

# HEALTHY ORGANIZATIONAL ENVIRONMENT ENHANCES EMPLOYEES' PRODUCTIVITY: AN EMPIRICAL EVIDENCE TO CLASSICAL CONCEPT

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## ABSTRACT

*The concept that a worker-friendly environment in any organization helps its employees to perform better, is an old classical concept. Various researchers have tried to find out different characteristics of worker-friendly environment. This research is not to explore any new attributes but to test this old concept in today's apparently stressful environment of multinational companies in Pakistan. To make this study simple, only four mostly discussed variables are studied which are, open door policy, entertainment facilities, work life balance, workforce diversity and their impact on employee productivity is analyzed. Out of four independent variables, two relate to management strategy and two are related to the dealing with employees. With the help of a close-ended structured questionnaire the data, using various communication means, was collected from 212 mid and junior-level managers working in the stressful environment of multinational organizations. The primary data so collected was statistically analyzed to see the strength and significance of predictors. The two variables named open-door policy and entertainment facilities emerged as strong predictors of employees' productivity. Open-door policy apparently is one of the operational strategy designed by higher management but since it directly relates to employees, so it is proved that the more the policies are worker friendly the better it is to boost and enhance workers' productivity. This analysis implies that in a stressful working environment, big organization should make the environment more workers-friendly to make them more productive.*

**Keywords:** Employee productivity, Open door policy, Entertainment facilities, Work life balance, workforce diversity

## **INTRODUCTION**

Workforce output possesses a pivotal part in the growth of a company. Hence, companies have to ensure that their workforce consistently focuses with dedication on their work. The overall output of workers is necessary to be characterized as a pillar of a company strength because this stimulates optimum growth in the long run. The dedication of employees depends on the overall awareness of culture that improves the behavior of an organization (Brooks, 2006). According to Cascio (2006), workers' productivity is their degree of accomplishment in the particular job in comparison to the expected performance of that particular workforce member and which is expected by the company. The exact elements which are a part of the company environment are debatable as far as the standpoint of various writers are concerned. Based on Armstrong's outlook as mentioned by classical researchers like Zugaj and Cingula, (1992), the overall company environment is comprised of several important elements such as company's perception in the eyes of stakeholders, the overall company environment, management philosophies and processes of all the responsibilities that are supposed to be carried out in the workplace. The combination of overall customs and traditions of a company refers to the action guidelines and certain performance benchmarks which assemble them together (Schein, 2004).

Organizational environment and culture was initially outlined by Administrative Science Quarterly (Pettigrew, 1979), as a bonafide understanding regarding morals and workplace practices which lead employees to optimum workplace performance. The organizational environment firmly lays the blueprint regarding the way work is to be conducted and the corporate survival strategies that lead to organizational growth (Dave and Jeanne, 2011).

The overall company environment comprises a bona fide structure of theoretical organizational concepts as well as their practical applications in order to operate in a proper manner throughout the company (Harris & Moran, 1981). After five years, almost the same thing was restated by Handy (1986) who said that the overall company environment refers to a combination of morals, benchmarks and philosophies. But the question is that what are the real factors related to organizational culture which helps workers in improving their productivity. This study is in the background of the classical concept that a healthy and suitable work environment helps improving workers' productivity. Initially, related literature and especially

the classical concepts are reviewed to see how healthy work environment helps workers to improve their productivity which as a result helps organizations grow further. In this paper an effort is made to ascertain that basic attributes of a healthy and supportive environment, help employees improve their performance even in the apparently stressful environment of the modern industrialized world and particularly in multinational companies in Pakistan.

### **LITERATURE REVIEW**

Organizations must be holding humanity, warmth, wisdom, and modernism and should have similar worthwhile identities. In companies these characters are applied to stimulate performance and predict the employee's behavior (Khorshidi, 2009). The performance of the employees can be enhanced by strong culture in the organization which is very supportive for the functioning and leads to concentrate on achievement and escalates the overall performance of the organization (Deal & Kennedy, 1982). Conversely, in weak and unsupportive work environment, the workers do not share their knowledge, beliefs and norms (O'Reilly, Chatman, & Caldwell, 1991). Delicate environment can provide pessimistic outcome on workers' performance and behavior as their main focus is on expanding the earnings (Harrison & Stokes, 1993). Discussing the worthwhile productivity Kenney (1992) defined it as how workers are performing their task which has been given to them. Employee's productivity is the capability of employees to achieve or attain company's goals by applying assets resourcefully and effectually (Daft, 2000).

Although, occasionally performance and productivity are used as synonyms or they can be used interchangeably but Ricardo and Wade (2001) implied that employees' output and overall results generated by the employee are two distinctive elements. Employees' output is a display of results generated by the employees' stability and standard of tasks carried out while the overall results generated by the employees referred to the proportion of the quantity of tasks carried out within the relevant time span. In Schein (1992) research, it is heavily implied that the aspect of letting workforce members actively engage in discussions with the upper management would lead to the workforce members getting higher motivations levels which would lead to the overall goals of the workforce members being materialized properly. In the process, the results of the company would be achieved in the desired manner as well. Organizational culture refers to the philosophy that is ingrained and practiced consistently

throughout a business organization. Kotter and Heskett (1992) and Gordon and Cummins (1979) outlined company environment as the pillar which acknowledges the overall work of the entire workforce in the organization and displays a 360 degree-angle bird's eye view comprehension of directions that are necessary to grow for a company. Hofstede (1980) defines the company environment as philosophy of a company, as a whole, which makes it stand out in comparison to other companies. Hence, the above notion outlines that the company environment could be a method of managing the workforce properly.

Prior authors of organizational culture and early organizational behavior researchers Peters and Waterman (1982); Deal and Kennedy (1982) and Pascale and Athos (1981) believe that there is an unambiguous connection between organizational environment and its performance. These cultural ideals are consistent with the opted organizational strategies that lead organizations thrive in the long run. In spite of this, the links regarding overall company environment with workforce productivity have been agreed. Willmott (1993); Legge (1994) and Ogbonna (1992) are not completely sure about the links and have questioned them.

Schein (2004) outlined company environment as a high-magnitude element present inside the organization which is dynamic and is established by the actions and beliefs of the entire workforce of the organization. As mentioned by Uddin, Luva, and Hossian (2013), the earlier authors (Rossman, Corbett and Firestone, 1988; Schwartz and Davis, 1981; Cooke and Rousseau, 1988; Gordon and Di Tomaso, 1992; Schall, 1983; Schein, 1992; Rousseau, 1990) have defined the overall company environment as a collective entity which is dependent on the organizational actions. Based on the study of Slocum and Hellriegel (2009) the company environment can heavily boost productivity in a considerable manner if the vital elements required to maintain a particular corporate culture can be conceptualized in a bona fide manner. However, Teimouri, Chegini, Jenab, Khoury and LaFevor (2016) state a very important factor that in previous years monetary aspect and training and development were indeed a source of motivation for employees leading to enhanced job performance, whereas in today's time organizations have realized that another very important component has made an additional entry that is workers-friendly organizational culture. An organizations' culture has to be greatly focused upon and adapted according to an employee's expectations. Robertson, Birch and Cooper (2012), lay great

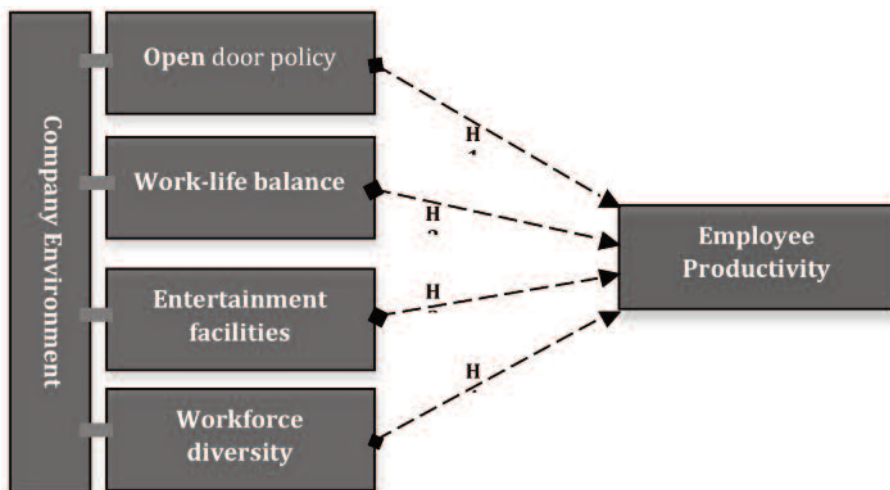
emphasis on organizations culture, and state that it has a direct link to any employee's job performance. An organization must practice an open-door policy and focus upon efficient and effective communication.

All in all, It can be extracted from this review that organizations thrive various ways to improve employees' performance and productivity but an environment which is worker friendly is the most effective organ in this regard and the most effective strategies in this regard have been those which facilitate their workers physically and mentally. Direct communication with workers, accessibility to senior managers, relaxing workers in physical and mental pressure, help booting their productivity. Now the question arises if these classical concept still hold true in today's work environment.

### Research Model and Hypotheses

Based on previous studies and established management theories the variables, selected to represent a worker friendly and healthy environment in an organization, are used to assess their impact on workers' productivity and performance. In this study the variables used as predictors are - open door policy, entertainment facilities, workforce diversity and work-life balance and their impact on workers' performance is studied.

#### Research Model



**Independent Variables:** Open door policy, Work-life balance, Entertainment Facilities and Workforce diversity

**Dependent Variable:** Employee Productivity

To assess the relationship of independent variables on workers productivity, the following hypotheses are formulated:

*H1: Open door policy positively impacts employees' work performance.*

*H2: Social and entertainment facilities positively impact employee's work performance.*

*H3: Workforce diversity positively impacts employees' job performance.*

*H4: Work-life balance has a positive impact on employees' job performance*

## RESEARCH METHODOLOGY

As the target is to get an empirical evidence from the stressful working environment multinational companies of the current era to the classical relationship between worker friendly organizational environment and employees work performance so this study is quantitative in nature. The type of research design is causal and relational to explain the patterns of relationships between variables based on cross-sectional data collected from MNCs working in Pakistan. Population of the study is the mid and junior level managers working for multinational organizations. The sample size is 220 individuals comprised of both male and female between the age group of 30-45 who fall in the category of middle and junior level management. A randomized sample of 500 respondents, based on convenience, was selected from all over Pakistan and the psychometric data was collected through a structured questionnaire on a 5-point Likert scale. These researchers used all possible communication modes to approach respondents and to collect responses. Ultimately, in all 220 analyzable responses were received to do the required analysis for this study.

### **Data Reliability**

As it is shown in Table-1, the value of Cronbach's Alpha coefficient for all five variables ranges between 0.70 and 0.91 which proves reliability of data for further analysis.

Table 1. Cronbach's Alpha Values

| Variables                | Items | Cronbach's Alpha |
|--------------------------|-------|------------------|
| Work-Life Balance        | 4     | 0.722            |
| Work-Force Diversity     | 4     | 0.660            |
| Open-Door Policy         | 4     | 0.706            |
| Entertainment Facilities | 4     | 0.909            |
| Employee Productivity    | 4     | 0.897            |

### **Data Analysis and Results**

As mentioned above the data was collected from 220 respondents. Some meaningful statistics regarding gender, age group, education level, experience, position and geographical coverage of the sample is shown in Table -2

Table 2. Sample Statistics

|            |                    |      |
|------------|--------------------|------|
| Gender     | Male               | 23%  |
|            | Female             | 77%  |
| Age        | 30 – 35            | 21%  |
|            | 35 - 40            | 33%  |
|            | 40 - 45            | 46%  |
| Education  | Bachelor and under | 17%  |
|            | Master's degree    | 69%  |
|            | Postmaster Diploma | 14%  |
| Experience | < 5 years          | 15%  |
|            | 5 to 10 years      | 21%  |
|            | More than 10 years | 65%  |
| Position   | Mid-level Manager  | 68%  |
|            | Junior Manager     | 32%  |
| Location   | Punjab             | 29%  |
|            | Sindh              | 51 % |
|            | KPK                | 11 % |
|            | Baluchistan        | 09%  |

Table 3. Correlation

| Correlations         |                     |                   |                      |                  |                          |                       |
|----------------------|---------------------|-------------------|----------------------|------------------|--------------------------|-----------------------|
|                      |                     | Work Life Balance | Work Force Diversity | Open Door Policy | Entertainment Facilities | Employee Productivity |
| Work Life Balance    | Pearson Correlation |                   | .617**               | .593**           | .358**                   | .373**                |
| Work Force Diversity | Pearson Correlation | .617**            |                      | .635**           | .427**                   | .419**                |
| Open Door Policy     | Pearson Correlation | .593**            | .635**               |                  | .675**                   | .654**                |
| Enter/ Facilities    | Pearson Correlation | .358**            | .427**               | .675**           |                          | .865**                |
| Emp/ Productivity    | Pearson Correlation | .373**            | .419**               | .654**           | .865**                   |                       |

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

Table – 2 shows Pearson correlation coefficient values of all variables. It is evident from this table that all predictors have significant correlation with dependent variables. All values of Pearson correlation coefficients are significant and lie within moderate to strong correlation.

Table 4. Multiple Linear Regression Model Summary

| Model Summary |                   |          |                   |                            |
|---------------|-------------------|----------|-------------------|----------------------------|
| Model         | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | .870 <sup>a</sup> | .758     | .753              | .538                       |

a. Predictors: (Constant), Entertainment Facilities, Work Life Balance, Workforce Diversity, Open Door Policy

Table - 4 indicates a good fit between observed and predicted values of workers performance. Model summary shows that more than 75 % variance can be predicted from independent variables. This is the overall measure of the strength of association. Here we can deduce that Work Life Balance, Work Force Diversity, Open Door Policy, Entertainment Facilities explain more than 75% change in the dependent variable which is Employee Productivity.

Table 5. Analysis of Variances (Anova)

| ANOVA <sup>b</sup> |            |                |     |             |         |                   |
|--------------------|------------|----------------|-----|-------------|---------|-------------------|
| Model              |            | Sum of Squares | df  | Mean Square | F       | Sig.              |
| 1                  | Regression | 194.326        | 4   | 48.582      | 168.092 | .000 <sup>a</sup> |
|                    | Residual   | 62.139         | 215 | .289        |         |                   |
|                    | Total      | 256.465        | 219 |             |         |                   |

a. Predictors: (Constant), Entertainment Facilities, Work Life Balance, Work Force Diversity, Open Door Policy  
 b. Dependent Variable: Employee Productivity

After the analysis of the values, it is safe to say that the model possesses a predictive value, this is proven as the significance is .000, hence we can accept the hypothesis whereas the goodness of fit can be measured by the F value (Benchmark should be 4 or above). The model deems fit, because the value is above 4.0 at 168.092.

**Analysis of Coefficients**

The table above shows the coefficient output of the linear regression. This table shows the strength and direction as well as the significance of the independent variables. Work Life Balance does not have a significant effect on Employee Productivity, as its t value is .632 which is below the benchmark of 2 for the t-statistic. Furthermore, it is not statistically significant. Work Force Diversity does not have a significant effect on Employee Productivity as its t value is -0.80 below, furthermore, it is not statistically significant as the p value is above the alpha value.

Table 5. Coefficients

| Coefficients <sup>a</sup> |                          |                             |            |                           |        |      |
|---------------------------|--------------------------|-----------------------------|------------|---------------------------|--------|------|
| Model                     |                          | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|                           |                          | B                           | Std. Error | Beta                      |        |      |
| 1                         | (Constant)               | .058                        | .198       |                           | .291   | .771 |
|                           | Work Life Balance        | .041                        | .065       | .029                      | .632   | .528 |
|                           | Work Force Diversity     | -.005                       | .067       | -.004                     | -.080  | .936 |
|                           | Open Door Policy         | .162                        | .079       | .114                      | 2.033  | .043 |
|                           | Entertainment Facilities | .754                        | .044       | .779                      | 17.086 | .000 |

a. Dependent Variable: Employee Productivity



Open Door Policy has a significant effect on Employees' productivity as its t-statistics is statistically significant. Entertainment Facilities have a significant effect on Employee Productivity with a t-value 17.086. The degree or magnitude of the impact that each relevant independent variable has on employee job performance, which is the dependent variable has been clearly highlighted in the table of the analysis of coefficients.

### **DISCUSSION OF FINDINGS**

In our research, as mentioned in the table of analysis of coefficients, out of four independent variables, only two variables which are open-door policy and entertainment facilities showed significant impact on employees' work productivity. Entertainment facility has a great degree of significance in terms of the overall workplace environment. The rationale behind this statement is that the presence of considerable entertainment facilities leads to high level of physical and mental relaxation which resultantly leads to optimum employee job performance and this is realistically idealistic and main end goal of organizations. As far as the open-door policy is concerned, this aspect also showed a great degree of importance from the standpoint of overall workplace happening as well. The rationale behind this statement is that employees would psychologically feel more motivated to work in proper manner for the organization, which would naturally result in much better employee job performances. It is also obvious that workers feel confident that some seniors' doors are open for him or her to share his or her concerns and problems.

Workforce diversity did not show distinct impact on job performance. The rationale behind it might be that employees generally are not concerned about workplace diversity as much as they are concerned about their own progress. Work-life balance also, surprisingly did not show a significant impact on workers' performance, although this factor has always been in the limelight from the standpoint of workplace environment. Seems like managers in Multi National Corporation (MNC) environment are more concerned about their own career growth and promotions and sometimes in this race they lose balance in work and life.

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