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Employee Performance Determinants: Work Environment, Leadership, Reward System

Sri Wulandari¹, Hapzi Ali², Yayan Hendayana³¹Universitas Bhayangkara Jakarta Raya, Jakarta, Indonesia, sri.wulandari@dsn.ubharajaya.ac.id²Universitas Bhayangkara Jakarta Raya, Jakarta, Indonesia, hapzi.ali@gmail.com³Universitas Bhayangkara Jakarta Raya, Jakarta, Indonesia, yayan.hendayana@dsn.ubharajaya.ac.id*Corresponding author: sri.wulandari@dsn.ubharajaya.ac.id*

Abstract. The Influence of Work Environment, Leadership, and Reward System on Employee Performance" is a scientific article based on library research aimed at building research hypotheses regarding the influence between variables that will be used in subsequent studies, within the scope of Human Resource Management and Organizational Behavior. The method of writing this article is the library research method, sourced from online media such as Google Scholar, Mendeley, and various other academic online media. The results of this article show that: 1. The work environment affects employee performance; 2. Leadership affects employee performance; and 3. The reward system affects employee performance.

Keywords: *Employee Performance, Work Environment, Leadership, and Reward System*

INTRODUCTION

Background of the Problem

In the world of higher education, research activities are an essential element in the academic process. Students from the undergraduate level (S1), master's level (S2), to the doctoral level (S3) are required to produce scientific works in the form of theses, dissertations, or research papers as one of the graduation requirements. This is a form of academic responsibility that encourages the development of critical, analytical, and systematic thinking capacities. Outside the student environment, lecturers, researchers, and educational staff with certain functional positions also have a similar obligation to produce scientific works, which are part of efforts to improve the quality of education and scientific contributions.

The importance of scientific works lies not only in fulfilling them as an administrative requirement but also as a means to analyze phenomena, develop theories, and offer solutions to various practical and theoretical problems. In that context, research cannot be separated from the need to develop a strong conceptual framework. For that reason, researchers are required to review various relevant literature sources in order to formulate research variables, establish relationships between variables, and identify research gaps that can be further explored.

However, in practice, many students and researchers encounter difficulties in finding the right and up-to-date references. Especially in accessing relevant scientific articles as previous research or theoretical foundations, which serve to strengthen academic arguments in the preparation of scientific works. The lack of digital literacy skills, limited access to reputable journals, and difficulties in determining the right keywords for article searches are some of the main obstacles frequently encountered.

To address these needs, this article is prepared using a library research approach. This study focuses on discussing the influence of Work Environment, Leadership, and Reward System on Employee Performance. The three independent variables were chosen because they have a strategic position in influencing employee behavior and productivity within an organization. This article is designed to build a theoretical hypothesis that can serve as a preliminary foundation for further research, both quantitatively and qualitatively.

The work environment, as the first variable, plays an important role in creating comfort and psychological safety for employees. A healthy work atmosphere, harmonious interpersonal relationships, and adequate work facilities are believed to enhance individual concentration, motivation, and work enthusiasm. Meanwhile, leadership is a driving factor that determines the direction and dynamics of team work. An inspirational, participative, and communicative leadership style has been proven to enhance employee loyalty and performance effectiveness.

The third variable, namely the reward system, becomes an important element in maintaining and encouraging long-term productivity. A fair, transparent, and performance-based reward system can provide both intrinsic and extrinsic motivation for individuals within the organization. These three factors, when managed synergistically, are believed to have a significant impact on employee performance, both in terms of quantity and quality of work results.

Thus, this article not only provides a theoretical contribution in the form of initial hypothesis formulation but also serves as a conceptual reference for students, lecturers, and researchers who are currently preparing scientific works in the field of human resource management, particularly related to performance improvement in the workplace. It is hoped that the results of this literature review can inspire empirical research in the future, as well as enrich the body of research in the field of management and organization.

Problem Statement

Based on the background that has been explained, the problem to be discussed to formulate a hypothesis for further research can be stated as follows:

- 1) Does the work environment affect employee performance?
- 2) Does leadership affect employee performance?
- 3) Does the reward system affect employee performance?

LITERATURE REVIEW

Relevant Research

The entire discussion presented earlier is based on a review of various previous studies that have a strong relevance to the topic being discussed. To provide a more systematic overview and clarify how the basis for hypothesis formulation in this research was established, a summary and synthesis of these findings were compiled into Table 1 titled "Relevant Research." The presentation in the form of a table is intended so that the relationship between previous research results and the current research focus can be seen in a more structured and easily understandable manner.

Table 1: Relevant Research

No	Author (Year)	Previous Research Results	Similarity with This Article	Difference with This Article	Basis of the Hypothesis
1	Baker (2018)	A healthy work environment affects employee productivity and contribution.	The work environment affects employee performance.	The focus of the article is on additional aspects of communication and individual development.	H1
2	Martin & Becker (2020)	An inclusive work environment enhances employee engagement and performance.	An inclusive work environment enhances employee engagement and performance.	An inclusive work environment enhances employee engagement and performance.	H1
3	Johnson et al. (2021)	A work environment that supports individual development enhances performance.	The work environment supports the improvement of employee performance.	The article emphasizes the influence of professional development in the workplace.	H1
4	Al Khajeh (2021)	Transformational leadership style influences employee motivation and performance.	Leadership affects employee performance.	The article also emphasizes the aspects of participative and communicative leadership.	H2
5	Haider, Fatima, & Aamir (2022)	Inclusive and empathetic leadership increases productivity and job satisfaction.	Leadership affects employee performance.	The focus of the article is broader on leadership styles that build a work climate.	H2
6	Wijesiri, Zhang, &	Adaptive and visionary	Leadership impacts	The article further examines the role	H2

	Yang (2023)	leadership influences employee motivation and loyalty.	employee performance.	of leaders in creating a collaborative culture.	
7	Darmawan & Prasetya (2021)	Performance-based rewards increase productivity and job satisfaction.	The reward system affects employee performance.	The article also considers non-financial rewards such as career development.	H2
8	Putri & Nugroho (2023)	Meritocracy-based reward systems enhance commitment and performance.	The reward system affects employee performance.	The article emphasizes the importance of fairness and consistency in rewards.	H3
9	Lee et al. (2022)	Personalized rewards are more effective in motivating employees.	The reward system affects employee performance.	The focus of the article is on adjusting rewards based on individual characteristics.	H3

METHOD

The method of writing this article uses a Literature Review approach with a Descriptive Qualitative method, based on a literature study or library research. The main sources used in this research were obtained through online academic applications such as Google Scholar, Mendeley, and various other online academic platforms that provide relevant scientific literature. This approach allows researchers to access various articles, journals, and scientific publications that can support the theories and arguments developed in this study.

In research with a qualitative approach, the use of literature review is very important and must be conducted in a manner consistent with existing methodological assumptions. This means that the literature review is used inductively, that is, building understanding gradually based on data and information found in the literature without directing the researcher towards specific conclusions or questions. This inductive approach ensures that the research does not limit the scope of the inquiry and allows for the emergence of deeper new ideas.

One of the main reasons for choosing a qualitative approach is its exploratory nature. Qualitative research allows researchers to delve deeper into the phenomena being studied, explore different perspectives, and understand the broader context of the variables being examined. With this approach, research not only focuses on hypothesis testing but also provides an opportunity to identify patterns or relationships that may not have been extensively explored before, which can then be linked to existing theories. (Ali, H., & Limakrisna, 2013).

Conceptual Framework

Based on the identification of the problem formulation that has been outlined, accompanied by a detailed discussion and a review of various relevant previous studies, a conceptual framework has been obtained that serves as the main theoretical foundation in this article. The conceptual framework is constructed to systematically illustrate the relationships between the variables being studied and the assumed direction of influence among these variables. To clarify the readers' understanding, this conceptual framework is visualized in the form of an illustration shown in Figure 1 below.

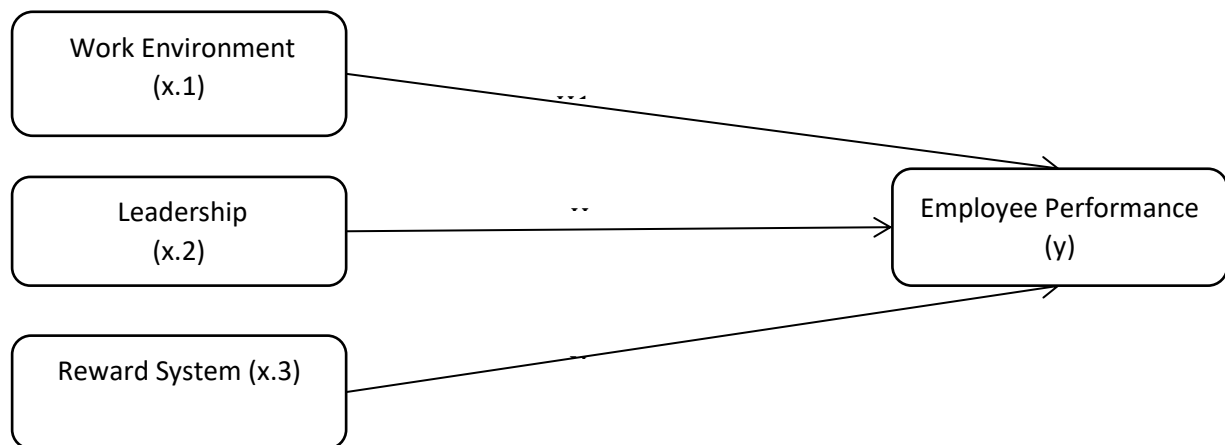


Figure 1: Conceptual Framework

Based on the previously presented conceptual framework illustration, it can be concluded that variables such as Work Environment, Leadership, and Reward System have a significant impact on improving employee performance within an organization. These three exogenous variables are considered the main factors driving the optimization of individual and team performance in achieving organizational goals. Nevertheless, in a broader context, there are still several other variables that also contribute to the achievement of information system performance and overall employee productivity. These variables encompass various additional aspects that are relevant and equally important to be analyzed further, including:

- Sistem: (Ali et al., 2016), (Shobirin & Hapzi Ali, 2019), (Saputra & Ali, 2022), dan (Sari & Ali, 2019).
- Software: (Indarsin & Ali, 2017), (Ali & Sardjijo, 2017), (Octavia & Ali, 2017) dan (Djojo & Ali, 2012).
- Teknologi Informasi: (Ashshidiqy & Ali, 2019), (Maisharoh & Ali, 2020), (Chauhan et al., 2019), dan (Prayetno & Ali, 2017).

RESULT AND DISCUSSION

Based on an in-depth analysis of existing theories and previous research relevant to the discussed topic, this literature review article will examine various related concepts and findings. This study aims to present a comprehensive summary of previous thoughts and empirical research that has been conducted, providing a theoretical foundation and relevant evidence for the topic being investigated. By referring to previous studies, this article will discuss and identify gaps in the literature that can become the focus of further research, as well as provide a deeper understanding of the relationships between the involved variables.

The Influence of the Work Environment on Employee Performance

A good work environment greatly influences employee performance, as it creates an atmosphere conducive to the development of motivation and work commitment. A supportive work environment encompasses various aspects, ranging from comfortable physical facilities, harmonious relationships among coworkers, to a positive organizational culture. Baker (2018) explains that employees who work in a healthy environment tend to be more productive and able to make greater contributions to the organization. In addition, a supportive work atmosphere can also reduce stress levels, which usually hinders employees from working optimally.

The importance of a conducive work environment is also emphasized by Martin & Becker (2020), who state that an open and inclusive environment can enhance employees' sense of engagement in their tasks, which in turn positively affects their performance. One of the main elements of an effective work environment is clear communication between management and employees. If this communication runs well, employees will feel more appreciated and have a better understanding of the organization's goals, allowing them to work more focused and efficiently.

Additionally, research by Johnson et al. (2021) shows that a work environment that provides opportunities for personal and professional development for employees, such as training and opportunities for innovation, also contributes to the improvement of their performance. By providing space for employees to develop, organizations can maximize their potential and improve overall work outcomes.

However, research by Solehati et al. (2024) shows that in certain contexts, the work environment does not always significantly affect employee productivity. Their study on the employees of PT. XYZ found that although the work facilities were adequate and of high quality, the work environment was not the main factor determining employee productivity. This shows that the influence of the work environment on performance can be contextual, depending on the type of work, organizational culture, and the actual needs of the workers.

Overall, the research results indicate that a supportive work environment has a very significant impact on employee performance. Research by Baker (2018), Martin & Becker (2020), Johnson et al. (2021), and Solehati et al. (2024) provides diverse perspectives on the importance of work environment quality, both from the individual motivation side and the contribution to achieving organizational goals more effectively and efficiently.

The Influence of Leadership on Employee Performance.

Effective leadership is one of the key determinants in improving employee performance. A leader who can create a supportive, communicative, and participative work environment tends to encourage employees to work more productively, be more committed, and achieve optimal work results. Leadership not only influences individual behavior within the organization but also impacts the quality of collaboration and the achievement of collective goals.

According to Al Khajeh (2021), leadership style plays a significant role in influencing employee motivation and performance. Leaders who apply a transformational style, for example, have been proven to be able to enhance work morale and overall employee engagement. This happens because transformational leaders tend to provide inspiration, individual attention, and innovative encouragement that strengthen both individual and team performance.

Furthermore, a study by Haider, Fatima, and Aamir (2022) shows that inclusive and empathetic leadership positively correlates with increased productivity and employee job satisfaction, especially in dynamic and diverse modern work environments. Leaders who listen

to their subordinates' aspirations, provide constructive feedback, and involve them in decision-making will create a more conducive work climate and encourage better work outcomes.

To improve employee performance through leadership, organizations can do several things. First, the development of leadership capacity through continuous training and coaching. Second, strengthen two-way communication between leaders and subordinates to create aligned understanding. Third, it is important for leaders to exemplify positive work values and build a work culture that appreciates achievements and collaboration.

In line with these findings, a study by Wijesiri, Zhang, and Yang (2023) revealed that organizations with adaptive and visionary leadership tend to have more motivated employees, high loyalty, and consistently improved performance.

However, research by Sangapan et al. (2022) shows that the influence of leadership on employee performance improvement is not always directly significant, indicating that the effectiveness of leadership in affecting performance may depend on other variables such as employee age and organizational context.

Thus, it can be concluded that leadership has a significant influence on employee performance, as demonstrated in the studies by Al Khajeh (2021), Haider et al. (2022), Wijesiri et al. (2023), and Sangapan et al. (2022).

The Influence of the Reward System on Employee Performance

The reward system plays an important role in influencing employee performance within an organization. The implementation of a fair, transparent, and performance-based reward system can encourage work motivation, increase loyalty, and drive the achievement of organizational targets. This system not only serves as a form of appreciation but also as a strategic tool to align employee behavior with organizational goals.

According to research by Darmawan and Prasetya (2021), the provision of rewards aligned with employee performance achievements significantly impacts the increase in productivity and job satisfaction. Rewards in the form of finance (such as bonuses and incentives) or non-financial (such as recognition and career development opportunities) have been proven to enhance employee motivation.

Moreover, a study by Putri and Nugroho (2023) shows that a consistent and merit-based reward system can strengthen employee commitment to the organization. When employees feel valued and recognized for their contributions, they will be more motivated to work optimally and demonstrate higher performance. A sense of fairness and satisfaction with the reward system also strengthens the relationship between employees and management.

The implementation of an effective reward system also needs to consider the unique needs and preferences of employees. As explained by Lee et al. (2022), personalized rewards—considering factors such as age, background, and job role—are more capable of driving performance compared to a uniform approach.

To improve employee performance through the reward system, management needs to conduct regular evaluations of the effectiveness of the reward schemes used. Organizations also need to establish feedback mechanisms to understand employees' expectations regarding the forms of rewards that motivate them the most. In this way, the reward system not only becomes a formal tool of the organization but also an important element in creating a productive and positive work culture.

Thus, it can be concluded that the reward system has a significant impact on employee performance, as evidenced by the research conducted by Darmawan & Prasetya (2021), Lee et al. (2022), and Putri & Nugroho (2023).

CONCLUSION

Based on the discussion results that have been systematically outlined in this article, it can be concluded that employee performance in an organization is greatly influenced by a number of interrelated important factors, including the work environment, leadership, and reward systems. These three variables consistently prove to significantly contribute to the improvement of both individual and team performance in the workplace. A conducive work environment provides comfort and psychological safety for employees, while an effective leadership style creates a supportive and inclusive work climate. On the other hand, a fair and transparent reward system can motivate employees to work harder and show loyalty to the organization.

A healthy work environment not only reduces stress but also boosts work morale and encourages employees to be more focused in carrying out their tasks. Harmonious interpersonal relationships, adequate physical facilities, and a positive organizational culture are important elements of a good work environment. This is in line with previous research findings that show a supportive work environment can strengthen employees' attachment to the organization and enhance their overall productivity.

Communicative, transformative, and inclusive leadership also plays a significant role in creating high work motivation. Leaders who can provide inspiration, clear direction, and emotional engagement to employees will enhance the morale and confidence of subordinates in completing their work. Moreover, leadership that is adaptive to the changing times and sensitive to the needs and aspirations of employees can create synergy between individual goals and organizational goals as a whole.

In that framework, the reward system becomes an important instrument that connects employee efforts with recognition from the organization. The implementation of a reward system that aligns with employee performance and preferences can enhance job satisfaction and strengthen commitment to the organization.

Therefore, in the capacity of this research, it can be stated that the work environment, leadership, and reward system influence employee performance within an organization/institution.

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