).

Competency-based talent management is extensively engaging on the grounds that it is so naturally connected to a definitive talent management objective: effectively assembling and maintaining competence - for instance a powerful or, even better, high-performing workforce. The ramifications of this is by employing people who have the correct competencies as to conduct propensities and capacities and making favourable workplace, an organization can build the general competence of its workforce and its capacity to take every necessary step within reach. The capacity to connect competencies inside individual labourers to exhibited competence at work is particularly engaging for organizations that have commonly experienced issues evaluating performance quality. A helpful definition will shift incredibly starting with one administration occasion then onto the next, and it is completely conceivable that an assortment of conduct methodologies would all be able to prompt similarly positive administration results. Rather than trying to characterize effective performance in terms of a well-defined task, the test in this kind of circumstance is in catching those administration related practices that are well on the way to prompt a positive client response. This is the place an attention on competencies can bode well. Competency modelling is a change management process requiring careful assessment and compelling correspondence previously, amid and upon performance. At the point when first rate, competency models can characterize and hoist an organization's talent image (Stahl et al., 2007).



### **2.2.3 Contingency Theory**

Every firm is faced with specific opportunities and threats in conjunction to its weaknesses and strengths. According to Daft (2010), organizations can't have same strategies in as much as scientific management principles try to portray that they are alike. Not appreciating individual firms' unique capabilities may result in wrong strategic choices and subsequently failure. This is thus the foundation of contingency theory which employs the methodology that organizations must efficiently match their general strategies to suit external environmental conditions. The theory clicks on the notion that there is no specific criteria of responding to work environmental changes. Nearly each organization operates in highly dynamic environments and therefore engaged in massive transactions where the firms' actions need to be responsive to the daily environmental changes (Carlisle, 1976).

Contingency theory as an organizational theory argues that there is no mutually exclusive approach to organize, lead an entity, or to settle on choice in a social set-up. Rather, the ideal strategy is dependent upon the inward and outer circumstance of the organization and nature. Some focal premises of organizational theory can comprehend centre issues for executing successful group policing programs (Lawrence & Lorsch, 1967). The presumptions that constitute the focal premises of the organizational theory can be used to address the issues that are experienced in the execution of progress projects in the organization, for example, rebranding. The primary presumption challenges the customary view that specific general standards and standards can be connected to organizations in all times and places. The second supposition challenges the tried and true way of thinking of early financial experts that organizational structure is not significant to authoritative execution.

Contingency theory, despite having a few qualities, for the most part misses the mark in clarifying why some change projects or practices are successful in a few instances yet not others (Lawler & Worley, 2012). It is additionally scrutinized that it doesn't correspond well with other standard association change programs. Contingency theory additionally neglects to sufficiently clarify what ought to be done about a specific change program or circumstances jumble in the organization.

### **2.3 Work Environment and Organization Performance**

Firm performance is an important aspect in any organization and firms are always on the look out to some of the factors that can help them maximizing their performance. Work environment is among the factors that is perceived to affect firm performance and this study focused on three components of work environment that are expected to influence firm performance namely; physical environment, employee relations and employee empowerment.

#### **2.3.1 Physical Environment**

Work environment entails all the elements that act and react to an employees' mind and body it includes the physical, social and psychological aspects and the job itself which affects the employee both negatively and positively (Jain & Kaur, 2014). Vischer (2008) add and state that workspace environmental aspects include environmental conditions such as air quality, furniture layout, noise and lighting and ergonomics which include; workstations, offices, process issues and shared amenities such as user participation, and meeting organizational and business objective. Vischer (2008) continues and says that these aspects influence employee satisfaction. Employees' feelings about their work environment are expressed from the perspective

of territory, employee productivity as well as ownership and belonging. For example it is noted that way workspace is designed and occupied influences how the employees feel as well as dictating the degree of their work performance, how they create new knowledge and commitment to their employer (Vischer, 2008).

Studies by Smail et al., (2010) argue that physical workplace conditions affect the employees' undertakings and thus long term sustainability of the organizations. They further describe the components of the physical workplace environment as the external and internal office layout, work setting arrangement, temperature and comfort zone. The key aspects of the physical workplace environment include lighting (both natural and artificial), furniture, noise and spacious workplace units (Vischer, 2007). The key aspects of the physical workplace environment include lighting, heating, ventilation level and comfort zone. These features contribute to the design and decor of the workplace environment and overall functionality thus leading to higher performance and improved employee experience.

### **2.3.2 Employee Relations**

Broadfield and Rollison (2002) explain employee relations as the association between the organization and its workers that entail the diverse interactions and communications between the parties involved and the processes by which each adjust to the wants and needs of others. Phillips and Gully (2012) explain that there exists a highly pronounced belief that improvements in productivity is only attained through major reforms in the field of employee relations, which implies that, the requirement for the upkeep of solid representative relations can't be over emphasized in light of the fact that sound worker relations is a conspicuous pre-essential for accomplishment of

organizational achievement. Also, human satisfaction and high productivity can only be attained through strong employee relations (Quick & Nelson, 2013).

In creating productive and effective work environment, it is important to remember the need to promote employee to employer trust, the employees' optimism towards his/her future both within and outside the organization and must also provide the employee with the opportunity for growth. This motivates the employees to exert the highest more effort towards the attainment of organizational goals and to fully exploit their potential. Therefore, it can be said that effective work results in increased organizational success. Kingston (2005) purports that the employees make real sacrifices in an environment of hope and trust which are of benefit to the organization. Work environment is often improved to empower the employees in terms of free decision making and self-expression. Kingston, (2005) further argues that to ensure optimal performance and efficiency among employees, an employer must be prepared to pay attention to the employee's grievances and respond them promptly. Workers are motivated by an environment that promotes optimism, trust, opportunity and enjoyment.

### **2.3.3 Employee Empowerment**

Employee empowerment is giving individuals the authority to settle on choices in their own zones of tasks without the endorsement of somebody above (Rollison and Broadfield, 2002). Phillips and Gully (2012) characterize employee empowerment as the extent to which an employee is approved to settle on and execute choices. Then again, Quick and Nelson (2013) characterize it as the making of conditions for elevated inspiration through the advancement of a solid feeling of individual sense of viability. They additionally contend that empowerment is not just empowering

employee to make use of their potential completely, yet in addition requires the directors to be completely dedicated to their obligations to pass a portion of the basic leadership authority to their employees.

Quick and Nelson (2013) suggests that employees can be empowered through the following ways: Developing a clear vision and goals and articulating personal mastery experiences ensures modeling successful behaviors, self-efficacy and building of skills, connecting employees with their task outcomes and giving them feedback, building employee confidence through demonstration of immense competence, sending good messages and stimulating positive emotions in employees, honesty and fairness. Quick and Nelson (2013), further argue that empowerment seeks to release productivity and creativity of an employee.

#### **2.4 Empirical Studies and Research Gaps**

Musembi (2012) investigated the impact work environment has on administrative staff productivity. The factors investigated were; physical environment, job related factors and the marginal benefits effects on the productivity of administrative staff. Both quantitative and qualitative data collection methods were used. Study results revealed that an effect exists on physical environment with respect to noise factor which was cited as difficult and disruptive to control more so among the open plan office design some offices. Job related factors were also mentioned to have an effect on the employees' productivity which was ranked poorly by those participating. This research did not relate work environment with firm performance which is the objective of this firm. In addition, employee empowerment and relations were not considered as some of the factors under work environment.

Linguli (2013) did a research to establish the impact of work environment on commitment and quality of work life of the employees at Devki Limited- Ruiru. This study adopted the descriptive research design and primary data was used. Data from the respondents were collected using structured questionnaires. The research utilized open and closed ended questionnaires to collect data from the casual employees at Devki Steel Mills Limited. For data analysis, bar charts distribution tables, pie charts as well as were adopted. The findings revealed that work environment have no influence on the employees' quality of work life and commitment. This study concentrated on the quality of work life and commitment of employees while the current study focused on work environment and firm performance.

Nanzushi (2015) examined the influence of workplace environment on employee performance among the mobile telecommunication companies in Nairobi County. All the workers Safaricom Limited, Telkom Kenya Limited and Airtel Networks Kenya Limited based at the headquarters were used as the sample for the study. The total number was 976 from Safaricom, 400 from Telkom and was 250 from Airtel. The total sample size was 164 employees. The study adopted the descriptive research design. The collected primary data were used in the study. It was concluded from the findings that the employee performance is affected by work environmental factors including management/ leadership style, reward, physical environment factors, work-life balance and training and development. The results revealed that employees were not content with promotions in their organizations and the management style. This study was conducted in a different context from the focus of the current study. In addition, the study focused on employee performance while the current study focused on firm performance.

Mutia (2016) explored the impact of work environment on levels of productivity among extension officers in Agriculture Ministry, Kilifi District. In Bahari District, forty five extension officers were present before they were expropriated to Kilifi District. The existence of causal-effect relationships between the data were established using variances and correlations and the findings presented in pie charts and tables to a recap of the outcomes at a glance. Outcomes revealed that the productivity of the workers in the Agricultural ministry is affected by the work environment and that the existing work environment is not conducive enough to generate a productive work force. This study however did not examine the impact of physical work environment, employee relations and empowerment on firm performance.

Mogere (2017) did a study to explore employee motivation levels at Standard Media Group after the turnaround that was undertaken and identify employee motivation related factors in this organization. The questionnaires were issued to a total of 74 employees at Standard Media group on Ryan's and Deci theory of employee motivation. The study's findings identified socio demographic aspects such marital status, gender, age, and income levels as non-influential with regard to employee motivation. The current study differ from this study as it concentrated on firm performance and not employee motivation.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The section presents the research methodology adopted in the operationalization of the research so as to achieve the study objectives. The chapter presents the research



design and the population. It is followed by methods of data collection and instrumentation and finally the analysis of data.

### **3.2 Research Design**

Khumar (2005) described research design as that method that is procedurally acquired by the researcher and that which enables the researcher to be able to answer questions accurately, validly, objectively, and economically. According to Wanyama and Olweny (2013), a research design aims at improving the ability of the research in conceptualizing an operational plan in order to be able to embark on the various techniques available and required tasks for the completion of the study while at the same time ensuring that the procedures used are sufficient enough to acquire valid, objective and precise responses to the research questions.

Descriptive cross sectional research design was used to solve this research problem. A descriptive study aims at determining the where, what and how of a phenomenon (Cooper & Schindler, 2008). The appropriateness of this design is that it will allow the researcher to utilize both quantitative and qualitative data so as to determine the impacts of work environment on the manufacturing firms' performance in Nairobi County.

### **3.3 Population of the Study**

Population has been explained as individuals, groups, object or events that exhibit similar traits (Bryman & Bell, 2003). The population used for the study was all the large-scale manufacturing companies in the city of Nairobi, Kenya. According to the Kenya Association of Manufacturers (2015), there are 230 large scale manufacturing firms in Nairobi. The study considered Nairobi because this is where most of the large

scale manufacturing firms in different sectors are concentrated and thus providing a population where an adequate sample was extracted.

### 3.4 Sampling Design and Sample Size

The study employed both stratified and simple random sampling approaches. Stratified random sampling was applied to split the heterogeneous population into homogenous groups so that the samples were picked from each stratum. The target population comprised of twelve strata; each being a sector in the large scale manufacturing firms. Hence a sample was drawn from the two hundred and thirty large scale Nairobi County manufacturing firms. Kothari (2012, states that a good sample must exhibit at least 10% of the target population. Forty five (45) respondents were thus considered appropriate for the study as it cut above the threshold (Bryman & Bell, 2003).

**Table 3.1: Sample Population**

<b>Sector</b>	<b>Target Population</b>	<b>Sample</b>
Construction, Building & Mining	5	1
Foods, Tobacco and Beverage	45	10
Chemicals and related products	29	6
Electrical and Energy	18	4
Rubber and Plastics	30	5
Textiles, Apparel	24	4
Furniture, Wood and Timber Products	12	2
Medical Equipment and Pharmaceuticals	12	2
Hard Metal and Allied	20	4
Footwear and leather products	7	1
Motor vehicle accessories and assembly	8	2
Paper and related products	20	5
<b>Total</b>	<b>230</b>	<b>45</b>

### **3.5 Data Collection**

Primary data was obtained by use of Structured Questionnaires by use of the Likert Scale. The targeted respondents in this study were the senior, middle and lower level managers of the selected large manufacturing firms in the study area. This was because they are involved in the organizations' management and have a broad understanding of both the work environment and organizational performance.

Three respondents from the three levels of management in each organization were chosen upon which the questionnaires were administered. The structured questionnaire contained close-ended and open –ended questions and the close-ended questions consisted of more structured responses which brought out more tangible recommendations. The ratings on various attributes was tested using the closed ended questions which helped in the reduction of responses that were related so as to obtain responses that are more varied.

More data not acquired using the close-ended questions was captured using the open-ended questions to aid in attainment of a higher understanding of the effect of work environment on performance of large manufacturing firms in Nairobi County. The research instrument was personally administered by the researcher to the respondents. The researcher kept a register of the questionnaires to ensure that all the questionnaires distributed to the respondents were returned.

### **3.6 Data Analysis**

Data acquired by questionnaires was coded and entered into SPSS. Descriptive statistics like frequencies and percentages were applied in analyzing the descriptive

elements of the study. Correlations and regression analysis was calculated to draw inferences to the entire population.

Multiple regressions analysis was applied to analyze whether there is a connection between the dependent variable and the independent variables. Firm performance was the dependent variable while the independent variables were: physical work environment, employee relations and empowerment. The multiple regression model used is represented below.

$$P = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

In which;

P = Performance of large manufacturing firms in Nairobi County

$\alpha$  = Constant Term

$\beta_i$  = Beta Coefficient of variable i which measures whether there is responsiveness of Y to change in i

$X_1$  = Physical work environment

$X_2$  = Employee relations

$X_3$  = Employee empowerment

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

The section entails analysis of data, findings and interpretation. Tables and diagrams are used in presenting results. The data is in accordance with the research objectives.

## 4.2 Questionnaire Return Rate

The study gave out 45 questionnaires and only 40 were correctly filled and submitted. This gives a total successful response rate of 93.3% as depicted on the Table below. As per Babbie (2004), return rates of 50% are sufficient in analyzing and publishing, 60% is good and 70% is very good. From this, 93.3% return rate is excellent.

**Table 4.1: Response Rate**

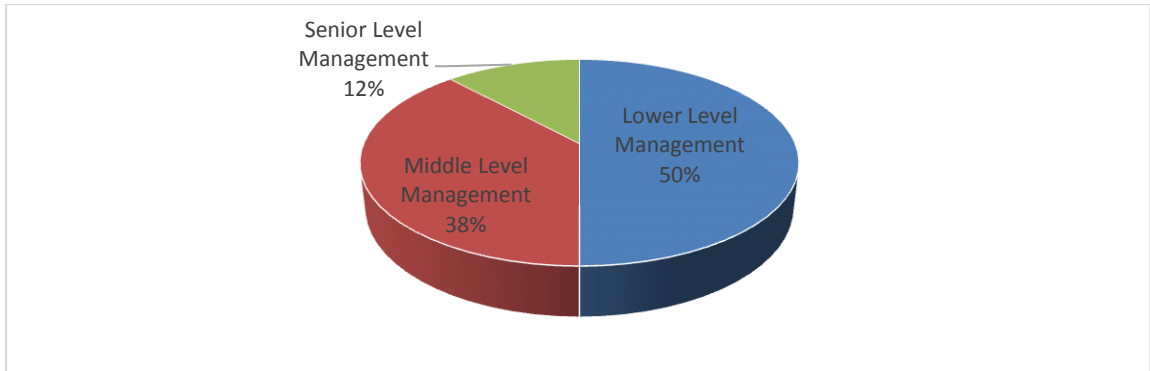
<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Returned	42	93.3%
Unreturned	3	6.7%
<b>Total</b>	<b>45</b>	<b>100%</b>

## 4.3 Demographic Characteristics of the Respondents

The part provides data that posits the fundamental traits like position and number of years worked in the organization (large manufacturing firms).

### 4.3.1 Position in the organization

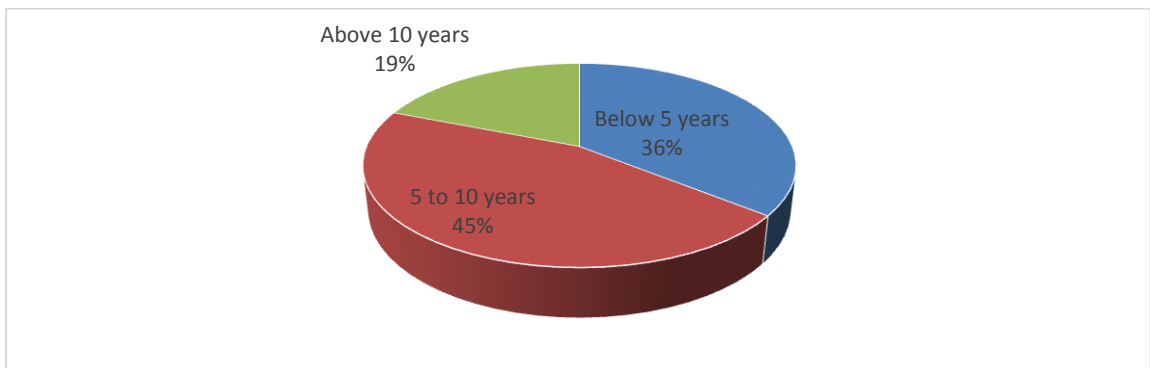
The researcher was seeking to establish the position held by the respondents. Figure 4.1 indicates that slightly half (50%) held positions in the low level of management, 38% held middle level management positions while only 12% of the respondents held senior level managerial positions. This can be explained by the fact that the number of employees decrease with increased seniority.



**Figure 4.1: Position in the organization**

#### 4.3.2 Number of Years in Organization

The participants were requested to show the period of time they had for the organization. Fig. 4.2 indicated that 45% of respondents indicated 5 to 10 years, 36% indicated less than 5 years while 19% indicated more than 10 year. This is an indicator that most of them had been in the organization for a commendable period which implies that they have amassed a wealth of experienced which is needed to execute their duties.



**Figure 4.2: Number of years in organization**

## 4.4 Descriptive Statistics

This part gives the descriptive findings on physical environment, employee relations, empowerment and performance.

### 4.4.1 Physical Environment

The study aimed at establishing the influence of physical work environment on performance among manufacturing firms. Table 4.2 displays outcomes that show that 81% of the respondents agreed that furniture gives them enough comfort hence they don't get tired while performing their jobs, 71.5% agreed that their workplace provides an undisturbed environment that enabled them perform their duties while 81% agreed that their office space and arrangement is conducive for improved performance. The results also revealed that 69% agreed that a more spacious office would improve the firm performance, 83.3% agreed that improved lighting would lead to an increase in firm output, 64.3% agreed that the general cleanliness in the work place influences firm performance while 85.7% agreed that the level of heating in the office influences output. On a five point likert scale the mean was 4.1 which implies that most of the respondents agreed to the statements.

**Table 4.2: Physical environment**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Mean</b>
The furniture is comfortable enough to enable me perform my jobs without getting tired.	0.0%	0.0%	19.0%	42.9%	38.1%	4.2
My workplace provides an undisturbed environment without any noise that gives me	0.0%	0.0%	28.6%	28.6%	42.9%	4.1

alone time to perform my duties.						
Office space and arrangement is conducive for improved performance.	0.0%	0.0%	19.0%	40.5%	40.5%	4.2
A more spacious office would improve the firm performance.	0.0%	0.0%	31.0%	35.7%	33.3%	4.0
Improved lighting would lead to an increase in firm output.	4.8%	0.0%	11.9%	23.8%	59.5%	4.3
The general cleanliness in the work place influences firm performance.	0.0%	0.0%	35.7%	33.3%	31.0%	4.0
The level of heating in the office influences output.	0.0%	2.4%	11.9%	52.4%	33.3%	4.2
<b>Average</b>						<b>4.1</b>

#### 4.4.2 Employee Relations

Outcomes Table 4.3 show that 61.9% of the respondents disagreed that there is a distant between them and their workmates and this influences performance, 95.3% agreed that they have friends in the workplace and this improve performance while 78.6% agreed that the trust they have with workmates improves performance. Results also showed that 73.9% agreed that a good work relation with their line manager improves firm performance while 95.3% agreed that there is a good spirit of unity at their work place and this enhances performance. On a five point likert scale the mean was 3.9 which implies that most of the respondents agreed to the statements.

**Table 4.3: Employee Relations**

Statement	Strongly	Disagre	Neutr	Agree	Strongl	Me
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	disagree	e	al		y agree	an
There is a distant between me and my workmates and this influences performance.	16.7%	45.2%	0.0%	19.0%	19.0%	3.5
I have friends in the workplace and this improve performance.	2.4%	2.4%	0.0%	64.3%	31.0%	4.2
The trust I have with workmates improves performance.	4.8%	16.7%	0.0%	61.9%	16.7%	3.7
A good work relation with my line manager improves firm performance.	4.8%	21.4%	0.0%	31.0%	42.9%	3.9
There is a good spirit of unity at the work place and this enhances performance.	2.4%	2.4%	0.0%	64.3%	31.0%	4.2
<b>Average</b>						<b>3.9</b>

#### 4.4.3 Empowerment

The study sought to investigate how performance among manufacturing firms is affected by empowerment with regard to decision making. Table 4.4 show that 57.1% of respondents were in agreement that sufficient training in their work place has improved firm performance, 88.1% agreed that existing channels of communication can help increase firm productivity, 61.9% agreed that lack of delegation demotivates employees and hence poor performance while 57.2% disagreed that there is ineffective supervision in their workplace which lowers performance. Results also showed that 83.4% agreed that their manager conveys confidence in their ability to perform their job and this can improve firm productivity, 52.4% agreed that their manager encourages them to ask questions and this helps boost my productivity while 61.9% agreed that their manager listens to how they would like to do things and this is beneficial to the firm..

**Table 4.4: Empowerment**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Mean</b>
Sufficient training in my work place has improved firm performance.	4.8%	7.1%	31.0%	35.7%	21.4%	3.6
Existing channels of communication can help increase firm productivity.	2.4%	4.8%	4.8%	33.3%	54.8%	4.3
Lack of delegation demotivates employees and hence poor performance.	0.0%	4.8%	33.3%	54.8%	7.1%	3.6
There is ineffective supervision in the workplace which lowers performance.	4.8%	52.4%	35.7%	2.4%	4.8%	3.5
My manager conveys confidence in my ability to do well at my job and this can improve firm productivity.	0.0%	0.0%	16.7%	31.0%	52.4%	4.4
My manager encourages me to ask questions and this helps boost my productivity.	14.3%	2.4%	31.0%	42.9%	9.5%	3.3
My manager listens to how I would like to do things and this is beneficial to the firm.	16.7%	19.0%	2.4%	14.3%	47.6%	3.6
<b>Average</b>						<b>3.8</b>

**4.4.4 Performance**

The study was seeking to establish the performance of manufacturing firms. Outcomes in Table 4.5 reveal that 64.3% agreed that a conducive work environment has facilitated the improvement of performance in their company, 92.9% agreed that their company's performance is better compared to the competitors while 64.3% agreed that the work environment in our company's has impacted on the profitability

of our company. Results also showed that 85.7% were in agreement that the work environment in their company's has impacted on service delivery, 88.1% agreed that the work environment in their company's has impacted on the return on investment while 85.7% agreed that the work environment in their company's has impacted on the customer satisfaction.

**Table 4.5: Performance**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Mean</b>
A conducive work environment has facilitated the improvement of performance in our company.	2.4%	0.0%	33.3%	42.9%	21.4%	3.8
Our company's performance is better compared to the competitors.	0.0%	0.0%	7.1%	38.1%	54.8%	4.5
The work environment in our company's has impacted on the profitability of our company.	0.0%	0.0%	35.7%	50.0%	14.3%	3.8
The work environment in our company's has impacted on service delivery.	7.1%	0.0%	7.1%	78.6%	7.1%	3.8
The work environment in our company's has impacted on the return on investment.	4.8%	0.0%	7.1%	33.3%	54.8%	4.3
The work environment in our company's has impacted on the customer satisfaction.	7.1%	0.0%	7.1%	73.8%	11.9%	3.8
<b>Average</b>						<b>4.0</b>

## 4.5 Inferential Statistics

Inferential analysis was carried out in generating correlation results, model of fitness, as well as ANOVA and regression coefficients.

### 4.5.1 Correlation Analysis

The Table below reveals the findings of the correlation analysis. The results presented in the Table 4.6 reveals that physical environment and performance of manufacturing firms are positively and significant association ( $r=0.740$ ,  $p=0.000$ ). Further, the table shows that employee relations and performance of manufacturing firms are positively and significant association ( $r=0.358$ ,  $p=0.020$ ). Again, it was discovered that empowerment and performance of manufacturing firms were positively and significant association ( $r=0.608$ ,  $p=0.000$ ). This implies that a good work environment would result to improved performance among manufacturing firms.

**Table 4.6: Correlation Matrix**

		<b>Perfor mance</b>	<b>Physical Environment</b>	<b>Employee Relations</b>	<b>Empowe rment</b>
Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
Physical Environment	Pearson Correlation	0.740	1		
	Sig. (2- tailed)	0.000			
Employee Relations	Pearson Correlation	0.358	0.396	1	
	Sig. (2- tailed)	0.020	0.009		
Empowermen t	Pearson Correlation	0.608	0.500	0.354	1
	Sig. (2-	0.000	0.001	0.021	

tailed)

---

#### 4.5.2 Regression Analysis

Results in Table 4.7 above show that physical environment, employee relations and empowerment were discovered to be adequate variables in explaining the performance of manufacturing firms. R square of 0.753 supports this implying that physical environment, employee relations and empowerment explain 75.3% of the variations in the performance of manufacturing firms. Further, results mean that the model used to link the relationship of the variables was adequate.

**Table 4.7: Model Fitness**

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<b>Indicator</b>	<b>Variable</b>
R	0.868
R Square	0.753

---

In the linear model output display, the F-statistic is the test statistic for testing the model statistical significance. In the ANOVA display, the F-statistic values are for examining the significance of the variables in the model (Cooper & Schindler, 2008). Results in Table 4.8 show that the overall model was statistically significant as supported by an F statistic of 38.547 and a p value of 0.000. Further, the findings mean that the independent variables are good predictors of performance of manufacturing firms.

**Table 4.8: Variance Analysis**

<b>Indicator</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	4.621	3	1.54	38.547	0.000
Residual	1.519	38	0.04		
Total	6.14	41			

In regression analysis statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance value found is below the critical value which is statistically set at 0.05, then the model is sufficient in explaining the relationship.

Table 4.9 gives regression coefficients results which show that there is a positive and significant relationship between physical environment, employee relations and empowerment and performance of manufacturing firms as confirmed by beta coefficients of 0.934, 0.179 and 0.200 respectively. The outcomes reveal that an improvement of the physical environment by a unit would lead to a rise in performance of manufacturing firms by 0.934 units. This shows that an improvement in employee relations by a unit would lead to a rise in performance of manufacturing firms by 0.179 units. The results further show that increased empowerment by a unit causes an increased performance of manufacturing firms by 0.200 units.

**Table 4.9: Regression of Coefficients**

<b>Variable</b>	<b>B</b>	<b>Std. Error</b>	<b>t</b>	<b>Sig.</b>
(Constant)	1.874	0.557	3.364	0.001
Physical Environment	0.934	0.126	7.435	0.000
Employee Relations	0.179	0.083	2.161	0.035
Empowerment	0.200	0.075	2.673	0.011

$$P = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

In which;

P= Performance of large manufacturing firms in Nairobi County

$\alpha$  = Constant Term

$\beta_i$  = Beta Coefficient of variable i which measures whether there is responsiveness of Y to change in i

$X_1$  = Physical work environment

$X_2$ = Employee relations

$X_3$ = Employee empowerment

e=Error term

Hence the final model is:-

Performance of Manufacturing Firms = 1.874 + 0.934 Physical Environment + 0.179  
Employee Relations + 0.200 Empowerment

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This part outlines results summary, the conclusions and recommendations done in accordance to the objectives.

#### **5.2 Summary of Findings**

The section presents a summary of results analysis. It is done in accordance to the research objectives.

##### **5.2.1 Physical Environment and Performance of Manufacturing Firms**

The first aim of the research was to identify impact of physical work environment on performance among manufacturing companies in Nairobi County. The descriptive

results revealed that indeed physical work environment influences the performance among manufacturing firms. This was evidence by the respondents agreement to statements related to physical environment. These included furniture is comfortable which enables employees to be effective and provision of an undisturbed environment at the workplace, conducive office space and arrangement. The results also revealed that a more spacious office, improved lighting, general cleanliness and level of heating in the office influences performance.

This was supported by the correlation results which showed that physical environment and manufacturing firms' performance are positively and significant association ( $r=0.740$ ,  $p=0.000$ ). The regression results also confirmed that there exists a positive and significant relationship between physical environment and performance of manufacturing firms as confirmed by beta coefficients of 0.934. These results show that an improvement of the physical environment by a unit would lead to a rise in performance of manufacturing firms by 0.934 units. This findings are in agreement with those of Smail et al., (2010) who argues that physical workplace conditions affect the employees' undertakings and thus long term sustainability of the organizations. The findings are also consistent with those of Musembi (2012) who investigated the impact the work environment has on the administrative staff productivity. Results revealed that an impact exists on physical environment with respect to noise factor which was cited as difficult and disruptive to control especially among the open plan office design in some offices.

### **5.2.2 Employee Relations and Performance of Manufacturing Firms**

The second study objective was to discover the extent to which employee relations on performance among manufacturing firms. The descriptive results depicted that indeed



employee relations influences the performance among manufacturing firms. This was evidence by the respondents agreement to statements related to employee relations. These included having friends in the workplace, existence of trust among workmates, existence of a good work relation with their line manager and existence of a good spirit of unity at their work place.

This was supported by the correlation results which established that employee relations and performance of manufacturing firms are desirably and notably associated ( $r=0.358$ ,  $p=0.020$ ). The regression outcome confirmed that there exists a positive and notable connection between employee relations and performance of manufacturing firms as confirmed by beta coefficients of 0.179. This shows that an improvement in employee relations by a unit would lead to a rise in performance of manufacturing firms by 0.179 units. The outcomes concur with Nanzushi (2015) who examined the influence of workplace environment on employee performance among the mobile telecommunication companies in Nairobi County. The study concluded from the findings that the employee performance is affected by work environmental factors including management/ leadership style, reward, physical environment factors, work-life balance and training and development.

### **5.2.3 Empowerment and Performance of Manufacturing Firms**

Descriptive results revealed that indeed empowerment influences the performance among manufacturing firms. This was evidence by the respondents agreement to statements related to empowerment. These included sufficient training in their work place, existence of proper channels of communication, existence of effective supervision in their workplace, conveyance of confidence by the manager on the

employees' ability to perform their job, encouraging nature of managers and the proper listening skills possessed by managers.

This was supported by the correlation outcomes which depicted that empowerment and performance of manufacturing firms were desirably and notably associated ( $r=0.608$ ,  $p=0.000$ ). The regression outcome further confirmed that there is a positive and notable connection between empowerment and performance of manufacturing firms as confirmed by beta coefficients of 0.200. These results indicate that increased empowerment by a unit would cause a rise in performance of manufacturing firms by 0.200 units. The findings concur with Mutia (2016) who explored the effects of working environment on the productivity levels among extension officers in the Agriculture Ministry, Kilifi District. The findings revealed that the productivity of the workers in the Agricultural ministry is affected by the work environment and that the existing work environment is not conducive enough to generate a productive work force.

### **5.3 Conclusion**

A conclusion can be drawn from the findings that work environment at manufacturing firms' influences the firms' performance. The study also concluded that the relationship between work environment and performance of manufacturing firms is positive and significant. This was evidenced by the existence of a positive and significant relationship between physical environment, employee relations, empowerment and performance of manufacturing firms.

The specific aspects of physical environment that influence the performance included comfortable furniture, undisturbed environment, conducive office space and

arrangement, spacious office, improved lighting, general cleanliness and level of heating in the office. The specific aspects of employee relations that influence the performance included having friends in the workplace, existence of trust among workmates, existence of a good work relation with their line manager and existence of a good spirit of unity at their work place. The specific aspects of empowerment that influence performance included sufficient training in their work place, existence of proper channels of communication, existence of effective supervision in their workplace, conveyance of confidence by the manager on the employees' ability to perform their job, encouraging nature of managers and the proper listening skills possessed by managers.

#### **5.4 Recommendations**

From the findings, it is recommended that Kenyan manufacturing firms ought to revise their human resource policies which govern the employees' relations. This would help to increase the benefits reaped from existence of good human resource policies. Additionally, this would strengthen the relationship between the employees and the managers which would have a positive impact on performance. Further, good human resource policies ensure that employees are empowered resulting to better performance.

The study also recommends that manufacturing firms should look forwards to make the physical environment better through acquisition of ergonomic furniture. This type of furniture would ensure that the employees' health is taken into consideration which would have a direct effect on the employee, productivity. This would help to improve the performance of this firms.

### **5.5 Suggested Areas of Further Studies**

On the bases of the results and the scope of this study, various suggestions for further research are made. To start with, the study suggest that a similar study ought to be done but in another organizations for purposes of comparison. Secondly, the study recommends that a study seeking to establish other factors that affect the performance of manufacturing firms should be conducted.

Since the sample size was small it is not possible to generalize the findings of the study to all manufacturing firms. Thus, the study recommends that, for comparison purposes, a similar study focusing on the small manufacturing firms be conducted. The study also suggests that a similar study covering a wider scope in terms of geographical region be conducted to allow for comparison. Further, the study suggests that a study seeking to establish the control of the specific aspects of physical environment, employees' relations and empowerment on performance be conducted so as to establish which aspect has a greater influence than the other.

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## APPENDICES

### Appendix I: Questionnaire

This questionnaire is structured to collect information on the effect of work environment on performance of manufacturing firms in Nairobi. Kindly read the questions carefully and tick against the asked question as per your position or understanding and relevance to the study. Utmost confidentiality is assured as the data collected from this questionnaire will purely for academic purposes.

### PART A: BACKGROUND INFORMATION

1. Name of the Firm

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2. Which level of management do you fall under in the organization?

Senior Level Management

Middle Level Management

Lower Level Management



3. Duration worked with the organization?

Below 5 years

5 to 10 years

Above 10 years

**PART B: PHYSICAL WORK ENVIRONMENT AND PERFORMANCE**

To what extent do you agree that your organization physical work environment enhance performance?

1) Use 1- Strongly disagree, 2-Disagree, 3-Neutral, 4- Agree, 5- Strongly agree

<b>Component</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The furniture is comfortable enough to enable me perform my jobs without getting tired.					
My workplace provides an undisturbed environment without any noise that gives me alone time to perform my duties.					
Office space and arrangement is conducive for improved performance.					
A more spacious office would improve the firm performance.					
Improved lighting would lead to an increase in firm output.					
The general cleanliness in					

the work place influences firm performance.					
The level of heating in the office influences output.					

2) In your opinion, how else has your organization physical work environment enhanced performance?

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**PART C: EMPLOYEE RELATIONS AND PERFORMANCE**

To what extent do you agree that employee relations in your firm enhance performance? Use 1- Strongly disagree, 2-Disagree, 3-Neutral, 4- Agree, 5- Strongly agree

<b>Strategy</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
There is a distant between me and my workmates and this influences performance.					
I have friends in the workplace and this improve performance.					
The trust I have with workmates improves performance.					

A good work relation with my line manager improves firm performance.					
There is a good spirit of unity at the work place and this enhances performance.					

In your opinion, how else has your organization employee relations enhanced performance?

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**PART D: EMPOWERMENT AND PERFORMANCE**

To what extent do you agree that your organization empowers employees to enhance performance? Use 1- Strongly disagree, 2-Disagree, 3-Neutral, 4- Agree, 5- Strongly agree

<b>Component</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Sufficient training in my work place has improved firm performance.					
Existing channels of communication can help increase firm productivity.					
Lack of delegation demotivates employees and hence poor performance.					

There is ineffective supervision in the workplace which lowers performance.					
My manager conveys confidence in my ability to do well at my job and this can improve firm productivity.					
My manager encourages me to ask questions and this helps boost my productivity.					
My manager listens to how I would like to do things and this is beneficial to the firm.					

In your opinion, how else has your organization empowered employees to enhance performance?

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**PART E: PERFORMANCE**

This part is concerned with investigation of the performance of manufacturing companies. Use 1- Strongly disagree, 2-Disagree, 3-Neutral, 4- Agree, 5- Strongly agree

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
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Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
A conducive work environment has facilitated the improvement of performance in our company.					
Our company's performance is better compared to the competitors.					
The work environment in our company's has impacted on the profitability of our company.					
The work environment in our company's has impacted on service delivery in our company.					
The work environment in our company's has impacted on the return on investment in our company.					
The work environment in our company's has impacted on the customer satisfaction in our company.					

In your opinion, how else has the work environment in your company impacted the performance?

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Thank you for your co-operation