Work Environment, Work Discipline, and Job Satisfaction: Strategic Pathways to Enhancing Employee Performance

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ABSTRACT: This study examines the influence of the work environment and work discipline on employee performance, with job satisfaction as a mediating variable at the Makassar City Transportation Agency. Its contribution lies in clarifying how justice theory and performance management perspectives jointly explain the interplay between organizational fairness, discipline, satisfaction, and performance in the public sector. Using a quantitative approach, data were collected from 195 employees through saturated sampling, with analysis conducted via PLS-SEM using SmartPLS. Results reveal that the work environment and work discipline directly and significantly enhance employee performance. However, neither variable significantly affects job satisfaction, and satisfaction does not mediate their effects, though it independently contributes positively to performance. These findings underscore that performance improvement is best achieved through strengthening fairness in the work environment and cultivating consistent discipline, while enhancing satisfaction requires complementary strategies such as career development, rewards, and effective communication.

Keywords: Work Environment; Work Discipline; Job Satisfaction; Employee Performance

INTRODUCTION

The performance of public sector employees has become an urgent policy concern, as governments worldwide face pressures to deliver efficient, equitable, and accountable services. According to the International Labour Organization (2023), nearly 30% of public sector organizations globally report productivity challenges linked to HR management deficiencies, while in Indonesia, the Ministry of Administrative and Bureaucratic Reform (KemenPAN-RB, 2022) found that 42% of government agencies underperform in service delivery indicators. In urban transportation, inefficiencies in staff deployment and responsiveness directly undermine citizen satisfaction, safety, and trust. Within this context, strengthening employee performance is not only a managerial necessity but also a cornerstone of public legitimacy (Perry et al., 2010; Wright et al., 2012).

Human resources (HR) in the public sector serve both as policy implementers and as strategic actors driving organizational effectiveness. Research in HRM consistently highlights that work environments, job satisfaction, and employee discipline are critical antecedents of performance (Albrecht et al., 2015; Jiang & Messersmith, 2018). A supportive physical and social work environment has been shown to foster productivity and engagement (Bakker & Demerouti, 2017), while work discipline reflects individual commitment to rules and collective accountability (Podsakoff et al., 2018). Job satisfaction, meanwhile, functions as a motivational bridge, translating organizational conditions into individual performance (Judge et al., 2001). In emerging economy contexts, where resource constraints are coupled with high service demands, these dynamics become even more salient (Budhwar et al., 2022).

The Makassar City Transportation Agency provides a compelling setting to examine these issues. Despite its responsibility for critical services such as motor vehicle testing, traffic management, and free student transportation, persistent challenges remain. Internal records document absenteeism, unmet performance targets, and citizen complaints regarding service delays. These problems reflect weaknesses in maintaining a conducive work environment and consistent employee discipline—conditions that risk undermining performance and public confidence.

While the literature has long emphasized the role of job satisfaction and organizational support in performance (Wright & Cropanzano, 2000; Parker et al., 2010), three critical gaps remain. First, much prior research treats compensation, discipline, or environment as direct predictors, with limited attention to conditional and mediated processes (Kim et al., 2023). Second, evidence from public sector agencies in developing countries remains sparse, despite their distinct institutional and cultural conditions (Cooke et al., 2020). Third, previous studies rarely integrate multiple HR mechanisms—work environment, discipline, and satisfaction—into a unified model, leaving theoretical ambiguity about how these drivers interact. Addressing these gaps, this study applies conditional process modeling to test how work environment and work discipline affect performance through job satisfaction among government employees in Indonesia. By doing so, it advances HRM scholarship through a context-sensitive understanding of how structural and attitudinal conditions interact in shaping public employee performance, while offering actionable insights for governments striving to modernize HR practices under institutional and resource constraints.
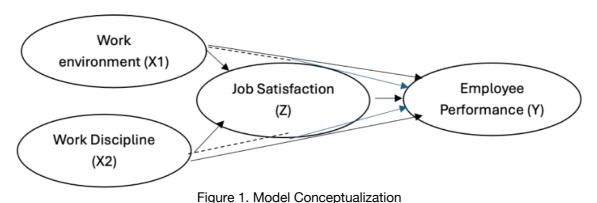
THEORETICAL REVIEW

This research is grounded in grand theories within human resource management and organizational behavior that explain the relationship between the work environment, work discipline, job satisfaction, and employee performance. The primary frameworks applied are justice theory, organizational behavior theory, and performance management theory. Equity Theory, developed by Adams (1965), has been widely applied in HRM research to explain how perceptions of fairness shape satisfaction and subsequent outcomes. Employee satisfaction is contingent upon perceptions of distributive and procedural fairness across workload, rewards, and managerial treatment (Colquitt et al., 2001; Cropanzano et al., 2017). When employees feel equitably treated, they are more likely to report higher satisfaction and exert greater effort, leading to improved performance (Kim & Beehr, 2018). In this sense, job satisfaction emerges as

a mediating mechanism that translates fair environments and valued discipline into positive work outcomes.

Organizational Behavior Theory further contextualizes the role of discipline, emphasizing that individual workplace behavior is shaped by complex internal and external drivers (Robbins & Judge, 2019). Work discipline can be viewed as self-regulation and compliance with organizational norms, which fosters predictability and effectiveness in task execution (Podsakoff et al., 2018). Employees demonstrating higher discipline tend to deliver tasks consistently, punctually, and in accordance with established standards, thereby strengthening both individual and collective performance (Nguyen et al., 2022). In public sector organizations especially, where resource constraints heighten the importance of reliability, discipline serves as a cornerstone of operational effectiveness.

From the perspective of strategic human resource management, Performance Management Theory provides a complementary lens. This theory underscores the importance of aligning supportive work environments and disciplined cultures with systematic performance monitoring to sustain productivity (DeNisi & Murphy, 2017). Empirical research has demonstrated that a healthy work environment—comprising adequate facilities, psychological safety, and fair enforcement of rules—creates satisfaction that fuels motivation and performance (Bakker & Demerouti, 2017; Albrecht et al., 2015). Thus, work environment and discipline are not only operational antecedents but also strategic levers of performance management, with job satisfaction serving as a critical attitudinal bridge between organizational practices and employee outcomes.

Taken together, these theoretical perspectives suggest that employee performance is the culmination of fairness perceptions, disciplined behavior, and supportive environments operating in concert (Wright & Nishii, 2013). Performance is shaped not merely by individual competence but by systemic conditions and behavioral norms embedded in the organization. The novelty of this study lies in integrating equity, organizational behavior, and performance management perspectives within a conditional process framework, thereby advancing HRM theory by clarifying how job satisfaction functions as the pivotal mediator linking structural (environment) and behavioral (discipline) factors to employee performance. This integration responds to calls in the HRM literature for more holistic models that capture the interplay of justice, behavior, and performance systems in shaping outcomes in public sector contexts (Guest, 2017; Jiang & Messersmith, 2018).

Figure 1. Model Conceptualization

The Work Environment and Job Satisfaction

The work environment encompasses both physical and psychosocial conditions, including safety, comfort, social support, and organizational culture. A positive environment promotes security and belonging, enhancing employees' intrinsic motivation and satisfaction. Equity Theory (Adams, 1965) explains that fairness in facilities, workload distribution, and recognition fosters satisfaction, while unfairness produces frustration and disengagement. Empirical studies confirm that supportive work environments strongly predict job satisfaction (Raziq & Maulabakhsh, 2015; Alfes et al., 2013). Yet, some evidence suggests contextual differences where the relationship weakens in bureaucratic or resource-constrained settings

(Boon et al., 2019). This creates a need to re-examine the environment–satisfaction link in public organizations.

H1: The work environment has a positive and significant effect on employee job satisfaction.

The Work Discipline and Job Satisfaction

Work discipline—expressed in punctuality, adherence to policies, and consistent task completion—provides stability and predictability. From a performance management perspective, disciplined behavior aligns employees with organizational expectations and fosters perceptions of fairness (DeNisi & Murphy, 2017). Studies demonstrate that discipline-related practices, such as consistent monitoring and fair evaluation, enhance job satisfaction (Kuvaas et al., 2017; Jiang et al., 2012). However, inconsistent findings suggest variation across institutional contexts, with discipline sometimes perceived as control rather than support (Colquitt et al., 2001). This warrants closer investigation in public bureaucracies.

H2: Work discipline has a positive and significant effect on employee job satisfaction.

The Work Environment and Employee Performance

Organizational behavior research highlights that employee performance is shaped by both physical and psychosocial work environments (Robbins & Judge, 2019). Supportive environments improve motivation, engagement, and performance outcomes (Bakker & Demerouti, 2017). Empirical evidence shows that positive environments are linked to higher commitment and productivity (Albrecht et al., 2015), though results are not universal, with weaker associations observed in settings constrained by bureaucracy (Guest, 2017). This indicates the need to re-examine this relationship in public agencies.

H3: The work environment has a positive and significant effect on employee performance.

The Work Discipline and Employee Performance

Work discipline strengthens accountability and ensures task completion according to standards. Performance management literature emphasizes that disciplined behavior is a cornerstone of organizational effectiveness when combined with transparent and fair evaluation (Kim & Beehr, 2018). Research shows that adherence to rules and consistency in behavior enhance both individual and team performance (Podsakoff et al., 2018; Jiang & Messersmith, 2018). However, some studies suggest that excessive formalization of discipline may reduce performance if perceived as coercive (Boon et al., 2019).

H4: Work discipline has a positive and significant effect on employee performance.

The Job Satisfaction and Employee Performance

Job satisfaction, defined as the positive emotional response to one's work, is one of the most studied antecedents of performance. The satisfaction–performance link is well established (Judge et al., 2001; Wright & Cropanzano, 2000), with satisfied employees exhibiting greater commitment, loyalty, and productivity. Meta-analytic evidence shows that satisfaction significantly predicts both task and contextual performance (Salgado et al., 2019). Still, some findings show weaker or context-dependent effects, particularly in highly bureaucratic institutions where extrinsic constraints dominate (Guest, 2017).

H5: Job satisfaction has a positive and significant effect on employee performance.

The Mediating Role of Job Satisfaction in the Work Environment–Performance Link

A supportive work environment does not always directly improve performance but often operates by enhancing job satisfaction, which in turn drives motivation and effectiveness. Job demands–resources theory suggests that resources such as social support and fair treatment strengthen satisfaction, which translates into higher performance (Bakker & Demerouti, 2017). Empirical studies confirm this mediating pathway (Alfes et al., 2013), although some report weaker indirect effects (Boon et al., 2019). Testing this mechanism in public agencies is thus warranted.

H6: Job satisfaction mediates the influence of the work environment on employee performance.

The Mediating Role of Job Satisfaction in the Discipline–Performance Link

Work discipline fosters perceptions of fairness and predictability, which may increase satisfaction and thereby performance. When discipline is enforced fairly and consistently, employees are more likely to experience satisfaction that motivates improved outcomes (DeNisi & Murphy, 2017; Kim & Beehr, 2018). Initial evidence supports this mediating mechanism (Kuvaas et al., 2017), but little research has examined this pathway in public sector institutions, creating a theoretical and empirical gap.
H7: Job satisfaction mediates the effect of work discipline on employee performance.

RESEARCH METHOD

Population and Sample

The population of this study comprised all civil servants employed at the Makassar City Transportation Agency, Indonesia (N = 195). Given the relatively small size, a saturated sampling technique was adopted, whereby the entire population was included as respondents (see Table 1). This approach eliminated concerns about sampling error and provided complete representativeness of the organizational context under investigation. The survey was conducted through structured questionnaires distributed directly to employees, ensuring high response rates and accuracy of data. Such full-population approaches are particularly valuable in public sector research, where institutional units are relatively small and accessible (Etikan, 2016).

Table 1. Respondent Characteristics

Variable	N	%
Gender		
Man	111	56.92%
Woman	84	43.08%
Age Cohort		
21–30 Years	29	14.87%
31–40 Years	86	44.10%
41–50 Years	72	36.92%
> 51 Years	8	4.10%
Education		
Diploma	16	8.21%
Bachelor (S1)	132	67.69%
Master (S2)	47	24.10%

Source: Processed Primary Data, 2025

Demographic Characteristics

The demographic profile of respondents illustrates the agency's workforce composition. Male employees represented a majority (56.84%), while female employees accounted for 43.16%. In terms of age, the largest group was between 31–40 years (44.21%), followed by 41–50 years (36.84%), while younger employees aged 21–30 years accounted for 14.73%, and only 4.21% were older than 51 years. Regarding education, 67.36% of respondents held a bachelor's degree, 24.21% a master's degree, and 8.42% a diploma. These demographic distributions suggest a relatively educated and mid-career workforce, which is critical in shaping perceptions of fairness, discipline, and satisfaction within bureaucratic organizations. Such characteristics may influence the degree to which employees respond to managerial interventions in the work environment and performance management systems.

Data Collection and Instrumentation

Data were collected using a structured questionnaire consisting of validated multi-item scales. Each construct—work environment, work discipline, job satisfaction, and employee performance—was measured using reflective indicators adapted from prior HRM and organizational behavior studies. Responses were captured on a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"). Prior to distribution, the instrument was reviewed by subject-matter experts and pre-tested with a subset of employees to ensure clarity and contextual appropriateness. This process enhanced content validity and reduced the likelihood of misinterpretation.

Analytical Technique

To test the hypothesized model, data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM). PLS-SEM is particularly suited to studies with modest sample sizes, complex models, and mediating mechanisms (Hair et al., 2019). Path analysis was applied to examine both direct and indirect effects between the constructs. SmartPLS 4.0 software was used to estimate model parameters, following the two-step procedure of (1) measurement model evaluation and (2) structural model assessment (Hair et al., 2019; Ringle et al., 2018). This method enabled robust testing of the hypothesized mediation and moderation effects while addressing potential violations of multivariate normality.

Evaluation of Measurement Model

The measurement model (outer model) was assessed to ensure reliability and validity of constructs before testing structural relationships. Standard thresholds were adopted based on SEM literature (Hair et al., 2019). Indicator reliability was first assessed by examining factor loadings, with values above 0.70 deemed acceptable, while loadings between 0.60 and 0.70 were retained only when the construct's composite reliability exceeded 0.70. Internal consistency reliability was then tested using Cronbach's alpha and Composite Reliability (CR), with both measures expected to surpass the minimum threshold of 0.70. To assess convergent validity, the Average Variance Extracted (AVE) was examined, where values above 0.50 indicated that the construct accounted for more than half of the variance in its indicators. Finally, discriminant validity was evaluated through the Fornell–Larcker criterion, requiring that the square root of each construct's AVE be greater than its correlations with other constructs, and further verified by the Heterotrait–Monotrait Ratio (HTMT), which was required to remain below 0.85 to confirm construct distinctiveness.

Table 2. Item Measurements

Variable	Items / Constructs	Major Reference
Work environment (X1)	Working atmosphere Relationship with coworkers Availability of work facilities Noise Bad smell.	(Rizqiyah, 2024)
Work Discipline (X2)	Presence Compliance with work regulations Compliance with work standards High level of alertness Work ethically.	(Martínez-Martí & Ruch, 2017)
Job Satisfaction (Z)	Satisfaction with the job itself Satisfaction with salary Satisfaction with promotion Satisfaction with supervision Satisfaction with coworkers	(Arianti et al., 2020)
Employee Performance (Y1)	Quality Quantity Punctuality Effectiveness Independence	(Self-developed scales)

RESULTS

A preliminary step in the analysis involved evaluating the measurement model to ensure that all constructs demonstrated adequate reliability and validity. Table 3 presents the results of the indicator reliability and convergent validity tests for each construct. As shown, all factor loadings exceeded the minimum acceptable threshold of 0.70, indicating that each item was a strong representation of its latent construct. The Average Variance Extracted (AVE) values for work environment (0.865), work discipline (0.729), job satisfaction (0.715), and employee performance (0.815) were all above the recommended cut-off of 0.50, confirming satisfactory convergent validity. These findings demonstrate that the indicators used in this study are both reliable and valid, thereby establishing a sound foundation for subsequent structural model testing.

Table 3. Convergent Validity Test

Variables	Items	Loading	Average Variance Extracted (AVE)
	X1.1	0.838	
	X1.2	0.817	
Work Environment (X1)	X1.3	0.921	0.865
	X1.4	0.936	
	X1.5	0.906	
	X2.1	0.806	
	X2.2	0.847	
Work Discipline (X2)	X2.3	0.856	0.729
	X2.4	0.891	
	X2.5	0.864	
	Z1.1	0.828	
	Z1.2	0.879	
Job Satisfaction (Z)	Z1.3	0.814	0.715
	Z1.4	0.776	
	Z1.5	0.721	
	Y1.1	0.927	
	Y1.2	0.904	
	Y1.3	0.923	
Employee Performance (Y)	Y1.4	0.852	0.815
	Y1.5	0.901	
	Y1.6	0.904	

Following the confirmation of convergent validity presented in Table 3, the next step was to examine the constructs' internal consistency reliability. Table 4 reports the results of this assessment using both Composite Reliability (CR) and Cronbach's Alpha values. All constructs exceeded the recommended threshold of 0.70 for both indices (Hair et al., 2019), with CR values ranging from 0.903 to 0.964 and Cronbach's Alpha values between 0.867 and 0.954. These results provide strong evidence of internal consistency, indicating that the indicators consistently measured their respective constructs. The combination of high factor loadings, satisfactory AVE values, and strong reliability coefficients confirms that the measurement model meets the necessary psychometric requirements, thereby allowing the analysis to proceed to the evaluation of discriminant validity and the subsequent structural model testing.

Table 4. Reliability Results

Variables	Composite Reliability	Cronbach's Alpha
Work environment (X1)	0.964	0.943
Work discipline (X2)	0.903	0.907
Job Satisfaction (Z)	0.931	0.867
Employee Performance (Y)	0.956	0.954

Following the establishment of reliability and validity in the preceding measurement assessments, the structural model was tested to evaluate the hypothesized relationships among work environment, work discipline, job satisfaction, and employee performance. Table 5 and Figure 2 summarize the results of the structural path analysis, including effect sizes, significance levels, and overall explanatory power of the model. This table provides the basis for interpreting the extent to which contextual and psychological factors shape performance outcomes within the studied public-sector setting.

Table 5. Summary of Inner Model Findings

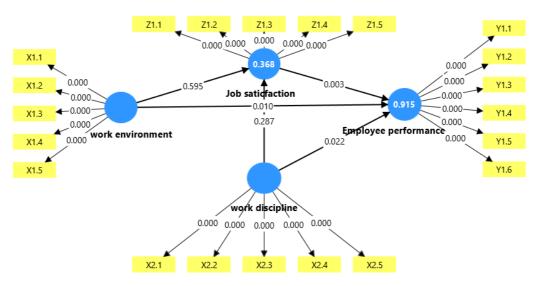| Paths	Effect	t-value	p-value	Decision
H1 Work environment -> Job satisfaction	0.215	0.532	0.595	Rejected
H2 Work Discipline -> job satisfaction	0.409	1,066	0.287	Rejected
H3 Working environment -> employee performance	0.407	2,574	0.01	Accepted
H4 Work Discipline -> employee performance	0.415	2.285	0.022	Accepted
H5 Job satisfaction -> employee performance	0.235	3.004	0.003	Accepted
H6 Work environment -> job satisfaction -> employee performance	0.05	0.624	0.533	Rejected
H7 Work discipline -> job satisfaction -> employee performance	0.096	1.106	0.269	Rejected
R2 to Job satisfaction			0.368	
R2 to Employee Performance			0.915	

Figure 2. Path Presentation

DISCUSSION

The findings of this study provide nuanced evidence on the interplay between work environment, work discipline, job satisfaction, and employee performance in a public-sector setting. Contrary to expectations, the work environment did not exert a significant influence on job satisfaction among employees of the Makassar City Transportation Agency. This result suggests that while physical and administrative facilities may be adequately provided, employees derive satisfaction less from infrastructure and more from relational and developmental factors, such as career clarity, fairness in reward distribution, and supportive leadership. Prior research underscores that fairness perceptions and recognition strongly outweigh physical amenities in shaping satisfaction (Colquitt et al., 2013; Koopman et al., 2020). In this context, employees—particularly those in field-based roles—may view work facilities merely as functional prerequisites rather than as determinants of psychological fulfillment. This explains why, despite adequate infrastructure, satisfaction remains contingent on organizational

justice and socio-relational dimensions of HR practices (Cropanzano et al., 2017; Jiang & Messersmith, 2018).

Similarly, the absence of a significant relationship between work discipline and job satisfaction illustrates that compliance with organizational rules does not necessarily yield feelings of contentment or motivation. In highly bureaucratic institutions, discipline often stems from external enforcement rather than intrinsic commitment, reducing its capacity to foster satisfaction. This finding contrasts with performance management perspectives that frame discipline as a driver of both productivity and satisfaction (DeNisi & Murphy, 2017; Pichler et al., 2021). Instead, the evidence here suggests that while discipline ensures task execution, it lacks the affective component required to instill fulfillment. Employees perceive discipline as normative compliance, not as a source of recognition or personal growth, reinforcing arguments that satisfaction emerges more strongly from appreciation, career opportunities, and relational support (Warr & Nielsen, 2018).

In contrast, the study reveals that both work environment and discipline significantly affect employee performance, underscoring their instrumental importance in ensuring efficiency and consistency in public service delivery. A supportive environment enhances focus and safety, while discipline guarantees timeliness and accountability—factors especially critical in traffic management and public service contexts. These results are consistent with organizational behavior literature, which highlights the centrality of context and rule compliance in sustaining employee effectiveness under demanding conditions (Kuvaas et al., 2017; Schaufeli, 2017). Importantly, this finding emphasizes that environmental investments and discipline systems serve as performance enablers even when their influence on satisfaction is limited.

Job satisfaction itself emerged as a significant predictor of performance, confirming long-standing HRM evidence that satisfied employees exhibit stronger commitment, motivation, and service quality (Judge et al., 2001; Wright & Cropanzano, 2000). This finding reinforces Justice Theory, which posits that fairness in treatment and recognition motivates employees to work harder and maintain higher quality standards (Colquitt et al., 2013). In high-pressure contexts such as public transportation services, satisfaction operates as a crucial psychological buffer that translates into better outcomes, even when material conditions are standardized. However, the mediating role of satisfaction in linking both work environment and discipline to performance was not supported, suggesting that these factors exert direct behavioral control without necessarily engaging affective pathways. Employees appear to perform well because of structural obligations and contextual demands, regardless of their emotional states, supporting the argument that extrinsic regulation may bypass intrinsic satisfaction under bureaucratic conditions (Deci et al., 2017; Kim et al., 2023).

These findings make several theoretical and practical contributions. Theoretically, they extend HRM scholarship by demonstrating that in government agencies, performance may be shaped more by structural compliance and contextual support than by emotional mediators such as satisfaction. This adds nuance to debates on the universality of satisfaction–performance linkages, showing that institutional context critically shapes motivational dynamics (Gerhart & Fang, 2015; Jiang & Messersmith, 2018). Practically, the results imply that while improving physical work conditions and enforcing discipline remain important, sustainable performance gains require complementary policies that foster fairness, recognition, and developmental opportunities. Public-sector HR managers must balance structural enforcement with relational investments, ensuring that performance is not only achieved but also accompanied by meaningful psychological engagement and long-term commitment.

CONCLUSION AND FURTHER STUDY

The findings of this study demonstrate that employee performance in the Makassar City Transportation Agency is shaped primarily by structural and contextual factors rather than purely psychological mechanisms. A supportive work environment and strong work discipline were both shown to directly enhance performance, underscoring their instrumental value in sustaining efficiency and accountability within bureaucratic public service systems. Job satisfaction, in contrast, functioned as an independent predictor of performance but did not mediate the effects of work environment or discipline, suggesting that in highly regulated institutions, compliance and contextual enablers exert stronger influence than affective pathways. Compensation was not

found to play a meaningful role, highlighting that standardized public-sector pay schemes may lack motivational salience. Together, these findings refine the HRM literature by clarifying how institutional context moderates the classic satisfaction–performance and motivation–performance relationships, advancing a more nuanced understanding of employee behavior in government agencies.

Despite its contributions, this research is not without limitations. First, the study was confined to a single public-sector agency with a modest sample size, limiting generalizability across broader organizational settings. Future research should adopt comparative designs between public and private institutions to capture how variations in pay systems and work cultures alter the dynamics observed here. Second, the reliance on cross-sectional survey data restricts the ability to trace causality; longitudinal approaches are needed to examine how satisfaction and discipline evolve in shaping performance over time. Third, only a limited set of psychological constructs were considered, while others—such as burnout, work engagement, and perceived organizational justice—may play decisive roles and warrant inclusion in future models. Methodologically, mixed-method approaches that integrate qualitative inquiry would also deepen understanding by capturing employees' subjective perceptions of fairness, recognition, and motivation. For HRM practitioners, the results reinforce the need to move beyond facility-based interventions and compliance enforcement toward holistic strategies that integrate communication, recognition, and employee voice, thereby creating performance systems that are not only efficient but also psychologically sustainable.

ETHICAL DISCLOSURE

All participants provided written informed consent prior to participation. They were informed about the study's purpose, their voluntary participation, the right to withdraw at any time, and the confidentiality of their responses.

CONFLICT OF INTERESTS

The authors declare no conflict of interest.

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