

THE IMPACT OF WORKING ENVIRONMENT ON PERFORMANCE OF FOOD
& BEVERAGE SME's INDUSTRY EMPLOYEES IN MELAKA

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SUPERVISOR'S AND PANEL APPROVAL

I/We, hereby declared that I/We had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management
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“I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with sources clearly.”

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DEDICATION

I would like to dedicate the appreciation to my family members who supported me from spiritually and financially, beloved supervisor and panel who guided me throughout the research, housemates and course mates that assisted me through the journey of research.

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First, I would like to express my gratitude to Allah S.W.T, for giving me strength and opportunity to finish this research project. Without His consent, I would never complete this research.

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ABSTRACT

Organizations must step outside their traditional roles and comfort zones to look at new ways of working. They have to create a work environment where people enjoy what they do, feel like they have a purpose, have pride in what they do, and can reach their potential. The study aimed to assess the impact of working environment on performance of food & beverage of Small-Medium Enterprise (SME) employee's in Malacca. The study findings indicate that, work culture had an impact on workers far as respondents are concerned. The study also revealed that employees' will improve their performance if the problems identified during the research are tackled by the management. The problems are work culture, presence of job aid and supervisor's support the subordinates in the organization so that to motivate employees to perform their job and task.

For the purpose of this study, descriptive research design was used. Simple random sampling technique was respectively used to select the respondents for the study. Respondents for this study were 152 of SME's employees in Malacca. Structured questionnaires were used for data collection. The collected data will be analysed, interpreted and discuss in FYP 2.

Keywords: *Work culture, Job Aid, Supervisor Support, Employee's Performance, SME's Industry, Melaka*

ABSTRAK

Organisasi mesti melangkah keluar dari peranan tradisional dan zon selesa untuk melihat cara kerja baru. Mereka perlu mewujudkan persekitaran kerja di mana orang menikmati apa yang mereka lakukan, berasa seperti mereka mempunyai tujuan, bangga dengan apa yang mereka lakukan, dan boleh mencapai potensi mereka. Kajian ini bertujuan untuk menilai impak persekitaran kerja terhadap prestasi makanan & minuman pekerja Perusahaan Kecil Sederhana (PKS) di Melaka. Hasil kajian menunjukkan bahawa, sejauh mana budaya kerja memberi impak kepada pekerja atau responden berkenaan. Kajian ini juga menunjukkan bahawa pekerja akan meningkatkan prestasi mereka jika masalah yang dikenal pasti semasa penyelidikan ditangani oleh pihak pengurusan. Masalahnya ialah budaya kerja, kehadiran bantuan pekerjaan dan sokongan penyelia kepada orang bawahan dalam organisasi supaya pekerja bermotivasi untuk melaksanakan kerja dan tugas mereka.

Untuk tujuan kajian ini, reka bentuk penyelidikan deskriptif telah digunakan. Teknik pensampelan rawak mudah digunakan untuk memilih responden untuk kajian ini. Responden untuk kajian ini adalah 152 pekerja PKS di Melaka. Soal selidik berstruktur digunakan untuk pengumpulan data. Data yang dikumpul akan dianalisis, ditafsirkan dan dibincangkan dalam FYP 2.

Kata kunci: *Budaya kerja, Bantuan Kerja, Sokongan Supervisor, Prestasi Pekerja, Industri PKS, Melaka*

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LIST OF ABBREVIATIONS AND SYMBOLS

FYP	= Final Year Project
PSM	= Projek Saujana Muda
SME's	= Small-Medium Enterprise
F&B	= Food & Beverage
GDP	= Gross Domestic Product
IMP	=Industrial Malaysian Plan
H0	= Null (rejected)
H1	= H one (accepted)
SPSS	= Statistical Package for Social Science
%	= Per cent
<	= Greater-than
>	= Less-than
=	= Equals

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Human exertion in association is vital. It constitutes an intricate wonder to administrators of such organization to get it. In like manner, it is accepted ever conduct is an objective coordinated. Moreover, for an association, to take part in any gainful wander, it must have subordinate principal factor incorporating the person toward that path. Subsequently, the impact of workplace in accomplishing set focus for the association must be sufficient condition. According to Mills (1983), the requirement for standard of working condition got legitimate sponsorship which made it compulsory for all business association to give the base standard of intrigue that will upgrade the execution of representatives.

Besides, agreeing Boles et al. (2004), a legitimate workplace surroundings helps in lessening the quantity of participation and therefore can build the employee's' execution which prompts expanded profitability at the work environment. In this manner, worldwide economic development is logically obscuring to make the sorts of improving vocations that can incite a lessening in deficiency. Although high and kept up money related improvement in various making countries, joblessness is rising, a far reaching degree of the work compel is working under low wages even business is placed in the easygoing economy. Recently there has been a move of focus from a solitary concentration in economic development to be worried about upgrading the perfection of work.

The impact of working environment in the organization plays an important role to improve and maintain the employee's performance in Small-Medium industry. Workplace plays an important role towards the organizations management that will give the shadow to workers' performance either towards negative or the positive results (Chandrasekar, 2001). On the world, there are worldwide organizations that face off regarding the privileges of employees. Superior results are thought to be the after effect of better working environment condition. At that point, the factors that entering into the worker's workplace condition that impact altogether on their level of motivation and execution. The work environment condition is set up impacts worker confidence, profitability and commitment that included both emphatically and adversely.

1.1.2 SME Corp. development in Malaysia

SME's Corporation Malaysia (SME Corp. Malaysia) is a Central Coordinating Agency under the Ministry of International Trade and Industry Malaysia that defines general approaches and procedures for Small and Medium Enterprise (SMEs) and directions the task of SME improvement programs over every related Ministry and Agencies.

There is assent among approach producers, market experts, and business authorities that Small and Medium Enterprises (SMEs) are drivers of economic development especially in the developing. In Malaysia economy, SMEs area contributes through making more openings for work, creating higher generation volumes, expanding fares and Gross Domestic Product (GDP). In view of the Economic Census of 2016, there were 907,065 SMEs which is 98.5% of collective organizations built up in Malaysia (Department of Statistics, 2016). Figure 1.1 shows the statistic of establishment SMEs Industry by size in Malaysia.

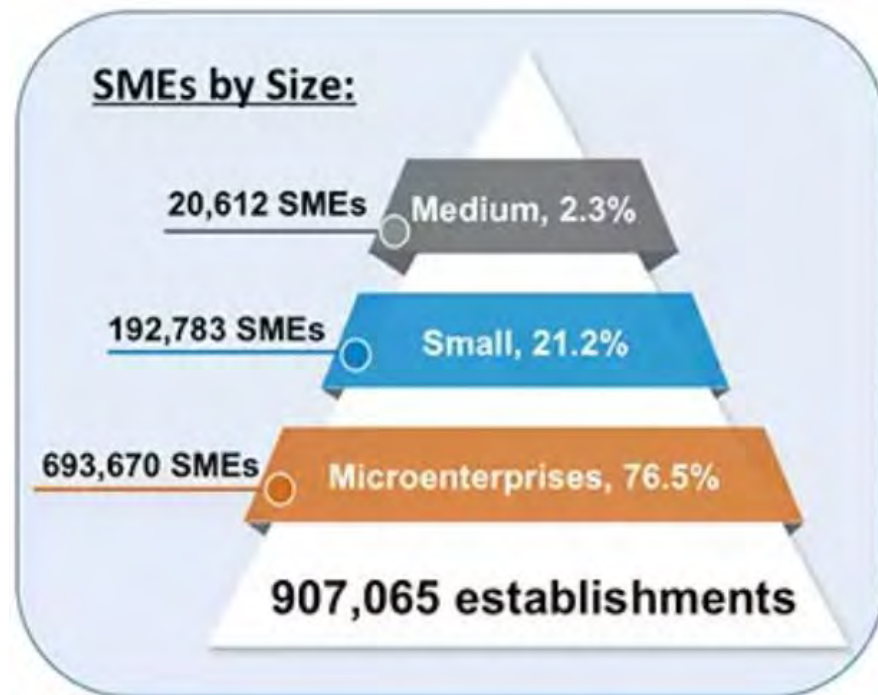


Figure 1.1: Statistic of establishment SMEs Industry by size in Malaysia.

Source: Economic Census 2011, Department of Statistic (2012)

The Malaysia food handling industry has turned into a vital piece of the agro-based industry in light of the fact that the administration's attention on the national farming segment. Malaysian of International and Trade Industry (MITI) (2010) report referred to by Ayupp and RabaahTudin (2013) that the administration is focusing on interest in the nourishment handling industry is RM24.6 billion in the Industrial Plan (IMP3) 2006-2020. Besides, in light of the report of the Malaysian Investment Development Authority (MIDA) (2013), the sustenance business in Malaysia is snowed below by small and medium Enterprise (SMEs). Figure 1.2 is explained about the percentages by sector in SMEs Industry.



Figure 1.2: Percentages by sector in SMEs Industry in Malaysia.

Source: Economic Census 2011, Department of Statistic (2012)

1.2 Problem Statement

This study arises from the awareness of investigating the working environment that affects the performance of food & beverage SME industry employees. As far as the researcher and everyone concern, working environment is the important foundation of every organization in the world and will give the impact on industry. One of the factors that significantly influence how employees feel about work is the environment. Based on the total number of business industry increase especially in SME's industry, which is need to maintain and increase their quality of product. A positive working environment makes employees feel good to maintain or improve their performance to on quality of product that produce with limit resources.

Noble (2009) states that more consideration should to be paid in distinguishing and managing working environment since when employees have negative recognition to their condition they now and then experience the ill effects of

perpetual pressure. Opperman (2002) communicated that, working condition suggests those methodology, systems, structures, devices or conditions in the workplace that impact emphatically or seriously particular affecting. The work environment in like manner joins techniques, rules, culture, resources, working associations, and work region, internal and outside biological factors, all of which affect the ways that specialist play out their movement limits.

Furthermore, the awful workplace in work culture is one of the main sources of employees' diversion, prompting decreased efficiency, authentic errors, and expanded occupation related pressure. According to Bruce (2008), consider demonstrated that working environment diversions cut employees proficiency by as much as 40%, and increment mistakes by 27%. Likewise, Moloney (2011) referring to Loftness investigation of 2003 affirmed the significance of characteristic light and air (ventilation) to specialist profitability. The study showed a 3-18% gain in productivity in buildings with day-lighting system. Furthermore, there are faces off regarding whether low efficiency emerges from the fit-or all the more precisely nonconformist between a person's workplace (Sturman and Walsh, 2014). A current report announced (Amible and Kramer, 2011), that employees perform better when they are emphatically profoundly connected with at work. It was discovered that leaders must be facilitators of employees' work by encouraging evacuating obstructions, offering backing, and help and recognizing high intensity of effort.

In spite of the part of SMEs in the Malaysian economy, the financial related requirements they look in their activities are great and this has negatively affected their growth and furthermore restricted their capability to drive the national economy of course. This is irritating for a creating economy without the fundamental foundation and innovation to attract in big organizations in large numbers.

Other than that, most SMEs company in Malaysia had lack the qualified personnel to manage and monitor their activities. SME's company come from a family member which is affect the poor management style because their managers not have a good skill and knowledge but they are hired in company family. So that, most of top management or supervisor do not have skill to manage their team member and company financial. This is buttressed by the statement that privately

held firms do not publish the same quantity or quality of financial information that publicly held firms are required to produce. According Coleman, 2000 the information of financial condition, earnings, and earnings prospect may be incomplete or inaccurate. Faced with this type of uncertainty, a lender may deny credit, sometimes to the firms that are credit worthy but unable to report their results.

This study is planned to look at the impact of working environment on performance of food & beverage SME's industry employees in Malacca. This is the public area which is having a lot of Small-Medium Industry Enterprise. The difficulty identified which made to experience this research is based on the work culture, job aid and supervisor support which principally affect employees' performance. Employee's morale is often interrelated when it comes to productivity in the work environment. It is therefore important to find out the impact of working environment on performance of SME's Industry employee's in Melaka because SME's entrepreneurs are among the biggest contributors to economic strength especially in Malacca.

1.3 Research Objective

To fulfil my research, this study needs to explore the issues or problem that related to the impact of work environment in the organization drivers on performance of SME's industry employees. Below are the objectives of this research:

- i. To identify the significant variable of the working environment that affects the performance of SME industry employees in Malacca.
- ii. To determine the significant relationship between the work environments that affects on performance of SME industry employees in Malacca.

- iii. To verify the significant correlation between the work environments that affects on performance of SME industry employees in Malacca.

1.4 Research Question

In order to achieve the objectives, this study of the impact of work environment in the organization drivers on performances of SME's industry employees will try to answer the following research questions:

- i. Are there significant variable of the working environment on performance of SME industry employees in Malacca?
- ii. Is there a significant relationship between the the work environments that affects on performance of SME industry employees in Malacca?
- iii. Is there a significant correlation between working environment that affect on performance of SME industry employees in Malacca?

1.5 Scope of Study

The study will spotlight on SME'S Industry employees in Malacca. This is the public area which is one of the countries that is actively wishing to develop the SME's industry. This was further reinforced with the support of the entrepreneurship and agribusiness exco minister, YB Hassan bin Abdul Rahman which often performs various activities that involving the SME's industry in Malacca. This study will find how the working environment on SME's industry in Malacca has a significant impact to the employee performance.

So, it is can give the impact of working environment in the organization on performance of SMEs industry employee's. The questionnaires of my respondent will be 152 of worker at SMEs industry in Melaka in which will be provided with

questionnaire to the industry. The speculations and components that are canvassed in this investigation are eluded in view of the diaries and articles that are connected with the internal and external of working environment that effect the performance of SMEs industry employee's in Melaka.

1.6 Significant Of Study

In order to achieve the aim of this study successfully, from the study the impact of work environment in the organization, its can profile the implementation level of work culture, job aid and supervisor support in food & beverage SME's industry in Malaysia. Besides that, the study can determine the relationship between the impacts of work environment in the organization towards performances of SME's industry employee's in Malaysia. Lastly, the study will have known the significant variable that affects performance of Small and Medium industry employees in Malaysia.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter introduces about the Small Medium industry in Malaysia. Besides, this study will explain the impact of working environment in the organization on performance of SME industry employees. Next, working environment and their variable will explain in 2.3. Then, employee's performance as the independent variable will explain detail in 2.4. Based on this chapter, summary can conclude all study and the important that consist in Chapter 2.

2.2 SME Industry in Malaysia

Small and medium enterprises (SMEs) in play a vital role in the Malaysian economy and are consider being the backbone of industrial development in the country. Malaysian SMEs are a vital component of the country's economic development. According SMIDEC in 2002, SMEs accounted for 93.8 per cent of companies in the manufacturing sector. They contribute 27.3 per cent of total manufacturing output, 25.8 per cent to value-added production, own 27.6 per cent of fixed assets, and employ 38.9 per cent of the country's workforce. In addition, value added products from SMEs are expected to be significance RM 120 billion or 50 per cent of total production in the manufacturing sector by 2020. SMIDEC, 2002) expressed the regardless of these insights, Malaysian SMEs' share of total exports is roughly 20 per cent lower than many other countries, such as the Hong Kong,