



Faculty of Cognitive Sciences and Human Development

**THE STUDY OF THE RELATIONSHIP BETWEEN WORKPLACE
ENVIRONMENT AND EMPLOYEE JOB PERFORMANCE IN ONE
OF THE MANUFACTURING COMPANY IN IPOH, PERAK**

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(Human Resource Development)

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UNIVERSITI MALAYSIA SAWARAK

Grade: A

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Final Year Project Report

Masters

PhD

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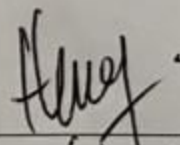
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ENVIRONMENT AND EMPLOYEE JOB PERFORMANCE IN ONE OF
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This project is submitted
in partial fulfilment of the requirements for a
Bachelor of Science with Honours
(Human Resource Development)

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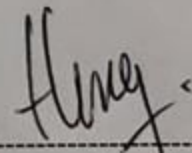
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The project entitled 'The study of the relationship between workplace environment and employee job performance in one of the manufacturing company in Ipoh, Perak' was prepared by Chung Li Men and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resource Development).

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ABSTRACT

The purpose of this study is to identify the relationship between the workplace environment and the employee job performance based on the four factors of workplace environment. The respondents used in this study are 58 employees from one of the manufacturing company in Ipoh, Perak. Quantitative method was used and 4 points Likert-scale questionnaires were distributed to the respondents. The data were analysed by using descriptive and inferential statistics. Pearson's Correlation Analysis was used to measure the relationship between the variables while multiple linear regression analysis was used to determine the most dominant factor that affecting the employee job performance. From the research findings, there are significant relationships between supervisor support, work incentives, physical work environment and training with employee job performance. Training is the most dominant factor among the factors that affecting the employee job performance. Based on the findings, implication of study was presented, followed by recommendations for organization and future researchers. The organizations can utilise the findings to create a conducive workplace environment for improving employee job performance.

Keywords: Workplace environment; Supervisor support; Work incentives; Physical work environment; Training; Employee job performance

ABSTRAK

Tujuan kajian ini adalah untuk mengenal pasti hubungan antara persekitaran tempat kerja dengan prestasi kerja pekerja berdasarkan empat factor persekitaran tempat kerja. Jumlah responden yang digunakan dalam kajian ini seramai 58 pekerja dari salah satu syarikat pembuatan di Ipoh, Perak. Kaedah kuantitatif telah digunakan dan borang soal selidik dengan Skala Likert berskala 4 mata telah diedarkan kepada responden-responden. Data-data dianalisis dengan menggunakan statistik deskriptif dan inferensi. Analisis Kolerasi Pearson telah digunakan untuk menguji hubungan anatra faktor-faktor dengan prestasi kerja pekerja, manakala Analisis Multiple Regrasi digunakan untuk mengenal pasti faktor yang lebih dominan yang mempengaruhi prestasi kerja pekerja. Dari hasil kajian, terdapat hubungan signifikan antara sokongan penyelia, insentif kerja, persekitaran kerja fizikal dan latihan dengan prestasi kerja. Latihan merupakan faktor yang lebih dominan antara faktor-faktor lain yang mempengaruhi prestasi kerja. Berdasarkan hasil kajian, implikasi kajian telah dikemukakan mengikut cadangan-cadangan kepada organisasi dan penyelidik masa depan. Organisasi boleh berdasarkan hasil kajian ini dengan membina persekitaran tempat kerja yang kondusif untuk meningkatkan prestasi kerja perkerja.

Kata Kunci: *Persekitaran tempat kerja; Sokongan penyelia; Insentif kerja; Persekitaran kerja fizikal; Latihan; Prestasi kerja pekerja*

CHAPTER 1

INTRODUCTION

1.0 Introduction

1.1 Background of study

The Department of Human Resources plays a crucial role in maintaining the organization's qualified employees to meet the organization's objectives. Human resource department has to create a positive workplace environment for employees to improve their work performance. However, there are many organizations do not know the influence of workplace environment for the employee performance. Therefore, employees have the difficulties to perform well with the poor workplace environment. An organization's success depends primarily on the output of the employee (Abdul Hameed & Aamer Waheed, 2011).

According to Boles et al. (2004), there will be a positive performance outcome when the employees are emotionally and physically have the desire to work. Workplace environment becomes the first consideration for the employees to decide whether to stay in or leave the organization. Employees' abilities to share information among each other is depends on how the environment is used (Akinyele, 2010). The profit and competitiveness will be improved that makes the organizational performance more effective. According to Naharuddin and Sadegi (2013), working environment and the performance are interrelated and both of them play important role in the success of workforce. They also stated that employee attendance can influence the performance level. The decrease of absenteeism will increase the employee performance.

Tripathi (2014) claimed that work environment is a place where people work, which consists of physical setting, job profile, community, and market situation. All the aspects are connected that can influence the performance and productivity of employees. According to the condition of the workplace environment, it influences level of employees' performance

and impacts on the competitiveness of organization. According to Kohun (2002), workplace environment is the total of the interrelationships between the workers and working environment. An excellent workplace is characterized by qualities such as competitive wages, employees-management satisfaction, everyone's equity and a responsive workload with demanding yet achievable goals. With these criteria, the workplace will become more suitable for employees to work. Hence, employees can perform satisfactorily (Agbozo et al., 2017). Besides that, employees will have the fulfilment and aim in working when an effective management of workplace environment makes the work environment attractive, relaxing, fulfilling and inspiring for the employees (Humphries, 2005)

Furthermore, Chandrasekar (2011) stated that the determination of whether or not organizations will prosper, it depends on the condition of workplace environment that operated by employees. The workplace environment consists different types of factors such as physical factors and psychosocial factors. Physical factors consist the office design and layout in the workplace. Meanwhile, working condition, congruity of role and social support are the examples of psychosocial factors. Policy that involves condition of employment are also one of the aspects. Employee job performance can be boosted when there are good physical aspects at workplace.

Work environment can describe as a situation of workplace and a workplace that provides facilities and infrastructures to employees. A higher employee job performance is contributed when there is a good workplace environment. The reason is only health employees can achieve their desired outcome and at the same time increase their overall job performance (Madjar, Oldham, & Pratt, 2002).

1.2 Problem statement

1.2.1 Practical gap

Nowadays, the employee turnover rate in Malaysia increases rapidly in manufacturing industry. According to Mysterjob (2015), the issue of high staff turnover was faced by manufacturing business group in Malaysia. This is because the turnover rate raised from 1.1% to 13.2% in 2014 and increased to 14.3% in 2015. The high turnover rate can affect the productivity and increase the organizational expenses (Butali, Mamuli & Wesang'ula, 2014). Based on the Manufacturers Alliance for Productivity and Innovation (MAPI) Foundation, after 3.5% growth in the year of 2014, Malaysia's manufacturing industrial productivity fell at 1.0% annual rate in the year of 2015 (Material Handling & Logistics, 2015).

1.2.2 Empirical gap

According to Hammed and Amjed (2009), the importance and related issues of workplace environment were mostly ignored from organization. The relationship between the workplace environment and employee performance is lack of concern and the understanding of the needs of employee to improve their performance is insufficient. Therefore, the study of the impact of workplace environment on employee performance can help the organization to identify how workplace environment affect the employee performance and what the strategy is in term of workplace environment to improve performance of employee. There are previous empirical findings related to this research in Malaysia and foreign country. According to Ajala (2012), the research found that there is strong relationship between workplace environment and employee job performance. The present proper and suitable workplace environment can aid to decrease the absenteeism and turnover, which enhance the performance of employees. Furthermore, referring to a research of Miyazu Malaysia, did by Naharuddin and Sadegi (2013), the findings showed that there is no significant relationship

for supervisor support towards the employees' performance while job aid and physical workplace environment had a significant relationship towards employees' performance.

1.2.3 Theoretical gap

A poor workplace environment can affect the job performance of the employees as well as the health of the employees. The morale of the employees can be eroded when the work environment that involves bullying, backstabbing and belittling. This toxic work atmosphere can also lead to decline health of the employees. According to Jong and Postolache (2008), a hostile work environment can increase the stress level of the employee and it leads to mood disorder and suicide cases.

1.3 Research Objective

1.3.1 General objective

To identify the relationship between the workplace environment and the employee job performance in one of the manufacturing company in Ipoh, Perak.

1.3.2 Specific objective

1. To identify the relationship between supervisor support and employee job performance.
2. To identify the relationship between work incentives and employee job performance.
3. To identify the relationship between physical work environment and employee job performance.
4. To identify the relationship between training and employee job performance.
5. To identify the most dominant workplace environment factor affecting employee job performance.

1.4 Research Hypothesis

H₀1: There is no significant relationship between supervisor support and employee job performance.

H₀2: There is no significant relationship between work incentives and employee job performance.

H₀3: There is no significant relationship between physical work environment and employee job performance.

H₀4: There is no significant relationship between training and employee job performance.

H₀5: There is no dominant workplace environment factor affecting employee job performance.

1.5 Conceptual Framework

Based on the research objective above, the conceptual framework for this study is shown below:

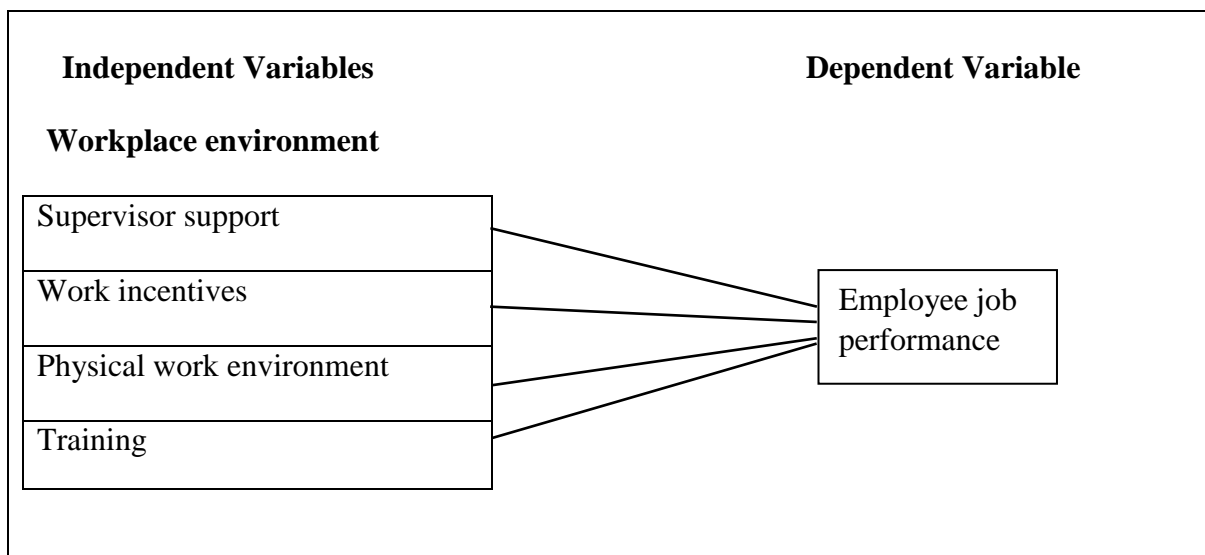


Figure 1.1 *The relationship between workplace environment and employee job performance*

Source: Hazucha, Hezlett, and Schneider, R. (1993) and Bushiri (2014)

1.6 Significance of the study

The significance of study is to broaden the knowledge of how the work environment effect employee job performance by study the relationship between independent variables and dependent variable. This study will enable the employer to improve their work environment for enhancing the performance of employee. It is believed that the findings of this study can contribute to the future research.

1.7 Limitation of study

This research study is only focus on work environment factors and employee job performance in one of the manufacturing company in Ipoh, Perak. The limitation is it cannot represent all of the work environment factors in other manufacturing company. Besides, the sample size of respondents is small, which is from one of the manufacturing company. It is limiting generalizability to other employees in other manufacturing company.

1.8 Definition of terms

1.8.1 Workplace Environment

Conceptual definition: Workplace environment is a holistic environment, consisting the physical, psychological and social dimensions that define the working condition (Jain & Kaur, 2014).

Operational definition: Workplace environment means the surrounding conditions that the employees perform their task at work.

1.8.2 Supervisor Support

Conceptual definition: Supervisors are the first line managers that lead subordinates in their company activities and the department groups (Elangovan & Karakowsky, 1999; Goldstein & Ford, 2002; Noe, 2008).

Operational definition: Supervisor support means the leader values the contribution of the employee and cares about the employees' well-being

1.8.3 Work Incentives

Conceptual definition: Incentives define as the external temptations and motivators that lead the individual to work harder (Palmer, 2012).

Operational definition: An encouragement or reward system carried out by employer that motivates the employees for enhancing their performance in the workplace. For instances, promotion of position, gift, bonus and so on.

1.8.4 Physical Work Environment

Conceptual definition: A space that being organized in an organization, which helps to achieve the goal of the organization (Amir, 2010).

Operational definition: Physical work environment includes components of the tangible workplace environment that consist of employee's working conditions such as construction and design of the workplace, available technologies, workplace policies and procedures.

1.8.5 Training

Conceptual definition: Training is identified as the systematic acquisition of skills, rules, concepts or attitudes that produced an improved performance in different environment (Goldstein & Ford, 2002).

Operational definition: Training is a process by which someone learns skills and knowledge for a particular job.

1.8.6 Employee Job Performance

Conceptual definition: Employee job performance is defined as the degree to which an employee executes the duties and responsibilities (Shields, 2016).

Operational definition: The work effectiveness, quality and efficiency that the employees produce in the workplace.

1.9 Summary

In conclusion, this chapter outlined on studying the relationship between workplace environment factors and employee job performance at one of the manufacturing company in Ipoh, Perak. This chapter will explained about the background of study and problem statement that consists of practical gap, theoretical gap and empirical gap. Then the discussion follow by research objectives and hypothesis, conceptual framework, limitation and significance of study, and definition of terms. Literature review will be on next chapter.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The review of literature will be covered the relationship between the variables of workplace environment and employee job performance. Literature review consists of several aspects such as the discussion of issues related to theory and model, topic, and past findings.

2.1 Discussion of Issues Related to Theory/Model

2.1.1 Herzberg's Two Factor Theory

Based on the Two Factor Theory, which proposed by Frederick Herzberg at the year 1959, this theory is defined as two set of factors that determine employee's working attitude and level of performance which are motivation and hygiene factors (Robbins & Judge 2009). Motivation factors are intrinsic factor that motivate employee, which include responsibility, achievement, recognition, job satisfaction, advancement and opportunity for growth. Meanwhile, hygiene factors are also known as extrinsic factor, including company policies, management, supervisory relationship, working conditions, peers relationships, wages, personal lives, status, subordinates relationship and job security (Ruthankoon & Ogunlana, 2003). The theory emphasis that improvement of workplace environment can encourage the employees to perform better. Dawson (2005) stressed that the employees who are contented and happy at the workplace, tend to loyal to organization. Herzberg theory stated that employees who are satisfied with both hygiene and motivation factors, is likely to produce good performance, unless to those who shows resentment between both factors.

2.1.2 AMO Model

AMO Model is known as Ability-Motivation-Opportunity Model, which proposed by Bailey (1993). There are three components such as individual ability (A), motivation (M), and the opportunity to participate (O) (Bayo-Moriones & Galdon-Sanchez, 2010). Based on this model, the employee job performance can be improved when the employees have the capabilities, adequate motivation, and their workplace environment that provides opportunities for them to participate (Boselie, 2010).

According to Appelbaum et al (2000), the abilities of the employees can be improved throughout the hiring and training process in order to enhance their performances. Employees also need motivation which influenced by extrinsic and intrinsic rewards. Extrinsic can be financial such as performance pay or incentive pay. Intrinsic may come from job satisfaction. An organization needs to create an encouraging workplace environment that enables the employees to feel valued and wanted. Meanwhile, the opportunity (supportive supervision) is necessary to be involved in decision-making process of an organization, which provides the employees to have the sense of involvement and engagement (Appelbaum et al, 2000). Therefore, the employees are given opportunity to perform better and enhance their well-being.

2.2 Discussion of Issues Related to Past Similar Findings

2.2.1 Workplace Environment

According to Bokhori Md Amin and Abdul Halim Abdul Majid (2017), they conducted a study relationship work environment and employee performance on manufacturing sector in Penang, Malaysia. They concluded that work environment produced positive impact towards employee job performance in their study. They found that there were

significance relationships between all the factors of work environment and employee job performance. The factors of work environment were selected in their study such as teamwork, relationship among employees, safe working condition, and flexible working hours. Based on their findings, they found that the achievement and performance of employee can be enhanced when there is a productive workplace environment, which correlated to a research of William and Naumann (2011). Besides, the employees will work happily under a good condition of workplace while unhealthy workplace condition will affect the health of employees. Bokhori Md Amin and Abdul Halim Abdul Majid (2017) also stated when employees are working in a workplace with poor physical facilities, the employees will be demotivated and their performances and capabilities will be affected negatively.

Besides, from the study conducted by Fatihudin and Firmansyah (2018), they found out that the workplace environment had a significant relationship with employee job performance. Based on their findings, they stressed the more comfortable of workplace environment could result in increasing of employee job performance. The employees were more satisfied to have a good workplace environment, which can help them to work effectively and efficiently.

2.2.2 Supervisor Support

Based on a study conducted by Lankeshwara (2016), she found that supervisor support showed significance relationship towards the employee job performance. According to her findings, supervisor support was being concerned under all the demographic and socio-economic factors and attitude of the respondents, which had risen as significant factor in the success of employee's job. Lankeshwara (2016) stressed that supervisor support was important for employees in completing their tasks. The interpersonal roles of supervisor can encourage positive relationship with employee and enhance the self-confidence of