Evaluating the Influence of Employee Satisfaction and Productivity on Individual Performance in Shared Workspaces: Insights from Western Province, Sri Lanka

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Abstract

This study focused on evaluating the influence of employee satisfaction and productivity on individual performance in shared workspaces in private office sector in Sri Lanka, particularly in Colombo MC area. Adopting the quantitative research methodology, data was collected from 100 shared workspaces employees through a self-administered questionnaire, along with the secondary data. The analysis utilized Smart PLS SEM approach. The findings revealed that employee satisfaction and productivity has a significant positive relationship with individual performance in shared workspaces. The results of the Smart PLS SEM approach confirmed the significant impact of employee satisfaction and productivity on individual performance in shared workspaces. The interpreted results uncover how interactions in shared workspaces affect employee outcomes, guiding the creation of supportive environments. This research offers valuable insights into workspace design and decision-making, establishing a basis for improving their impact on organizational performance through supportive and efficient work environments.

Keywords: Post-disaster; Relocation; Social and Economic Factors

Introduction

The rapid evolution of the real estate market in Sri Lanka, particularly in the Western Province, emphasizes a critical shift in how workspaces are designed and utilized. So, the demand for shared workspaces has gone up, reflecting a broader global trend towards dynamic and flexible work environments. According to a 2022 report by JLL, the global co-working space market is expected to grow at an annual rate of over 21% from 2021 to 2026. This trend is mirrored in Colombo, the country's primary business hub, where the demand for co-working spaces has risen by 30% over the past five years (JLL Research,2022). This growth is driven by the increasing number of startups, freelancers, and small to medium-sized enterprises (SMEs) seeking cost- effective and adaptable office solutions.

A shared workspace is a defined area where a small group of individuals can collaborate, observe, and interact with objects related to their activities, facilitated by various real-time groupware systems (Gutwin & Greenberg, 2002). As traditional office setups give way to modern coworking environments (Babb et al., 2018), the impact of these spaces on employee satisfaction and productivity has become a focal point of interest.

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In an era where employee satisfaction and productivity are directly linked to higher performance, loyalty, and organizational commitment, understanding the dynamics within shared workspaces has become increasingly crucial.

This relationship has garnered considerable attention from academics over the past two decades, emerging as a major focus due to its significant benefits for both employees and organizations. With the continued economic growth in Sri Lanka and an increasing demand for flexible work arrangements, this study delves into the crucial relationship between employee satisfaction, productivity, and individual performance in coworking spaces. By exploring these contemporary trends, the research aims to offer actionable insights that could shape the future of work environments in Sri Lanka, ensuring they are not only efficient but also conducive to the well-being and performance of employees.

The objective of the study

The general objective of this study is to evaluate the influence of employee satisfaction and productivity on individual performance in shared workspaces. This objective is achieved through the following specific objectives.

- To explore the impact of employee satisfaction on individual performance in shared workspaces.
- To examine how employee productivity directly influences individual performance in shared workspaces.
- To make suggestions for improving employee outcomes in shared workspaces.

Literature Review

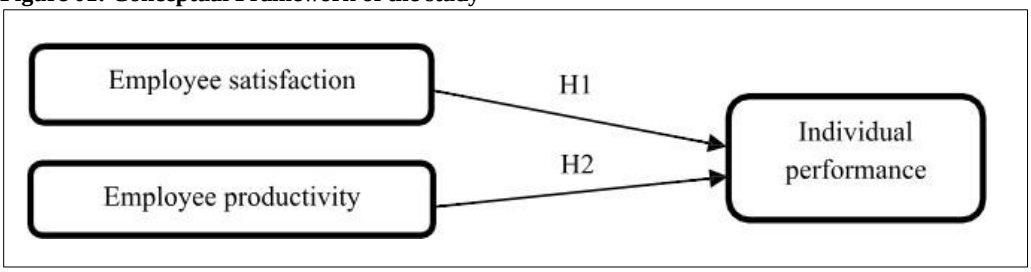
Bouncken and Reuschl (2018) proposed that coworking can boost individual work performance, and further research has shown that it also positively impacts entrepreneurial success (Bouncken et al., 2020). Specifically, interacting and collaborating with coworkers tends to enhance personal work outcomes (Singh et al., 2019). Sinha (2001) highlighted that employee performance is closely tied to their willingness and openness in completing tasks, which in turn enhances productivity. Stup (2003) further emphasized that aligning tasks with organizational goals is essential for achieving standard performance, as it enables employers to monitor and improve employee output. He also stressed the importance of a reward system to motivate employees. Stup identified several key factors affecting performance, such as the work environment, equipment, meaningful work, clear expectations, feedback, and rewards. Franco et al. (2002) argued that while internal motivation is vital, factors like skills, intellectual capacity, and available resources also play a significant role in performance. Therefore, employers must create conducive working conditions to ensure employees meet the required performance standards.

Employee satisfaction in shared workspaces has been extensively studied, highlighting the unique dynamics of these environments. Bouncken and Reuschl (2018) noted that the collaborative atmosphere in coworking spaces fosters a sense of community, which can enhance job satisfaction. However, Chen et al., (2016) emphasized the potential downsides, such as increased noise and distractions, which may negatively impact satisfaction for tasks requiring deep concentration. Despite these challenges, Singh et al. (2019) found that the opportunity for networking and collaboration often outweighs the drawbacks, leading to overall higher employee satisfaction in shared workspaces. Balancing these elements is essential for maximizing employee well-being.

Employee productivity and performance stand at the core of any work environment's success. A Harvard Business Review study in 2023 reveals that coworking spaces boost employee productivity by fostering a sense of community, reducing isolation, and enhancing motivation. Workers in these environments report higher levels of thriving, marked by energy and growth. With amenities like high-speed internet, meeting rooms, and workshops, coworking spaces support focus, skill development, and overall job satisfaction.

This study aims to demonstrate that both employee satisfaction and productivity in shared workspaces contribute positively to individual work performance. Proving these connections will add valuable insights by explaining how coworking can enhance work performance. Therefore, examining these relationships will help to better understand how employee satisfaction and productivity influence individual work performance in shared workspaces.

Figure 01: Conceptual Framework of the study



Source: Author

Table 1: Formulation of Hypotheses

Hypothesis	Statement
H1	There is a significant relationship between Employee Satisfaction and Individual Performance in shared workspaces.
H2	There is a significant relationship between Employee Productivity and Individual Performance in shared workspaces.

Source: Author

Methods

The study was carried out within Colombo MC area, Sri Lanka; selected for its diverse workforce and dynamic business environment. The research focused on the influence of employee satisfaction and productivity on individual performance in shared workspaces. A sample of 150 employees from shared workspaces was selected using convenient sampling, resulting 100 responded affirmatively. Data was gathered through self-administered questionnaires employing a Likert scale, designed to measure the variables of interest. The study employed a cross-sectional, quantitative research design, with data analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). SmartPLS version 4 software facilitated the analysis, enabling the formulation of reflective models and testing two direct hypotheses. Cronbach's Alpha was used to assess internal consistency and composite reliability. The structural model's predictive capacity and relationships among constructs were evaluated, ensuring robust and reliable findings. Secondary data from annual and statistical reports further enriched the study's context.

Table 2: Operationalization of the study's Variable

Variable	Indicator	Source
Employee satisfaction	Engagement and Fulfilment, Overall Satisfaction, Compensation and Benefits, Career Growth and Development	(Matui, 2017)
Employee Productivity	Quality of Work, Task Accomplishment, Time Management, Adaptability and Flexibility, Collaboration and Teamwork	(Bueno et al., 2018)

Source: Author

Results and Discussion

Profile of the respondents

The respondent profile comprises 100 participants, with 60% female and 40% male. A majority (68%) are aged 18-25 years, followed by 24% aged 26-30 years. Most respondents (56%) hold a

graduate degree, while 24% have passed the GCE Advanced Level, and 14% completed a professional course. Finance is the primary area of specialization for 52% of respondents, with technology representing 15%. The vast majority (92%) have less than 6 years of work experience, indicating a young and predominantly female respondent group, well-educated, and primarily engaged in the finance sector.

Results of the Measurement Model

In SEM and SmartPLS analysis, the measurement model is essential for linking latent constructs to observable indicators. It evaluates the validity and reliability of these indicators, focusing on key aspects like convergent validity, discriminant validity, internal consistency, and indicator reliability. This ensures the quality and accuracy of the overall SEM analysis.

Decision Rule

In Smart PLS, internal consistency is typically measured using Cronbach's Alpha, but it may yield conservative results. An alternative, Composite Reliability, is recommended in reflective models, with a threshold of 0.5 for reliability. Convergent validity is confirmed if the Average Variance Extracted (AVE) for each latent variable is 0.5 or higher. Discriminant validity is assessed using the HTMT ratio, with a recommended threshold of 0.85 (Hair et al., 2014).

Structural model analysis evaluates the reliability and relationships between constructs, with bootstrapping used to calculate t and p-values for route coefficients. For a two-tailed test at a 5% significance level, the critical value is 1.96, and p-values should be less than 0.05. Endogenous structures are evaluated using R2 values, classified as substantial (0.75), moderate (0.5), or weak (0.25) emphasized by Chin, (1998), and the Stone-Geisser Q2 value is used to assess predictive validity, with Q2 values above zero indicating a valid model.

Table 3: Results of the Measurement Model

Model	Factor	Indicator	Indicator Reliability	Internal Consistency		Convergent Validity	Discriminant Validity
			Loadings	Cronbach's Alpha_a	Composite Reliability	Average variance extracted (AVE)	
Model 01	Employee Satisfaction	STF1	0.684	0.787	0.817	0.613	0.593
		STF2	0.904				
		STF4	0.692				
		STF5	0.828				
	Individual Performance	PEFO1	0.877	0.862	0.892	0.646	
		PEFO2	0.876				
		PEFO3	0.751				
		PEFO4	0.817				
		PEFO5	0.68				
Model 02	Employee Productivity	PROD1	0.84	0.785	0.79	0.536	0.611
		PROD2	0.673				
		PROD3	0.729				
		PROD4	0.709				
		PROD5	0.699				
	Individual Performance	PEFO1	0.854	0.862	0.883	0.641	
		PEFO2	0.847				
		PEFO3	0.705				

	PEFO4	0.816
	PEFO5	0.772

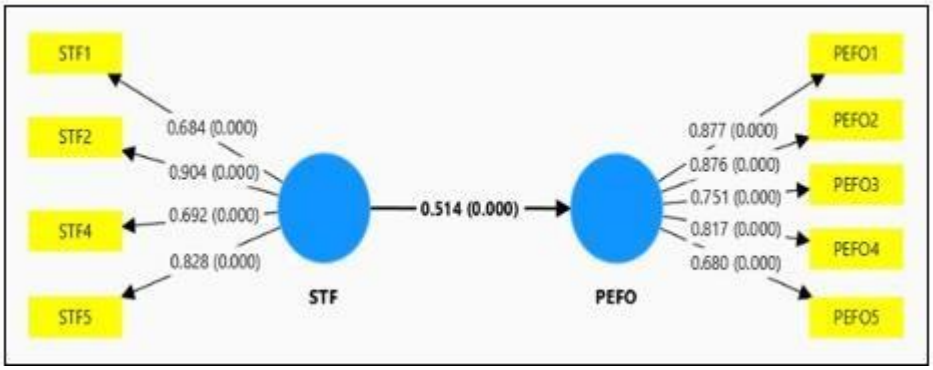
Source: Author

As shown in Table 02, the indicator reliability, internal consistency, convergent validity, and discriminant validity meet all the required criteria mentioned in the decision rule.

Results of the Structural Model

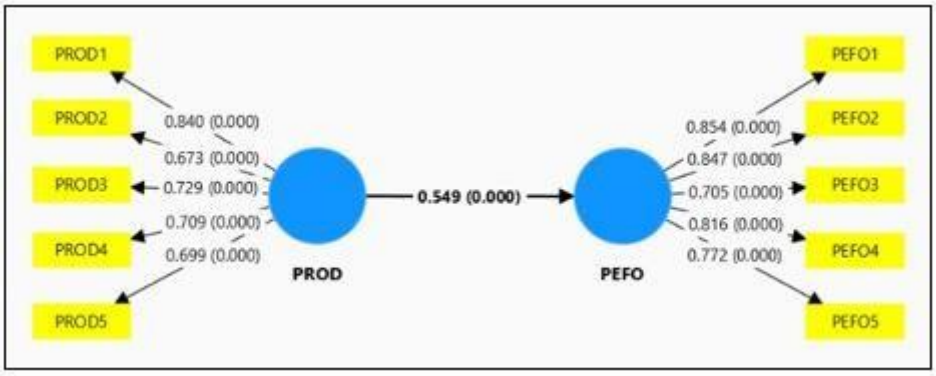
After confirming the reliability and validity of the construct measures, the study advances to evaluating the structural model. This stage involves assessing the model's predictive capabilities and analyzing the relationships between various constructs. The models are illustrated in Figure 02 and 03.

Figure 02: Results of theStructural Model 1



Source: Author

Figure 02: Results of the Structural Model 2



Source: Author

Hypothesis

The study's results confirm that the direct effect of employee satisfaction (B value=0.514, P=0.000) and productivity (B value=0.549, P value=0.000) have a significant influence on individual performance in shared workspaces, as indicated by their Sig values (<0.05), substantiating the validity of two specific hypotheses (H1 and H2) in overall.

This study examined the influence of employee satisfaction and productivity on individual performance in shared workspaces in Colombo MC. The finding that employee satisfaction is

related to individual performance aligns with prior research, as job satisfaction can positively impact an individual's motivation, engagement, and overall performance simultaneously where shared workspaces can influence employee satisfaction in several ways. According to the indicators, it may be due to Engagement and Fulfilment, Compensation and Benefits, Career Growth and Development and Overall Satisfaction. To enhance satisfaction in shared workspaces, offer flexible work hours and adaptable setups, provide quiet zones for focused work, and introduce wellness programs. Also, promote career growth with development opportunities, foster community through events, and allow workspace personalization. In addition, ensure competitive benefits and implement regular feedback mechanisms to continually improve the workspace environment.

Table 4: Hypothesis Results

Hypothesis	Relationship	Path Coefficient (Beta Value)	T value	Confidence Interval		P value	Decision @ 0.05 (Alpha)	Conclusion
				2.5	97.5			
		Model 1						
H1	There is a significant relationship between Employee Satisfaction and Individual Performance in shared workspaces.	0.514	4.129	0.307	0.776	0.000	Supported	Significant
		Model 2						
H2	There is a significant relationship between Employee Productivity and Individual Performance in shared workspaces.	0.549	2.203	0.466	0.731	0.000	Supported	Significant

Source: Author

Another important finding of this study is the significant relationship between employee productivity and individual performance. This noteworthy discovery implies that shared workspaces indeed play a pivotal role in the connection between employee productivity and individual performance. This might be attributed to key performance indicators such as the quality of work, task accomplishment, time management, adaptability and flexibility and collaboration and teamwork. To improve productivity in shared workspaces, focus on enhancing the quality of work through clear performance metrics, support effective time management, and foster adaptability with flexible work arrangements. Encourage collaboration and teamwork with regular team building activities and ensure that tasks are clearly defined, and goals are achievable. Providing resources and tools for efficient task accomplishment can further boost productivity. The research revealed that addressing these issues can significantly improve employee performance. Ultimately, a supportive working environment greatly enhances employee satisfaction & productivity, making it the organization's responsibility to provide a conducive atmosphere for employees to work comfortably and effectively.

Conclusion

This study examines how employee satisfaction and productivity influence individual performance in shared workspaces, filling an important gap in current research. By building on an existing model, the research offers valuable insights that can help organizations improve their workspaces, guide better decision-making, and enhance overall practices. The findings emphasize the importance of workspace design in boosting employee satisfaction, showing that carefully planned shared workspaces can lead to more positive outcomes for both employees and companies. The study suggests that organizations can create more effective work environments by focusing on what makes employees happy, leading to better overall performance. It also highlights the benefits of shared workspaces for companies and policymakers, encouraging a thoughtful approach to adopting these environments. Future research is recommended to explore additional factors, further deepening the understanding of how shared workspaces function and helping to shape better practices in this developing field.

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