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The Influence of Workplace Quality on Work Environmental Performance: Evidence from Developing Countries

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Abstract: This study examines the association between workplace quality and work environmental performance among Malaysian private placement firms (PPFs). The analysis uses a sample of 125 PPFs covering 2007–2025 and relies on secondary data obtained from databases and annual reports. Ordinary least squares (OLS) regression is employed to test the proposed relationship. The findings indicate a positive association between workplace quality and work environmental performance. Workplace quality is therefore presented as an important organizational factor that may support employee retention, productivity, occupational safety, and organizational sustainability. The study also highlights the roles of gender diversity and working conditions in strengthening organizational performance and job stability. The findings provide managerial implications for firms in developing countries seeking to improve workplace policies, employee well-being, and sustainable performance.

Keywords: workplace quality, work environmental performance, developing countries

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1. Introduction

Workplace quality is an important organizational factor that can influence employee performance, satisfaction, safety, and efficiency. A well-designed work environment provides appropriate physical resources, adequate facilities, occupational safety, and supportive interpersonal relationships, all of which can strengthen employees' ability to perform their responsibilities effectively [1]. Prior research also indicates that physical conditions such as lighting, ventilation, temperature, noise, office layout, and equipment can shape job performance and employee well-being [2], [3].

This study examines the relationship between workplace quality and work environmental performance in Malaysia as a developing-market context. Organizational performance is influenced not only by the physical workplace but also by organizational culture, social relationships, support, and employee motivation. A collaborative and supportive environment can strengthen engagement, satisfaction, and work quality [1]. Accordingly, the study uses secondary data obtained from databases and annual reports to assess whether workplace quality is associated with stronger environmental performance at the firm level.

The work environment can be understood as the combination of physical, organizational, and social conditions surrounding employees while they perform their work. Contemporary workplace management therefore involves creating conditions that are safe, supportive, and sufficiently resourced to encourage employee effectiveness. Evidence from commercial and organizational settings shows that workplace conditions are associated with productivity, collaboration, absenteeism, and employee retention [2], [12].

Social Exchange Theory (SET) provides a useful explanation for the reciprocal relationship between an organization and its employees. When employees perceive organizational support, fair treatment, and favorable working conditions, they are more likely to respond with stronger commitment and constructive work behavior [16]. This reciprocal mechanism is relevant to workplace quality because investments in supportive working conditions can be reflected in employee attitudes and performance.

Employee performance is shaped by both internal and external influences. Motivation, work discipline, workload, and the quality of the work environment can affect how consistently employees perform their duties. Recent evidence indicates that work environment and work discipline may significantly influence employee performance even when motivation alone is not sufficient to explain variation in outcomes [4].

For the purposes of this study, workplace quality is represented through organizational practices related to employee training, motivation, and safety, whereas work environmental performance (WEP) is reflected in productivity, safety, and employee retention. This operationalization is consistent with prior research emphasizing the combined importance of physical, social, and managerial workplace conditions for employee performance [2], [12]. The study therefore addresses the empirical gap concerning the association between workplace quality and WEP in private placement firms in a developing-country setting.

1.1. Literature review

1.1.1 Workplace Quality

Workplace quality refers to the set of physical, organizational, and social conditions that surround employees and influence how effectively they can perform their work. The concept extends beyond the physical office or production setting and includes safety, equipment, communication, organizational support, and the broader climate in which work is carried out [5]. Physical characteristics such as lighting, temperature, ventilation, noise, and workspace design can directly affect comfort, concentration, and operational accuracy [2], [3]. Organizational practices also matter because supportive policies and a healthy culture shape employees' willingness to remain engaged with the organization [8], [9].

Empirical evidence further suggests that workplace quality is multidimensional. Studies of engineering firms and commercial organizations have shown that inadequate noise control, lighting, ventilation, equipment, and office design can reduce job performance [2], [10]. Conversely, supportive workplace practices, employee safety, and constructive organizational relationships can improve productivity and strengthen employee retention [12]. These findings justify treating workplace quality as an organizational capability rather than merely a physical characteristic of the workplace.

1.1.2 Work Environmental Performance

Work environmental performance (WEP) reflects the effectiveness of organizational conditions in supporting productive, safe, and sustainable employee outcomes. In this study, WEP is represented through productivity, occupational safety, and employee retention. Safety research has long demonstrated that organizational climate and safety climate influence employees' compliance with safety procedures and their participation in safety-related activities [8]. Likewise, evidence on quality of work life indicates that employees' perceptions of their contribution to organizational productivity are associated with broader organizational performance [13].

Work environmental performance is therefore not limited to output alone. It incorporates the organization's ability to create conditions in which employees can work efficiently while minimizing occupational risks and unnecessary turnover. Research in different organizational settings has

consistently linked favorable workplace conditions with improved employee performance, stronger organizational attachment, and more stable work behavior [10], [11], [12].

1.1.3 Theoretical Foundation

Two theoretical perspectives support the proposed relationship. First, Social Exchange Theory suggests that employees reciprocate favorable organizational treatment with positive attitudes and behaviors [16]. Investments in workplace safety, resources, support, and development can therefore encourage stronger commitment and performance. Second, the Job Demands–Resources (JD–R) framework proposes that adequate job resources help employees cope with job demands, reduce strain, and sustain motivation and performance [14]. Workplace quality can be interpreted as an important bundle of job resources that supports both employee well-being and organizational outcomes.

1.1.4 Empirical Evidence, Research Gap, and Hypothesis Development

Prior studies generally report that the quality of the work environment is associated with employee performance. Al-Omari and Okasheh found that physical workplace factors such as noise, lighting, ventilation, and equipment influenced job performance in an engineering company [2]. Naharuddin and Sadegi similarly showed that workplace design, equipment, administrative support, and resource availability affect employee performance [10]. Transilvanus et al. reported that workplace environment, motivation, and discipline contribute to employee performance [11], while Samson et al. identified workplace conditions as relevant to employee performance in commercial banking [12].

More recent studies continue to emphasize the importance of organizational culture, work environment, employee support, and well-being. Sari et al. linked organizational culture, motivation, and work environment with employee performance [5], while Karatepe et al. demonstrated that organizational support and environmentally oriented human-resource practices can shape employee outcomes [7]. Rojas et al. also connected quality of work life with organizational productivity [13]. Despite this body of evidence, relatively limited research has examined workplace quality and work environmental performance simultaneously at the firm level in developing-country private placement firms using a longitudinal secondary-data perspective. This study addresses that gap by testing the following hypothesis:

H1. Workplace quality is strongly and positively associated with work environmental performance of private placement firms in Malaysia.

2. Materials and Methods

This study employs a quantitative empirical design to examine the association between workplace quality and work environmental performance. The sample consists of 125 Malaysian private placement firms (PPFs) observed from 2007 to 2025. Secondary data were obtained from databases and annual reports. Ordinary least squares (OLS) regression was estimated using STATA to test the relationship between the main variables while controlling for firm size, firm age, and gender diversity. The operational measurements of the variables are presented in Table 1.

Table 1. Measurement of Variables

Terms of Variable	Terms Measures
Work environmental performance	WEP=$\frac{productivity+Safety+employee\ retention+z}{4}$ 1.Productivity= $\frac{sales}{number\ of\ employee}$ 2. Safety = The inverse of the workplace injury rate. 3. Employee retention= 1- Employee turnover rate. 4. Z = The standardized value for each indicator.

Terms of Variable	Terms Measures
Workplace quality	The quality of WORPQL is measured employing an index with a scale of 0 to 3, where a score of 3 is disclosure for quantitative information, 2 for disclosure for qualitative information with specific explanations, 1 for disclosure of general qualitative information, and 0 for non-information disclosure.
Control Variables	
Firm size	Firm size (SIZE) is most commonly measured employing the natural logarithm of the total assets.
Firm age	Firm age "is measured as the log of the number of years meanwhile establishment".
Gender diversity	Gender Diversity (GEND) is measured by the proportion of female directors on the firm's board, calculated by dividing the number of the female directors by the total number of board directors.

This research displays the model which is with the relating between two main variables in order to present the influence of the first a variable is the workplace quality, second a variable the work environmental performance, and control variables (firm size, firm age, gender diversity) in the PPF in Malaysia. The model of regression under explains the association. Figure 1 displays the workplace quality and work environmental performance percentages, as well as the control variables from 2007 to 2025.

$$WEP =_{it} \beta 0 + \beta 1\, WORPQ \; + \; \beta 2FSIZEit + \beta 3FAGEit + \beta 4GEND_{it} + \varepsilon$$

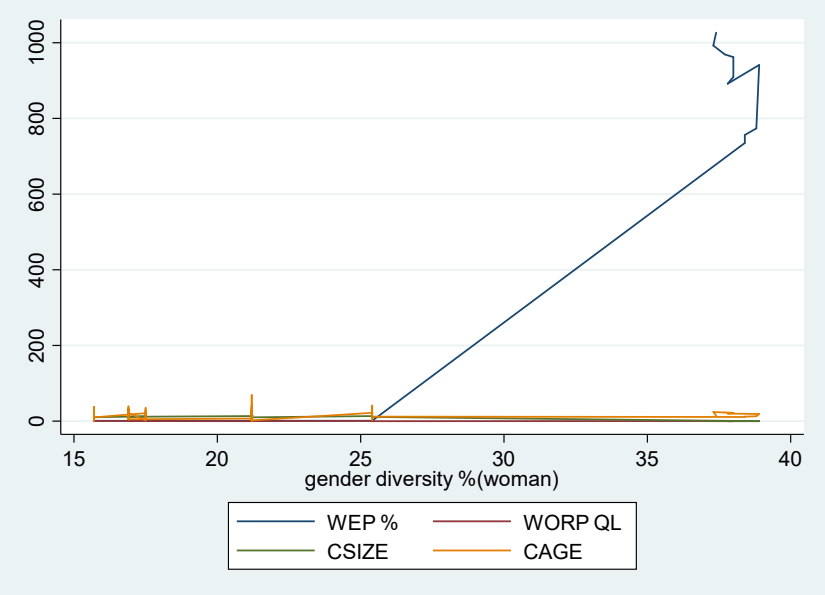


Figure 1. Workplace Quality, Work Environmental Performance, and Control Variables, 2007–2025.

3. Results

Descriptive Statistics Test

The descriptive consequences provide the understanding of the distribution of workplace quality and work environmental performance as well the control variables by the sampled 125 PPFs. Variances in the standard deviations and mean values might reflect differences in firms practices, firm-specific characteristics and workplace conditions. Nevertheless, descriptive statistics alone do not make a fundamental association among the study variables. This research presents the descriptive statistics in the table 2" examinaton in the "sample" of 125 in PPFs in Malaysia from 2007 to 2025. The WEP presents a mean with 7.254 with a min 0.912 and max 10.267. The WORPQL displays the mean with shows 0.122 with a min 0.000 and max 1.400.

The FSIZE displays a mean 11.314, FAGE displays a mean 11.468, and the GEND displays a mean 0.731.

Table 2. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
WEP	125	7.254	2.453	0.912	10.267
WORPQL	125	0.122	0.242	0.000	1.400
FSIZE	125	11.314	3.622	0.373	17.432
FAGE	125	16.552	11.468	1.000	69.000
GEND	125	20.731	5.856	15.700	38.900

Note: This table presents the descriptive statistics examination of the variables such as WEP= work environmental performance, WORPQL= workplace quality, FSIZE= firm size, FAGE= firm age, and GEND= gender diversity.

Correlation Test

The correlation test tests the connection among WORPQL and WEP. The findings refer a positive connection among the two variables, assuming that firms with higher WORKPQL scores be disposed a higher level of WEP. Nevertheless, the correlation consequences show a connection rather than indication of connection. Hence, regression test is required to test the suggested link while controlling for related firm-specific features.

This research clarified in Table 3, the WORPQL display a negatively correlated with WEP. The FAGE and GEND presented a negative correlation with WEP. Meanwhile, the negative correlation between FSIZE and WEP.

Table 3. Correlation Matrix

Variables	WEP	WORPQL	FSIZE	FAGE	GEND
WEP	1.000				
WORPQL	-0.153	1.000			
FSIZE	-0.887	0.228	1.000		
FAGE	0.047	0.034	0.129	1.000	
GEND	0.869	-0.063	-0.752	0.051	1.000

Multicollinearity Test

Multicollinearity was assessed using the variance inflation factor (VIF). Following the conventional diagnostic threshold, VIF values above 10 may indicate serious multicollinearity concerns [15]. In this study, the VIF values for all explanatory variables are below 10, as reported in Table 4.

Table 4. Variance Inflation Factor (VIF) Test

Variable	VIF	Tolerance Value
FSIZE	2.66	0.376
GEND	2.50	0.400
WORPQL	1.09	0.919
FAGE	1.07	0.932
Mean VIF	1.83	

Regression Test

Table 5 show the results for the model, the results shows that the WORKPQL which presents that has positivelly associated with WEP (t=0.060, p-value=0.096). The FAGE and GEND are strong and a positive association with WEP. The FSIZE has a significant and negative association with WEP. As finding, "hypothesis" H1 which WORPQL is that positively associated to WEP.

Table 5. Regression Results

WEP	t.stat	sig
WORPQL	0.060	0.096
FSIZE	-11.710	0.000
FAGE	3.180	0.002
GEND	9.000	0.000
Constants	1.480	0.141
Sample	125	
R-squred	89.03%	
Adjusted R-squared	88.67%	
f-value	0.000	

Regression analysis is employed to test the association between workplace quality and work environmental performance while accounting for firm-specific control variables. The workplace-quality coefficient is interpreted in terms of direction, magnitude, and statistical significance. The relationship can also be interpreted through the JD–R framework, in which supportive workplace resources help employees manage work demands and sustain performance [14].

4. Discussion

The observed relationship is broadly consistent with prior literature linking workplace quality, quality of work life, and organizational performance [13]. Previous studies also suggest that supportive work conditions, safety, adequate resources, and constructive organizational practices can contribute to improved employee outcomes [2], [10], [12].

4. Conclusion

First: Conclusions

The consequences of this research consist that the model displays the findings associating to workplace quality which presents that have positivelly associated with WEP. The FAGE and GEND are strong and positive connection with WEP. Nevertheless, FSIZE has a negative association with WEP As a result, "hypothesis" H1 which WORPQL is positive connected to WEP.

The study shows that workplace quality is an important organizational factor contributing to supported work environment performance by providing a suitable working environment, supporting productivity, supporting employee well-being, and operational effectiveness within firms. A work environment characterized by safety, comfort, and organizational support to make conditions

encouraging to enhanced employee performance. These circumstances can positively impact the quality of organizational performance and productivity levels, though accounting for the influence of other managerial factors and economic.

The role of administration in enhancing the work environment, organizational practices, and management policies are crucial to improving workplace quality, mainly by enhanced employee support, internal communication, and the provision of a safe and fair work environment. The significant work environment of gender diversity can temporary a diversity of perspectives and experiences within firms. Its influence on work environment performance is based on equitable opportunity distribution, organizational policies, and the nature of organizational administration.

The significant of sustainability in workplace expansion, a concentration on workplace quality aligns with current trends toward social responsibility and sustainability; administrations can occupational safety, participate employee well-being, and sustainable organizational performs into their strategies to support performance. These are anticipated theoretical assumptions rather than confirmed findings from the research. Each must be associated to actual relation and regression results; one should not assert a contributing association if the study depends on solely on correlational data.

Second: Recommendations

To support the quality of the work environment, firms are encouraged to grow healthy, safe, and comfortable work environment and to make the important resources that allow employees to perform their responsibilities efficiently, in arrangement with work quality standards, and occupational safety. Supporting the management should adopt lists employee well-being, that improve the employee well-being consisting work of life balance, the decrease of work-associated stress, and the facility of organizational and psychological support in agreement with right firm policies. Developing employee assistances, it is recommended to make constant training programs concentrated on professional, managerial skill development, and technical, thereby improving overall work environment performance, and employee efficiency. gender equity and supporting diversity, it is recommended to implement firm policies that enhance gender equality, ensure a work environment free from discrimination, and help fair representation in management positions.

Management should utilize measurable performance indicators, linking workplace quality to performance indicators, for instance absenteeism rates, employee productivity, turnover, and job satisfaction levels to estimate the influence of initiatives expected at supporting workplace quality. Promoting studies and future research, it is recommended to conduct future studies cover extended time frames and diverse economic sectors, while including moderating and mediating variables to earn a more complete understanding of the association among workplace quality and work environment performance.

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