

Midocean University

Faculty of Management

Bachelor of project management



Project title

The impact of the work environment on employee performance

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Graduation Project – 1

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Introduction:

Putri et al. (2019) posits that the success or failure of a company in achieving its objectives is contingent upon its human resources management practices. This implies that the management of personnel can either positively or negatively influence the attainment of organizational goals. GatraMapan, an Indonesian company founded in 1984, is a leading player in the home furnishing industry, specializing in knock-down panel furniture renowned for its innovative designs and unwavering quality. Its core activities encompass design, production, and marketing processes. To effectively enhance employee performance and thereby contribute positively to the company, GatraMapan must prioritize factors such as workplace discipline and the creation of a conducive work environment.

Gunaseelan et al. (2012) defines the work environment as the setting in which an individual carries out their work responsibilities, encompassing the physical, social, and professional surroundings. It constitutes the context in which interactions with colleagues and tasks occur. The work environment plays a pivotal role in shaping employee performance and efficiency. It comprises various elements such as processes, systems, structures, tools, and conditions within the workplace that can positively or negatively affect individual performance. Additionally, it encompasses organizational policies, regulations, culture, resources, interpersonal relationships, physical workspace, and external factors, all of which influence how employees execute their job duties.

Putri et al. (2019) asserts that employee performance is the evaluation of work outcomes against established standards and expectations. Essentially, it reflects the degree of accomplishment of tasks comprising an employee's responsibilities, indicating how well they fulfill job requirements. Companies anticipate high levels of employee performance, as greater individual performance correlates with increased overall productivity, enabling organizations to thrive in global competition. Employee performance is gauged by the effective and efficient execution of duties and fulfillment of roles, directly contributing to the company's success. It serves as a measure of the extent to which program activities or policies align with organizational goals, objectives, vision, and mission outlined in strategic planning (Badrianto, 2020).

Research Problem:

Despite numerous studies examining the impact of the work environment on employee performance, there remains a need for further investigation into specific factors and mechanisms underlying this relationship. While some research has identified broad dimensions such as physical layout, organizational culture, and social interactions as influential, there is a lack of consensus on the relative importance of these factors and their interactions. Additionally, the contextual nuances across different industries, organizational sizes, and cultural settings warrant deeper exploration to develop comprehensive frameworks for understanding the complexities of this relationship. Smith et al. (2020)

Recent research by Robbins and Judge (2019) emphasizes the role of organizational culture in shaping the work environment and subsequently influencing employee behavior and performance. They argue that a strong organizational culture that aligns with employees' values and expectations can enhance job satisfaction and commitment, leading to improved performance outcomes. Moreover, the study conducted by Smith et al. (2020) highlights the significance of leadership style in creating a positive work environment conducive to high performance. Transformational leadership behaviors, characterized by inspirational motivation and individualized consideration, have been associated with greater employee engagement and performance.

In conclusion, while existing literature offers valuable insights into the impact of the work environment on employee performance, there are still gaps that need to be addressed. Future research should focus on identifying specific dimensions of the work environment that have the most significant influence on different aspects of employee performance. Furthermore, longitudinal studies examining how changes in the work environment over time affect employee behavior and performance would provide valuable insights for organizational management and policy-making. Smith et al. (2020)

How does the work environment influence employee performance?

Research Significant

One significant aspect of this subject is the exploration of the role of physical workspace design in influencing employee performance. Research by Oldham and Fried (2016) highlights how factors such as workspace layout, lighting, and ergonomics can impact employees' cognitive processes, motivation, and task performance. Their findings suggest that well-designed workspaces that prioritize comfort and functionality can lead to higher levels of employee engagement and productivity.

Another significant area of study is the examination of organizational culture and its effects on employee performance. According to research by Denison and Mishra (2017), organizational culture plays a critical role in shaping employees' attitudes, behaviors, and performance outcomes. A strong and positive organizational culture characterized by clear values, norms, and communication channels fosters a supportive work environment conducive to high performance.

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