

# Work Environment and Employee Performance in Deposit Money Banks: Evidence from Ondo State, Nigeria

<sup>1</sup> Taiwo Ibitomi ; <sup>2</sup> Bankole Aderotimi, & <sup>1</sup> Folukemi Catherine Fabiyi,

<sup>1</sup> University of Ilesa, Ilesa, Osun State, Department of Business Administration

<sup>2</sup> Achievers University, Owo, Ondo State, Department of Business Administration

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**Abstract:** *This study investigates the effect of the work environment on employee performance among Deposit Money Banks (DMBs) in Ondo State Nigeria, with specific focus on physical, psychological, social, and organisational dimensions. A survey research design was adopted, and primary data were collected through structured questionnaire administered to employees of selected DMBs in Ondo State. Three hundred and two (302) valid responses were analysed using descriptive statistics and multiple regression techniques. The findings reveal a strong and positive relationship between the work environment and employee performance, with the combined dimensions of the work environment explaining a substantial proportion of the variation in performance outcomes. The results further show that the physical work environment has a positive and statistically significant effect on employee performance, while the psychological work environment emerges as the most influential predictor. This underscores the importance of intrinsic factors such as recognition, job autonomy, job security, emotional wellbeing, workload balance, and opportunities for growth in enhancing employee effectiveness. The organisational work environment also demonstrates a significant positive influence, highlighting the critical role of leadership practices, organisational policies, communication systems, and workload management. In contrast, the social work environment, although positively associated with employee performance, does not exhibit a statistically significant direct effect, suggesting that its influence may operate indirectly through psychological and organisational mechanisms. Overall, the study provides robust empirical evidence that employee performance in DMBs is strongly shaped by the quality of the work environment, particularly psychological and organisational conditions. The study contributes context specific evidence to the literature on work environment and performance and offers practical implications for bank management and policymakers seeking to enhance productivity, service quality, and organisational sustainability in the Nigerian banking sector.*

**Keywords:** work environment, employee performance, DMBs, psychological environment, organisational environment, Nigeria.

## INTRODUCTION

The work environment has become a central concern in contemporary organisational research due to its critical influence on employee performance and organisational sustainability. In an era

characterized by heightened competition, rapid technological change, and increasing service expectations, organisations are under growing pressure to create and sustain work environments that foster efficiency, motivation, and high performance. This concern is particularly pronounced in the banking sector, where service accuracy, speed, and customer trust are essential for survival and growth. A supportive work environment not only enhances employee wellbeing but also serves as a strategic resource that enables organizations to achieve superior productivity and competitive advantage. Recent studies emphasize that organizations with conducive work environments are better positioned to attract, retain, and motivate skilled employees, thereby improving service quality and operational outcomes in highly regulated and service driven industries such as banking (Armstrong, 2020; Alshmemri, *et al.*, 2024).

The concept of work environment is inherently multidimensional, encompassing physical, social, psychological, and organisational elements that collectively shape employees' experiences at work. The physical dimension includes tangible aspects such as office layout, workspace design, lighting, ventilation, safety conditions, equipment, and technological infrastructure that directly support task execution. These elements influence employees' comfort, health, and ability to perform their duties effectively. Advances in workplace design and digital banking technologies have further reinforced the importance of an enabling physical and technical environment in enhancing efficiency and reducing operational errors (Ibitomi *et al.*, 2022; Zhang & Parker, 2024). In banking institutions, where employees often operate under time pressure and high transaction volumes, inadequacies in physical facilities can exacerbate stress and hinder productivity.

Beyond physical conditions, the nonphysical aspects of the work environment play an equally critical role. The social environment reflects the quality of interpersonal relationships, communication patterns, teamwork, and support from supervisors and management. Positive social interactions foster trust, collaboration, and knowledge sharing, which are vital for service delivery and customer satisfaction in banking operations. The psychological environment encompasses employees' perceptions, emotional states, levels of stress, recognition, job security, and sense of belonging within the organization. A psychologically safe and supportive workplace enhances morale, commitment, and willingness to take initiative, thereby strengthening individual and collective performance. Recent empirical evidence indicates that psychological safety and perceived organizational support are strong predictors of employee engagement and productivity, particularly in service oriented sectors (Bakotic, 2016; Edmondson & Bransby, 2025). The organizational environment further includes leadership style, human resource policies, reward systems, autonomy, workload management, and clarity of roles. Transparent policies, ethical leadership, and fair reward mechanisms have been shown to significantly improve employee motivation and performance outcomes (Kinicki & Kreitner, 2019; Adeoye & Lawal, 2024).

Employee performance itself is a multifaceted construct that reflects the degree to which employees effectively contribute to the attainment of organizational objectives. It extends beyond mere task completion to include the quality of output, timeliness, creativity, adaptability, and cooperative behavior. In the banking sector, high employee performance is especially critical, as errors or inefficiencies can lead to substantial financial losses and reputational damage. Performance is commonly conceptualized as comprising task performance, which involves core technical responsibilities, and contextual performance, which encompasses behaviors that support the broader

organizational environment and customer relations. This perspective underscores the expectation that bank employees not only process transactions accurately but also demonstrate professionalism, ethical conduct, and positive engagement with customers and colleagues. Productivity remains one of the most widely used indicators of employee performance, reflecting both the quantity and quality of work achieved within a given period (Dessler, 2013; Koopmans *et al.*, 2024).

In Nigeria, the banking sector, particularly DMBs, operates within a highly dynamic and competitive environment shaped by regulatory reforms, digital transformation, and rising customer expectations. DMBs play a vital role in financial intermediation, economic development, and service provision for individuals, businesses, and government institutions. In urban centers such as Akure, the capital of Ondo State, the demand for quality financial services has grown significantly due to population expansion, increased commercial activities, and the concentration of public sector operations. To remain competitive and responsive to these demands, banks must ensure that their internal work environments support optimal employee performance through well-structured physical, social, psychological, and organizational conditions (Akinyele, 2020; Central Bank of Nigeria, 2024).

Despite the growing recognition of the importance of the work environment, evidence from informal reports and workplace observations suggests that employees in some deposit money banks in Akure continue to face challenges related to inadequate facilities, workplace stress, strained supervisory relationships, and unclear organizational practices. These conditions, if unaddressed, can undermine employee productivity, service quality, and customer satisfaction, ultimately affecting the competitiveness of banks. Recent studies highlight that unresolved workplace stress and poor organizational support in the banking sector are associated with reduced performance and increased turnover intentions (Ibitomi *et al.*, 2023; Oladipo & Adebayo, 2025).

Although several empirical studies have examined the relationship between work environment and employee performance in the Nigerian banking industry, much of the existing literature adopts a generalized national perspective, with limited attention to specific geographic contexts. Urban centers such as Akure present unique workplace dynamics characterized by high service demand, intense customer interaction, and performance pressure, which necessitate context specific analysis. Moreover, prior studies often examine work environment as a composite construct, with insufficient disaggregation of its physical, social, psychological, and organizational dimensions. This creates a gap in understanding how these components individually and collectively influence employee performance within DMBs operating in rapidly growing urban environments.

Addressing this gap is essential for developing evidence-based workplace interventions that can enhance productivity and service delivery in the banking sector. A comprehensive examination of the different dimensions of the work environment and their effects on employee performance will provide valuable insights for bank management, policymakers, and human resource practitioners seeking to improve organizational effectiveness. By focusing on DMBs in Akure, Ondo State, this study responds to the need for localized and context sensitive research that reflects the realities of banking operations in high pressure urban settings. The study adopts productivity as a key measure of employee performance, capturing both the quantity and quality of work as well as the behavioral attributes exhibited by employees in the course of their duties. Through this approach, the study contributes to the growing body of literature on work environment and performance while offering practical

implications for improving workplace conditions and sustaining competitiveness in the Nigerian banking sector.

## LITERATURE REVIEW

### Conceptual Review

#### Work Environment

Work environment refers to the total set of conditions within which employees carry out their tasks and experience daily work life. Early views often emphasized the workplace as the immediate physical setting where work is performed, including the tools, equipment, and surrounding facilities that enable task completion (Sikalieh & Mutia, 2014, as cited in Hanaysha, 2016). Contemporary scholarship, however, treats the work environment as a broader and more dynamic construct that combines physical, psychosocial, and organizational features that jointly shape employee functioning, wellbeing, and performance outcomes (Bodin Danielsson et al., 2024). This multidimensional perspective is increasingly relevant as organizations operate in service intensive contexts marked by digitalization, stricter compliance regimes, and rising customer expectations, where both the quality of the workspace and the quality of work relationships influence service reliability and productivity.

The physical component of the work environment includes spatial layout, ergonomics, lighting, ventilation, noise levels, safety conditions, and access to functional technology. These features influence employees' comfort, health, attention, and error rates, particularly in settings where speed and accuracy are critical. Vischer (2007) demonstrates that physical workspace conditions can influence job performance through stress and comfort mechanisms, implying that poorly designed or poorly maintained workspaces can function as chronic stressors that reduce effectiveness. Recent evidence continues to show that office design and physical conditions are closely linked to the psychosocial work environment and emotional health, indicating that physical space is not merely a backdrop but an active factor shaping how people experience work (Bodin Danielsson et al., 2024; Ibitomi *et al.*, 2024).

The psychosocial component captures interpersonal relations, teamwork, supervisory support, civility, recognition, fairness perceptions, and the overall psychological climate. This aspect influences motivation, engagement, and the capacity to cope with job demands. Work environments that support psychological safety, respect, and supportive leadership reduce harmful stress exposure and enable sustained performance, especially in customer facing service roles. Current research on psychosocial risk and organizational climate highlights that modern work arrangements can intensify psychosocial strain if demands rise without corresponding support and resources (Pavlista et al., 2024). Closely related is psychosocial safety climate, which reflects shared perceptions that management prioritizes psychological health and safety; higher psychosocial safety climate is associated with better work and health outcomes through reduced hindering demands and increased resources (Karatuna et al., 2025). The organizational component refers to the systems and practices that structure work, including leadership approaches, role clarity, workload allocation, autonomy, communication patterns, performance management, and reward policies. In practice, these organizational conditions shape whether employees perceive the workplace as predictable, fair, and supportive or as uncertain and punitive. Evidence continues to affirm the value of an integrated approach that connects physical and social workplace conditions with organizational job characteristics such as autonomy and managerial

support (Dumitriu & Varzaru, 2025). Conceptually, therefore, the work environment is best understood as an interacting set of physical, psychosocial, and organizational conditions that jointly determine how employees feel, behave, and perform, making it a central construct for explaining productivity and service quality in demanding sectors such as banking.

### **Employee Performance**

Employee performance refers to the degree to which employees effectively carry out their assigned responsibilities and contribute to the achievement of organizational goals. It is widely regarded as a core indicator of organizational effectiveness, particularly in service oriented industries where human effort directly shapes output quality and customer experience. Armstrong (2020) conceptualizes employee performance as a multidimensional construct that encompasses the quality of output, timeliness, creativity, cooperation, and the ability to meet established objectives. This perspective underscores that performance is not limited to task completion alone but also reflects how work is executed and how employees interact within the organizational system. In the banking sector, where precision, speed, and trust are critical, these dimensions of performance are especially important because even minor lapses can result in significant financial and reputational consequences.

Similarly, Dessler (2013) defines employee performance as the extent to which employees achieve work outcomes that align with organizational standards and expectations. He distinguishes between task performance, which relates to core technical duties, and contextual performance, which involves behaviors that support the social and psychological environment of the organization. This distinction is particularly relevant in banking operations, where employee effectiveness extends beyond accurate transaction processing to include customer relations, teamwork, ethical conduct, and compliance with regulatory standards. Employees who demonstrate strong contextual performance contribute to a positive service climate, which enhances customer satisfaction and organizational credibility.

Bernardin and Russell (2023) further expand the concept by identifying six key dimensions of employee performance, namely quality, quantity, timeliness, cost effectiveness, need for supervision, and interpersonal impact. These dimensions provide a comprehensive framework for evaluating performance in high pressure work settings. In Nigerian deposit money banks, where employees often handle large transaction volumes under tight deadlines, performance quality and timeliness are critical for operational efficiency, while interpersonal impact influences customer trust and retention. Cost effectiveness and reduced need for supervision also reflect employees' competence and autonomy, which are essential for sustaining productivity in resource constrained environments.

Contemporary studies emphasize that employee performance is dynamic and shaped by the interaction of individual and contextual factors. Prasad and Banerjee (2023) argue that performance outcomes are influenced by internal factors such as skills, motivation, and adaptability, as well as external factors including leadership support, organizational policies, and the work environment. This interactional view aligns with recent performance models that recognize employees as embedded within organizational systems rather than isolated performers. In high stakes sectors such as banking, where regulatory compliance and service reliability are paramount, supportive work conditions and effective management practices are necessary to translate individual capabilities into consistent performance outcomes.



In the context of Nigerian deposit money banks, employee performance has direct implications for customer satisfaction, regulatory adherence, and financial stability. High performing employees contribute to error reduction, faster service delivery, and improved customer experiences, all of which strengthen organizational competitiveness. As banks operating in urban centers such as Ondo State face increasing service demand and competitive pressure, continuous assessment and enhancement of employee performance become imperative. Understanding the nature of employee performance and the factors that influence it, particularly the work environment, is therefore central to this study and provides a foundation for developing strategies aimed at improving productivity and service quality in the banking sector.

### **Theoretical Framework**

Herzberg's Two Factor Theory, originally developed by Frederick Herzberg and his colleagues in 1959, provides a foundational explanation of how different workplace factors influence employee satisfaction and performance. The theory is built on the assumption that job satisfaction and job dissatisfaction are not opposite ends of a single continuum but are instead driven by two distinct sets of factors. Herzberg classified these factors into hygiene factors and motivators, arguing that each set plays a unique role in shaping employee attitudes and behavior at work (Herzberg *et al.*, 1959).

Hygiene factors refer to the extrinsic conditions surrounding the job, including salary, organizational policies, supervision quality, working conditions, job security, and interpersonal relationships. According to the theory, the presence of adequate hygiene factors does not necessarily motivate employees or lead to higher performance. However, their absence or inadequacy can create dissatisfaction, frustration, and withdrawal behaviors that negatively affect performance. The underlying assumption is that employees expect a minimum standard of fairness, safety, and comfort in their work environment. When these expectations are not met, dissatisfaction emerges, which can reduce concentration, increase absenteeism, and lower productivity. Thus, hygiene factors are preventive in nature, serving to eliminate dissatisfaction rather than actively enhance motivation.

Motivators, in contrast, are intrinsic factors related to the content of the job itself. These include achievement, recognition, responsibility, meaningful work, opportunities for growth, and advancement. Herzberg assumed that true motivation and improved performance arise when employees experience personal fulfillment and psychological growth through their work. Motivators are therefore seen as the primary drivers of job satisfaction, commitment, and discretionary effort. When present, they encourage employees to go beyond minimum role requirements, display initiative, and pursue higher performance standards. This distinction suggests that organizations seeking sustained performance improvement must focus not only on improving working conditions but also on enriching jobs and fostering intrinsic motivation.

Applied to DMBs in Ondo State, Herzberg's Two Factor Theory provides a useful framework for understanding how the work environment influences employee performance. Poor physical working conditions such as overcrowded offices, inadequate equipment, poor ventilation, or excessive workload represent hygiene deficiencies that can generate dissatisfaction and reduce employees' ability to perform effectively. Similarly, unclear organizational policies, rigid procedures, or unsupportive supervision can undermine morale and contribute to stress and disengagement.

Addressing these issues is necessary to stabilize performance and prevent decline, but it may not be sufficient to drive high productivity.

From the perspective of motivators, employee performance in deposit money banks is likely to improve when employees are recognized for good performance, given opportunities for skill development, entrusted with responsibility, and allowed some degree of autonomy in decision making. Banking jobs are often routine and highly regulated, which can limit intrinsic motivation if not carefully managed. Applying Herzberg's theory implies that management should deliberately design jobs and performance systems that promote achievement and recognition, thereby enhancing the psychological work environment. This approach aligns with contemporary views that sustainable performance in service organizations depends on both adequate work conditions and meaningful work experiences.

Empirical evidence supports the relevance of Herzberg's assumptions in the Nigerian banking context. Adekoya et al. (2020) found that while physical working conditions significantly influenced job satisfaction, intrinsic factors such as recognition and career growth opportunities were stronger predictors of employee commitment and performance in Nigerian banks. More recent studies also affirm that motivation driven by meaningful work and recognition mediates the relationship between work environment and employee performance in service oriented organizations (Alshmemri, *et al.*, 2024). Therefore, Herzberg's Two Factor Theory provides a robust theoretical foundation for this study by explaining how both environmental conditions and intrinsic motivators interact to influence employee performance in deposit money banks.

### **Empirical Review**

Harunaa and Pongi (2024) show that physical workplace factors, psychosocial workplace factors, and work life balance factors jointly predict job satisfaction and employee performance among university staff, suggesting that employee outcomes respond to both the tangible setting and the quality of daily work life. A similar positive relationship is reported in the banking context, where Ogbonda (2023) finds that work environment correlates significantly with organizational performance among deposit money banks in Rivers State, reinforcing the argument that a supportive environment is not only beneficial for individuals but also for broader organizational results.

The international evidence mirrors these findings and strengthens their external validity. Afolabi et al. (2019) report that work environment and employee competence both have significant positive effects on employee performance, implying that workplace conditions and individual capability interact in shaping performance outcomes. Dulloh et al. (2024), using qualitative interviews, highlight how cleanliness, safety, brightness, adequate facilities, and supportive superior subordinate relationships can increase motivation and performance, which complements quantitative findings by clarifying the practical mechanisms through which the work environment operates. Adeoye and Lawal (2024) extends the discussion by demonstrating that work environment influences employee performance both directly and through work behavior, suggesting that behavioral processes can be a pathway linking environment to performance. This mediating logic helps to explain why work environment interventions sometimes produce stronger performance gains when they also influence employees' everyday behavioral patterns, such as engagement, discipline, and discretionary effort.

Within Nigeria's banking sector specifically, the reviewed studies repeatedly emphasize psychosocial and relational dimensions as critical predictors of performance in addition to physical conditions. Okolocha and Anugwu (2022) report that psychosocial environment and work life balance significantly enhance job performance in commercial banks, indicating that interpersonal climate and work strain management are especially relevant in high pressure banking roles. Saidi et al. (2019) further demonstrate that job safety and security, physical work environment, coworker relationship, supervisor support, and working hours all significantly influence employee performance, with supervisor support exerting the strongest effect. This aligns with Batholomew and Bakut (2019), who identify leadership style, communication and coordination, conflict management, and staff cohesion as significant correlates of employee work performance in deposit money banks. Taken together, these findings imply that social and organizational conditions, particularly leadership and supervisory support, may be the most performance sensitive levers in banking settings, while physical conditions remain necessary as foundational enablers.

The broader Nigerian evidence also suggests that the work environment can shape not only employee outcomes but market facing outcomes. Akpa et al. (2019) find that work environment significantly affects customer acquisition in deposit money banks, which is plausible in service environments where employee behavior and service quality translate into customer perceptions and business growth. In the education sector, Afolabi et al. (2020) confirm a significant relationship between work environment and teaching effectiveness, although their conclusion suggests that the work environment has not sufficiently enhanced effective teaching in their context, hinting that improvements in environment may be present but inadequate, unevenly implemented, or constrained by other factors such as resources, governance, or workload. This nuance is important because it indicates that the relationship is generally positive, yet context and implementation quality can determine whether improvements are strong enough to translate into meaningful performance gains.

## METHODOLOGY

A survey research design was adopted to examine the relationship between work environment and employee performance among DMBs in Ondo State. This design was considered appropriate because the study relied on data obtained directly from employees in their natural work settings without any manipulation of the independent variables.

The study utilized primary data collected from employees of selected DMBs operating in Ondo State. Primary data were preferred because they provide current, firsthand, and context specific information that directly aligns with the objectives of the study. Collecting data directly from employees allowed the researchers to capture real time perceptions of work environment conditions and their influence on performance, thereby improving the accuracy, relevance, and reliability of the empirical evidence. Data were collected using a structured questionnaire designed to generate quantitative responses suitable for statistical analysis. The questionnaire approach was adopted because it enables systematic and uniform data collection across a large sample, minimizes interviewer bias, and facilitates comparability of responses. In addition, questionnaire are cost effective and efficient for gathering data from geographically concentrated organizational settings such as banks, while allowing respondents sufficient privacy to provide honest responses (Creswell, 2014). The instrument consisted exclusively



of close ended items measured on a five point Likert scale, which enhanced clarity, reduced ambiguity, and supported robust quantitative analysis (Oppenheim, 2000).

The questionnaire was divided into two sections. Section A captured the demographic characteristics of respondents, including variables such as gender, age, educational qualification, job position, and years of work experience. Section B contained items aligned with the study objectives and measured the key constructs of work environment and employee performance. The work environment construct was operationalized along four dimensions namely physical, social, psychological, and organizational environments, while employee performance was measured using indicators related to productivity, quality of work, timeliness, and work behaviour.

The target population comprised all employees of DMBs with international licenses operating in Ondo State. These banks included Access Bank Plc, Fidelity Bank Plc, First City Monument Bank Plc, First Bank of Nigeria Plc, Guaranty Trust Bank Plc, United Bank for Africa Plc, and Zenith Bank Plc. These banks were selected because of their strong operational presence, extensive branch networks, and significant workforce within the study area. The total estimated population was not known due to issue of confidentiality from the bank. A stratified random sampling technique was employed to select the study sample. Stratification was based on bank affiliation and employment category, namely management and non management staff. This approach enhanced representativeness by ensuring that all relevant subgroups within the population were proportionately included. Due to confidentiality concerns and competitive considerations, detailed staff population figures were not fully disclosed by the banks. Consequently, proportional allocation was applied based on branch presence and estimated staff strength, resulting in a final sample size of three hundred and two (3) respondents as stated in table 1. This sample size was considered adequate for statistical analysis and consistent with sample size requirements for regression based studies in organizational research.

Table 1: Deposit Money Banks with International License in Ondo State

S/N	Bank	Number of Branches	Sample from Each
1	Access Bank Plc	3	48
2	Fidelity Bank Plc	3	34
3	First City Monument Bank Plc (FCMB)	3	33
4	First Bank of Nigeria Plc	4	67
5	Guaranty Trust Bank Plc	2	30
6	United Bank for Africa Plc (UBA)	3	45
7	Zenith Bank Plc	3	45
	Total	21	302

Source: Compiled by the Author

Questionnaire were administered using a face to face approach after obtaining institutional approval and informed consent from respondents. This method was adopted to enhance response rate, reduce non response bias, and allow immediate clarification of questionnaire items where necessary. Face to face administration has been shown to improve data completeness and accuracy, particularly in organizational studies where respondents may require assurance regarding confidentiality and the purpose of the research (Cohen et al., 2018).

The validity of the research instrument was established through expert review, a procedure widely recommended in quantitative research for ensuring that measurement instruments accurately capture the constructs they are intended to measure. The questionnaire was subjected to a detailed evaluation by the research supervisor, whose expertise in business management research provided a strong basis for assessing its adequacy. During this process, the items were examined for clarity, relevance, logical sequencing, and alignment with the study objectives. This assessment ensured that each item appropriately reflected the dimensions of work environment and employee performance as conceptualized in the study. Through this expert evaluation, both content validity and face validity were enhanced, as the instrument was confirmed to sufficiently cover the domain of the constructs and to be understandable and meaningful to potential respondents. Establishing validity through expert judgment is consistent with established methodological guidance, which emphasizes that expert review is a critical step in strengthening the credibility of survey instruments before field administration.

The reliability of the questionnaire was assessed through a pilot study conducted prior to the main data collection. Reliability refers to the degree to which an instrument produces stable and consistent results when applied under similar conditions. To achieve this, twenty copies of the questionnaire were administered to employees of Zenith Bank in Ilesa, a location outside the study area but with organizational characteristics comparable to those DMBs in Ondo State. Using respondents from a similar context helped to ensure that the instrument was tested under conditions closely resembling those of the actual study. The pilot study made it possible to identify ambiguous items, assess the internal consistency of the scales, and determine whether the questions were interpreted uniformly by respondents across different job categories. This approach aligns with the view that pilot testing is essential for detecting potential measurement errors and improving the reliability of survey instruments before full scale deployment. Overall, the pilot test provided evidence that the questionnaire was capable of yielding consistent and dependable data suitable for subsequent statistical analysis.

Data analysis involved both descriptive and inferential statistical techniques. Descriptive statistics such as frequencies, percentages, mean scores, and standard deviations were used to summarize respondents' characteristics and describe patterns in the data. Inferential analysis was conducted using multiple regression analysis to examine the effect of the various dimensions of work environment on employee performance and to test the study hypotheses.

## **DATA ANALYSIS AND DISCUSSION OF FINDINGS**

A total of three hundred and thirty (330) questionnaire were distributed to the respondents. Out of these, twenty-eight (28) questionnaire were not properly completed and were therefore excluded from the analysis. This resulted in three hundred and two (302) valid questionnaire, which formed the basis of the analysis.

**Table 2: Descriptive Analysis**

Variables	N	Mean	Std. Deviation	Interpretation
Physical environment	302	3.01	1.07	Agreed
Social environment	302	3.32	0.89	Agreed
Psychological environment	302	3.56	1.15	Agreed
Organisational environment	302	3.14	0.73	Agreed
Employee performance	302	3.67	0.89	Agreed

**Source: SPSS Output Version 31**

Table 2 presents the descriptive statistics of the study variables on work environment and employee performance among DMBs in Ondo State Nigeria based on three hundred and two (302) valid responses. The mean scores show general agreement across all dimensions of the work environment. The physical environment recorded a moderate mean of 3.01, indicating acceptable workplace conditions with some variation in employee experiences. The social environment had a mean of 3.32, suggesting positive interpersonal relationships and teamwork within the banks. The psychological environment recorded a higher mean of 3.56, highlighting the importance of motivation, job security, and emotional wellbeing. The organisational environment also showed agreement with a mean of 3.14, reflecting supportive policies and management practices. Employee performance recorded the highest mean score of 3.67, indicating a high level of perceived effectiveness. Overall, the results suggest that a supportive work environment exists and is associated with improved employee performance in the selected banks.

**Table 3: Model Summary**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.775 <sup>a</sup>	.601	.599	.21998	.076
a. Predictors: (Constant), Organisational environment, psychological environment, Social environment, Physical environment					
b. Dependent Variable: Employee performance					

**Source: SPSS Output Version 31**

Table 3 summarizes the model assessing the combined influence of physical, psychological, social, and organisational work environment on employee performance among DMBs in Ondo State Nigeria. The correlation coefficient indicates a strong positive relationship between the work environment variables and employee performance. The R square value of 0.601 shows that 60.1 percent of the variation in employee performance is explained by the four work environment dimensions included in the model, demonstrating substantial explanatory power. This is further supported by the adjusted R square of 0.599, which confirms the stability and robustness of the model after adjusting for the predictors. The remaining 39.9 percent of unexplained variation suggests the influence of other factors not captured in the model, such as individual attributes, reward structures, leadership practices, and

external conditions. Overall, the low standard error of estimate and acceptable Durbin Watson value indicate good predictive accuracy and a reliable model fit.

**Table 4: Analysis of Variance**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	86.148	4	21.537	445.047	.000 <sup>b</sup>
	Residual	9.485	196	.048		
	Total	95.633	200			
a. Dependent Variable: Employee performance						
b. Predictors: (Constant), Organisational environment, psychological environment, Social environment, Physical environment						

**Source: SPSS Output Version 31**

Table 4 presents the analysis of variance for the regression model examining the effect of work environment on employee performance among Deposit Money Banks in Ondo State Nigeria. The model produced an F statistic of 445.047 with a significance value of 0.000, which is below the 0.05 threshold. This confirms that the regression model is statistically significant. The result indicates that physical, psychological, social, and organisational environment jointly exert a significant influence on employee performance. The large F value further suggests that the explanatory variables collectively explain employee performance far better than a model with no predictors. Therefore, the combined effect of work environment factors on employee performance is not due to chance but represents a meaningful and systematic relationship. This finding provides strong empirical support for the relevance of work environment in enhancing employee performance in Deposit Money Banks in Ondo State Nigeria.

**Table 5 : Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.114	.060		35.083	.000
	Physical environment	.266	.116	.310	2.293	.023
	Psychological environment	.438	.081	.701	5.407	.000
	Social environment	.074	.091	.119	.813	.420
	Organisational environment	.372	.104	.480	3.577	.031
a. Dependent Variable: Employee performance						

**Source: SPSS Output Version 31**

Table 5 presents the multiple regression coefficients showing the individual effects of physical, psychological, social, and organisational work environment on employee performance among Deposit Money Banks in Ondo State Nigeria. Both unstandardized and standardized coefficients are reported to explain the magnitude, direction, and statistical significance of each predictor.

The constant term is positive and statistically significant, indicating a baseline level of employee performance when all explanatory variables are held constant. This suggests that employee performance is influenced by factors beyond the work environment variables included in the model. Physical environment exhibits a positive and statistically significant effect on employee performance, as reflected by a standardized beta coefficient of 0.310 and a probability value below 0.05. This implies that improvements in physical workplace conditions such as office layout, ventilation, equipment functionality, cleanliness, and noise control are associated with meaningful increases in employee performance. The result underscores the importance of providing a conducive physical workspace in banking institutions.

Psychological environment shows the strongest influence on employee performance, with a standardized beta coefficient of 0.701 and a highly significant probability value. This indicates that factors such as job security, workload balance, autonomy, recognition, emotional wellbeing, and opportunities for personal growth exert a substantial positive effect on employee performance. The magnitude of this coefficient suggests that psychological conditions are the most critical dimension of the work environment in explaining performance outcomes in DMBs.

Social environment, although positively signed, does not have a statistically significant effect on employee performance, as indicated by its probability value above 0.05. This finding suggests that interpersonal relationships, teamwork, and social support alone may not directly translate into improved performance. Rather, their influence may be indirect or dependent on the presence of supportive psychological and organisational conditions.

Organisational environment also has a positive and statistically significant impact on employee performance, with a standardized beta coefficient of 0.480. This result highlights the role of organisational structures, leadership style, policies, communication systems, and job design in enhancing employee effectiveness. Improvements in organisational practices are therefore likely to yield appreciable gains in performance.

## DISCUSSION OF FINDINGS

The findings of this study provide strong empirical confirmation that the work environment significantly influences employee performance among DMBs in Ondo State Nigeria. In line with the empirical evidence reviewed earlier, the joint effects of physical, psychological, social, and organisational work environment explain a substantial proportion of variations in employee performance. The strong correlation coefficient of 0.775 and the R square value of 0.601 corroborate earlier Nigerian banking studies which established work environment as a critical predictor of employee performance. The statistically significant F statistic further confirms that the combined influence of these work environment dimensions is systematic and robust rather than occurring by chance, thereby reinforcing conclusions drawn in prior empirical studies within the banking sector.

With respect to the first objective, the results reveal that the physical work environment has a positive and statistically significant effect on employee performance. The standardized beta coefficient of 0.310 indicates that improvements in workspace adequacy, ventilation, noise control, cleanliness, and functional equipment enhance employee comfort and wellbeing, leading to improved performance. This finding is consistent with the empirical evidence reported by Harunaa and Pongi (2024), who



found that physical workplace conditions significantly improved employee efficiency and service delivery in Nigerian banks. Similarly, Adekoya et al (2020) reported that physical work elements such as office layout and equipment functionality positively influenced employee productivity in the banking sector. The result also supports Herzberg's Two Factor Theory, which identifies physical working conditions as hygiene factors that reduce dissatisfaction and create an enabling foundation for performance. In the banking context where employees work long hours and engage continuously with customers, a conducive physical environment reduces stress and fatigue, thereby enhancing effectiveness and output.

In line with the second objective, the psychological work environment emerged as the most influential determinant of employee performance. The standardized beta coefficient of 0.701 indicates a strong and statistically significant effect, confirming that psychological factors such as recognition, job autonomy, workload balance, job security, emotional wellbeing, and opportunities for growth are central drivers of employee performance. This finding aligns closely with the empirical results of Ogbonda (2023), who reported that psychological and psychosocial factors significantly predicted employee performance in DMBs in Nigeria. Similarly, Okolocha and Anugwu (2022) found that intrinsic work factors such as recognition and career growth had a stronger influence on employee performance than physical conditions alone. The result also provides strong empirical support for Herzberg's motivator factors, which emphasize intrinsic rewards as direct determinants of performance. In addition, the finding aligns with the Job Demands Resources Model, which posits that psychological resources enable employees to manage job demands effectively and prevent burnout. The dominance of psychological work environment observed in this study reinforces earlier empirical conclusions that employees in the banking sector place greater value on mental and emotional wellbeing than on physical conditions alone.

Regarding the third objective, the social work environment, although positively related to employee performance, did not exert a statistically significant effect. This finding contrasts with the results of Saidi et al (2019) and Bartholomew and Bakut (2019), who reported that interpersonal relationships and social support significantly influenced employee performance in Nigerian organisations. However, the present result suggests that in the highly competitive and target driven banking environment of Akure, employees may prioritise task execution, performance targets, and job security over informal social interactions. While this outcome appears to contradict Social Exchange Theory, which emphasizes social reciprocity as a driver of workplace behaviour, it also aligns with empirical arguments that the influence of social environment may be indirect or mediated through psychological and organisational factors rather than exerting a direct effect. This finding therefore adds nuance to the empirical literature by highlighting contextual differences in the role of social work environment within the banking sector.

Finally, the organisational work environment was found to have a positive and statistically significant effect on employee performance. The standardized beta coefficient of 0.480 indicates that organisational factors such as leadership style, organisational policies, communication systems, workload allocation, and job flexibility play a crucial role in shaping employee performance. This finding is consistent with earlier empirical studies reviewed in this work which demonstrated that supportive organisational structures significantly enhance employee commitment and performance in DMBs. The result further supports organisational and management theories that emphasize the role of

institutional frameworks and effective management practices in driving performance outcomes. A supportive organisational environment provides clarity, fairness, and stability, enabling employees to perform their duties effectively and efficiently.

## **CONCLUSION AND RECOMMENDATIONS**

This study investigated the effect of work environment on employee performance among Deposit Money Banks in Ondo State Nigeria, with emphasis on physical, psychological, social, and organisational dimensions. Using data obtained from three hundred and two (302) valid responses and analysed through descriptive and inferential techniques, the study provides strong empirical evidence that the work environment is a significant determinant of employee performance in the banking sector. The study found that the physical work environment has a positive and statistically significant effect on employee performance, indicating that adequate workspace, effective ventilation, functional equipment, cleanliness, and noise control enhance employee comfort and operational efficiency. Psychological work environment emerged as the most influential predictor of employee performance, demonstrating that intrinsic factors such as recognition, job autonomy, job security, emotional wellbeing, workload balance, and opportunities for growth are critical drivers of employee effectiveness. Organisational work environment also exerted a significant positive influence, highlighting the importance of leadership practices, organisational policies, communication systems, workload allocation, and job design in improving employee performance.

In contrast, the social work environment, although positively associated with employee performance, did not show a statistically significant direct effect. This suggests that interpersonal relationships and social support, while important, may not independently drive performance in the highly competitive and target oriented banking context. Rather, their influence may be indirect and mediated through psychological wellbeing and organisational support mechanisms.

Overall, the study concludes that employee performance in DMBs is strongly shaped by the quality of the work environment, with psychological and organisational dimensions exerting the strongest influence. These findings are consistent with existing empirical evidence and theoretical frameworks, particularly Herzberg's Two Factor Theory, and they provide context specific insights into employee performance dynamics within the Nigerian banking sector.

Based on the findings and conclusions of this study, the following recommendations are proposed to enhance employee performance among DMBs in Ondo State Nigeria.

First, bank management should prioritise continuous improvement of the physical work environment by ensuring adequate workspace design, proper ventilation, reliable technological systems, effective noise control, and a clean and safe working atmosphere. Such improvements are essential for reducing work related stress and fatigue, especially given the long working hours and customer intensive nature of banking operations.

Second, greater emphasis should be placed on strengthening the psychological work environment, as it was identified as the most influential determinant of employee performance. Deposit Money Banks should implement policies that promote employee recognition, job autonomy, fair workload

distribution, emotional wellbeing, job security, and continuous professional development. Structured recognition systems, clear career progression pathways, and supportive supervisory practices will significantly enhance motivation and performance.

Third, banks should reinforce organisational support systems by improving leadership effectiveness, enhancing transparency in organisational policies, fostering open and consistent communication, and ensuring equitable workload allocation. Management should adopt participative leadership approaches that encourage employee involvement in decision making, as this will strengthen commitment, trust, and performance.

Fourth, although the social work environment did not exert a statistically significant direct effect, it should not be overlooked. Bank management should encourage healthy interpersonal relationships and teamwork, as these may indirectly influence performance through their impact on psychological wellbeing and organisational climate. Regular team building initiatives and effective conflict management mechanisms can help strengthen workplace cohesion.

Finally, policymakers and regulatory authorities in the banking sector should consider developing and enforcing guidelines that promote holistic work environment standards, with particular attention to psychological wellbeing and organisational practices. Such policy interventions will support sustainable employee performance and improved service delivery across the banking industry.

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