

# FACTORS AFFECTING THE LEVEL OF EMPLOYEE PERFORMANCE OF AA MANUFACTURING

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## Abstract

The purpose of this paper is to determine if a firm's environment factors, job-related factors, and employee-related factors affect employee performance.

Using a descriptive and causal research design, AA employees were asked to complete an online survey using the questionnaire adopted from Diamantidis and Chatzoglou (2018). The mean was used to summarize the respondents' perceptions of the variables, while simple and multiple linear regression were used to test the hypotheses formulated. According to the findings, job-related and employee-related factors have a significant effect on employee performance, whereas firm environment factors have no significant effect on employee performance. Furthermore, firm environment and job-related factors significantly affect employee-related factors, whereas firm environment has a significant effect on job-related factors.

The findings will serve as a starting point to reexamine AA Manufacturing's traditional work policies and expectations, allowing researchers to come up with a CAPSTONE Project that can be discussed with executives.

Keywords: Employee Performance, Firm/Environment Factors, Job-Related Factors, Employee-Related Factors

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## 1. Introduction

AA is a Nijmegen-based global semiconductor company founded on December 7, 2015, spun off from AMPL Semiconductors in May 2015. They have 2,000 employees spread across Asia, Europe, and the United States, allowing them to serve customers worldwide.

Employees have actively participated in all activities during the first two years of operation, with a focus on goal setting and start-up activities. However, over the last three years, employees have become exhausted by management's increasing demand to support the business's growing needs. Furthermore, employee performance may have suffered because of the current coronavirus pandemic. This affects organizational productivity and, ultimately, the organization. As a result, human resources and management were concerned about increasing attrition, absenteeism, and quality issues, and their effect on productivity and financial results. Furthermore, the effects of attrition may worsen over time, creating a bigger problem in the long run (WynenJ,2018).

Employee performance has been identified as a critical driver, as well as one of the major theories in economic literature. It is derived from the constructs of employee satisfaction, organizational effectiveness, and public action, but it extends far beyond the basic concepts of "determination" and "willingness to participate" discovered in organizational literature. Securing employee commitment to a company's goal is a difficult task. This necessitates paying close attention to a variety of principles and guidelines to motivate employees to become more engaged in their work.

Gallup (2016) discovered a direct link between employee performance and productivity. They only published the "4 factors driving record-high employee engagement in the US" in February 2020. 2. effective management, 3. effective communication, and 4. Recognition. Gallup has conducted nine meta-analyses over the last two decades to investigate the relationship between team engagement and performance. The most recent study included more than 82,000 teams from 230 firms, totaling 1.8 million people from 49 industries and 73 countries. Gallup believes that engaged employees outperform other employees in terms of business outcomes, regardless of industry, company size, or nationality, and in good and bad economic times. The same survey discovered a link between absenteeism and performance.

Most businesses are having a difficult time retaining top talent in today's fast-changing economy. According to Glint (2018), disengaged employees have a 12 times higher attrition rate than engaged workers. The impact of losing high performers on productivity, not to mention the potential economic ramifications of wanting to replace them: Employee turnover can cost up to 150 percent of a worker's salary, according to the University of Florida. According to Aon Hewitt data, employees who are more satisfied with their jobs are 36% more likely to stay with their company.

Despite studies and research, many businesses are still having difficulty researching and implementing techniques that will increase levels of performance that are consistent with company strategy and go above and beyond expectations. According to Shrestha R (2019), companies recognize the link between highly engaged employees and organizational success. In highly competitive talent industries, performance can boost innovation, production efficiency, and bottom-line effectiveness while lowering recruiting and retention costs. According to Reem (2018), an excerpt from William Kahn's theory, employees become engaged when three psychological conditions or needs, namely meaningfulness, safety, and availability, are met. In theory, 'meaningfulness' is defined as a sense of accomplishment in a career or role; additionally, the importance of job assignments and role type has a strong influence on making the role significant. Many organizations are currently struggling to study and research strategies that will increase the level of performance that is aligned with their business strategies and goes above and beyond expectations. Performance can boost innovation, productivity, and bottom-line results while reducing costs associated with recruitment and retention in highly competitive talent markets. From previous research, the most common variables influencing employee performance are communication, learning and development, leadership, teamwork, job role, managing performance, people practice, customer focus, brand alignment, and career opportunities. Gallup, 2020; Fazna Monzoor, 2016 (Aon Hewitt, 2015). Furthermore, a leader's responsibility for performance demonstrates that they have an impact on performance because leadership must control all key drivers in addition to having a direct impact on the performance of others through their interactions (Y Shi, Ye M, 2016).

Among the disparate results from the cited literatures, this study determined the factors affecting employee performance of AA manufacturing. The paper is intended to benefit the company as a whole by demonstrating the effect of firm/environment, employee related and job-related factors on employee performance. This will give ideas on how to rethink and reexamine their traditional work policies and expectations in order to better adapt to the new and growing reality of employees' needs like. Furthermore, this can have a societal impact by enabling better working conditions or work ethics. The output of this project to AA manufacturing is to have an HR organizational development which entails changes and improvements to the processes and structures that fall under the purview of HR. These include performance management, talent management, planning and employee wellness processes and systems. The company will focus on surefire activities

employee performance activities to motivate the workforce. Come-up with a modified employee performance activities/programs that will motivate the workforce and will handle all the employee related activity programs that will take up all the concerns of employees and eventually transpire the great place to work. Assets to support this project includes Senior management, HR department and will entail an additional budget.

### **Statement of the Problem**

For AA Manufacturing, a high turnover rate, increased absenteeism, and recurring quality issues were evidence of poor performance that's affecting AA's productivity and financial results. This study covered the employees of AA manufacturing for which management and HR are seeing a warning signs that employee performance had been declining over time. Around 1100 are employed in AA who were based in Cabuyao, Laguna.

The general question of this study is, "What are the factors affecting employee performance?"

This paper attempted to answer the specific research problems as:

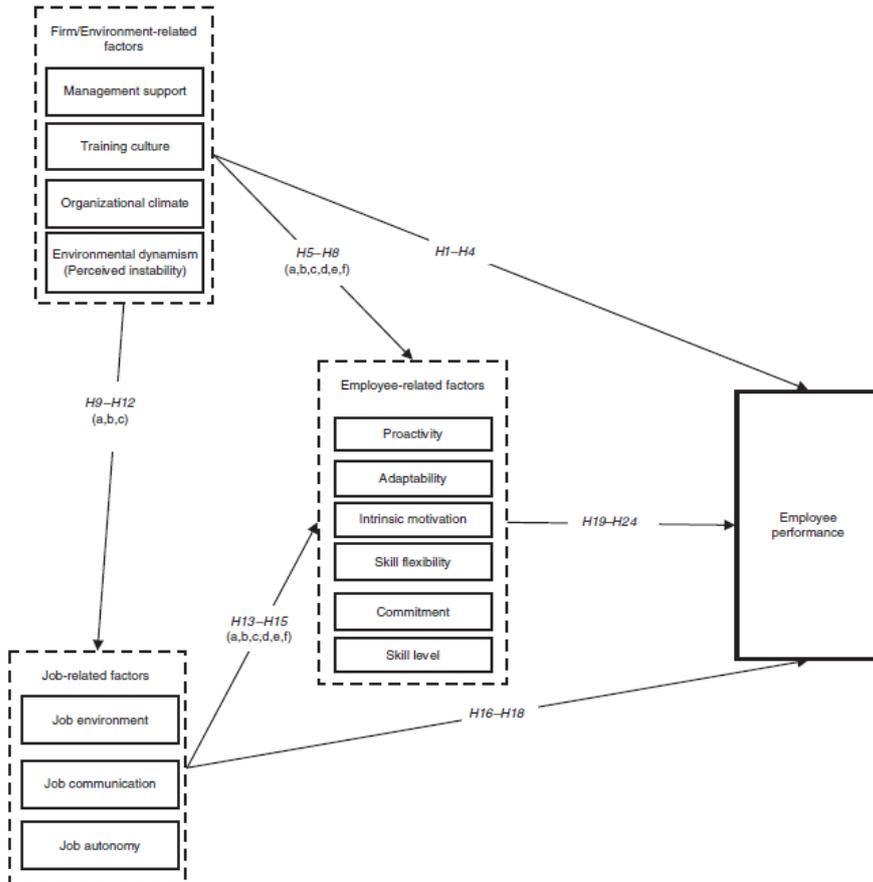
1. Does Firm/environment-related (FE) factors have a significant effect on Employees Performance (EP)?
2. Does Job-related factors (JRF) have a significant effect on Employees Performance (EP).
3. Does Employee-related factors (ERF) have a significant effect on Employees Performance (EP).
4. Does Firm/environment-related (FE) factors have a significant effect on Employee related factors (ERF).
5. Does Job-related factors (JRF) have a significant effect on employee-related factors (ERF).
6. Does Firm/environment-related factors (FE) have a significant effect on Job-related factors (JRF).

### **Conceptual Framework**

The conceptual framework, on which this research paper was based, is from a research paper entitled "Factors Affecting Employee Performance: An Empirical Approach" conducted by Diamantidis and Chatzoglou (2018). The study was conducted in Xanthi, Greece which involved SMEs. Out of 350 firms persuaded, only 97 firms (27.71 percent response rate) with 480 employees completed and returned the questionnaires (valid sample).

The authors analyzed the relationship between firm/environment factors, employee-related factors, job-related factors, and employee performance. The result concluded that all hypotheses between the constructs were accepted. In general, the model explained 27% of the variance in Employee Performance. And that firm/environment, employee-related and job-related factors significantly affect employee performance.

Furthermore, the firm/environment-related factors have a significant effect on both the job-related and employee-related factors, whereas the employee-related factor has a significant effect on the job-related factor.



Source: Factors Affecting Employee Performance: an empirical approach (Diamantidis and Chatzoglou P., 2018)  
Figure 1. Conceptual Framework

**Operational Framework**

While the study of Diamantidis and Chatzoglou (2018) was conducted in SMEs at Xanthi, Greece, this study was conducted in Cabuyao Philippines, specifically for AA Manufacturing. This study focused on a suggested model that was specifically conducted by employees of AA, guided by the operational framework below.

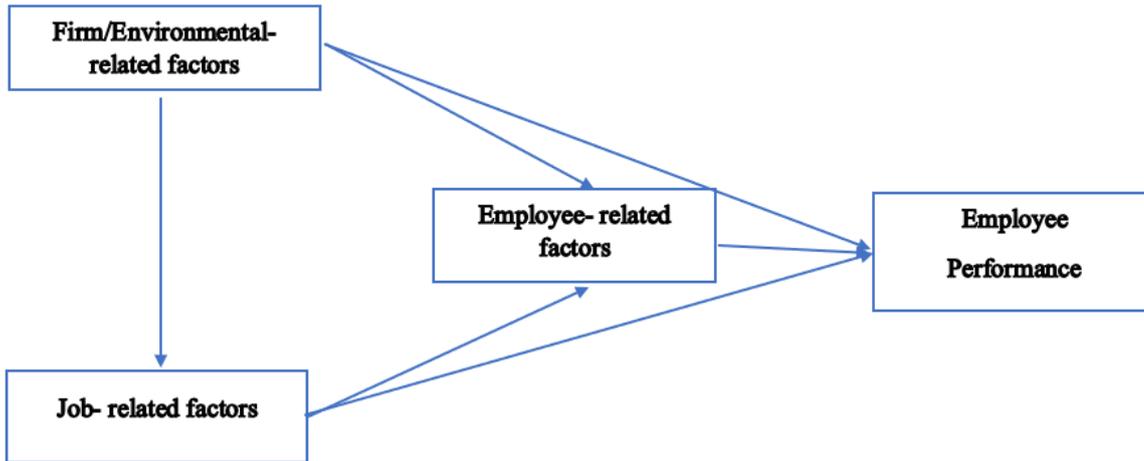


Figure 2. Operational Framework

The researcher would like to emphasize how the above-cited authors have formulated the questionnaire items for employee performance with the above-stated findings which demonstrated the relationship between the firm, job, and employee factors with strong evidence to find a way to address and walk the walk to increase the level of employee performance.

**Firm/Environment related factors-**

Firm/environment related factors may involve management support, training culture, organizational climate, and environmental dynamism. These factors are very important in employee performance because creating an open and strong corporate atmosphere motivates employees to look out for the company’s best interests and to operate in a way that engenders even more trust. As a result, a firm's culture of value is fostered, and employees are better able to generate results that promote long-term success for the company. For AA, most of the feedback from resigned employees is to have priority on continuous communication, transparency on business resiliency, and strong evidence of support from management.

Maha Ahmed and Zaki Dajani (2015) researched "The Effect of Employee Performance on Job Performance and Organizational Commitment in the Egyptian Banking Sector." Researchers found that the factors of leadership and organizational justice matched one another as the most significant drivers of employee performance and that other factors also have a positive relationship with the success of the job and the organizational commitment.

The knowledge of the founders and their managerial skill sets have an impact on the growth and progression of start-ups. (2019, Zaheer et al.) As a result, the application of management theories about the process, people, and proposition is critical for start-ups (Kohler, 2016). Pooja Kohli and Shubhangi Zodge (2016) carried out work on the "Study on Employee Performance of Staff Level Employees Working in Manufacturing Industries." They discovered that top leadership tends to involve employees if they believe the incentive program seems to be well arranged for them and that employees believe ideas are considered and concerns are also assessed.

Mohammed RS (2016) cited in his study that the effects of training and development on employee performance and productivity are important. It was recommended that all employees be provided with effective training programs and carefully designed development plans to allow them to improve their skills and upgrade their knowledge

The apparent frequency of change (e.g., technology, customer preferences, and competitive action) and turnover in the marketing forces of the external and task environment are referred to as environmental dynamism. The dynamism may have an impact on employee performance just by relating to the recent challenge on COVID 19 where there are studies that business resilience may affect employee performance in terms of security and continuity.

### **Job-related factors**

Employee performance has been linked to job-related factors. Job-related factors are tactics employed by the company to help the employee better grasp the job or work duties they are expected to play. By giving structure, formality, and feedback to workers, these approaches help make jobs more understandable for everyone. These factors are crucial indicators of employee commitment as well as their levels of motivation. For AA, one of the top priorities is to address the burn-out, lean organization and low level of autonomy. One significant advantage of the scope of work is that they enhance staff productivity. Employees may overemphasize the false tasks and skills in some cases due to a lack of a position description. Anitha J (2017) researched "Employment Determinants and Their Impact on Employee Performance." She observed that the relationship between motivation and performance is consistent with performance models, concepts, and studies.

Fatma J (2021) research on "The Impact of Training and Development on Employee Performance and Productivity:", As a result of three HR focus areas such as employee motivation, advancement opportunities & monetary compensation, and remuneration, the results revealed that organizations should not only provide their staff with the necessary infrastructure, but also the power to make their work exciting, and companies should concentrate in retention.

Many research findings have also shown that job performance affects job contentment, and that motivation affects efficiency and, as a result, company success.

Employee perceptions of the nature of their work have a big impact on job satisfaction, and financial pay has a big impact on overall employee satisfaction. Other studies have looked at job performance, contentment, and resignation intentions, with the conclusion that low-performing individuals leave for a variety of reasons.

### **Employee-related factors**

Employee-related factors considered in this study are proactivity, adaptability, intrinsic motivation, skill flexibility, commitment, and skill level. For AA, it was mentioned that absenteeism and quality issues need to be addressed due to retroactive response and low level of commitment from employees. HR professionals must rethink workforce and employee-related strategies as the epidemic reset major work trends. These trends include an increase in remote work, contingent worker expansion, a separation of important skills and tasks, employee (de)humanization, and a change from planning for efficiency to building resilience. (Davidescu, 2020). Embracing diversity has advantages for a company, whereas ignoring diversity has distinct disadvantages. Managers of all ethnicities are generally incapable of dealing with cultural diversity, and the concern of how managers can prepare their companies to encompass a diverse workforce is substantial.

Workplace experience and skill flexibility are defined as a worker's knowledge, expertise, and capacities obtained throughout his or her professional career in a certain area. In any business, experienced personnel oversee production organizational income rather than output. A key to success is hiring an employee with sufficient expertise and knowing the job requirements, targets, and obstacles related to the job (Morgan, 2015).

## Objectives

The study determined the effect of selected core variables on employee performance among AA employees and if each variable affects each other.

The specific objectives of the study were:

1. To determine if Firm/environment-related (FE) factors have a significant effect on Employees Performance (EP)
2. To determine if Job-related factors (JRF) have a significant effect on Employees Performance (EP).
3. To determine if Employee-related factors (ERF) have a significant effect on Employees Performance (EP).
4. To determine if Firm/environment-related (FE) factors have a significant effect on Employee related factors (ERF).
5. To determine if Job-related factors (JRF) have a significant effect on employee-related factors (ERF).
6. To determine if Firm/environment-related factors (FE) have a significant effect on Job-related factors (JRF).

## Hypotheses

To address the need of the study, the following hypothesis was be tested:

- Ho1. Firm/environment-related (FE) factors have no significant effect on Employee Performance (EP).  
 Ho2. Job-related factors (JRF) have no significant effect on Employee Performance (EP).  
 Ho3. Employee-related factors (ERF) have no significant effect on Employee Performance (EP).  
 Ho4. Firm/environment-related (FE) factors have no significant effect on Employee related factors(ERF).  
 Ho5. Job-related factors (JRF) have no significant effect on employee-related factors (ERF).  
 Ho6. Firm/environment-related factors (FE) have no significant effect on Job-related factors (JRF).

## 2. Methodology

The researcher used a descriptive research design (quantitative research) to present the respondents' perceptions of firm/environment factors, employee-related factors, job-related factors, and employee performance. A causal research design was used to determine the effect of firm/environment factors on employee-related factors, job-related factors, and employee performance; job-related factors and employee-related factors on employee performance, and finally, employee-related factors to employee performance.

The target population for the study were the key employees identified by the HR department of AA Manufacturing located in Cabuyao, Laguna Philippines. HR defined key employees based on the importance of the position's roles and responsibilities, as well as the employee's skills and experience.

The data for this study was gathered among AA employees via a structured questionnaire which was adapted from Diamantidis and Chatzoglou, (2018), to gauge factors affecting employee performance. The questionnaire utilized in the actual survey was composed of 49 questions broken down to 7 for the profile of respondents, 4 for firm/environment factors, 9 for job-related factors, 24 for employee-related factors, and 5 for employee performance, as seen in Table I.

**Table 1 – Questionnaire Specification**

Part	Variables	No. of Items	Item No.
I	Profile of Respondents	7	1-7
II	Firm/Environmental Factors	4	1-4
	Job-Related Factors	9	5-13
	Employee Related Factors	24	14-37
	Employee Performance	5	38-42
<b>Total</b>		<b>49</b>	

A pre-test of the questionnaire was conducted by administering an online survey to 50 employees from another company to determine its internal consistency. A total of 42 items were measured using a five-point Likert scale ranging from 1 (Strongly disagree) to 5 (Strongly agree) with mean ranges and interpretation in Table II.

**Table 2 – Likert Scale**

	Response Category	Mean Ranges	Interpretation
1	Strongly Disagree	1.00 – 1.79	Very Low
2	Disagree	1.80 – 2.59	Low
3	Neutral	2.60 – 3.39	Neutral or Don't Know
4	Agree	3.40 – 4.19	High
5	Strongly Agree	4.20 – 5.00	Very High

To determine the reliability of the variables, a reliability test was performed. According to Diamantidis (2018), Cronbach’s  $\alpha$  reliability test can be used to assess the internal consistency of measurements. Below table (Table III) shows the reliability analysis of this study.

**Table 3 – Reliability Test**

Variables	No. of Items	Cronbach’s Alpha	Interpretation
Firm/Environmental Factors	4	.826	Good
Job-Related Factors	9	.879	Good
Employee Related Factors	24	.939	Excellent
Employee Performance	5	.772	Acceptable
<b>Total</b>	<b>42</b>		

The result of the alpha reliability analyses (Table III) can be considered Acceptable. As shown in the table, Cronbach’s alpha is above the threshold for all factors. Firm/environment (.826), job-related (.879), employee-related (.939) and employee performance (.772). Moreover, it should be noted that all 42 questions were included in the analysis.

By De La Salle Lipa's ethical research standards, the following were observed in this study: a written consent from AA that said office be the object of this research was secured, and the questionnaire sought the respondent's informed consent, as stated in the first part of the questionnaire. Furthermore, the researcher sought ethical review and clearance for this study by completing the Research Ethics Clearance Form, can be found Appendix C.

For the actual survey, the researcher requested assistance in sending a link to all identified employees of AA who wish to complete an online questionnaire. The advantages of this type of survey include its low cost and helps to secure all respondents' and respondents' privacy and confidentiality. The downside associated with the possible limited internet access has been removed, as all participants have easy internet access. Data was collected, and the content was consolidated in MS Excel format through google sheets, which then was used for analysis.

Finally, demographics such as age, gender, job level, number of working hours, and monthly income were accounted for. Quantitative data analysis was applied in the study.

The first phase of the study tested was the data normality based on skewness and markers of kurtosis, after which reliability, and multiple regression was conducted to evaluate the research.

The analysis aimed to shed light on whether the dimensions of the hypothesis lead to employee performance and precisely what aspects need to be changed to enhance engagement and performance of AA employees.

### 3. Results and Discussions

#### Descriptive Statistics

A basic profile of the research 173 respondents is included in Table 4.

**Table 4 - Respondent’s Profile**

Characteristics:		Frequency	Distribution
Gender	Female	102	59.0%
	Male	71	41.0%
Age	20-29 years old	57	32.9%
	30-39 years old	49	28.3%
	40-49 years old	50	28.9%
	50 years old and above	17	9.8%
Status	Single	85	49.1%
	Married	88	50.9%
Number of Children	None	84	48.6%
	1-2	68	39.3%
	3-5	21	12.1%
Work hours (day)	0-8 hours	73	42.2%
	9-12 hours	94	54.3%
	Exceeds 12 hours	6	3.5%
Monthly Income	Php10-20K	38	22.0%
	Php21k-40K	57	32.9%
	Php41K-60K	22	12.7%
	Above 61K	56	32.4%
Job Grade/Level	Non-managerial or Rank & File	99	57.2%

Supervisory level	38	22.0%
Managerial level and up	36	20.8%

The sample was also analyzed according to the distribution of three categories.

These categories include the distribution of respondents’ age and gender (Table 5), number of work hours(per day) and marital status (Table 6), and number of work hours (per day) and number of children (Table 7).

As shown in Table 5, female respondents outnumber the male, 59% to 41%. Out of the 59% of women, ages range from 20-29 at 22.0% and 40-49 at 20.2%, while out of 41% male, population is predominant on 30-39 Y/O at 16.8%.

**Table 5 – Age and Gender**

Age	Female	Male	Total	%	%Age To F	% Age To M
20-29	38	19	57	32.9%	22.0%	11.0%
30-39	20	29	49	28.3%	11.6%	16.8%
40-49	35	15	50	28.9%	20.2%	8.7%
>50	9	8	17	9.8%	5.2%	4.6%
<b>Total</b>	<b>102</b>	<b>71</b>	<b>173</b>	<b>100%</b>	<b>59.0%</b>	<b>41.0%</b>

As far as the participating employees are concerned, more than half or 54.3% works from 9-12Hours and 3.5% exceeds 12 hours.(Table 4 and Table 7). In Table 6, out of this 57.8% exceeding 9 hours, predominant is 32.3% who are married. According to the study of labor statistics conducted in 2019(Adcock,2019), married men and women work an average of 4.6% more hours week compared to single or unmarried which can be explained by broader careers where workloads and job demands are heavier. Also, in Table 7 showed that out of 57.8% of employees who exceed 8 hours of work, 23.7% do not have children and 27.7% have 1-2 children and only 6.4% for those with 3-5 children exceeds 8 hours of work which may be indicate that employees may opt not to stay with higher number of children compared to lesser to number of children or no child at all.

As most of the working hours exceed the normal 8 WH, this may indicate that the employees are either inefficiently working or the workload is above the capacity of the employees. According to the theory of Collewet and Sauermann (2017), long hours at the office can have both positive and negative effects on employee performance. More hours mean more output, so working longer hours boosts performance. However, working longer hours can also detract from performance because they cause fatigue and burnout. Burnout is the underlying cause of all of this. Temporary mood disorders include burnout. It’s been likened by many to a form of depression. And it makes sense because the symptoms of burnout are very similar to those of depression. Feelings of dissatisfaction with work Irritation and frustration fill daily routine. It’s so subtle that many of us don’t even notice that we’re on the verge of burnout. It is possible to experience full-blown symptoms of major depression at some point and will eventually affect an employee’s performance in time. Other studies cited, the most and least engaged employees lost 18% of their productivity. The same survey found a link between absenteeism and performance: it’s 37% higher among employees in the lowest quartile of performance.

**Table 6 – Number of Work Hours and Status**

WorkH ours	Married	Single	Total	%	% M To WH	% S To WH
0 - 8	32	41	73	42.2%	18.5%	23.7%
9 - 12	53	41	94	54.3%	30.6%	23.7%
>12	3	3	6	3.5%	1.7%	1.7%
Total	88	85	173	100%	50.9%	49.1%

**Table 7 – Number of Working Hours and Number of Children**

Work Hours	None	1-2	3-5	% No C to WH	1-2 C to WH	3-5 C to WH
0 - 8	32	41	73	24.9%	11.6%	5.8%
9 - 12	53	41	94	22.5%	26.0%	5.8%
>12	3	3	6	1.2%	1.7%	0.6%
Total	88	85	173	48.6%	39.3%	12.1%

Table 8 presents the respondents’ mean level of agreement on each variable. Results revealed that the respondents have a high level of agreement on all the variables such as firm/environment factors, employee-related factors, Job-related factors, and Employee performance. Among the variables, Firm/environment (M=4.21) and Employee Performance (M=4.21) have very high level of agreement , while Job-related factors with mean 4.16 and SD .6403, followed employee-related factors with mean 4.11 and SD .5822

**Table 8 – Mean and Standard Deviation of Variables**

Variables	Mean	SD	Interpretation
Firm/Environment Factors	4.21	.6404	Very High
Job-Related Factors	4.16	.6403	High
Employee-Related Factors	4.11	.5309	High
Employee Performance	4.21	.5822	Very High

In Table 9, showed Employees’ perception on Firm/Environment factors at very high level (M=4.21). Highest of which pertains about their training (M=4.28) which they believe is a positive factor on their performance. Employees say that they can rely on their bosses to support their decisions and actions on the job, and that this trust is reciprocated. Instead of seeing their employees as "automatons" who create their products and services, companies treat them as persons who need guidance and assistance to carry out their job tasks effectively.

With a lowest mean (M=4.14) is the organizational climate where respondents also believe that AA is stable and adaptable to change. Savvy corporate leaders understand that they must either figure out how

technologies will transform their businesses or risk being disrupted by others who do. Because of this, companies constantly upgrade their technological equipment and production methods to remain competitive in the marketplace. As Murray (2015, p. 6) contends, "Together, these innovations are hurtling us toward a new industrial revolution,".

**Table 9 - Perception on the Firm/Environment Related Factors**

Item	Mean	SD	Interpretation
1. Our management team supports an employee in the performance of his work	4.21	.7513	Very High
2. My company considers employee training as a factor that positively affects the employee performance.	4.28	.7876	Very High
3. My company has the ability to quickly adapt to changes within our industry.	4.14	.8306	High
4. Our management has perception that we have a business environment's stability even though market and demand is changing.	4.21	.8108	Very High
Composite Mean	4.21	.6404	Very High

For the perception on job-related concerns (Table 10), employee claims that job environment and communication are consistently high in this company, which implies that job commitment and motivation is high (M=4.16). Employees perceived that their affirmation (M=4.47) and personal competence (M=4.49) are common for employees to take the initiative and share their thoughts with their coworkers about job-related issues. They also take measures to avoid recurrence of work-related issues so that they don't have to deal with them again in the future. To put it another way, employees take initiative in their work. They highly claimed that skills lead to a high level of job performance. The theory of Razali, Ramlan et al. (2016) cited that the quality of service provided by personnel, is strongly influenced by their level of competency.

Respondents said that they have a role to play in their workplaces and that they are a valuable and unique part of the company, however, their personal belonging and social needs in AA is low (M=3.97).

**Table 10 - Perception on the Job-Related Factors**

Item	Mean	SD	Interpretation
1. I feel from my supervisor's behavior that I am an asset of the company?	4.05	.8873	High
2. I believe that through the execution of my work, I can positively and uniquely contribute to the company.	4.47	.6954	Very High
3. My job environment satisfies my social needs and personal belonging.	3.97	.9113	High
4. I am being recognized by my co-workers for my contributions	4.06	.7593	High

5. I believe that skills lead to a high level of job performance.	4.49	.6436	Very High
6. My supervisor informs me regarding my performance level.	4.07	.9277	High
7. My supervisor informs employees regarding the various changes occurring in our workplace and working environment.	4.14	.8806	High
8. My supervisor is willing to listen and respond to employee's requests and inquiries.	4.12	.8931	High
9. Our company allows employees to work out, spontaneously, various aspects of work, considering the functions and performance objectives of the work.	4.05	.8371	High
Composite Mean	4.16	.6403	High

In terms of respondents' perception on employee-related factors (Table 11), employee proactivity is generally high (M=4.11) according to the data. Employees claim that they frequently take the initiative and share their opinions on work-related issues to their coworkers. They do, however, take steps to minimize recurrence of issues to avoid wasting time dealing with them later, and are willing to put in additional effort, energy, and time. Respondents also strongly believes that they have the motivation (intrinsic motivation) perform in the job in the best possible way to achieve their personal satisfaction (M=4.54). According to data that was just recently gathered by McKinsey, people who are intrinsically motivated are 32 percent more committed to their work, report being 46 percent more satisfied with their jobs, and perform 16 percent better than other workers.

It was notable that lowest mean is related to their normative commitment (M=3.65). "Normative commitment" is the degree to which employees believe they should remain with their company and is a major factor in determining whether a member will remain with the organization and work tirelessly to achieve the organizational goals (Allison, 2021).

**Table 11 - Perception on the Employee-Related Factors**

Item	Mean	SD	Interpretation
1. Do you voluntarily and constructively effort to improve procedures in the workplace?	4.32	.6884	High
2. Are you making innovative suggestions for change and recommending modifications to standard procedures even when others disagree	4.06	.7636	High
3. Do you frequently generate new ideas or approaches and implement them in the workplace?	3.99	.7738	High
4. Do you actively scan organization's environment to identify ways to ensure a fit between the organization?	3.88	.7793	High

5. Do you have a positive track record for selling issues (making others aware of issue)	3.89	.8030	High
6. Are you willing to devote time, energy, and effort into behaviors to ensure key decision makers in the organization know the issues?	4.24	.7226	Very High
7. Do you ask for feedback from a supervisor about the level of your work performance?	3.86	.9626	High
8. Do you use feedback as an information to actively monitor your job environment?	4.18	.7779	High
9. Do you have explicit attempts to change one's job if you believe it better fits his/her skills and abilities?	3.77	.9300	High
10. Do you have active attempts to promote your career rather than a passive response to the job situation as given?	3.92	.8243	High
11. I React with appropriate and proper urgency in life threatening, dangerous, or emergency (at the workplace	4.43	.7091	High
12. I remain composed and cool when faced with difficult circumstances or a highly demanding workload as well as acting as a calming and settling influence on whom others look for guidance	4.14	.7602	High
13. I develop creative solutions for an unusual, complex, and indeterminate job-related problem	4.14	.6963	High
14. I easily deal with unpredictable or unexpected job-related events and circumstances and applies the appropriate solution	4.03	.7188	High
15. I quickly and proficiently learn new methods on how to perform previously unlearned tasks and adjust to new work processes and procedures.	4.17	.6854	High
16. I am listening to and considering others' viewpoints and opinions and altering own opinion when it is appropriate to do so.	4.44	.6586	Very High
17. I willingly adjust on-the-job behavior or appearance as necessary to comply with or show respect for others' values and customs.	4.41	.6373	Very High
18. I am adjusting to challenging job environmental states such as extreme heat, humidity, cold, or dirtiness	4.25	.8450	Very High
19. I perform the job in the best possible way to achieve personal satisfaction.	4.54	.6947	Very High

20. I believe I possess skills and abilities that allow the Company to use them in different job positions	4.37	.7084	Very High
21. I have an emotional attachment to, identification with, and involvement in the Company.	4.13	.8667	High
22. I feel that I have very few options to consider leaving this company	3.67	1.0405	High
23. I have a feeling of that I have the obligation to remain at the company.	3.65	1.0823	High
24. My company believes that the frequent assessment of employees' skills has a positive effect on our performance	4.20	.7750	Very High
<b>Composite Mean</b>	<b>4.11</b>	<b>.5309</b>	<b>High</b>

Overall, employees believe that their job performance levels are high, with a mean of 4.21 and 0.5822 SD, and they use their working time in the most efficient and effective ways (Table 12). Though the result generally showed high employee performance, employees did not strongly agree that there are no major obstacles at doing their job ( $M=3.70$ ). According to Kapur (2018), individuals may be forced to quit their jobs because of workplace problems, or they may seek redress from their superiors or employers if they have grievances. In the workplace, there are some concerns and problems that cannot be resolved, and people must be patient. Directors and managers, for example, are frequently overworked. When other employees feel the need to counsel them, they must be patient and wait for the perfect opportunity to come along, because they are so involved with their work that it is impossible for them to spare time. Knowledge and information, efficient communication, time management, and kindness and charity toward coworkers are the most important components in resolving workplace challenges.

**Table 12 - Perception on the Employee Performance**

Item	Mean	SD	Interpretation
1. My team/local work group is able to meet our work challenges effectively.	4.18	.7074	Very High
2. There are no major obstacles at work to doing my job well.	3.70	.9776	High
3. My work gives me a sense of personal accomplishment.	4.25	.7862	Very High
4. I work beyond what is required to help my company succeed.	4.41	.6899	Very High
5. I am proud to be associated with my company.	4.51	.6786	Very High
Composite Mean	4.21	.5822	Very High

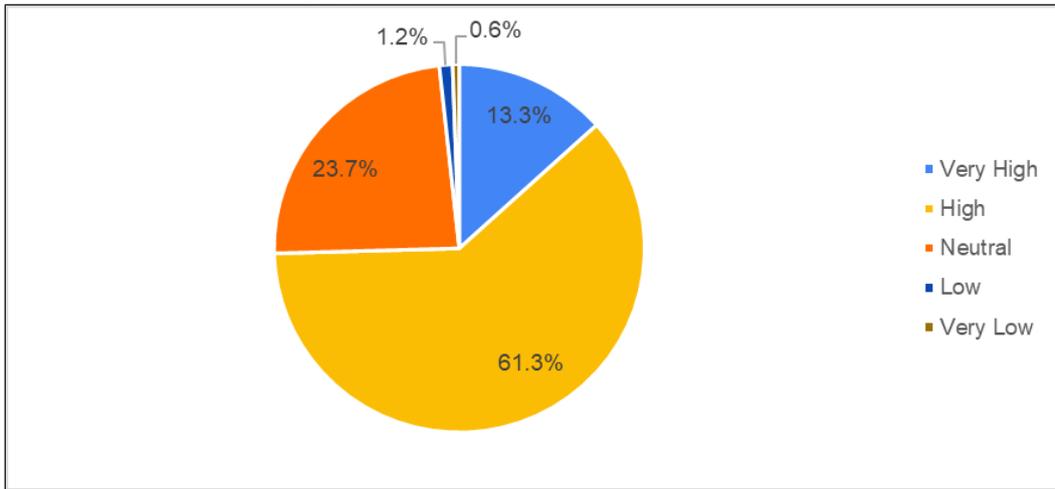
Using same reference questions for Employee performance, survey revealed that 74.6% percent of participants have high level of performance. While results alarmingly revealed that 25.4% participants have

low level of performance or neutral (Table 13).

Allam (2017), cited that understanding the concept of employee engagement with various constructs among diverse employees from different sectors may lessen the detrimental effects of employee dissatisfaction on organizations and individuals.

Employees’ performance has been the subject of numerous studies by academics across the globe. They discovered a correlation between personal and professional characteristics and disengagement. The result of this research showed that the employee performance is very high, which somehow negates the perception of management that the level of employee performance is declining due to the absenteeism, retention, and quality issues. Hence, to better understand the workplace, the researcher looked at it from the perspective of employees.

**Table 13 – Overall Level of Employee Performance**



The effect of FE, JRF and ERF to EP.

**Table 14. Effect of Firm/Environment Related Factors, Job Related Factors and Employee Related Factors on Employee Performance**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Interpretation
	B	Std. Error	Beta			
1 (Constant)	.413	.206		2.008	.046	
AveFE	.069	.060	.076	1.155	.250	Not Significant
AveJRF	.216	.066	.238	3.282	.001	Significant
AveERF	.634	.071	.578	8.882	.000	Significant

R Square = .678                      F-value = 118.536                      P-value = .000b

**Dependent Variable:** AveEP

Notably, Job-related factors and Employee-related factors significantly affects employee performance (p-value < .05). While Firm/Environment factors was not a significant predictor of employee performance (p-values > .05). Among the three variables, Employee-related factors has the greatest contribution on EP (Beta = .578). An R2 of .678 indicates that 67.8% of employee performance can be attributed to variations in FE, JRF, and ERF. Overall, the model is significant (F-value = 118.536, p-value = .000b).

Oliveira et. al. (2015) studied that work systems has a favorable impact on the level of employee performance. While study of Mauliddin (2019) negates the effect of job-related factors to EP, studies of Hanoi (2017) and Senen et al.,2020 concluded that job factors significantly affect employee performance.

On the other hand, Hwang et al., 2015 supported that work environment has no effect on employee performance.

The effect of FE and JRF to ERF.

Table 15 presents information on firm/environment related factors and job-related factors as predictor variables of employee related factors. The adjusted R2 of 0.550 indicates 55.0 percent of variance in employee related factors can be predicted by firm/environment related factors and job-related factors collectively.

**Table 15. Effect of Firm/Environment Related Factors And Job-Related Factors on Employee-Related Factors**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	Interpretation
	B	Std. Error	Beta	t		
1 (Constant)	1.374	.194		7.078	.000	
AveFE	.214	.062	.259	3.449	.001	Significant
AveJRF	.441	.062	.532	7.090	.000	Significant

R Square = .550                      F-value = 103.942                      P-value = .000b

**Dependent Variable:** AveERF

The estimated regression model for Employee Related Factors is:

$$ERF = 1.374 + 0.214 FE + 0.441 JRF$$

The regression equation above shows that firm/environment related factors and job-related factors affect employee related factors. A 1-unit increase in firm/environment related factors and job-related factors result to a 0.214 and 0.441 increase in employee related factors respectively. This means that the higher the firm/environment related factors and job-related factors the more that employee related factors will improve. Moreover, these effects are statistically significant at p-value < 0.05.

The result was supported by the study of Dahkoul (2018) where firm environment factors significantly influence employee-related factors. Moreover, effect of Job-related factors to employee-related factors was also supported by the self-determination theory(Gong et. Al, 2019), that it leads to a positive job

attitude if employees feel that they have control over their actions and can perform certain occupations or activities in a discretionary manner. Finally, Mansoor(2018) concluded that employee related factors increases when top management communicates frequently and openly about company goals and what is expected of them. And when leaders actively encourage participation, the effect multiplies. The effect of FE to JRF.

**Table 16. Effect of Firm/Environment Related Factors on Job-related Factors**

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.	
		B	Std. Error	Beta				
1	(Constant)	1.099	.223			4.922	.000	
	AveFE	.728	.052	.728		13.880	.000	Significant
R Square = .530		F-value = 192.643		P-value = .000b				
<b>Dependent Variable: AveJRF</b>								

Table 16 presents information on firm/environment related factors as predictor of job-related factors. The adjusted R2 of 0.530 indicates 53.0 percent of variance in job-related factors can be predicted by firm/environment related factors, while result revealed that FE statistically has significant effect on JRF at p-value < 0.05.

**Conclusion**

Using descriptive and causal research, this paper gathered employee opinions and drew important conclusions. This study determined that firm/environment have no significant effect on employee performance. Thus, H<sub>01</sub> was supported and accepted. This means that even though perception of respondents on firm/environment factors is high, this does not mean that it will increase the level of performance of AA’s employees. On the other hand, it was concluded that job-related factors and employee-related factors have significant effect on employee performance which rejected H<sub>02</sub> and H<sub>03</sub>. This implies that an employee’s characteristics or behavior, job autonomy and clear job communication can increase or decrease the level of employee performance.

It was also revealed that firm/environment factors and job-related factors significantly affect employee-related factors, thus, rejected H<sub>04</sub> and H<sub>05</sub>. This may explain that management support, culture and training can drive a good job environment, motivation, commitment, skill level and flexibility of employees.

Finally, result showed that firm/environment factors have significant effect on job-related factors which can conclude management’s support and leadership can affect the level of job autonomy and job environment of employees. Below table is the summary of results from this research:

Summary of Hypotheses results.

**Table XVII. Results of Hypotheses**

Item	Mean	p value	Interpretation	Result
Ho1	Firm/environment-related factors have no significant effect on EP	0.250	NS	Accept/Supported
Ho2	Job related factors have no significant effect on EP.	0.001	Significant	Reject/Not supported
Ho3	Employee related factors have no significant effect on EP.	0.000	Significant	Reject/Not supported
Ho4	Firm/environment-related factors have no significant effect on Employee-related factors.	0.001	Significant	Reject/Not supported
Ho5	Job-related factors have no significant effect on employee-related factors.	0.000	Significant	Reject/Not supported
Ho6	Firm/environment-related factors have no significant effect on job-related factors.	0.000	Significant	Reject/Not supported

Employee performance is a critical element in maintaining the organization’s vitality, survivability, and profitability (Albercht et al., 2015; Farndale & Murrer, 2015)., hence, the researcher persuaded this study.

**Recommendations and Action Plans**

The findings in this research suggested that only firm/environment factors may not affect the employee performance, while job-related factors and employee-related factors affect the level of employee performance.

The result of this research showed that the employee performance is very high, which somehow negates the perception of management that the level of employee performance is declining due to the absenteeism, retention, and quality issues. Hence, to better understand the workplace, the researcher looked at it from the perspective of employees. As a result of the perception that they did not strongly agree that there are no obstacles in the way of completing their job, management and HR may focus their attention on preparing studies and programs that may identify factors. Given that the results showed that their intrinsic motivation is very high (M = 4.54), the management may investigate other ways to maintain this by focusing on solutions to the barriers on performing job. Because of this, it may be possible to address the level of performance in accordance with the expectation of management, rather than merely the level at which employees perceive it should be.

Though this research showed that 74.6% of AA employees have a high level of performance, AA should continue to further evaluate and study the remaining 25.4% of respondents who may probably leave the company. Employee evaluation is a critical factor in determining a company's long-term success, but many companies fail to use it effectively. As a result, AA could use the findings from this model to rethink the factors that influence EP. Top management should pay attention to both the level of support that executives give their employees and how it is diffused and interpreted in the organizational climate and job environment in which employees work. Consequently, AA manufacturing strives continually to improve employees’ performance to achieve their objectives. Employees should have the freedom to create an environment that encourages them to devote their lives to their careers in a way that motivates them. An organization's most valuable resource is its workforce. Employee performance and engagement are critical organizational issues that should be thoroughly examined by organizations in today's highly competitive business environment

(Saxena & Srivastava, 2015), and some research has found a direct link between employee performance and productivity.

To address the current issue AA manufacturing is facing, and with the main objective of this study to develop a CAPSTONE project that will help increase the level of employee performance, recommendation is to have an HR organizational development which entails changes and improvements to the processes and structures that fall under the purview of HR. These include performance management, talent management, and employee wellness processes and systems. Researcher's recommendation specifically is to have a modified employee performance activities/programs that will motivate and strengthen the workforce. HR and management should come up on surefire activities and programs, e.g., establish a labor management council that will handle all the employee related activity programs and will take up all the concerns of employees and eventually transpire the great place to work. Refer to Appendix F for the project action plan of this recommendation.

By providing benchmarks, management standards promote employee engagement. AA manufacturing has initiated to join the Labor-Management Council wherein different companies are members. In this way, they can do benchmarking and adopt best practices to ensure that they will meet employee satisfaction and management standards. This eventually will have a substantial positive effect on employee engagement, which has a substantial positive effect on employee performance.

First, there should be an open dialogue with employees about their wants and needs. Employees can participate in a survey to learn more about their company's policy on work-life balance, including the number of hours worked, scheduling options, and support for parents who are working. It is possible that AA will focus their efforts on finding solutions to problems that are immediately pertinent to their workforce. We can set up or organize a meeting with a smaller number of invited guests to specialized management teams, allowing for an open interaction between the invited guests and management. As the audience for the company's focus meeting is all its employees, this may encourage people to speak up and express their views or concerns.

Second, re-visit the working hours and key areas of responsibilities. Included in the findings of this study was that more than 50% of AA employees are working overtime. This may be a sign that too much workload is assigned to an employee. To avoid bias, it is recommended to hire a consultant to conduct a study and assess workload and functions together with HR and selected managers. Together, they may re-visit the employees' task per function and include required hours per task. Via this way, manager and its' subordinate can discuss the core and non-core activities which can reveal non-value adding activities that can improve efficiency. Employees may also be able to work flexible hours or days, which is known as "flextime". They can establish a weekly hour requirement but enable them to spread the time out as they see fit (10 hours on Tuesday but just 6 on Wednesday, for example), they can offer an hour range (35-40 hours per week, for example), or even have no requirement so long as the necessary job is completed. Their employees will be able to have a life outside of work because of flextime like this.

Lastly, managers and supervisors should encourage their employees to work efficiently rather than to put in excessive hours. By doing this, not only will they be able to get better work from their staff, but their morale will remain strong as well.

A regular HR training program for managers in leadership should be implemented. Employee engagement strategies should be developed by managers, and managers should be held accountable, tracked, and ensured that they are always focused on emotionally engaging their staff. Similarly, pieces of training contribute to the improvement of employees' skills and knowledge, and because of their increased confidence, they become more committed to their jobs, focusing on enhancing their performance within the organization.

## Limitations

As a result of the methodology and design chosen, this study has some limitations that can be addressed in future studies on the topic. This study was limited by the absence of other members of the organization. The study's sample size is small because only 173 people participated, whereas a larger sample size would yield more reliable results. It's possible that the model could incorporate additional factors like employee motivation and evaluation as well as the mediating role of these factors and the direct and indirect effects they have that aren't being examined right now. Other members of the organization should investigate the strategies identified in this study to see if they can help increase the level of employee performance. In the manufacturing industry, further research may be necessary to understand the link between other members and employee performance.

Researchers can verify the influence of these variables in various aspects further to achieve their organization's objectives, managers can improve employee performance by focusing on these factors. The findings of this study should be analyzed to see if they can be applied elsewhere. However, because of the study's focus was on general factors, more investigation into the strategies used by leaders in other regions and fields is recommended.

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