

## The Role of Job Satisfaction in Mediating the Effect of Work Environment on Employee Performance

I Gusti Made Suwandana

Udayana University, Indonesia

Email: [gungdesuwandana@unud.ac.id](mailto:gungdesuwandana@unud.ac.id)

Corresponding Author: I Gusti Made Suwandana

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### Abstract

The increasingly intense competition in the business world encourages companies to optimize employee performance in order to achieve the desired goals. Product and service innovation, as well as effective human resource management, are important to improve the company's competitiveness. This study examines the effect of the work environment on employee performance through the role of job satisfaction variables as mediators. This research uses an associative quantitative approach, with a research sample of 100 respondents calculated using the Slovin formula. The research data is primary data obtained through interviews and distributing questionnaires. The data analysis technique used in this research is path analysis with SPSS, Sobel test, and VAF test. The results of this study indicate that the work environment has a positive and significant effect on employee performance, the work environment has a positive and significant effect on job satisfaction, job satisfaction has a positive and significant effect on employee performance, and job satisfaction significantly mediates the effect of the work environment on employee performance.



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### 1. Introduction

The more developed companies in a country, almost all companies create new innovations in the products and services offered to the public so as to improve the company's image (Bataineh et al., 2024). The competitive business world in the global era at this time, is required to further empower and maximize the efforts and work potential of employees for the progress of the company (Balouei Jamkhaneh et al., 2022). Human resource management is the science and art of managing the relationship and role of labor to be effective and efficient to achieve certain goals (Atmaja et al., 2022). Human resources themselves have an important role in a company. The high quality of human resources can be an added value to add to the company's competitive advantage and can help in making optimal decisions which then have an impact on improving employee performance (Agustian et al., 2023).

Human resource management in the company is reflected in the performance of employees produced and from achieving company goals so as to produce good performance (Atmaja et al., 2022).

If the human resources in the company function well, the company's operations will also operate well, meaning that the survival of the company depends on employee performance (Hernita et al., 2021). To ensure the smooth running of a company's operational activities, good performance is required from company employees (Hasibuan & Azmy, 2022). Employee performance plays a role in the company, because performance is a benchmark carried out by the company to measure the extent to which employees can carry out the assigned tasks (Vuong & Nguyen, 2022). It can also be said that performance is like the answer to the success of an organization that has been planned (Akpa et al., 2021).

Employee performance is the result of work achieved based on quality and quantity according to the responsibilities assumed (Maryani et al., 2021). Optimal performance is essential in supporting the achievement of company goals, as each individual effort contributes to the overall success of the organization (Rivaldo & Nabella, 2023). However, achieving satisfactory performance is not something that can happen automatically, but requires regular evaluation and a systematic approach. With good evaluations, companies can understand employees' strengths and weaknesses, and provide the training or development needed (Agustian et al., 2023b). This ensures that each employee can work according to their responsibilities and contribute maximally to the company (Sitopu et al., 2021).

Febriani (2021), revealed that a conducive work environment has an important role in determining employee performance in the company. A comfortable and supportive work atmosphere can increase motivation and productivity, so that employees are more eager to achieve the set targets (Basalamah, 2021). Factors such as adequate facilities, harmonious relationships between employees, and support from superiors also affect job satisfaction and performance. When employees feel their work environment is safe and comfortable, they tend to work more effectively and make better contributions to the company (Zhenjing et al., 2022). Therefore, creating a positive work environment is a strategic step for companies in optimizing the potential of human resources and increasing competitiveness (Agustian et al., 2023c).

Job satisfaction plays an important role as a mediator in the relationship between work environment and employee performance (Tegor et al., 2023). Job satisfaction is defined as an attitude or feeling towards aspects of work experienced by employees (Aziz et al., 2021). Research shows that employees with high job satisfaction tend to have better (Andreas, 2022). Two-Factor Theory explains that both motivational and hygiene factors influence job satisfaction and impact performance. Therefore, a supportive work environment and maintained job satisfaction are necessary to maximize employee potential. Research through the Two-Factor Theory confirms that job satisfaction can improve performance if companies pay attention to motivational and hygiene factors that can create a conducive work environment.

Several studies have shown mixed results regarding the effect of job satisfaction on employee performance, with some studies finding a significant effect, while others found no significant link. This difference in findings indicates the complexity of the relationship between job satisfaction and performance, and the need for more in-depth analysis to identify other factors that may play a role (Winkelhaus et al., 2022). In this regard, an approach that considers the role of motivation is important, as motivation can serve as a driver that strengthens the relationship between satisfaction and performance. Further research is needed to explore how a combination of motivation and job satisfaction can synergistically improve employee productivity (Nadeem & Rahat, 2021). With a

better understanding, companies can develop more effective strategies to maximize performance through managing job satisfaction and motivation (Ali & Anwar, 2021).

In a fashion business like CV X, these factors are particularly relevant. Established in 1999, CV X is located in Bali, with 133 employees divided into several essential roles (Karunaratna et al., 2024). To survive and improve performance, CV X needs to pay attention to aspects such as satisfaction and work environment in an effort to improve employee productivity and service quality in running operations. Work efficiency and employee satisfaction are important in maintaining the company's operational performance. Managing employee motivation and satisfaction through a positive work environment is expected to play a significant role in supporting company productivity and customer satisfaction.

## 2. Materials and Method

This study uses an associative quantitative approach to analyze and find how the work environment affects the performance of student employees through job satisfaction as an intervening variable. The population in this study were 133 employees. The sampling technique uses the Slovin formula with an error rate of 5% (0.05) so that a sample of 100 employees is obtained. The research data is primary data through interviews and distributing questionnaires. Variable measurement uses several indicators, so the results of the questionnaire data need to be tested for feasibility through validity and reliability instrument tests. The results of the questionnaire in the form of data are measured using a Likert scale with a range of one to five with the provisions of one strongly disagree to five strongly agree. The data analysis technique used in this study is using path analysis, sobel test, and Variance Accounted For (VAF) test.

## 3. Results and Discussions

**Table 1. Respondent Characteristics**

No.	Variables	Classification	Number (Person)	Percentage (%)
1	Age	21-25 Years	24	24%
		26-30 Years	58	58%
		>30 Years	18	18%
		<b>Total</b>	<b>100</b>	<b>100%</b>
2	Gender	Male	73	73%
		Female	27	27%
		<b>Total</b>	<b>100</b>	<b>100%</b>
3	Last Education	SMA/SMK	63	63%
		Diploma	21	21%
		<b>Total</b>	<b>Bachelor</b>	<b>16</b>
			<b>100</b>	<b>100%</b>

Source: primary data processed, 2025

Table 1. Presents the characteristics of respondents. Characteristics based on age show that respondents aged 26-30 years dominate with a percentage of 58 percent. When viewed based on gender, men dominate with a percentage of 73 percent. Based on the respondent's education data, respondents with the latest high school education dominate, amounting to 63 percent.

The correlation coefficient value  $\geq 0.3$  indicates that the instrument is valid. Indicators of work environment, job satisfaction, and employee performance all obtained a correlation coefficient

of validity test results above 0.3, meaning that they have met the criteria and are suitable for use to measure these variables in research. *Cronbach Alpha* of all variables has a value greater than 0.60, meaning that the measuring instrument is consistent and reliable.

Employee performance has an average value of 3.67 and is in the high category. The indicator of the employee performance variable that has the highest average is the statement "I complete the assigned work accurately" with an average of 4.10. While the indicator that has the lowest average is the statement "I am aware of the obligations to the work given by the company", with an average of 3.26.

The work environment variable has an average of 3.88 with a good score category. The indicator of the work environment variable that has the highest average is the statement "The air circulation in the workspace moves well" with an average of 3.99. While the indicator that has the lowest average is the statement "The company provides work safety support tools for employees", with an average of 3.74.

The average score of 3.90 owned by job satisfaction is included in the high category. The variable indicator of job satisfaction that has the highest average is in the statement "I feel satisfied because I have coworkers who create pleasant work situations", with an average of 4.07. Meanwhile, the indicator that has the lowest average is the statement "I am satisfied with the work environment provided by the company", with an average of 3.72.

The One-Sample Kolmogorov-Smirnov Test is used to determine whether the data in the study is normally distributed or not. Asymp.sig. (2-tailed) Kolmogorov-Smirnov 0.200 for sub-structures 1 and 2. This value is above the alpha value of 0.05, meaning that the data in the research model has a normal distribution and passes the normality test. The multicollinearity test results show that the regression model is free from multicollinearity because it has a *tolerance*  $\geq 0.10$  and a VIF value  $\leq 10$ . The results of heteroscedasticity testing provide the results of each model having a *Sig.* value above 0.05, meaning that the independent variables on the *absolute* residual are free from heteroscedasticity symptoms.

In this study, the path analysis technique is used to see the effect of the causal relationship of each exogenous variable, namely the work environment on the endogenous variable, namely employee performance. This study also examines the role of mediating variables, namely job satisfaction, in mediating the relationship between work environment variables and employee performance.

**Table 2. Results of Regression Analysis on Sub-Structure 1**

Model	Understandardized Coefficients		Standardized Coefficients Beta	t	<i>Sig.</i>
	B	Std. Error			
(Constant)	9,974	2,434		4,098	0,000
Work environment	0,578	0,104	0,489	5,555	0,000

R<sup>2</sup>: 0,239

a. *Dependent Variable*: Job Satisfaction

b. *Predictors*: (Constant), Work environment

*Source*: primary data processed, 2025

Based on the analysis results in Table 2, the structural equation formed can be formulated as follows.

$$Z = \beta_2 X + e_1$$

$$Z = 0.489X + e_1$$

If the structural equation is interpreted, the work environment variable has a coefficient of 0.489, meaning that the work environment has a positive direction of influence on job satisfaction.

**Table 3. Regression Analysis Results on Sub-Structure 2**

Model	Understandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-3,624	1,718		-2,109	0,389
Work environment	0,193	0,078	0,184	2,483	0,015
Job satisfaction	0,590	0,066	0,664	8,953	0,000

$R^2: 0,594$

a. *Dependent Variable*: Employee Performance

b. *Predictors*: (Constant), Work environment, Job satisfaction

*Source*: primary data processed, 2025

Based on the analysis results in Table 3, the structural equation formed can be formulated as follows.

$$Y = \beta_1 X + \beta_3 Z + e_2$$

$$Y = 0.184X + 0.664Z + e_2$$

Based on the results of the analysis of the effect of the work environment on employee performance, the beta coefficient value is 0.184. This means that the work environment has a positive effect on job satisfaction. job satisfaction has a beta coefficient value of 0.953. This result means that job satisfaction has a significant effect on employee performance.

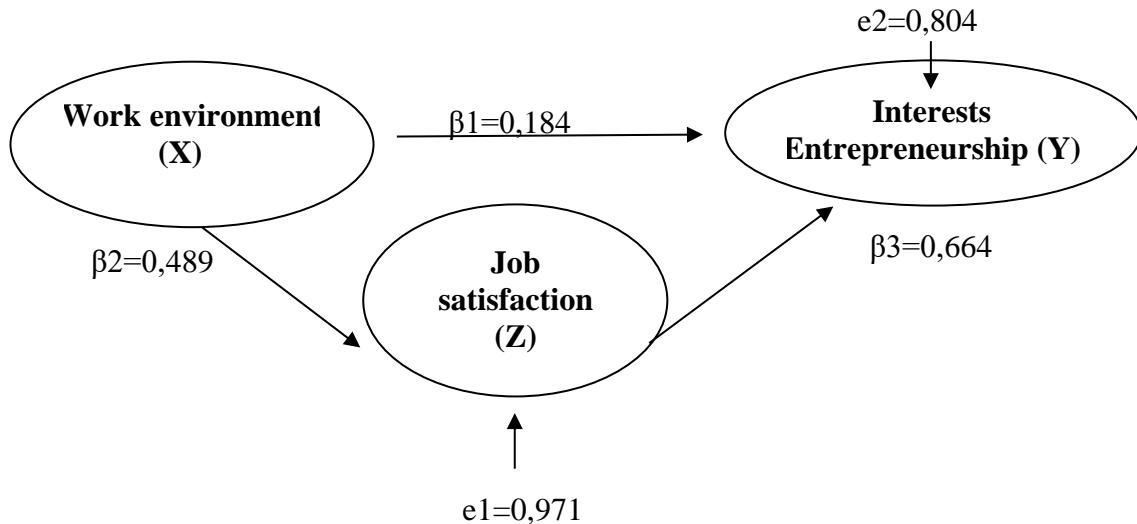
**Table 4. Direct Effect and Indirect Effect**

Variable Influence	Direct Influence	Indirect Effect	Total Influence
X-Y	0,184	0,122	0,61
X-Z	0,489	-	0,489
Z-Y	0,664	-	0,664

*Source*: primary data processed, 2025

Table 4 shows a summary of the results of the path analysis technique used to obtain the results of each path in each structural equation. Based on the findings , work environment has a direct effect on employee performance with a value of 0.184; work environment has a direct effect on job

satisfaction with a value of 0.489; job satisfaction has a direct effect of 0.953 on employee performance; work environment on employee performance has an indirect effect with a value of 0.122. The total effect of the work environment on employee performance is 0.611 greater than the direct effect, meaning that the effect of the work environment on employee performance will be better if using the mediating variable of job satisfaction.



**Figure 1. Path Analysis Model**  
*Source:* primary data processed, 2025

The total determination value of 0.391 means that 39.1 percent of employee performance variables are influenced by work environment and job satisfaction variables, while the remaining 60.9 percent is explained by other factors not included in the model.

Based on the results of hypothesis testing on the effect of work environment on employee performance, the beta coefficient value is 0.184 with a significance level of  $0.015 \leq 0.05$ , which means that  $H_0$  is rejected and  $H_1$  is accepted. This value indicates that the work environment has a positive and significant effect on employee performance.

Based on the results of hypothesis testing on the effect of work environment on job satisfaction, the beta coefficient value is 0.489 with a significance level of  $0.000 \leq 0.05$ , which means that  $H_0$  is rejected and  $H_1$  is accepted. These results indicate that the work environment has a positive and significant effect on job satisfaction.

Based on the results of hypothesis testing on the effect of job satisfaction on employee performance, the beta coefficient value is 0.664 with a significance level of  $0.000 \leq 0.05$ , which means that  $H_0$  is rejected and  $H_1$  is accepted. This shows that job satisfaction has a positive and significant effect on employee performance.

Hypothesis testing on the effect of work environment on employee performance mediated by job satisfaction using the sobel test obtained a Z value of  $4.26 > 1.96$ . These results indicate that the job satisfaction variable is considered to mediate the effect of the work environment on employee performance.

Based on the VAF test, the calculated value is 0.21 or 21.0% which is between 20%-80%, it can be concluded that job satisfaction partially mediates the effect of the work environment on employee performance.

Theoretical implications are implications related to the contribution of research to concepts in science. The implications in this study can strengthen previous research and become a reference regarding the relationship between the work environment and employee performance mediated by job satisfaction through the perspective of Two Factor Theory. The hypothesis in this research is proven, where the work environment and job satisfaction are able to significantly affect employee performance.

#### **4. Conclusion**

Based on the research results obtained, several conclusions can be drawn: the work environment has a positive and significant effect on employee performance; the work environment has a positive and significant effect on job satisfaction; job satisfaction has a positive and significant effect on employee performance and job satisfaction significantly mediates the effect of the work environment on employee performance. The findings of this study emphasize the importance of a positive work environment and job satisfaction in improving employee performance. Organizations should focus on creating a conducive work environment that enhances employee satisfaction, which, in turn, will lead to better performance. The results also suggest that companies should integrate strategies that improve both the work environment and job satisfaction to boost productivity and employee morale. These findings can be used to guide human resource management practices and policies in order to optimize workforce potential and ensure sustainable organizational success. Future research is expected to expand the scope and population of the study to include various industries and larger sample sizes for more generalizable results. Additionally, it would be beneficial to explore alternative data analysis techniques or longitudinal studies to examine the long-term effects of work environment and job satisfaction on employee performance. Researchers may also consider incorporating other variables, such as leadership style or organizational culture, to provide a more comprehensive understanding of the factors influencing employee performance. Lastly, enriching research references by exploring diverse perspectives and methodologies could lead to more nuanced insights in this area.

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