

A Review of the Relationship Between Employee Background and Work Environment on Employee Performance in Manufacturing Companies in Southeast Asian Countries

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ABSTRACT

This study aims to synthesize publications on the relationship between employee background, work environment, and performance. This study focuses on employees of manufacturing companies in Southeast Asian countries. This study employs the Systematic Literature Review (SLR) method, following the PRISMA steps. The articles synthesized in this review were sourced from nine databases, utilizing the keywords "employee background," "employee environment," and "employee performance" concerning manufacturing companies in ASEAN countries, published between 2020 and 2025, resulting in a total of 48,220 articles. After elimination according to the criteria, only 14 articles were considered and extracted. The results of the synthesis found that the background of employees in ASEAN is related to the intellectual capital they have to be able to develop. In addition, the background related to employee gender can affect employee job satisfaction and performance. Furthermore, the work environment will also improve employee performance, and managers have an important role in creating a good work environment, so the background of this manager needs to be considered, because it also affects their leadership style. This study can be utilized by human resource management in manufacturing companies, especially to evaluate employee background and work environment in improving employee performance.

Keywords: *employee background, work environment, employee performance, manufacturing, Southeast Asia*

1. INTRODUCTION

ASEAN has the potential for foreign investors to invest in ASEAN countries. This is because countries such as Indonesia, Vietnam, Thailand, and the Philippines have competitively priced labor and basic regulatory infrastructure. Some countries, such as Singapore, provide professional services and assemble complex components. However, there are still obstacles to labor in other ASEAN countries such as Indonesia, Malaysia, and the Philippines; it is estimated that there is a shortage of skilled labor; although there are vocational training programs, they do not meet the needs of the primary industry, namely engineering, architecture, and construction workers. In the Philippines, this is due to the brain drain phenomenon due to the massive and ongoing migration of citizens to work abroad. In addition, there is the challenge of an aging Singaporean workforce. There is growth in Vietnam, which has one of the largest labor markets in ASEAN. Knowing the background of the workforce is essential in this regard. Human resources (HR) plays a critical role in the success and sustainability of a business. Effective human resource management (HRM) is critical to achieving positive business outcomes, as it involves organizing, managing, and utilizing employees to function productively and meet corporate goals. (Marhamah Izat Rodliyah et al., 2024). The strategic role of HR in enhancing employee performance, aligning competencies with organizational needs, and fostering a supportive work environment is well documented. This importance is underscored by the need for companies to invest in their workforce to ensure prosperity and competitive advantage.

The work environment significantly impacts business operations, impacting employee motivation, performance, and overall organizational success. A conducive work environment fosters employee satisfaction and productivity, essential to achieving business goals. A good work environment ensures employees can work healthily and safely, which is essential for maintaining morale and productivity. Elements such as effective communication, comfortable working conditions, and cooperative coworkers are essential to maintaining high levels of performance, as companies that

prioritize employee well-being through a supportive environment tend to see increased commitment and enthusiasm from the workforce (Dimas Agung Riyadi et al., 2024). The relationship between employee background and work environment significantly affects employee performance. Employee behavior, shaped by their background, significantly impacts performance. Positive work behavior correlates with higher productivity levels (Sugma, 2022). A supportive work environment, which includes physical comfort and psychological safety, is essential. Studies show that a conducive environment improves employee performance and productivity. Maulana et al. (2023) show that while leadership style plays an important role, the impact of the work environment can vary. Leadership style can mediate the effects of the work environment on performance. Effective leadership fosters a positive atmosphere, which can reduce negative environmental factors (Cahyani et al., 2023). So, in the management of a company, especially human resources, it is necessary to maintain or maintain the work environment by paying attention to the background of the employees in the company.

A complex interaction of socio-cultural, economic, and organizational factors characterizes Southeast Asia's work environment and background. The region's dynamic and competitive work environment demands high employee performance and adaptability, often leading to stress and job dissatisfaction. This is compounded by the diverse socio-cultural backgrounds of workers, which can create friction in adapting to different work cultures. The work environment in Southeast Asia is more influenced by factors such as job design, work skills, and quality of life, which are critical to employee well-being and productivity. Cooperation between Southeast Asian countries is driven by similarities in geography, culture, interests, fate, and the desire to create a peaceful region. Based on research by Do et al. (2020), Early HRM research in ASEAN has shown that ASEAN organizations used to be less strategic in their HRM approach than their Western counterparts. However, due to the high demand for talent worldwide, ASEAN organizations have reconsidered their strategy formulation and implementation. Despite this progress, HRM studies in ASEAN still lag behind Western researchers in strategic HRM. The purpose of this SLR research is to find out the conditions of the workforce and work environment in Southeast Asia, which can later be used for further research, and in particular, can be used for knowledge of human resource management in ASEAN with almost the same background conditions and work environment.

2. RESEARCH METHODS

The Systematic Literature Review (SLR) method was used in this study because this study aims to synthesize existing literature. Based on Sutriawan et al. (2024) Research, this method allows for a more comprehensive and objective understanding of the research topic and minimizes researcher bias in selecting relevant literature. The PRISMA (Preferred Reporting Items for Systematic Review and Meta-Analysis) stages were used to identify existing literature. The PRISMA stages established in this study are "Identification," "Screening," and "Included." In short, these stages involve conducting a comprehensive search for published articles and then selecting and analyzing relevant studies. The identification stage includes determining search terms, search criteria, databases, and data extraction methods. This study uses Mendeley software assistance in processing or selecting results from the first library source. Search for articles or journals with library sources Emerald Insight, Science Direct, Taylor and Francis, Pubmed, ProQuest, Sage Journal, Springer Open, Wiley Online Library, and Web of Science with keywords entered in each journal database are employee background AND (Work Environment) AND (employee performance) AND (manufacturing companies) AND (ASEAN country).

In this SLR, the inclusion of articles that are synthesized are those that meet the criteria compiled by the author: first, the results of management research that are relevant to employee background, work environment, and employee performance; Results of research in manufacturing company management; Location of article research in Southeast Asian or ASEAN countries; and Year of publication of the article/journal in 2020 - 2025. Articles excluded are conceptual articles or reviews/literature reviews and inaccessible articles. Article inclusion is done manually. Researchers select articles filtered by keywords because the search results with keywords in the journal database still contain articles that do not contain or meet the screening criteria. This method requires an assessment of methodological quality by setting a minimum acceptable level. (Priyashantha et al., 2024). The results of the article screening were 48,220 articles, but only 14 articles met the inclusion criteria (Graph 1).

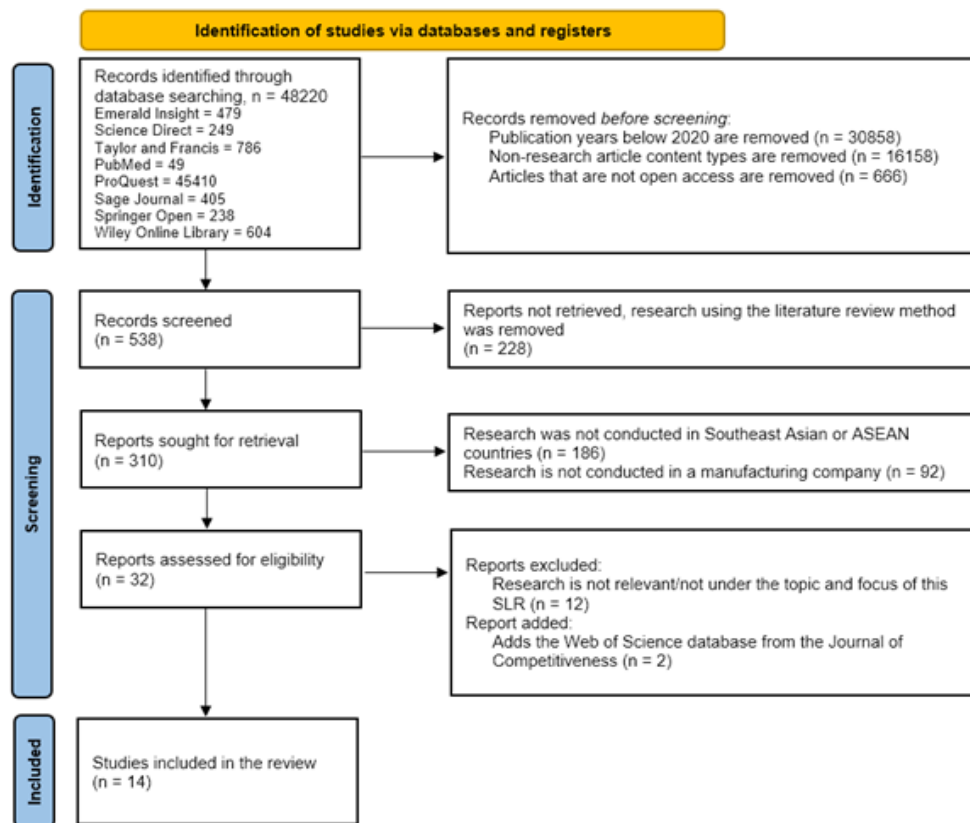


Figure 1 PRISMA Article Filtering

In this SLR study, an article bias risk assessment is also required, which is carried out when extracting selected articles according to the criteria and topics of the research called Quality Assessment. Researchers examine the methods used (appropriateness and details), completeness of data results (reductions and exceptions are included in the report), and whether other interventions affect the report (Negarandeh & Beykmirza, 2020). The following are details of the articles included in this SLR (Table 1):

Table 1: The articles included in this SLR

No.	Author	Research Objectives	Research Results	Research Location	Journal
1	Nguyen (2024)	The paper examines the impact of intellectual capital (IC) on firm performance in Vietnamese-listed firms from 2008 to 2021	The paper finds that intellectual capital (IC) significantly enhances firm performance in Vietnamese-listed firms from 2008 to 2021	Vietnam	Journal of Competitiveness
2	(Marlina et al., 2023.)	The research aims to analyze the impact of digital competency on human capital competitiveness in	The study found that digital competency positively influences human capital competitiveness (HCC) among creative craft industry entrepreneurs in West Java, Indonesia.	Indonesia	Journal of Competitiveness

No.	Author	Research Objectives	Research Results	Research Location	Journal
		the creative craft industry.	Information literacy significantly affects innovation, excellent performance, self-service, and productivity.		
3	Akbari et al. (2025)	Assess the benefits and challenges of flexible work arrangements (FWAs) in Vietnam.	The study revealed that most respondents expect to continue with hybrid work post-pandemic, indicating net resource gains that employees aim to protect in the future. Flexible work arrangements (FWAs) could improve work-related gender disparities and enhance productivity in emerging economies like Vietnam.	Vietnam	Asia Pacific Journal of Human Resources
4	Soehardjojo & Delbridge (2023)	The research investigates how meso-level actors (MeLAs) contribute to HR practice transfer in diffusion and adaptation processes. It examines the influence of Japanese MeLAs' training regimes on the diffusion of management models.	MeLAs influence HR practice transfer through diffusion and adaptation processes in Indonesia's automotive industry. This paper highlights the significance of MeLAs in shaping societal and dominance effects within the System-System-Society-Dominance-Corporate Effects (SSDC) framework.	Indonesia	International Journal of Human Resource Management
5	Poernomo et al. (2025)	The study examines the influence of entrepreneurial, market, and learning orientations on business performance in the batik industry.	The study reveals that entrepreneurial and learning orientations significantly enhance competitive advantage in the batik industry. However, learning orientation's influence does not fully translate into performance, indicating a gap. The research emphasizes fostering entrepreneurial orientation and competitive advantage for business success.	Indonesia	Cogent Business and Management

No.	Author	Research Objectives	Research Results	Research Location	Journal
6	Liem (2021)	The study aims to examine the impact of CEO characteristics on choosing a cost leadership strategy (CL)	The study found that all direct relationships between educational background, cost leadership (CL) strategy, and the use of cost management system (CMS) information were positive and statistically significant. The research indicated that CEOs' educational backgrounds significantly influence their choice of CL strategy and their use of CMS information.	Vietnam	Cogent Business and Management
7	Wahyuni et al. (2023)	The research aims to investigate the influence of a growth mindset on empowerment, life satisfaction, and turnover intention within the textile industry in Indonesia and Vietnam.	The study reveals that turnover intention can be minimized by reducing work-family conflict and increasing life satisfaction and empowerment. Empowerment, life satisfaction, and turnover intention have a significant relationship, with life satisfaction partially mediating this relationship.	Indonesia and Vietnam	Heliyon
8	Sahertian & Jawas (2021)	The primary objective of the research is to analyze the influence of cultural values and ethnic backgrounds on leadership excellence among indigenous and non-indigenous leaders in Indonesia.	The study found that cultural values significantly influence leadership behaviors among both indigenous and non-indigenous leaders in Indonesia, shaping their constructs of leadership excellence. It was determined that Personal Qualities, Managerial Behavior, Organizational Demands, and Environmental Influences are critical dimensions for defining excellent leadership.	Indonesia	Heliyon
9	Kasim et al. (2022)	It aims to explore how social media overloads, induced by WhatsApp use, can lead to technostress and subsequently	The study found that WhatsApp usage at work mildly but statistically significantly influences information, communication, and social overload.	Malaysia	Behavioral Sciences

No.	Author	Research Objectives	Research Results	Research Location	Journal
		affect innovative job performance.			
10	Safa & Fernando (2024)	The primary objective of the research paper is to assess the impact of female board representation on the financial performance of companies in Southeast Asia.	The study finds that female board representation negatively impacts financial performance in Southeast Asia, contradicting Agency and Resource Dependence Theories.	Southeast Asia	International Journal of Finance & Banking
11	Phuong & Hai (2023)	The paper aims to assess Vietnam's participation in the global automotive value chain and fill a knowledge gap in global value chains (GVC) research methodologies.	Vietnam's localization rate is around 20-30%, significantly lower than that of regional competitors like Thailand and Indonesia. The country has been improving its export capabilities while limiting raw material imports for the automotive sector. The research highlights Vietnam's reliance on foreign inputs due to a weak domestic support industry.	Vietnam	Problems and Perspectives in Management
12	Ermawati & Soewarno (2024)	The primary objective of the research is to obtain empirical evidence on the effect of the sex diversity of the board of commissioners (SDBOC) on firm performance (FP) in manufacturing companies in Indonesia from 2017 to 2021	The study found that sex diversity on boards positively influences firm performance. The ethnic background of the chief commissioner moderates the relationship between sex diversity and firm performance.	Indonesia	Cogent Business and Management
13	Soe Tha & Aung S, (2022)	The research investigates factors impacting organizational performance in	The research found that continuous improvement significantly impacts competitive advantage, while transformational leadership positively affects	Myanmar	Aung Soe Tha

No.	Author	Research Objectives	Research Results	Research Location	Journal
		agriculture manufacturers in Yangon, Myanmar.	employee performance. The findings contribute to understanding the factors influencing organizational performance in the agricultural manufacturing sector.		
14	Perwitasari et al., 2022)	To analyze the effects of different ownership types, including family, government, and institutional ownership, on company performance amidst economic disruptions.	The study found that family and institutional ownership positively affected company performance during the COVID-19 pandemic. The research highlights the importance of shareholder identity in firm performance during shock events.	Indonesia	Journal of Risk and Financial Management

3. RESULTS AND DISCUSSIONS

3.1. Intellectual capital

Southeast Asian workers must have a high intellectual capital (IC) background because it significantly improves company performance. (Nguyen, 2024). Intellectuals that need to be possessed by ASEAN workers are digital competence. (Marlina et al., 2023) Moreover, information literacy increases productivity. In addition, having an entrepreneurial background and improving oneself by actively learning can significantly increase competitive advantage in the company (Rachman et al., 2024). Moreover, in ASEAN, the challenge is about advancing ASEAN economic growth, namely the workforce's ability to have high export performance to improve company performance (Phuong & Hai, 2023). The growth mindset toward empowerment, life satisfaction, and turnover intentions will improve their work, which will later improve company performance (Wahyuni et al., 2023). The background of the workforce, by still maintaining their cultural values, significantly affects behavior, especially leadership behavior. (Sahertian & Jawas, 2021). The background of employees needs to be considered by companies today, with intellectual capital that needs to adapt to the development of global conditions, which certainly also affects their behavior in utilizing social media (Kasim et al., 2022).

3.2. Worker gender

Gender equality in ASEAN is also still a challenge. Despite the existence of an Eastern culture that favors men over women, there is still skepticism about women's abilities. Companies need to pay attention to a work environment that can support gender equality. For example, in the post-pandemic era, hybrid work, namely with Flexible Work Arrangements (FWA), can increase the gender gap related to work and increase productivity. Female workers feel that flexible working will increase their job satisfaction because they can work flexibly. (Nayak et al., 2019). Despite the gap, with a gender background and equal representation of female boards, gender diversity positively impacts company performance (Ermawati & Soewarno, 2024; Sifa & Fernando, 2024).

3.3. Leadership

It is also necessary to consider maintaining employee backgrounds, and the work environment plays an important role in leadership to create a good environment that will improve company performance. The spirit of leadership needs to be considered, so the educational background of company leaders plays an important role (Liem, 2021). Leadership style also needs to be considered; transformational leadership positively affects employee performance. Leadership is

also influenced by family ownership and institutions, which positively impact the importance of shareholder identity in performance (Perwitasari et al., 2022). Leaders need to implement MeLA by transferring HR practices through diffusion and adaptation.

4. CONCLUSION

Employee background and work environment greatly influence employee performance. The background is related to intellectual capital, namely capital to develop in learning and keep up with the times by utilizing technology (social media) while still maintaining the values within themselves. This study's findings are related to leadership playing a role with a background of knowledge and gender that can influence the creation of a work environment, even with different employee backgrounds, with the role of leadership in increasing company performance. Knowing the background of employees, especially in this study, we see that there are employees of manufacturing companies. With the background of ASEAN employees, it can be a consideration to improve the performance of ASEAN companies, which are currently growing.

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