The Working Environment vs. Output

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ABSTRACT

Working environment is one of the extrinsic motivations for the employees. The working environment plays a major role on an employee's motivation and enthusiasm of work. A healthy, positive and motivational gives employee the required job satisfaction for which the employee produces the maximum output. The problem or issue discussed in this paper is how working environment affects output and output of an organization by the employees in the positive or negative way. The research holds significance for the management and organizations who want to provide a healthy and motivational working environment to their employees to gain maximum output. Normally all work is limited in time. Modern organizations can participate in different ways to reconcile the work of their employees with their life through social and family benefits. Work-life balance plays a special role in the future models of the working world. The working environment and the output are constantly changing elements. Employees and the organization must share a healthy relationship. Organizations may allow the employees to participate in their decision-making steps with the management. High retention and staff retention paves way for a healthy working environment which takes effective initiatives for the recruitment of employees. Positive participation and less absenteeism by employees also pave way for a working environment. Employees have a positive involvement with the organization in this way. This research will be based on the study and assessment of secondary data resources that incorporates peer-reviewed research resources accessible in the library databases. The predicted results of this research are that there will be a direct relationship between the working environment and the output. The output is derived from the performance and productivity of employees. Employees
will only give their best and maximum output when they are satisfied, motivated from the working environment and the organization.

BACKGROUND
The environment plays a very important role on output. The environment has a direct effect on output. Poor working conditions can cause dissatisfaction. To achieve organizational goals and gain achievements, management requires providing a healthy and motivational working environment to the employees. The things that could cause the worker to devote to work, their existence would produce feelings of satisfaction or dissatisfaction (but not dissatisfaction). Working conditions must be adequate, not dangerous or uncomfortable which makes better performance. Working environment is one of the extrinsic motivations for the employees. The working environment plays a major role on an employee's motivation and enthusiasm of work. A healthy, positive and motivational gives employee the required job satisfaction for which the employee produces the maximum output. The opposite case happens if the environment is de-motivating, non-encouraging, too critical and holds negativity (Al-Mashaan, 2001)

A functioning research environment is more important than higher salaries or bursts of extra training for getting good quality results out of West African scientists, new figures indicate. Working conditions are a powerful shaper of morale which, in turn, shapes the productivity of agricultural scientists, who were the subject of a study reported this week (1–3 November) to an international conference on agricultural productivity and food security, held in Ethiopia and organised by the US-based International Food Policy Research Institute (IFPRI), the African Union Commission and the UN Economic Commission for Africa, both in Ethiopia.

Only when a good working environment was in place, did salary or the short-term training interventions favored by donors and non-governmental organizations, influence productivity, according to Catherine Ragasa, author of the study and a senior researcher at IFPRI.

"The organizational climate has been found to be very significant in inducing researchers to produce more better facilities and research infrastructure served as important motivating factors," said Ragasa. Such facilities include
access to international journals, Internet access and laboratory equipment, Ragasa told the conference, Increasing Agricultural Productivity and Enhancing Food Security in Africa. A good working environment was also linked to more interactions between scientists and colleagues, policymakers and farmers. Agricultural researchers working in institutions without these facilities were found to produce fewer publications and new technologies. Only educational level was a better predictor than environment of individual researchers’ productivity.

**LITERATURE REVIEW ON AREAS OF THE BUSINESS ENVIRONMENT**

In this section, we review the literature on a few areas of the business environment. The availability of cross-country data from the World Bank Enterprise Surveys since the 1990s has allowed researchers to analyze how firms and the aggregate economy are affected by a poor business environment. The data has been mostly used to empirically test the relationship of one area of the business environment with measures of firm success. The literature on the relationship between financial development and economic growth and development is very large. Levine (2005) conducts a comprehensive review of the theoretical and empirical work on this area. Finance has many functions among which are the pooling and allocation of savings, the production of information and monitoring of projects, diversification of risks and the facilitation of exchange of goods and services. Each of these functions affects savings and investment, and the efficient allocation of resources, hence economic growth. The theoretical papers model some of these functions and show that financial frictions or poor financial development lead to low TFP and output (Greenwood and Jovanovic, 1990; Bencivenga and Smith, 1991). On the empirical side, many authors have shown that there is a strong correlation between measures of financial development, generally measured as liabilities of the financial system divided by GDP, and economic growth (King and Levine, 1993; Ndikumana, 2000) and this correlation is not due to simultaneity bias (Levine et al., 2000). Financial development affects economic growth through increases in TFP, savings rate and capital accumulation (Beck et al., 2000b). However, the effects of poor financial development are not uniform across industries and size distribution of firms. Industries that require more external
financing grow faster in more financially developed countries (Rajan and Zingales, 1998). Also, small firms are more severely affected by low financial development and industries dominated by small firms for technological reasons grow faster in countries with better financial development (Beck et al., 2008). Another topic that has received a lot of attention in the literature is corruption. While few authors emphasize the positive effects of corruption from a decrease in the burden of regulation and a potential increase in efforts by corrupted government officials (Leff, 1964); most authors argue that corruption cannot be limited to specific activities and is overall very damaging to economic growth. Corruption is a rent-seeking activity that affects output through various channels. It distorts incentives and market signals leading to misallocation of resources. When talented people put their efforts in rent-seeking instead of productive activities, overall efficiency and output decrease (Krueger, 1974; Murphy et al., 1991). It also raises the costs of production and transaction costs since it is an uncertain and inefficient tax. Mauro (1995, 1996) and Knack and Keefer (1995), using cross-country data, find that higher levels of corruption, measured as an index from subjective assessments, are associated with lower investment shares and GDP growth rates; and the effects are large. Mauro (1995) finds that a reduction in the corruption index by one standard deviation leads to five percentage points increase in the investment to GDP ratio and to half percentage point increase in GDP growth rate. For Africa, Gyimah-Brempong (2002) finds that one unit increase in the Transparency International index, measuring the perception for corruption, reduces the level and growth rate of GDP per capita by respectively 0.4 and 0.66 percentage points. Corruption of government officials also alters government spending and investment allocation. Mauro (1995, 1996) finds that corruption is strongly correlated with the investment rate and some components of government expenditure like education and transfer payments. For Africa, Baliamoune-Lutz and Ndikumana (2008) finds that high levels of corruption increases public investment but discourages private investment, and has a negative effect on income growth. Other transmission channels are: lower government revenues, lower expenditures on operations and maintenance, lower quality of public infrastructure and lower productivity for
public government expenditure (Tanzi and Davoodi, 1997). Infrastructure services (transport, energy, water and sanitation) are consumed by households and used by firms in their production processes and delivery of goods and services. It is often modeled as a public capital included in the production function as distinct to other types of physical capital. As an input in the production function, investment in infrastructure will increase growth in the transition and lead to higher steady state income per worker. However, we know that it has no growth effects in the long-run unless it improves productivity and many studies found that differences in income across countries cannot be explained by differences in inputs. There is a large empirical literature that estimate the elasticity of output with respect to infrastructure, so every few years there is a review of this literature (Romp and de Haan, 2007; Duarte Bom and Ligthart, 2008; Straub, 2011).

CONCLUSION AND POLICY IMPLICATIONS
This paper shows how various dimensions of the business environment affect income per capita in thirty African countries. We find that the poor business environment discussed in various papers in the literature are quite damaging for African development. Businesses lose large shares of their sales due to government regulation, poor infrastructure, corruption and crimes. The implications of the losses are lower aggregate output and total factor productivity for the countries. Low financial development measured as intermediated capital relative to output contributes greatly to the poor performance of Africa. It leads to low capital, hence a predominance of small firms and low total factor productivity.

REFERENCES


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