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## “A Study on Factors Affecting Employee Performance”

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### ABSTRACT :

The study aimed to identify key performance drivers and analyze their impact on employee motivation, satisfaction, and productivity. Using a descriptive research design, primary data was collected via questionnaires from 103 respondents. The analysis covered demographic profiles, job satisfaction, leadership influence, work environment, growth opportunities, and teamwork dynamics. Results revealed that most employees are satisfied with their jobs, though work-life balance and stress management need improvement. Leadership and management practices were found to be supportive but could enhance communication and conflict resolution. Factor analysis condensed various performance dimensions into four core components: Leadership & Work Environment, Organizational Practices & Employee Engagement, Job Characteristics & Personal Growth, and Job Satisfaction & Manageability. The study emphasizes the importance of a positive organizational culture, clear role expectations, and structured training. It also highlights the role of inclusive team dynamics in improving employee output. Suggestions include enhancing leadership transparency, providing growth-focused training, and promoting mental well-being. The study concludes that addressing these areas can significantly improve both employee performance and organizational success.

**Keywords:** Employee Performance, Organizational Culture, Job Satisfaction, Leadership and Motivation, Work Environment.

### Introduction

Employee performance refers to the effectiveness and productivity of an individual within an organization. It encompasses how well an employee fulfills their job responsibilities, achieves goals, and contributes to the overall success of the company. Performance can be assessed through various metrics, such as job output, quality of work, collaboration, and adherence to company values. Employers often use performance evaluations to provide feedback, set goals, and identify areas for improvement or recognition.

Employee performance is crucial for organizational success as it directly impacts productivity, efficiency, and overall effectiveness. High-performing employees contribute to a positive work culture, increased innovation, and customer satisfaction. Regular performance assessments help identify strengths and areas for improvement, enabling targeted development strategies. Ultimately, the collective performance of employees drives the achievement of organizational goals and sustained growth.

### *Factors affecting employee performance.*

Individual factors – KSAs, Motivation, Personality Traits, Health & Well-being

Organizational factors – Leadership, Work Environment, Resources and Tools, Organizational Culture

Job-related factors – Job Design, Role Clarity, Feedback & Counselling,

Workload and Stress, Interpersonal relations, growth opportunities, teamwork

External factors – Economic conditions, Technological advancements, regulatory requirements.

### Objectives of Study

- To identify the key factors affecting employee performance.
- To assess the level of job satisfaction among employees on various performance-related factors.
- To suggest practical measures for improving employee performance within the organization.

## Literature reviews

A wide range of academic studies suggests that multiple variables influence employee performance. These factors are categorized into personal, organizational, and job-related.

Ivy Lau et al. (2020) emphasized that diverse cultural backgrounds and practices influence employee professionalism and performance. Companies must develop inclusive environments that accommodate multicultural teams.

Agarwal (2020) emphasized leadership as a critical driver of performance. Leadership that aligns with organizational values leads to better motivation, efficiency, and goal achievement.

Iffan Budiningsih et al. (2017) found that in the digital age, flexible and ongoing training plays a significant role in improving employee performance by enhancing skills and adaptability.

Setyo Riyanto et al. (2017) demonstrated that motivation combined with a conducive work environment directly boosts employee effectiveness.

Lucy Mwangi et al. (2016) revealed that unresolved work-family conflicts result in decreased performance and increased burnout, especially in high-demand sectors.

Morteza Raei Dehaghi and Abbas Rouhani (2014) showed that job satisfaction, including alignment with skills and opportunities for feedback, influences employee effectiveness and student satisfaction in educational institutions.

Omotayo Osibanjo et al. (2014) concluded that attractive compensation packages help retain top talent and improve job performance, particularly in academia.

M. Kotteeswari (2014) pointed out that stress reduces job effectiveness and increases turnover. Stress management programs can reverse trend.

## Research Methodology

The research focuses on studying factors that affect employee performance. A descriptive research design was chosen, as it helps to systematically describe the situation and analyze the factors influencing employee performance. The study uses primary data, which was collected through a structured questionnaire designed for employees. The sample size consisted of 103 respondents from different departments and positions within the organization. A convenience sampling method was adopted, allowing easy access to participants within the organization. For data analysis, statistical tools such as SPSS software and Microsoft Excel were used. Techniques like frequency analysis, crosstabulation, and chi-square tests were applied to interpret the results.

The study aims to understand employee job satisfaction, leadership influence, work environment, and growth opportunities. It also analyzes the role of stress, teamwork, and organizational culture in shaping performance. The scope of the study is limited and cannot be generalized to other organizations. A key limitation is the possibility of bias in self-reported responses. Overall, the methodology provides a structured approach to uncover insights into employee performance.

The study surveyed 103 employees. Among them, 61.9% were male and 37.1% female. The majority of respondents (57.1%) were aged between 25-35 years, followed by 39% in the 18-25 age group, indicating a predominantly young workforce. Regarding education, 74.3% were graduates and 6.7% postgraduates, reflecting a well-educated sample. The participants represented various departments including Finance, Marketing, HR, and IT, and held positions mainly at the middle and top management levels, with most having 2–5 years of tenure in the organization.

## Data Analysis and Interpretation

To analyse the key factors that affecting employee performance at organization, the factor analysis, a reliability test was done to check the internal consistency of the data collection tool. Factor analysis is a statistical technique used to identify underlying relationships between a large set of variables by grouping them into a smaller number of manageable set of factors without losing significant information. It is commonly used in research to reduce data complexity, detect patterns, and validate measurement scales.

### Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
.975	35

The reliability statistics for the 35 statements under study were assessed using Cronbach's Alpha. This statistical measure determines how well the items in a scale correlate with one another and reflect consistency in responses. The reliability test yielded the alpha value of 0.975, which is excellent, indicating that the responses given by the employees are consistent, and the items used in the questionnaire are reliable for further factor analysis.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.897
Bartlett's Test of Sphericity	Approx. Chi-Square	3928.897
	df	595
	Sig.	.000

The Kaiser-Meyer-Olkin (KMO) test measures sampling adequacy. A KMO value above 0.7 is considered sufficient to proceed with factor analysis. In this case, the value is 0.897, which is highly acceptable, confirming that the data is suitable for factor analysis.

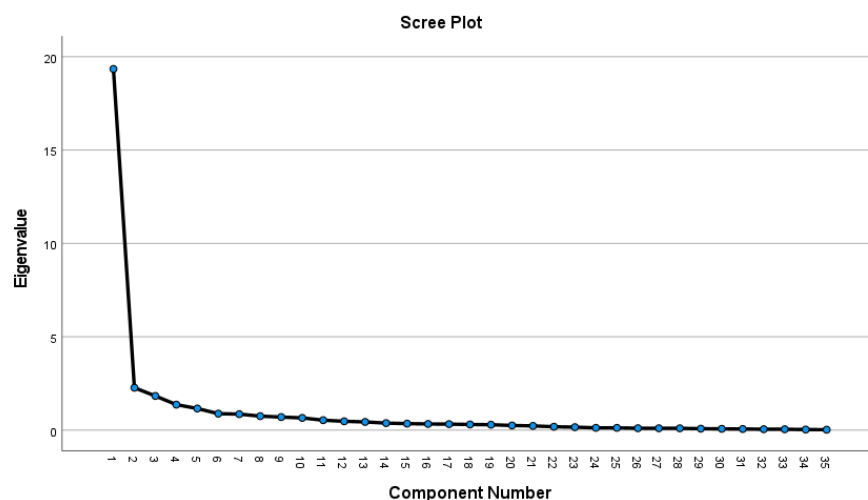
The Bartlett's Test of Sphericity tests whether the correlation matrix is an identity matrix. A p-value below 0.05 suggests that there are significant relationships among variables. With a Chi-square value of 3928.897 and a p-value of 0.000, the test confirms that the correlation matrix is not an identity matrix, and factor analysis is appropriate.

Further, From the list of extracted communalities, the communality values greater than 0.5 were considered for further analysis, and statements having communalities less than 0.5 were removed.

#### Total Variance Explained

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	19.347	55.277	55.277	19.347	55.277	55.277	9.474	27.069	27.069
2	2.274	6.497	61.773	2.274	6.497	61.773	8.761	25.031	52.100
3	1.831	5.230	67.003	1.831	5.230	67.003	4.536	12.959	65.059
4	1.367	3.905	70.909	1.367	3.905	70.909	2.047	5.850	70.909
5	1.160	3.313	74.222						
Extraction Method: Principal Component Analysis.									

This table highlights the percentage of variance explained by each component derived from Principal Component Analysis (PCA). The first component explains 55.277% of the total variance, followed by the second component with 6.497%, the third factor explains 5.230% and the fourth factor explains 3.90% of the total variance. The first four components collectively explain 70.90% of the total variance in the data.



As visible in the plot above, there is a rapid decline from the first to fourth component, after which the curve flattens out significantly. The eigenvalue levels off after the 4<sup>th</sup> component. The flattening indicates that the subsequent components explain very little variance and can be considered noise or insignificant. It can be interpreted that it will be reasonable to retain the first seven components as they explain most of the variance in the data. The scree plot aligns with the total variance explained table that indicates that 4 components explain 70.90% of the total variance.

Rotated Component Matrix <sup>a</sup>				
	Component			
	1	2	3	4
The leaders of my organization foster positive work environment	.814			
My organization ensures quality work life for employees	.793			
I am satisfied with the monetary and non-monetary rewards I get from my organization	.789			
My superior gives regular feedback on my work performance	.776			
The leaders of my organization are effective and supportive	.732			
Our team comprises of diverse people in matter of age, knowledge, qualifications, skills and experience	.720			
I am satisfied with the resources provided by my organization for my job performance	.714			
My opinions and ideas are valued by my superiors	.707			
Our leaders frequently organize team building activities/exercises/trainings	.705			
I am satisfied with the teamwork and collaboration in my department	.695			
My organization offers sufficient opportunities for career growth and development	.679			
My job profile matches my skills and qualifications	.646			
I am always energetic and enthusiastic about my work	.572			
My organization conducts relevant and effective training programs to for the employees		.773		
I am satisfied with the physical working conditions of my workplace including safety measures and infrastructure		.759		
My job allows me to stay updated with industrial developments of my field		.734		
My colleagues/co-workers are helpful and supportive in completion of my tasks		.715		
My organization is very responsive to external changes		.713		
I am satisfied with the leadership style and management of my organization		.706		
The conflicts in my organization are resolved timely and effectively		.698		
I feel appreciated for my contributions by my superiors		.694		
My superior provides clear instructions and guidance for my work		.689		
Our leaders encourage the environment of acceptance and inclusivity for every member		.684		
I have sufficient clarity of my roles and responsibilities		.646		
The changing industry trends/technology has significantly affected my job		.611	.580	
The communication process of my organization is open and transparent		.603		
I am able to balance my work and personal life		.590		
I enjoy doing my work			.665	
My job offers me required challenges to learn and grow			.648	
My job involves stress and pressure			.640	
I feel confident of my abilities to perform my job			.609	
I feel secured about my job			.601	
I get sufficient autonomy in my work			.583	

<b>I am satisfied with my current job</b>				<b>.844</b>
<b>My workload is manageable</b>				<b>.763</b>
<b>Extraction Method: Principal Component Analysis.</b>				
<b>Rotation Method: Varimax with Kaiser Normalization.</b>				
<b>a. Rotation converged in 10 iterations.</b>				

The Rotated Component Matrix provides insights into how different items group together after rotation, offering a clearer interpretation of the underlying factors. The rotation method used is Varimax, which maximizes the variance of squared loadings of a factor across variables, leading to a simpler and more interpretable structure.

The table above shows the rotated component matrix for 30 items surveyed representing the factor loadings of each item identified through PCA and Varimax rotation. Factor analysis without rotation gives only component matrix. This matrix contains loading of each variable onto each factor.

Rotated component matrix shows 30 factors minimized into four components, which covers every factor.

- Leadership & Work Environment
- Organizational Practices & Employee Engagement
- Job Characteristics & Personal Growth
- Job Satisfaction and Manageability

## Conclusion

The study highlights that while the organization is performing well in key areas such as leadership support, teamwork, and overall employee satisfaction, there are areas that require strategic focus for continuous improvement. The factor analysis revealed four key components—Leadership & Work Environment, Organizational Practices & Employee Engagement, Job Characteristics & Personal Growth, and Job Satisfaction & Manageability—that comprehensively capture the dynamics of employee experience.

A predominantly young and educated workforce presents a unique opportunity for the organization to build a future-ready, engaged, and productive environment. By strengthening leadership transparency, enhancing job design, promoting inclusivity, and addressing stress and work-life balance concerns, the organization can further boost employee morale, retention, and overall effectiveness.

Continued efforts in these areas will not only improve employee well-being but also lead to sustained organizational success.

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