



The Role of Job Satisfaction in Linking Work Environment and Motivation to Employee Performance: Evidence from an Electrical and Mechanical Contracting Company

ABSTRACT

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Numerous studies have examined the relationships among work environment, work motivation, job satisfaction, and employee performance, empirical findings remain inconsistent, particularly regarding the mediating role of job satisfaction. Moreover, research focusing on electro-mechanical contracting companies operating in project-based and high-risk environments remains limited. This study aims to analyze the influence of work environment and work motivation on employee performance, with job satisfaction as a mediating variable. The research was conducted at PT. XXX involving 41 employees using a saturated sampling technique. Data were analyzed using Structural Equation Modeling, Partial Least Squares (SEM-PLS) with bootstrapping to examine direct and indirect effects. The results indicate that work environment and work motivation significantly influence job satisfaction, and job satisfaction partially mediates their relationship with employee performance. However, the direct effects remain significant, suggesting complementary rather than full mediation. The findings reveal that in project-based organizational contexts, employee performance is shaped not only by psychological satisfaction but also by structural and operational demands. Theoretically, this study extends Herzberg's Two-Factor Theory and is further supported by Self-Determination Theory by demonstrating that satisfaction functions as a psychological transmission mechanism rather than the sole determinant of performance. Practically, the findings highlight the importance of simultaneously strengthening structural work systems and motivational strategies to enhance employee performance.

Keywords: Employee Performance; Job Satisfaction; Work Environment; Work Motivation; Herzberg's Two-Factor Theory; Mediation Analysis

| Submitted October 13 2025 | Reviewed Jan 01 2026 | Revised March 11 2026 | Accepted March 15 2026
| DOI: <http://dx.doi.org/10.18860/mec-j.v10i1.36895>

INTRODUCTION

In today's increasingly competitive business environment, employees are regarded as valuable assets of an organization, as their performance and skills directly influence organizational success. Becker (1998) asserted high-quality human resources can provide a sustainable competitive advantage. This view is supported by Antoni and Asri

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(2022), who emphasized employee performance plays a crucial role in achieving organizational goals, particularly in relation to competitive advantage and operational efficiency. Competent and experienced employees not only enhance productivity but also drive innovation strengthens a company's competitiveness.

Optimal employee performance contributes to the achievement of a company's strategic objectives, including improved efficiency, profitability, and customer satisfaction (Pradhan & Jena, 2017). Furthermore, employee engagement significantly affects organizational success, as higher engagement levels are directly associated with improved performance (Harter et al., 2002). Conversely, poor performance can have negative consequences, such as decreased productivity, project delays, increased operational costs, and lower morale (Schultz & Schultz, 2020; Ghozali et al., 2019).

Organizations view employees as valuable assets tend to invest in human resource development through training, career development programs, and welfare improvement. Cascio (2006) stated investment in human capital yields substantial returns in the form of enhanced performance and loyalty. Pradhan and Shrestha (2021) also emphasized training and career planning can increase employee engagement. However, many organizations continue to experience high turnover rates due to job dissatisfaction, which often arises from poor work environments, lack of managerial support, inadequate compensation, and job stress (Al-Suraihi et al., 2021; Griffeth et al., 2000).

Employee performance is influenced by several factors, including work environment, motivation, and job satisfaction. A conducive physical and social work environment has been shown to enhance both productivity and employee well-being (Spector, 1997). A positive organizational culture fosters innovation and high performance, while harmonious workplace relationships contribute to increased satisfaction and performance (Izzata et al., 2021). Although many studies report a positive effect of the work environment on employee performance, several findings indicate that this relationship may become non-significant when mediated by certain psychological factors. For example, Nguyen and Nguyen (2022) found that the work environment does not directly enhance performance but operates through mediating variables such as work engagement or organizational commitment. This suggests that the relationship between the work environment and employee performance may be indirect and context-dependent.

Work motivation, both intrinsic and extrinsic, also plays a major role in driving employee performance. Deci and Ryan (2000) explained intrinsic motivation stems from personal fulfillment, whereas extrinsic motivation arises from external rewards such as salary or recognition. Herzberg (1966) emphasized motivational factors, such as achievement and recognition can enhance both job satisfaction and motivation. Furthermore, studies by Wahyuni et al. (2022) and Kiki and Yani (2024) found both intrinsic and extrinsic motivation positively affect employee performance. However, Hidayat (2021) found that

work motivation did not have a significant effect on performance, while other organizational factors demonstrated stronger explanatory power. This finding suggests that the relationship between work motivation and employee performance is not universally consistent and may depend on organizational characteristics and structural conditions.

Job satisfaction itself is a crucial variable closely related to performance. Locke (1976) defined job satisfaction as a positive emotional state toward one's job influences workplace behavior. Judge and Bono (2001) identified a significant positive relationship between job satisfaction and employee performance. Recent studies also suggest job satisfaction functions as an intervening variable mediating the relationship between work environment, motivation, and employee performance (Iskandar et al., 2024). Nevertheless, job dissatisfaction often arises from limited communication, lack of managerial support, and insufficient opportunities for self-development. However, Afriana et al (2026) reported that job satisfaction did not have a significant partial effect on employee performance. This finding suggests that although job satisfaction is theoretically considered an important determinant of performance, its impact is not always consistent and may depend on other organizational factors.

Although numerous studies have examined the influence of work environment, work motivation, and job satisfaction on employee performance, empirical findings remain inconsistent, particularly regarding the relationship between job satisfaction and employee performance. Some studies report that job satisfaction significantly enhances performance, while others indicate that its effect is weak or even insignificant. These inconsistencies suggest that the job satisfaction–performance relationship is not universally robust but may depend on organizational characteristics and prevailing work systems. Furthermore, most prior research has been conducted in manufacturing, banking, or public service sectors, leaving electro-mechanical contracting companies relatively underexplored. In fact, this sector is characterized by high technical complexity, elevated operational risks, project-based work systems, and intensive coordination demands, all of which may shape employee satisfaction and performance dynamics differently compared to more stable organizational environments.

These inconsistencies may arise from differences in organizational structures, performance control systems, and the nature of work processes across industries. In highly structured and target-driven environments, employee performance may be influenced more by formal control mechanisms and project deadlines than by affective conditions such as job satisfaction. Consequently, findings obtained from stable operational sectors may not be directly generalizable to project-based industries. Therefore, retesting the relationships among work environment, work motivation, job satisfaction, and employee performance within an electro-mechanical contracting context is necessary to clarify whether the previously reported inconsistencies persist under high-risk and project-oriented working conditions.

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In this context, a more focused investigation is required to re-examine the relationships among work environment, work motivation, job satisfaction, and employee performance within electro-mechanical contracting companies. PT. XXX, a construction implementation company affiliated with the Indonesian Electrical and Mechanical Contractors Association (AKLI), operates in a project-based environment that demands high professional standards and consistent performance outcomes. Such organizational conditions provide a relevant setting to analyze how work environment and motivation interact through job satisfaction in influencing employee performance.

Therefore, this study aims to analyze the influence of work environment and work motivation on job satisfaction and its impact on employee performance within electro-mechanical contracting companies. Theoretically, this research contributes to the enrichment of Herzberg's Two-Factor Theory by re-evaluating the roles of hygiene factors and motivators in a technically complex and project-driven industrial context characterized by high work pressure and operational risk. Practically, the findings are expected to provide managerial insights for developing more effective performance improvement strategies through the enhancement of structural work conditions and structured motivational systems. The uniqueness of this study lies in its focus on an electro-mechanical contracting company, a sector that remains underrepresented in prior research, and in its re-examination of the job satisfaction–performance linkage within a high-risk, project-based organizational environment.

LITERATURE REVIEW

Herzberg's Two-Factor Theory

Herzberg's Two-Factor Theory explains job satisfaction and dissatisfaction are influenced by two groups of factors: hygiene factors and motivators (Herzberg, 1966). Hygiene factors include working conditions, salary, interpersonal relationships, and company policies. These factors do not directly increase satisfaction, but their absence may lead to dissatisfaction. In the context of this study, such aspects are reflected in the work environment variable. Meanwhile, motivators are related to achievement, recognition, responsibility, and opportunities for career development. These factors enhance job satisfaction and are represented in the work motivation variable. Therefore, Herzberg's theory emphasizes a supportive work environment helps prevent dissatisfaction, strong motivation increases satisfaction, and job satisfaction itself can drive improved employee performance.

Social Exchange Theory

Social Exchange Theory (Blau, 1964) explains that relationships within organizations are based on reciprocal exchanges. When employees perceive supportive work environments, fair treatment, and recognition, they tend to reciprocate through positive attitudes and behaviors, including job satisfaction and improved performance

(Cropanzano & Mitchell, 2005). In this study, work environment and motivation represent organizational inputs, while job satisfaction reflects the attitudinal response that precedes performance. Thus, job satisfaction is conceptually positioned as a mediating mechanism through which organizational support translates into employee performance.

Self-Determination Theory

Self-Determination Theory (Deci & Ryan, 2000) posits that employee motivation is shaped by the fulfillment of psychological needs for autonomy, competence, and relatedness. When these needs are satisfied, employees experience stronger intrinsic motivation, higher job satisfaction, and better performance (Van den Broeck et al., 2021). In this framework, work motivation influences performance indirectly through job satisfaction as an affective outcome of psychological need fulfillment.

By integrating Herzberg's Two-Factor Theory with Social Exchange Theory and Self-Determination Theory, this study develops a coherent theoretical foundation in which environmental and motivational factors influence employees' psychological states (job satisfaction), which subsequently drive performance behavior

Work Environment and Employee Performance

The work environment, both physical and non-physical, plays a vital role in determining employee productivity and well-being. Spector (1997) found a conducive work environment can enhance job satisfaction, which in turn positively affects performance. Additionally, a strong organizational culture can create a work climate supports innovation and high performance. Research by Salakory et al. (2022) also demonstrated a positive work environment, combined with organizational justice, has a significant impact on employee performance, with job satisfaction acting as a mediating variable.

Rather than merely demonstrating direct effects, previous research suggests that the work environment primarily influences performance through attitudinal mechanisms. From a Social Exchange perspective, employees who perceive fairness, safety, and organizational support tend to reciprocate through increased commitment and higher performance. Similarly, Self-Determination Theory suggests that supportive work environments satisfy psychological needs, which first enhance satisfaction before influencing performance behavior. This theoretical synthesis indicates that job satisfaction logically functions as a mediating variable because it represents the internal evaluative response to environmental conditions before behavioral outcomes emerge.

Work Motivation and Employee Performance

Motivation serves as a driving force directs employee behavior toward achieving organizational goals. Deci & Ryan (2000) distinguished between intrinsic motivation (driven by internal factors such as personal fulfillment) and extrinsic motivation (driven

by external factors such as compensation and recognition). The study by Wahyuni et al. (2022) showed both types of motivation influence employee performance. Similarly, Kiki & Yani (2024) found high work motivation leads to better employee performance. In line with Herzberg's theory, strong motivation encourages employees to perform optimally and contribute to organizational performance.

However, research grounded in Self-Determination Theory emphasizes that autonomous (intrinsic) motivation affects performance primarily through positive attitudinal states, including job satisfaction. Employees who experience meaningful work and recognition develop higher satisfaction, which subsequently fosters discretionary effort and sustained performance. From a theoretical standpoint, motivation is conceptualized as an antecedent variable, satisfaction as an attitudinal mediator, and performance as a behavioral outcome. This causal ordering strengthens the argument that job satisfaction mediates—not moderates—the motivation–performance relationship. A moderator would imply conditional influence, whereas this study conceptualizes satisfaction as a psychological transmission mechanism.

Job Satisfaction

Job satisfaction refers to an individual's positive feelings toward their work, influenced by environmental and motivational factors (Locke, 1976). Judge & Bono (2001) found a significant positive relationship between job satisfaction and employee performance. Fikri et al. (2018) and Nugraha et al. (2021) further emphasized job satisfaction can serve as a mediating variable linking organizational factors, such as compensation and performance appraisal to employee performance. Another study by Yansyah & Damai (2022) highlighted the role of organizational culture in enhancing performance through job satisfaction, while Purnamiati (2024) demonstrated job satisfaction mediates the relationship between leadership style, motivation, and employee performance.

The positioning of job satisfaction as a mediator is theoretically justified because satisfaction represents an evaluative and affective response that emerges after employees assess their work environment and motivational conditions. According to Social Exchange Theory, organizational support generates positive attitudes before behavioral reciprocation occurs. Likewise, Self-Determination Theory suggests psychological need fulfillment enhances satisfaction, which then stimulates performance behavior. Therefore, satisfaction operates as a mechanism that transmits the effects of antecedent variables (work environment and motivation) to performance outcomes. This conceptualization differs from a moderating role, which would imply that satisfaction changes the strength of relationships rather than explains the process linking them.

Hypothesis Development

Work Environment and Job Satisfaction

According to Herzberg's Two-Factor Theory, hygiene factors such as physical and social conditions in the workplace play a role in preventing job dissatisfaction (Herzberg, 1966). A conducive work environment can foster a supportive atmosphere enhances employee productivity and well-being. Spector (1997) found a positive work environment increases employee satisfaction. Similarly, the study by Salakory et al. (2022) revealed work environment positively influences both job satisfaction and employee performance. Van den Broeck et al. (2021), through a meta-analysis grounded in self-determination theory, found that work environments supporting employees' autonomy, competence, and relatedness significantly increase motivation and job satisfaction. Nguyen and Nguyen (2022) further reported that workplace quality positively influences employee engagement and performance. Integrating Social Exchange Theory (Blau, 1964; Cropanzano & Mitchell, 2005), supportive environmental conditions are perceived as organizational support that employees reciprocate through positive attitudinal responses. Self-Determination Theory further explains that environments fulfilling autonomy and competence needs enhance satisfaction as an internal evaluation. Therefore, work environment is theoretically expected to significantly influence job satisfaction.

H1: Work environment affects job satisfaction.

Work Motivation and Job Satisfaction

Motivation is a key driving factor in achieving job satisfaction. Herzberg (1966) emphasized motivational factors such as achievement, recognition, and responsibility enhance job satisfaction. Wahyuni et al. (2022) found both intrinsic and extrinsic motivation contribute to performance through satisfaction. Likewise, Munawirsyah (2021) demonstrated work motivation positively affects both job satisfaction and performance. Van den Broeck et al. (2021), through a comprehensive meta-analysis, found that autonomous motivation is positively and significantly associated with job satisfaction across various organizational contexts. Employees driven by intrinsic motivation consistently report higher levels of job satisfaction compared to those primarily motivated by external pressures. Howard et al. (2020) further demonstrated that intrinsic motivation shows a stronger correlation with job satisfaction than controlled forms of extrinsic motivation. Similarly, Olafsen et al. (2021) found that organizational support for employees' psychological needs increases intrinsic motivation, which subsequently enhances job satisfaction. From a Self-Determination Theory perspective, autonomous motivation satisfies employees' psychological needs, which leads to higher job satisfaction as an affective outcome. Thus, motivation operates as an antecedent that shapes satisfaction before influencing behavioral performance.

H2: Work motivation affects job satisfaction

Job Satisfaction and Employee Performance

Job satisfaction is one of the key determinants of employee performance. Locke (1976) defined job satisfaction as a positive emotional state toward one's job influences workplace behavior. Judge & Bono (2001) identified a significant positive relationship between job satisfaction and employee performance. Findings from Nugraha et al. (2021) and Fikri et al. (2018) also support the notion job satisfaction can enhance employee performance. Inuwa (2020) found that employees with higher job satisfaction demonstrate significantly better job performance across organizational settings. Likewise, Miao et al. (2020) reported that job satisfaction positively influences employee performance, particularly in high-performance work systems. Furthermore, Nguyen and Nguyen (2022) showed that job satisfaction directly enhances employee productivity and overall organizational performance. Theoretically, Social Exchange Theory explains that satisfied employees reciprocate favorable work experiences with greater effort and productivity, while Self-Determination Theory links satisfaction to sustained intrinsic engagement. Therefore, job satisfaction functions as a proximal attitudinal predictor of employee performance.

H3: Job satisfaction affects employee performance.

Work Environment on Employee Performance Through Job Satisfaction

A good work environment not only creates comfort but also enhances job satisfaction, which in turn influences employee performance (Spector, 1997). Salakory et al. (2022) found job satisfaction mediates the relationship between work environment and employee performance. This indicates job satisfaction serves as an important bridge between work environment and performance. Yang et al. (2024) showed that psychological well-being and job satisfaction mediate the relationship between positive workplace practices and job performance. Moreover, Wojtczuk-Turek (2024) reviewed international evidence and concluded that HR/sustainability practices that improve work environment consistently lead to better performance through job satisfaction. Theoretically, Social Exchange Theory and Self-Determination Theory suggest a sequential mechanism: organizational support through a positive work environment enhances satisfaction as an attitudinal response, which then leads to improved performance behavior. Job satisfaction is therefore positioned as a mediating mechanism explaining how environmental conditions translate into performance outcomes.

H4: Work environment affects employee performance through job satisfaction.

Work Motivation on Employee Performance through Job Satisfaction

According to Herzberg (1966), high motivation can improve job satisfaction, which subsequently influences employee performance. Studies by Purnamiati (2024) and Yansyah & Damai (2022) confirmed job satisfaction mediates the relationship between motivation and employee performance. This suggests job satisfaction acts as an intervening variable strengthens the relationship between motivation and performance. Recent empirical studies support this mediating mechanism. Li et al. (2022) found that autonomous work motivation significantly increases job satisfaction, which in turn enhances employee performance. Similarly, Aboramadan et al. (2021) reported that motivation improves performance through job satisfaction as a mediating variable in organizational settings. In addition, Cerasoli et al. (2021) demonstrated that intrinsic motivation strengthens work outcomes indirectly through positive attitudinal states such as job satisfaction. From a theoretical standpoint, motivation fulfills psychological needs (Herzberg; SDT), which generates satisfaction as an internal evaluative state. Social Exchange Theory further explains that satisfied employees reciprocate this positive state through enhanced performance. Thus, job satisfaction functions as a transmission mechanism linking motivation to employee performance.

H5: Work motivation positively affects employee performance through job satisfaction

The conceptual relationship among the variables to be examined is presented in Figure 1.

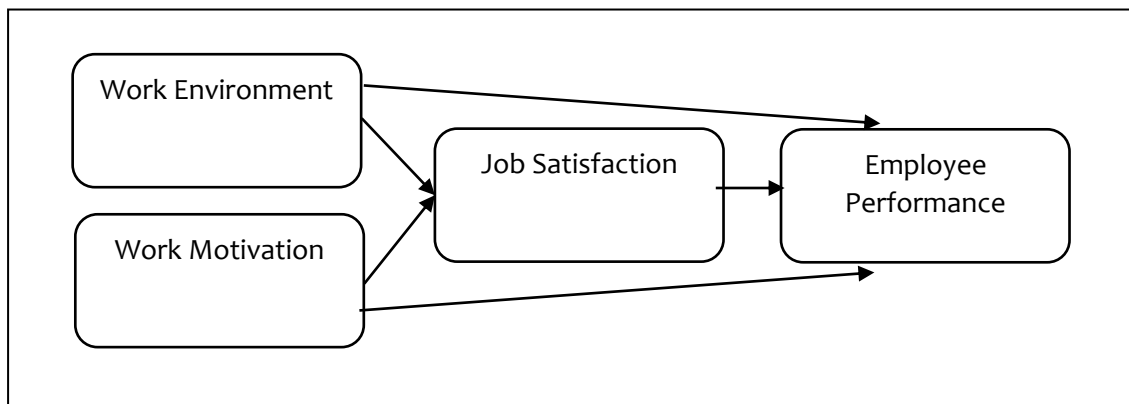


Figure 1. Proposed Conceptual Framework
Source: Developed by the authors (2025)

METHODOLOGY

This study employs a quantitative approach using an explanatory research method to analyze the influence of work environment and work motivation on employee performance, with job satisfaction serving as an intervening variable. The research was conducted at PT. XXX, an electro-mechanical contracting company located in Balikpapan City. The population consisted of all employees of the company, and a saturated sampling technique was applied, meaning that all members of the population were

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included as respondents. A total of 41 employees participated in this study. All distributed questionnaires were returned and deemed valid for analysis, resulting in a 100% response rate. The sample size met the minimum requirements for SEM-PLS analysis based on the minimum sample size rule, considering the maximum number of structural paths directed at a single endogenous construct.

Data were collected using a structured questionnaire with a five-point (1-5) Likert scale to measure respondents' perceptions of work environment, work motivation, job satisfaction, and employee performance. The research instruments were adapted from previously validated scales. The work environment construct was derived from established measures of physical and non-physical working conditions, work motivation was based on the Self-Determination Theory framework, job satisfaction referred to classical job satisfaction constructs, and employee performance was measured using widely recognized individual performance indicators in human resource management research. The adaptation process was conducted by adjusting the instruments to the organizational context without altering their conceptual meaning.

Data analysis was conducted using Structural Equation Modeling, Partial Least Squares (SEM-PLS) with the assistance of SmartPLS 3.0 software. SEM-PLS was selected not only due to the relatively small sample size, but also because it is prediction-oriented and aligns with the study's objective of examining the predictive influence of work environment and work motivation on job satisfaction and its subsequent impact on employee performance. Furthermore, SEM-PLS is capable of handling complex structural models involving multiple latent constructs and mediation relationships simultaneously, does not require strict normality assumptions, and is suitable for theory development and testing in relatively underexplored research contexts such as electro-mechanical contracting companies.

The measurement model was evaluated through reliability and validity testing. Cronbach's Alpha and Composite Reliability (CR) values exceeded the recommended threshold of 0.70, and the Average Variance Extracted (AVE) values were above 0.50, indicating adequate internal consistency and convergent validity. Discriminant validity was confirmed using the HTMT criterion with values below 0.90. The structural model was assessed using R^2 , effect size (f^2), and Variance Inflation Factor (VIF). The R^2 values for Job Satisfaction and Employee Performance indicate moderate to substantial explanatory power of the model. Effect size (f^2) analysis shows small to medium effects of exogenous constructs on endogenous variables. VIF values were below the threshold of 5, indicating no multicollinearity issues in the model.

RESULTS

According to Hair et al. (2017), convergent validity can be assessed through the loading factor (outer loading), which represents the correlation between each indicator and its corresponding construct. The criterion for convergent validity requires an outer loading

value greater than 0.70, while the Average Variance Extracted (AVE) should be at least 0.50. The results of the Convergent Validity test are presented at Table 1.

According to Table 1, all variable indicators, namely Work Environment, Work Motivation, Job Satisfaction, and Employee Performance, have loading factor values greater than 0.70. This indicates all indicators are valid in measuring their respective latent variables. Furthermore, the Average Variance Extracted (AVE) values for each variable also meet the convergent validity criterion, as they are all above 0.50. Therefore, the data can be considered valid and suitable for further analysis (Hair et al., 2017).

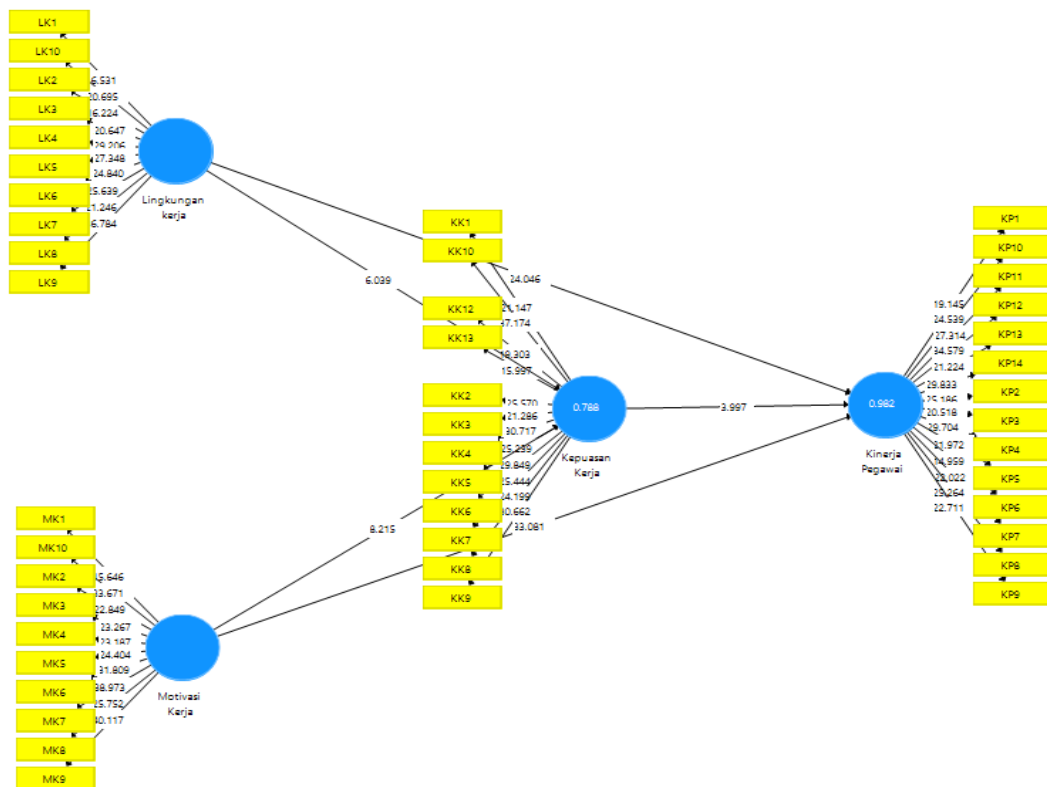


Figure 2. Model Structural (Inner Model)
Source: Developed by the authors (2025)

The results of the PLS Bootstrapping Model are presented (Figure 2). The bootstrapping procedure is conducted to assess the significance of the relationships among variables. This procedure utilizes all original samples to perform repeated resampling. The analysis was carried out to test the proposed hypotheses and to obtain empirical evidence regarding the relationships were hypothesized in this study.

Table 1. Results of Loading Factor and AVE Values

Construct	Indicator	Loading Factor	AVE	Remarks
Work Environment (X1)	LK1	0.691	0.612	VALID
	LK10	0.764		
	LK2	0.739		
	LK3	0.748		
	LK4	0.816		
	LK5	0.829		
	LK6	0.812		
	LK7	0.773		
	LK8	0.800		
	LK9	0.838		
Work Motivation (X2)	MK1	0.691	0.618	VALID
	MK10	0.804		
	MK2	0.766		
	MK3	0.785		
	MK4	0.750		
	MK5	0.781		
	MK6	0.828		
	MK7	0.837		
	MK8	0.782		
Job Satisfaction (Z)	KK1	0.730	0.626	VALID
	KK10	0.854		
	KK12	0.761		
	KK13	0.717		
	KK2	0.800		
	KK3	0.760		
	KK4	0.807		
	KK5	0.795		
	KK6	0.805		
	KK7	0.800		
	KK8	0.815		
	KK9	0.833		

Source: Data processed (2025)

Table 1. Results of Loading Factor and AVE Values

Construct	Indicator	Loading Factor	AVE	Remarks
Employee Performance (Y)	KP1	0.756	0.599	VALID
	KP10	0.786		
	KP11	0.788		
	KP12	0.820		
	KP13	0.739		
	KP14	0.777		
	KP2	0.781		
	KP3	0.780		
	KP4	0.812		
	KP5	0.786		
	KP6	0.673		
	KP7	0.766		
	KP8	0.809		
	KP9	0.750		

Source: Data processed (2025)

Hypothesis Testing

Direct Effects

The hypothesis testing was conducted using a one-tailed approach. If the t-statistic value > 1.645 and the p-value < 0.05 , it can be concluded the relationship between variables is significant in the expected direction (Hair dkk., 2017). The results of the direct effect analysis are presented at Table 2.

Table 2. Results of Path Coefficients Analysis

Hypothesis	Variable Relationship	Path Coefficients	t Statistics	P Values
H1	Work Environment-> Job Satisfaction	0.389	24.046	0.000
H2	Work Motivation -> Job Satisfaction	0.707	33.081	0.000
H3	Job Satisfaction -> Employee Performance	-0.076	3.997	0.000

Source: Data processed (2025)

The analysis results indicate the Work Environment (H1) has a significant effect on Job Satisfaction, with a path coefficient of 0.389 (p-value = 0.000). Similarly, Work Motivation (H2) significantly affects Job Satisfaction, with a path coefficient of 0.707 (p-

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value = 0.000). Furthermore, Job Satisfaction (H3) has a significant effect on Employee Performance, with a path coefficient of -0.076 (p -value = 0.000).

Indirect Effect

Table 3. Results of Path Coefficients Analysis

Hypothesis	Variable Relationship	Path Coefficients	t Statistics	P Values
H4	Work Environment ->Job Satisfaction-> Employee Performance	-0.031	3.077	0.002
H5	Work Motivation ->Job Satisfaction-> Employee Performance	-0.039	3.903	0.000

Source: Data processed (2025)

Based on Table 3, the indirect effect of Work Environment on Employee Performance through Job Satisfaction (H4) shows a path coefficient of -0.031 , with a t-statistic of 3.077 and a p-value of 0.002, indicating a significant relationship. Similarly, the indirect effect of Work Motivation on Employee Performance through Job Satisfaction (H5) is also significant, with a path coefficient of -0.039 , a t-statistic of 3.903, and a p-value of 0.000. These results indicate Job Satisfaction mediates the relationship between Work Environment and Work Motivation with Employee Performance.

DISCUSSION

The Effect of Work Environment on Job Satisfaction

The results show the work environment has a significant effect on job satisfaction. This finding supports Herzberg's Two-Factor Theory, which identifies the work environment as a hygiene factor that prevents dissatisfaction. It is also consistent with Salakory et al. (2022), who found that a good work environment improves employee satisfaction. In electro-mechanical contracting companies, the work environment includes safety compliance, technical coordination, and deadline-driven structures. Given the high-risk and project-based nature of this industry, environmental clarity reduces uncertainty and strengthens satisfaction. This indicates that hygiene factors may play a more stabilizing role in project-driven contexts than in routine organizational settings. From a Self-Determination Theory perspective, structured and safe work conditions may enhance employees' perceived competence and relatedness, thereby strengthening job satisfaction as an evaluative psychological response to environmental support.

The Effect of Work Motivation on Job Satisfaction

Work motivation significantly influences job satisfaction. In line with Herzberg's motivator factors, achievement and recognition enhance satisfaction. This finding is consistent with Munawirsyah (2021), who found that higher work motivation leads to greater job satisfaction. In project-based work systems, satisfaction is often linked to milestone completion and target achievement. Thus, intrinsic motivators may operate more intensively within short project cycles, reinforcing the contextual relevance of Herzberg's motivator dimension. Consistent with Self-Determination Theory, autonomous motivation in project environments may satisfy psychological needs for autonomy and competence, which subsequently strengthens job satisfaction beyond mere compliance with performance targets.

The Effect of Job Satisfaction on Employee Performance

Job satisfaction significantly affects employee performance. However, the magnitude of the effect is relatively small. Although statistically significant, this result suggests that within a project-based electro-mechanical contracting company such as PT. XXX, job satisfaction is not the primary determinant of employee performance. From a theoretical perspective, Herzberg (1966) argued that motivator factors enhance job satisfaction, which subsequently improves performance. However, empirical evidence suggests that the relationship between job satisfaction and performance is positive but not necessarily strong across all contexts. Judge et al. (2001), in their meta-analysis, concluded that the relationship between job satisfaction and job performance is moderate rather than strong, indicating that satisfaction alone does not automatically translate into higher performance.

More recent evidence also highlights the contextual nature of this relationship. Miao et al. (2020) found that job satisfaction contributes to employee performance particularly when supported by high-performance work systems. In addition, Al-Ali et al. (2022) showed that in environments characterized by work pressure and high demands, job satisfaction functions more as a psychological mechanism linking stress and performance rather than as a dominant direct predictor of performance. In the context of PT. XXX, employee performance is strongly driven by project deadlines, technical standards, and operational targets. Employees are required to complete tasks within strict time constraints and performance benchmarks, regardless of their affective state. This condition may explain why job satisfaction, although significant, exerts only a relatively small influence on performance outcomes.

From a Self-Determination Theory standpoint, job satisfaction may sustain intrinsic engagement; however, in high-demand project systems where structural controls and performance monitoring dominate, the motivational benefits of satisfaction may be partially constrained by operational pressures. These findings extend Herzberg's Two-Factor Theory by demonstrating that while job satisfaction remains relevant, its impact

on performance is conditional and context-dependent. In project-oriented organizations with high task demands and target-driven systems, structural and operational factors may play a more dominant role in shaping employee performance than affective factors alone.

The Effect of Work Environment on Employee Performance through Job Satisfaction

The indirect effect indicates job satisfaction mediates the relationship between work environment and employee performance. This result is in line with Herzberg's Two-Factor Theory, which suggests hygiene factors can support motivation through improved satisfaction. The finding is also consistent with Yansyah & Damai (2022), who found job satisfaction serves as an important mediating variable between work environment and performance. However, the mediation appears complementary rather than full, as the direct effect of the work environment on performance remains significant. In electro-mechanical contracting companies, environmental structure—such as safety compliance, coordination systems, and task clarity—may directly facilitate performance outcomes independent of employees' affective states. Therefore, job satisfaction strengthens performance but does not fully explain it. This suggests that in project-based industries, structural efficiency and psychological comfort jointly determine performance outcomes. This sequential mechanism aligns with Self-Determination Theory, where environmental support satisfies psychological needs before being translated into sustained performance behavior, confirming the role of satisfaction as a psychological transmission mechanism rather than a conditional moderator.

The Effect of Work Motivation on Employee Performance through Job Satisfaction

The results also show job satisfaction mediates the relationship between work motivation and employee performance. Herzberg's Two-Factor Theory asserts motivators are factors foster satisfaction and ultimately influence performance outcomes. Similarly, Munawirsyah (2021) found job satisfaction plays a mediating role between work motivation and employee performance. Similar to the previous relationship, the mediation is complementary. In project-driven environments, motivation may directly stimulate performance through target-oriented incentives and contractual accountability. At the same time, motivation enhances satisfaction, which further reinforces performance. This dual pathway indicates that both structural performance control and psychological mechanisms operate simultaneously in shaping employee outcomes within high-pressure project contexts. Consistent with Self-Determination Theory, autonomous motivation enhances performance indirectly when internalized into job satisfaction, reinforcing the view that satisfaction functions as a mediating process through which motivational energy is transformed into productive behavior.

CONCLUSIONS

This study demonstrates that work environment and work motivation significantly influence job satisfaction, and job satisfaction partially mediates their relationship with employee performance. The mediation is complementary, indicating that performance in electro-mechanical contracting companies is shaped by both psychological factors and structural project demands. Theoretically, these findings extend Herzberg's Two-Factor Theory by showing that satisfaction contributes to performance in project-based contexts but does not function as the sole determinant. Integrating Self-Determination Theory further explains that environmental support and autonomous motivation enhance performance through job satisfaction as a psychological transmission mechanism. Practically, companies should simultaneously strengthen structural work systems and motivational strategies to achieve optimal performance.

Limitations and recommendations

This study is limited to a single organization with a relatively small sample size. Future research is encouraged to involve multiple project-based industries and incorporate additional variables to better understand performance dynamics in high-demand environments.

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