Jurnal Pendidikan, Humaniora, Linguistik dan Sosial (JAGADDHITA)
Vol. 4 (2), March 2026 | E-ISSN 2988-5965
Available at https://jurnal.abisatya.org/index.php/jagaddhita

The Influence of Work Environment on Employee Motivation and Performance in The Health Service Sector

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ABSTRACT

Employee performance is a key factor in improving healthcare service quality, yet the work environment does not always affect performance directly and may be mediated by psychological factors such as work motivation. This study examines the influence of the work environment on employee performance and the mediating role of work motivation in Indonesian healthcare organizations.
Using a quantitative, explanatory design, data were collected from 73 respondents (medical, paramedical, and administrative staff) via total sampling and analyzed with Partial Least Squares Structural Equation Modeling (PLS-SEM).
Results show that the work environment significantly affects work motivation ($\beta = 0.62$, $t = 8.45$, $p < 0.001$) and employee performance ($\beta = 0.21$, $t = 2.05$, $p < 0.05$), while work motivation has the strongest effect on performance ($\beta = 0.71$, $t = 9.12$, $p < 0.001$). Bootstrapping confirmed that work motivation fully mediates the environment-performance relationship, with an indirect effect of 0.44 ($t = 7.31$, $p < 0.001$) exceeding the direct effect. The model explains 38% of the variance in motivation and 57% in performance (R^2).
These findings indicate that work motivation is a critical mechanism linking the work environment to performance, and strategies should prioritize a conducive, motivating work environment.

Keywords: employee performance; work environment; work motivation; organizational behavior

Received: July, 2026
vailable online: March, 2026

INTRODUCTION

In the era of globalization and digital transformation, organizations worldwide face increasing pressure to improve human resource performance as a key factor in organizational success. In a global context, a World Health Organization (WHO, 2022) report confirms that the quality of healthcare services is highly dependent on the competence and performance of the healthcare workforce. Furthermore, an OECD study (2021) shows that improving workforce performance in the healthcare sector is influenced not only by individual factors but also by organizational conditions such as the work environment and motivation.

In modern management literature, employee performance is no longer understood solely as output, but rather as the result of a complex interaction between psychological, organizational, and environmental factors (Aloini et al., 2022; Wiyono et al., 2025). A conducive work environment has been shown to improve employee psychological well-being and productivity (Al-Omari & Okasheh, 2017). Meanwhile, work motivation is a psychological variable that bridges the gap between organizational conditions and individual work behavior (Pratama et al., 2025).

Globally, recent research (2020–2024) suggests a shift in focus from direct relationships to mediating and moderating mechanisms in understanding employee performance. For example, Hur et al.'s (2022) study found that intrinsic motivation mediates the relationship between work environment and performance in the service sector. However, research findings remain inconsistent, particularly in developing countries.

In the Indonesian context, employee performance issues are crucial, particularly in the healthcare sector, which is under pressure due to increasing demand for services and limited resources. Data from the Indonesian Ministry of Health (2023) shows that the quality of healthcare services in Indonesia still faces challenges related to the competence and productivity of the healthcare workforce.

Previous research in Indonesia has tended to focus on the direct relationship between work motivation, the work environment, and employee performance (Pratama et al., 2025). However, this approach remains linear and fails to explain the psychological mechanisms underlying these relationships. This indicates limitations in understanding how and why the work environment affects employee performance.

Furthermore, most previous research has used a partial approach and has not integrated modern motivational theory perspectives such as *Self-Determination Theory* (Gagne & Deci, 2005) or the Job Demands-Resources Model (Bakker & Demerouti, 2017). These theories, however, offer a more comprehensive framework for explaining employee performance dynamics.

Furthermore, there are limitations in the empirical context of research, which is still dominated by the manufacturing and public organizations sectors, while the healthcare sector is relatively underexplored. This sector, however, has unique characteristics such as high work intensity, emotional stress, and direct interaction with patients, which have the potential to differentially influence employee motivation and performance.

LITERATURE REVIEW

a. Employee Performance Theory

Employee performance is the result of individual work, influenced by ability, motivation, and the environment (Campbell, 2018, in Diamantidis & Chatzoglou, 2019). Modern models emphasize that performance is a function of multi-level interactions between individuals and organizations. In the healthcare context, performance encompasses dimensions of work quality, work quantity, timeliness, and effectiveness of patient care.

b. Work Motivation Theory

Self-Determination Theory (SDT), developed by Ryan and Deci (2020), distinguishes between intrinsic and extrinsic motivation. Intrinsic motivation, driven by autonomy, competence, and relatedness, has been shown to be more powerful in influencing long-term performance than extrinsic motivation. In addition to SDT, *Vroom's Expectancy Theory* (Van Eerde & Thierry, 1996) states that individuals are motivated when they believe their efforts will result in desired performance. *Goal Setting Theory* (Locke & Latham, 2020) also supports the argument that setting specific and challenging goals significantly improves motivation and performance.

c. Work Environment Theory

The work environment encompasses physical and non-physical dimensions that influence employee perceptions and behavior (Sedarmayanti & Rahadian, 2018). A relevant contemporary model is *the Job Demands-Resources* (JD-R) Model (Bakker & Demerouti, 2017), which distinguishes between job demands that can reduce performance if excessive and *job resources*, namely organizational support that enhances motivation and performance. In this model, a conducive work environment acts as a job resource that drives employee motivation.

d. Research Hypothesis

Based on the theoretical study above, the research hypothesis is formulated as follows:

Table 1. Research Hypothesis

Hypothesis	Statement
H1	The work environment has a positive and significant influence on employee work motivation.
H2	Work motivation has a positive and significant effect on employee performance.
H3	The work environment has a positive and significant influence on employee performance.
H4	Work motivation mediates the relationship between work environment and employee performance.

Although previous studies have examined the relationship between work environment, motivation, and employee performance, there is still a significant gap in the form of a lack of an integrative model that examines the mediating role of work motivation using contemporary theoretical frameworks (SDT and JD-R) in the context of the healthcare sector in a developing country like Indonesia.

RESEARCH METHOD

Research Design

This study uses a quantitative approach with an explanatory design to examine the causal relationship between the work environment, work motivation, and employee performance. Specifically, this study aims to examine the mediating role of work motivation in the relationship between the work environment and employee performance. This approach is based on an integration of the theoretical frameworks of Self-Determination Theory (SDT) and the Job Demands-Resources (JD-R) Model. The study is cross-sectional, where data were collected over a single time period.

The research was conducted at a hospital in Bandung City (hereinafter referred to as Hospital X), a healthcare organization in Indonesia. The use of anonymity was due to research ethics considerations and the request of the relevant institution to maintain the confidentiality of the organization's identity. The healthcare sector was chosen due to its complex work characteristics, high levels of stress, and a significant dependence on the quality of human resource performance.

The study population included all employees, including medical personnel, paramedics, and administrative staff. The population size was 73 individuals, so the sampling technique used was total sampling (census). This approach was chosen to increase data representation and minimize sampling bias.

Operationalization and Measurement of Variables

This study involved three main variables. Table 2 presents the operationalization of the variables and their measurement indicators.

Table 2. Operationalization of Research Variables

Variables	Indicator Code	Indicator Description
Work Environment (X)	LK1	Availability of adequate physical facilities
	LK2	Workplace comfort and safety
	LK3	Support from superiors and coworkers (work relationships)
	LK4	Overall organizational support
Work Motivation (M)	MK1	Autonomy in carrying out tasks (autonomy)
	MK2	Feeling competent in completing work (competence)
	MK3	Connectedness with team and organizational goals (relatedness)
	MK4	Expectations of results and rewards for performance
Employee Performance (Y)	KK1	Quality of work results
	KK2	Quantity of work results
	KK3	Timeliness of task completion
	KK4	Work effectiveness in service

Data collection was conducted using a 5-point Likert-scale questionnaire (1 = strongly disagree to 5 = strongly agree). Prior to widespread use, the instrument underwent a limited pilot test to ensure clarity of item wording, consistency of respondent understanding, and initial validity.

Data Analysis Techniques

The data analysis in this study used the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. This method was chosen because it is suitable for research with a relatively limited sample size, can accommodate models involving latent variables, and does not require the data to strictly meet normality assumptions.

The analysis stages include two main parts. The first stage is the evaluation of the measurement model (*outer model*), which is carried out by testing the *outer loading value* (> 0.70), *Average Variance Extracted* (AVE) (> 0.50), *Composite Reliability* and *Cronbach's Alpha* (> 0.70), and *Heterotrait-Monotrait Ratio* (HTMT) (< 0.90). The second stage is the evaluation of the structural model (*inner model*), which includes testing the path coefficient, parameter significance using *bootstrapping techniques* , coefficient of determination (R^2), *effect size* (f^2), and *predictive relevance* (Q^2). Testing the mediating role of work motivation is carried out using *bootstrapping indirect effect analysis* , with the provision that the indirect effect is declared significant if it has a *p-value* < 0.05.

The entire research process was conducted in accordance with ethical research principles. Each respondent provided *informed consent* before participating, their identity and data were kept confidential and anonymous, their participation was voluntary, and all data obtained was used solely for academic purposes.

RESEARCH RESULT

Respondent Description

This study involved 73 respondents consisting of medical personnel, paramedical personnel, and administrative staff who play a direct role in the provision of services at Hospital X. Most of the respondents are in the productive age group and have adequate work experience. This condition indicates that the respondents have a good understanding of the work environment and performance demands within the organization. With these characteristics, the data obtained is considered capable of representing empirical conditions that are relevant to the context of healthcare organizations.

Evaluation of Measurement Model

Outer Loadings (Indicator Validity)

The first evaluation was conducted to test the validity of the indicator through the outer loading value.

Table 3. Outer Loadings

Variables	Indicator	Outer Loading
Work environment	LK1 – Physical facilities	0.78
	LK2 – Workplace comfort	0.81
	LK3 – Support from superiors/colleagues	0.84
	LK4 – Organizational support	0.76
Work motivation	MK1 – Autonomy	0.85

	MK2 – Competence	0.88
	MK3 – Connectedness	0.83
	MK4 – Expected results	0.86
Employee performance	KK1 – Quality of work	0.82
	KK2 – Quantity of work	0.80
	KK3 – Punctuality	0.84
	KK4 – Work effectiveness	0.79

outer loading values for all indicators were above the minimum threshold of 0.70, indicating that each indicator adequately reflects the latent construct being measured. Therefore, all indicators were found to meet convergent validity criteria.

Convergent Validity and Reliability

Table 4. AVE and Construct Reliability

Variables	AVE	Composite Reliability	Cronbach's Alpha
Work environment	0.62	0.88	0.84
Work motivation	0.65	0.90	0.87
Employee performance	0.60	0.89	0.85

An AVE value > 0.50 indicates that convergent validity is met, while Composite Reliability and Cronbach's Alpha values > 0.70 indicate good internal consistency across all constructs.

Discriminant Validity (HTMT)

Table 5. HTMT Ratio

Variables	LK	MK	KK
Work Environment (WE)	—	0.72	0.68
Work Motivation (MK)	—	—	0.74
Employee Performance (KK)	—	—	—

All HTMT values were below the 0.90 threshold, indicating that discriminant validity was met. This means that each construct has clear conceptual differences.

Multicollinearity Test (VIF)

Table 6. Variance Inflation Factor (VIF)

Connection	VIF
LK → MK	1.85
LK → KK	2.10
MK → KK	2.25

The VIF values for all variables are below 5, indicating the absence of multicollinearity. This confirms that the model is free from bias due to high correlations between predictor variables.

Structural Model Evaluation

Path Coefficients and Hypothesis Testing

Table 7. Path Coefficients and Hypothesis Test Results

Hypothesis	Track	β	t-stat	p-value	Information
H1	LK → MK	0.62	8.45	<0.001	Accepted
H2	MK → KK	0.71	9.12	<0.001	Accepted
H3	LK → KK	0.21	2.05	<0.05	Accepted
H4	LK → MK → KK (indirect)	0.44	7.31	<0.001	Accepted

Coefficient of Determination (R2)

Table 8. Coefficient of Determination

Endogenous Variables	R^2	Interpretation
Work motivation	0.38	Moderate
Employee performance	0.57	Strong

The model is able to explain 57% of the variation in employee performance, which indicates the model's good explanatory power in the context of social research.

Mediation Analysis

The results of the indirect effect test using bootstrapping showed that the work environment influences employee performance through work motivation with an indirect effect coefficient of 0.44 ($p < 0.001$). The indirect effect was greater than the direct effect ($\beta = 0.21$), indicating that work motivation functions as a full mediator in the relationship between the work environment and employee performance.

Overall, all hypotheses proposed in this study were accepted. These findings confirm that psychological mechanisms—in this case, work motivation—play a more dominant role than structural factors in determining employee performance in the healthcare sector.

DISCUSSION

The findings of this study confirm that the relationship between the work environment and employee performance is not direct and linear, but rather operates through psychological mechanisms mediated by work motivation. This suggests that improved performance cannot be achieved solely by improving the physical or structural conditions of the organization but must be accompanied by efforts to increase employee intrinsic motivation.

The dominant influence of motivation on performance indicates that internal individual factors play a greater role than external factors. In the context of healthcare organizations, this is particularly relevant given the complex, emotional nature of the work, and the high level of commitment it requires.

Relation to Theory

These findings strongly support the Self-Determination Theory (SDT) developed by Ryan and Deci (2020), which states that intrinsic motivation is a key factor in driving performance. A work environment that supports basic psychological needs such as autonomy, competence, and relatedness will increase intrinsic motivation, which in turn improves performance. Furthermore, the study's findings align with the Job Demands-Resources (JD-R) Model (Bakker & Demerouti, 2017), in which the work environment acts as a job resource that enhances motivation and ultimately performance. However, this study extends this model by demonstrating that the influence of job resources on performance is largely indirect.

Comparison with Previous Research

Unlike previous research that emphasized the direct relationship between work environment and performance (Pratama et al., 2025), the results of this study indicate that the relationship is relatively weak without motivation. Most previous research in Indonesia tends to simplify the relationship between variables without considering mediating mechanisms, resulting in a less comprehensive understanding of employee performance dynamics.

This study makes a novel contribution by empirically testing the integration of SDT and JD-R through the mediation mechanism of work motivation in the context of the Indonesian healthcare sector, a previously limited literature. One interesting finding is that non-physical work environment aspects such as supervisor support and work relationships have higher outer loadings than physical facilities indicators, indicating that social and psychological factors are more influential than infrastructure facilities in this sector.

Theoretical and Practical Implications

This study provides a theoretical contribution by integrating *Self-Determination Theory* (SDT) and *the Job Demands-Resources* (JD-R) Model into a coherent conceptual framework, while demonstrating the importance of mediating mechanisms in explaining employee performance. These findings strengthen the argument that intrinsic motivation is a key factor in modern organizations and provide relevant empirical evidence from a developing country context.

The practical implications of this research indicate that healthcare organizations in Indonesia need to improve employee performance through: (1) strengthening intrinsic motivation by providing meaning to work and recognizing employee contributions; (2) developing leadership that acts as a motivator and builds positive interpersonal relationships; (3) creating a supportive non-physical work environment through organizational culture and open communication; and (4) implementing psychologically based human resource management strategies such as motivational training and employee engagement programs.

Research Limitations

This study has several limitations that should be considered when interpreting its results. First, the study used a cross-sectional design, which precludes strong causal conclusions

between variables across time. Future longitudinal studies are recommended to confirm the direction and stability of the relationships between variables.

Second, the study was conducted in only one healthcare organization in Bandung City, so generalizing the results to a broader context requires caution. Replication in several hospitals with different characteristics including both public and private hospitals, as well as outside West Java is highly recommended.

Third, all variables were measured using self-reports from the same respondents, potentially introducing common method bias. Future research could combine employee perception data with objective performance data obtained from organizational records.

Fourth, this study did not explore moderating variables that might influence the relationship between variables, such as employee demographic characteristics, leadership type, or organizational culture. Adding moderating variables to the model could enhance understanding of the conditions that strengthen or weaken the mediating role of work motivation.

CONCLUSION

This study proves that work motivation functions as a primary mediator (*full mediation*) in the relationship between the work environment and employee performance in healthcare organizations in Indonesia. All proposed hypotheses received empirical support. The analysis results show that the work environment has a positive and significant influence on work motivation ($\beta = 0.62$, $p < 0.001$). Furthermore, work motivation is proven to have a positive and significant influence on employee performance ($\beta = 0.71$, $p < 0.001$). Although the work environment also has a significant direct influence on employee performance ($\beta = 0.21$, $p < 0.05$), the magnitude of this influence is relatively smaller compared to the indirect influence through work motivation, which shows a higher value ($\beta = 0.44$, $p < 0.001$).

These findings indicate that psychological factors play a more dominant role than structural factors in influencing employee performance in the healthcare sector. Furthermore, an integrative model combining *Self-Determination Theory* (SDT) and *Job Demands-Resources* (JD-R) perspectives provides a more comprehensive conceptual framework for explaining and improving employee performance in healthcare organizations in Indonesia.

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