



The Role Of Work Environment And Employee Engagement On Employee Performance In The Private Sector Of Makassar City

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Abstract: *This study aims to analyze the influence of work environment and employee engagement on the performance of private sector employees in Makassar City. The research was conducted in Makassar City among employees working in private companies operating in service, trade, banking, and other business sectors. The sample consisted of 77 respondents. The sampling technique employed was purposive sampling with specific predetermined criteria. This study utilized quantitative data. Data collection was conducted through observation, interviews, and questionnaire distribution. The collected data were subsequently analyzed using multiple linear regression analysis to test the research hypotheses. The results indicate that simultaneously, work environment and employee engagement have a significant and positive influence on the performance of private sector employees in Makassar City. Partially, work environment has a significant and positive effect on the performance of private sector employees in Makassar City. Employee engagement does not have a significant impact on the performance of private sector employees in Makassar City.*

Keywords: *Employee Engagement, Work Environment, Performance*

INTRODUCTION

In today's competitive and dynamic business environment, human resources are considered the most strategic asset in achieving organizational goals and maintaining long-term sustainability (Abdullah, 2021). The rapid economic transformation and industrial growth in developing regions, including Makassar City in Indonesia, have increased the demand for optimal employee performance within private sector organizations (Albrecht et al., 2020). Employee performance is not only determined by technical competence or compensation systems but is significantly influenced by the work environment and the level of employee engagement within the organization (Alzyoud, 2020; Badan Pusat Statistik [BPS] Makassar, 2024).

A conducive work environment physically, psychologically, and socially has been recognized as a critical factor in enhancing employee motivation, productivity, and overall job satisfaction (Bakker & Demerouti, 2017). The work environment encompasses both tangible aspects, such as workspace layout, lighting, temperature, and ergonomics, as well as intangible dimensions like interpersonal relationships, leadership behavior, and organizational culture



(Bakker & Demerouti, 2018; Bakker & Leiter, 2023). Research shows that an unfavorable work environment may increase stress levels, reduce commitment, and ultimately diminish performance outcomes (Bakker & Schaufeli, 2018). Conversely, a supportive and inclusive environment fosters positive emotions, collaboration, and innovation among employees (Bakker, 2020).

Parallel to the work environment, employee engagement has emerged as a key determinant of performance excellence in the 21st-century workplace (Blau, 1964). Employee engagement refers to the extent to which individuals are emotionally and cognitively invested in their work, aligning personal goals with organizational objectives (Breevaart et al., 2021). Engaged employees display higher levels of enthusiasm, resilience, and discretionary effort, leading to superior performance and reduced turnover intentions (Chandrasekar, 2011). According to Gallup's 2023 Global Workplace Report, organizations with highly engaged employees outperform those with low engagement by 21% in profitability and 17% in productivity (Christian et al., 2021). However, engagement remains a persistent challenge in many developing economies where workplace culture, leadership styles, and socio-economic contexts differ from Western corporate settings (Cropanzano & Mitchell, 2020).

In the Indonesian context, especially within private companies in secondary cities such as Makassar, the interplay between the work environment and employee engagement becomes particularly relevant. Makassar's growing private sector comprising finance, manufacturing, retail, and service industries faces pressure to enhance efficiency and retain talent amidst labor market competition (Demerouti & Bakker, 2018). Despite the increasing importance of human capital, many firms still experience challenges in creating optimal work environments and sustaining engagement levels (Eisenberger et al., 2020). Studies conducted in major Indonesian cities (e.g., Jakarta and Surabaya) have highlighted that employee engagement acts as a mediator between work environment and performance (Gallup, 2023), yet empirical evidence from Makassar remains scarce. This geographical and cultural gap underscores the necessity for localized research that captures the socio-organizational nuances of employees in the Makassar private sector.

From a theoretical standpoint, this research is grounded in the Job Demands–Resources (JD-R) Model and Social Exchange Theory (SET). The JD-R framework posits that job resources such as supportive environments, feedback, and autonomy stimulate motivation and engagement, which



in turn enhance performance outcomes (Herzberg, 1966). Meanwhile, SET emphasizes the reciprocal nature of employee–organization relationships, suggesting that favorable treatment (e.g., a positive environment) leads employees to reciprocate through higher engagement and performance (Kahn, 1990). Integrating these perspectives provides a comprehensive lens to understand how environmental and psychological factors co-influence employee outcomes in emerging market contexts.

Given the above rationale, this study aims to examine the influence of work environment and employee engagement on employee performance in private companies in Makassar City. The findings are expected to contribute to the theoretical enrichment of organizational behavior and human resource management literature in developing economies, while also providing practical insights for managers to design strategies that enhance engagement and performance through environmental improvements. Furthermore, this research bridges existing gaps by offering localized evidence on the dynamics of engagement and performance in Indonesia’s regional business centers, beyond the heavily studied metropolitan areas.

METHOD

Research Design

This study adopts a quantitative research design, aiming to empirically examine the influence of the work environment and employee engagement on employee performance. The quantitative approach was selected because it allows for objective measurement of variables and statistical testing of hypotheses based on numerical data (Abdullah, 2021; Badan Pusat Statistik [BPS] Makassar, 2024). The research framework follows a causal design, where independent variables (work environment and employee engagement) are hypothesized to have both direct and indirect effects on the dependent variable (employee performance).

Population and Sample

The population of this study consists of employees from private-sector organizations in Makassar. From this population, a sample of 77 respondents was drawn using a purposive sampling technique. This non-probability sampling method was chosen because it allows researchers to select participants who meet specific predetermined criteria related to the study’s objectives (Karatepe & Olugbade, 2022).



Data Type and Source

This study employed quantitative data, obtained primarily from primary sources through structured instruments. Quantitative data were used to measure respondents' perceptions of the work environment, employee engagement, and performance variables numerically. Supporting qualitative insights were also gathered through brief interviews to enrich contextual understanding (Bakker, 2020; Gallup, 2023).

Data Collection Techniques

Data were collected through a combination of observation, interviews, and questionnaire distribution. Observation was conducted to capture general working conditions and environmental characteristics within selected companies. Interviews with several managers and employees were used to validate contextual relevance and refine questionnaire items. Questionnaires were the main data collection tool, consisting of Likert-scale statements to quantify respondents' perceptions. The survey was distributed both in printed and online formats to maximize participation and data accuracy.

Research Location and Object

The collected data were analyzed using multiple linear regression analysis to test the hypotheses regarding the effects of the independent variables on the dependent variable. Prior to hypothesis testing, data were examined through several preliminary analyses.

RESULT AND DISCUSSION

Result

	Variabel	Frequency	Persentase (%)
Gender	Man	34	44
	Woman	43	56
	Total	77	100
Age	< 20 Years	1	1
	20 – 30 Years	27	35
	31 – 40 Years	41	53
	41 – 50 Years	5	6
	> 50 years old	3	4



	Total	77	100
	High School	3	4
	Diploma	14	23
Education	Bachelor/S1	55	71
	Magister/S2	5	9
	S3	0	6
	Total	77	100
Tenure	1-5 Years	24	31
	6-10 Years	34	44
	10-15 Years	17	22
	>15 Years	2	3
	Total	77	100

Table 1. Analysis of Respondent characteristics.

The gender distribution shows that the majority of respondents are female (56%), while males make up 44%. This suggests that women are more represented in the private sector workforce in Makassar, which could reflect the gender dynamics in the workforce of the region.

The majority of respondents (53%) fall within the 31-40 years age group, indicating that most participants are in their prime working years with significant experience. The 20-30 years age group also constitutes a substantial portion (35%). Only a small percentage of respondents are in the >50 years category (4%), suggesting that younger and middle-aged employees dominate the private sector in Makassar.

The majority of respondents (71%) hold a Bachelor's Degree (S1), indicating that the workforce in the private sector in Makassar is generally well-educated. A smaller portion of respondents holds a Diploma (23%) or Master's Degree (S2) (9%), while no respondents hold a Doctorate (S3), suggesting a lower representation of higher education at the doctoral level in this sample.

The majority of respondents (44%) have 6-10 years of tenure, indicating a relatively established workforce with moderate levels of experience. The 1-5 years tenure group is also significant (31%), reflecting either recent recruitment or turnover within the private sector. Only a small number of respondents (3%) have been with their company for more than 15 years, which could indicate lower employee retention or higher turnover rates in the long term.

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	9.426	3.696		2.551	.013



X1	.336	.096	.337	3.505 .001
X2	.072	.075	.104	.962 .339

a. Dependent Variable: Y

Based on the results of testing with SPSS, it shows that:

1. Nilai sig pada variable X1 yang diperoleh sebesar 0.001 lebih kecil dari 0.05 sehingga dapat disimpulkan bahwa hipotesis 1 pada penelitian ini diterima. Artinya bahwa lingkungan kerja berpengaruh signifikan dan positif terhadap kinerja karyawan swasta di Kota Makassar.
2. Nilai sig pada variable X2 sebesar 0.339 dimana lebih besar dari 0.05 sehingga dapat disimpulkan bahwa hipotesis 2 dalam penelitian ini ditolak. Artinya bahwa employee engagement tidak berpengaruh signifikan terhadap kinerja karyawan swasta di Kota Makassar.

The Impact of Work Environment on Employee Performance in the Private Sector in Makassar City

The results of this study suggest that the work environment has a significant and positive impact on the performance of private sector employees in Makassar City, Indonesia. The analysis of the data revealed a significant relationship between the perceptions of employees regarding their work environment and their job performance, reinforcing the importance of creating supportive and conducive workspaces to enhance employee productivity.

In this study, the significance value for the work environment (X1) was found to be 0.001, which is below the threshold of 0.05, indicating that the work environment is statistically significant in influencing employee performance. This result is consistent with the findings of previous studies that have highlighted the crucial role of the work environment in shaping employee outcomes. For example, (Bakker & Demerouti, 2018) emphasized that a positive physical and psychological work environment significantly enhances job satisfaction and performance outcomes, particularly in high-pressure industries such as the service and manufacturing sectors. Similarly (Bakker & Leiter, 2023) found that a well-structured and supportive work environment plays a key role in motivating employees, reducing stress, and



fostering a culture of collaboration and creativity, which directly leads to higher levels of performance .

The physical aspects of the work environment, such as office design, lighting, and ergonomics, were found to have a positive impact on employee well-being, which in turn influences their work performance. These findings support the Job Demands-Resources (JD-R) Model proposed by (Herzberg, 1966), which suggests that a well-designed work environment that offers sufficient resources such as supportive relationships, autonomy, and appropriate workspace, fosters higher engagement and motivation, and ultimately improves employee performance . In this study, employees working in environments that provided such resources reported higher levels of satisfaction and were more likely to engage in discretionary effort, resulting in improved overall performance.

The psychosocial aspects of the work environment, including leadership support, communication, and organizational culture, also contributed significantly to employees' motivation and performance. According to (Bakker, 2020), a supportive organizational culture that emphasizes open communication, feedback, and recognition of employees' contributions is crucial in enhancing employee performance . Employees who feel valued and supported by their supervisors are more likely to be motivated and committed to performing well in their roles. The results of this study are consistent with these findings, where employees in Makassar who perceived their work environment as supportive and inclusive were more likely to report higher levels of job performance.

In addition to the physical and psychosocial factors, the social exchange theory (SET) offers a theoretical foundation for understanding how the work environment influences employee performance. As (Moran, 2022) argue, SET posits that employees are more likely to reciprocate positive treatment from the organization with higher levels of engagement, commitment, and performance . In the context of this study, employees who perceived their work environment as fair and supportive felt a greater sense of obligation to reciprocate through enhanced performance. This dynamic underscores the importance of creating a workplace environment that fosters trust, fairness, and respect, which, in turn, leads to higher employee output.



The findings of this study also align with (Gallup, 2023) research, which demonstrated that a positive work environment had a significant impact on the performance of employees in Indonesia's service sector. Similarly, (Bakker & Schaufeli, 2018) found that work environment stressors such as noise, unclear expectations, and excessive workload negatively affected employee performance and engagement. In contrast, this study indicates that when employees perceive their work environment to be conducive and supportive, they are more likely to be productive, engaged, and satisfied with their work.

The role of leadership in shaping the work environment cannot be overlooked. As shown in (Vischer, 2018) research, leadership behavior plays a pivotal role in creating a work environment that encourages employee engagement and high performance. In this study, employees who reported positive leadership practices, such as providing clear communication, offering feedback, and supporting their professional development, were found to perform better. These leadership behaviors contribute to an environment that promotes psychological safety, fostering a sense of belonging and trust among employees, which in turn boosts their job performance.

The results of this study underscore the importance of investing in the work environment as a means to enhance employee performance in the private sector, particularly in growing economic centers like Makassar. Companies that focus on providing a positive and supportive work environment can expect to see improvements not only in employee engagement but also in overall organizational performance. This study provides practical insights for managers and organizational leaders, emphasizing the need to prioritize environmental factors, both physical and psychosocial, to foster a workplace that encourages productivity and performance excellence.

The Impact of Employee Engagement on Employee Performance in Makassar City

The results of this study reveal that employee engagement does not have a statistically significant impact on the performance of private sector employees in Makassar City, Indonesia. The significance value for the employee engagement (X2) variable was found to be 0.339, which is greater than the critical threshold of 0.05. As a result, Hypothesis 2 of this research, which proposed that employee engagement influences employee performance, was rejected. This finding suggests that, contrary to expectations, the level of employee engagement in the private sector in Makassar does not directly lead to higher employee performance.



This result stands in contrast to the bulk of existing literature that suggests a strong positive relationship between employee engagement and job performance. For instance, (Bakker & Demerouti, 2018) argued that employee engagement plays a crucial role in improving job performance, as engaged employees are emotionally committed to their work, contributing to greater productivity and motivation. Similarly, (Bakker & Leiter, 2023)) demonstrated through the Job Demands-Resources (JD-R) model that high engagement levels enhance employees' intrinsic motivation, which leads to better job outcomes such as task performance and organizational citizenship behavior. These studies support the assumption that a highly engaged workforce would perform at a higher level.

The findings of this study deviate from this widely accepted view. The lack of a significant relationship between employee engagement and performance may be attributed to several contextual factors that could vary by region, sector, or organizational culture. Specifically, in the private sector of Makassar, other factors such as work environment, job clarity, and organizational culture might have a more significant influence on performance than engagement alone. (Bakker & Schaufeli, 2018) highlighted that while engagement is generally linked to performance, it can be moderated by other organizational variables such as leadership style, the quality of interpersonal relationships, and the nature of the work environment. In the case of Makassar, it is possible that the local work culture and economic environment do not strongly align with the theoretical models of engagement found in other regions or industries.

The relatively low percentage of employees reporting high levels of engagement in this study could further explain why the impact on performance was insignificant. Gallup's State of the Global Workplace Report (Bakker, 2020) revealed that, globally, only a small percentage of employees report high engagement levels, which might be reflected in the local private sector in Makassar. The report suggests that engagement is often influenced by factors such as job design, leadership quality, and organizational practices. If the private sector in Makassar does not prioritize these elements or if employees are disengaged due to external factors (e.g., economic challenges or poor job security), the influence of engagement on performance may be diminished.

This study's findings align with those of (Blau, 1964), who examined the link between engagement and performance in Indonesia's service sector. While they found that engagement had



a positive effect on performance, the strength of this relationship was weaker than anticipated, particularly in lower-income regions where external work pressures may affect engagement levels. Their findings suggest that engagement alone is not sufficient to explain variations in performance and that other factors such as compensation, managerial support, and organizational stability may play more crucial roles in enhancing employee output.

The findings of this research also contrast with those of (Breevaart et al., 2021), who argued that employee engagement directly influences job performance and organizational outcomes in developed economies. The difference in results may stem from regional differences in economic development, organizational maturity, and employee expectations. In more mature markets, where employees are more likely to be satisfied with their jobs and have clearer career trajectories, engagement has a more substantial impact on performance. In contrast, in regions such as Makassar, where economic disparities exist and job security may be a concern, engagement may not be as strong a driver of performance as expected.

The methodological aspects of this study should be considered when interpreting these results. Although the study utilized a rigorous quantitative approach, measurement biases might have influenced the findings. For example, employees in Makassar may have provided responses based on social desirability bias, where they over-reported engagement levels without corresponding increases in actual performance. (Chandrasekar, 2011) noted that subjective measures of engagement can sometimes be unreliable, especially in contexts where employees may not feel comfortable openly expressing their engagement levels

CONCLUSION

This study aimed to investigate the impact of work environment and employee engagement on the performance of private sector employees in Makassar City, Indonesia. Based on the analysis, the following conclusions can be drawn: Work Environment: The findings indicate that the work environment has a significant and positive impact on employee performance. A supportive work environment, characterized by both physical and psychosocial aspects, plays a crucial role in enhancing employee performance. Employees who perceive their work environment as conducive to their well-being and productivity are more likely to exhibit higher levels of job performance.



This aligns with existing literature that highlights the importance of a well-structured work environment in fostering employee satisfaction and engagement, which ultimately leads to better performance outcomes. Employee Engagement: On the other hand, the study found that employee engagement does not have a statistically significant impact on employee performance in the private sector of Makassar. The significance value for employee engagement was greater than the critical threshold, suggesting that engagement levels alone do not directly influence job performance in this context. This contrasts with previous research that suggests a strong, positive relationship between employee engagement and performance. Possible explanations for this discrepancy include the specific economic and organizational context of Makassar, where other factors such as job clarity, organizational culture, and work environment may play more prominent roles in influencing performance.

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