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Extended Abstract

**The Effect of the Physical Environment of the Workplace on
Employee Productivity**

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Summary

This diploma thesis examines the effect of the physical environment of the workplace on employee productivity.

The first section of the theoretical component defines employee productivity and its detection, and evaluates the factors that influence it, such as job satisfaction and employee motivation. The second section deals with the physical working environment, and describes its features and individual attributes that directly or indirectly affect employee productivity. The third section examines working environment trends and tendencies of today.

The practical component examines Microsoft's transition of workspaces from Open Space to Shared Desk, compares the impact of both working arrangements on employees' productivity, and evaluates which one is more effective for them.

In the conclusion of this diploma thesis are proposed recommendations to Microsoft based on the research.

Key words: Productivity, employees, workplace, satisfaction, transition, strategies, Open Space, Shared Desk, Microsoft

Objectives

The aim of the diploma thesis is to examine Microsoft's transition of workspaces from Open Space to Shared Desk, and to compare employee productivity before and after the change.

In order to achieve this aim, the following objectives will be accomplished in theoretical component:

- Define employee productivity, and evaluate the factors that influence it
- Evaluate physical environment alternatives
- Understand the relationship of the physical workplace environment on the factors that influence employee productivity
- Examine working environment trends and tendencies

Then the physical working environment and productivity of employees at Microsoft CZ will be investigated.

Methodology

The theoretical section will utilize information from relevant Czech and foreign literature from books and from the internet. Firstly, the theoretical component will define employee productivity as well as evaluate the factors that influence it, such as job satisfaction and employee motivation. After defining such factors, this section will aim to understand the relationship of the physical workplace environment on the factors that influence employee productivity by collecting information regarding physical environment alternatives for different job types, explain roles played by the physical environment of the workplace on employees, and examine the working environment trends and tendencies nowadays. The result of this section will primarily be to define several factors (“Relevant Factors”) that influence employee productivity which are in turn affected by the physical environment of the workplace. Relevant Factors will be evaluated in the practical component of the thesis.

Employee productivity before and after the workspace transition will be compared in the practical component of the diploma thesis by applying a qualitative methodology with the aim of understanding employee’s and management’s personal perception of employee productivity before and after the transition. The component will be conducted by carefully elaborating a structured questionnaire to be taken by 40 employees as well as an unstructured interview with open-ended questions to be held with company management. The questionnaire and the interview will seek to obtain information regarding employee’s and management’s perception of the Relevant Factors (as well as employee productivity directly) before and after the workspace transition in order to gauge the effect of the workplace transition on the productivity of Microsoft’s employees. The final part of the practical section will evaluate the results of the research. Conclusions and recommendations will be provided to the company based on this information.

Conclusion

The aim of the diploma thesis was to examine Microsoft's transition of workspaces from Open Space to Shared Desk, and to compare employee productivity before and after the change.

In order to achieve this aim, theoretical component clarifies several objectives that are closely related with the topic. The first part defines employee productivity as a key source of organizational growth and competitiveness. Sometimes it is also being referred as workforce productivity, and means the result of the efficiency of an employee or a group of employees. There are several ways to detect employee productivity, either by use of qualitative methodology or quantitative methodology. For some companies measuring employee productivity with use of quantitative methodology is too difficult of a task or sometimes even totally inapplicable. Then, the solution might be to use qualitative methodology in form of comparison of employees' Key Performance Indicators (KPIs), or by applying a questionnaire addressed to employees that have to rate their own perceived productivity. This type of productivity detection – questionnaire - was also applied later on in the practical component on company Microsoft, CZ.

There are several factors that influence employee productivity. The most important ones can be said to be job motivation and job satisfaction, both of which are influenced by the physical working environment. These factors are examined in the first part of theoretical component.

The physical working environment needs to be functional and attractive while simultaneously needs meeting various other requirements, such as health and safety, hygiene, comfort, convenience, and even creativity enhancement. By well-designing it, companies can very positively influence employee productivity. The second part of the theoretical component is dedicated this matter. It exposes 11 attributes of the workplace that have the most significant impact on employee productivity, either directly or indirectly. Among these factors are building; access to nature and views; daylight; noise control; human factors and ergonomics; choice; employee engagement, thermal comfort and temperature; color; crowding; and indoor air quality. Understanding the importance of these aspects helped to better understand and evaluate the workplaces of Microsoft, CZ.

Working environment is nowadays changing exponentially and globally. The trends and tendencies of today in terms of physical working environment reveal the third part of theoretical component. Besides the flexibility and mobility trend, which is also a much debated element in the practical component related to Microsoft, CZ, the section discusses networking, customer

orientation, and energy sustainable workplaces. The majority of large companies are aware of these trends and tendencies and adapt their workplaces according to them. The theoretical component is concluded with this section, and the practical component is then discussed.

For 18 years, Microsoft, CZ was using Open Desk as the working layout, but over time, trends and tendencies changed and technology improved, and this working environment wasn't suitable for Microsoft anymore. Microsoft also realized that it was spending excessive costs associated with the operation even though many employees are not always present at work. This all led to the decision of creating a new workspace. On the 5th of October, 2015 Microsoft introduced Shared Desk – a workplace where no employee has a dedicated seat and that is enabling employees to flexibly choose where they want to work.

The practical component used a qualitative methodology with the aim of understanding employee's and management's personal perception of employee productivity before and after the transition. The component was conducted by 2 carefully elaborated structured questionnaires that have been taken by 40 employees as well as by unstructured interviews with open-ended questions held with 6 employees working on middle management roles.

The survey confirmed the hypothesis that Microsoft's transition of workspaces from Open Space to Shared Desk significantly raised the overall workplace satisfaction. Among other things, employees find the new workplace less distracting, and are offering better and superior working conditions that increased formal and informal collaboration between employees and thus increased individual and team productivity. At the same time, the new workplace led to the fact that employees come to work more often and spend more working hours there than under the previous working conditions with the Open Desk set up. This finding disproves the expected hypothesis that the new workplace will lead to reduction of working hours spent at work. On the other hand, even when employees come to work more often than to Open Space, the new working layout still helped to lower costs associated with the operation. This fact proves the last expected hypothesis, and thus all stated objectives were completed.

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