
Effect of Work Motivation and Work Environment on Employee Performance (Study at SSCraft MSME)

Maulana Fafan Rifandi^{1*}

¹Department of Business Administration, Faculty of Administrative Sciences, Universitas Islam Malang, Indonesia

E-mail: rrknot11@gmail.com

Daris Zunaida²

²Department of Business Administration, Faculty of Administrative Sciences, Universitas Islam Malang, Indonesia

Karina Utami Anastuti³

³LPPM Universitas Islam Malang, Indonesia

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Abstract: *Batu City is one of the tourist cities in East Java that has many tourist destinations and attractive natural potential, thus encouraging growth in the MSME sector. One of the growing MSMEs is SSCraft, which operates in the production of wooden kitchen utensils. In practice, this MSME faces several obstacles such as an uncomfortable work environment due to noise and production dust, as well as low employee work motivation because some employees treat this job as a side job. These problems have an impact on employee performance that has not been optimal. This study intends to examine work motivation and the work environment that influence employee performance at SSCraft MSME. The method used in this study is a quantitative method with a descriptive approach where data is collected through questionnaires, observations, and interviews with all employees. The results of the study indicate that employee performance is significantly influenced by motivation and the work environment, both partially and simultaneously. This means that the better the work motivation and work environment conditions, the higher the employee performance will be. Therefore, efforts are needed from the MSME to increase the level of work motivation through providing appreciation and improving the work environment to be more comfortable and supportive of production activities.*

INTRODUCTION

East Java has many tourist destinations that make it an attraction for tourists, where one of the tourist cities in East Java is Batu City. Batu City has a large contribution from the MSME sector to the regional economy (Kerisidanto, 2023). The high number of

MSMEs and their contribution to GRDP shows that this sector has an important role in economic growth (Detik, 2024). However, not all MSMEs are able to maintain their business performance optimally, especially in terms of employee productivity.

SSCraft is one of the MSMEs where these problems can still be found, where SSCraft operates in the production of wooden kitchen utensils. Based on production data over several months, it is known that production output has not been able to reach the specified targets. A decline in performance can be seen from this condition, which has an impact on the inability to meet market demand (Sinambela, 2021).

Various factors within a company can affect employee performance, and one of those factors is work motivation and the work environment (Dheviests & Riyanto, 2020; Nurhandayani, 2022; Rahayu & Rushadiyati, 2021). Observational data shows that some employees view the position as a side job and want to work abroad, resulting in low work commitment. In addition, workplace conditions such as noise and dust may have an impact on employee comfort.

Motivation was originally defined from the Latin word “*movore*” which means a driver or mover. Motivation is related to directing the energy and potential of subordinates so that they are willing to achieve agreed-upon goals through cooperation (Hasibuan, 2014; Purwantoro et al., 2024; Sedarmayanti, 2018). Employee motivation is determined by their attitude toward the work situation in the company. Mangkunegara (2017) defines motivation as a condition or energy that drives people to achieve goals together with the company. Afandi (2018) argues that motivation is the willingness generated from within oneself or the individual as a result of being inspired, driven, and motivated to carry out activities sincerely, happily, and seriously so that the output of the activities carried out can produce good and maximum results.

Management must pay attention to the company’s work environment. A safe and comfortable atmosphere for employees helps them work more effectively. According to Sedarmayanti (2017), the work environment encompasses everything surrounding the workplace that has an impact on employees, both directly and indirectly. Further, Afandi (2018) argues that the work environment encompasses everything surrounding employees or workers so that it can influence workers in completing their tasks.

Mangkunegara (2017) interprets employee performance as work output viewed from the quality and quantity obtained by workers in completing their work in accordance with the obligations that have been undertaken by the worker. Meanwhile, Afandi (2018) argues that performance is the work output obtained by a person or group within a company in line with obligations and responsibilities with the intention of achieving company agreements decided together legally, without conflicting with the law, and without violating norms and moral ethics. Mangkunegara (2017) identifies two aspects that determine employee performance: ability and motivation. Motivation means a condition that can serve as a driver for personnel to achieve company goals. Highly motivated employees will utilize all their energy and potential, helping them work to the maximum and toward the intended or desired targets. An employee must also be ready

emotionally and physically, as well as be able to utilize and create a comfortable work environment.

The social, psychological, and physical environment encountered by employees when working and socializing is referred to as their work context. A positive work atmosphere encourages comfort and motivates individuals to give their best performance. Conversely, negative impacts are also produced by an inadequate work environment. Sedarmayanti (2017) argues that everything surrounding a worker and having an influence on that worker is referred to as the work environment. Based on several of these theories, employee performance is presumed to be influenced by motivation and the work environment.

Several previous studies have been conducted with conflicting or contradictory results regarding the impact of the work environment on employee performance. This creates a research gap to re-examine the relationship between employee performance as influenced by work motivation and the work environment in the context of MSMEs. As a result, the purpose of this study is to examine the impact of work motivation and the work environment on employee performance at SSCraft MSME.

METHOD

This study uses a quantitative methodology, namely the survey method (Sugiyono, 2019). The number of samples in this study consists of all SSCraft MSME workers, totaling 31 people, so a saturated purposive sampling technique is used. Data was collected using surveys, observations, and interviews. The research variables are work motivation (X1), work environment (X2), and employee performance (Y). To identify partial and simultaneous effects, multiple linear regression analysis is used, along with the t-test and F-test (Ghozali, 2018).

FINDINGS AND DISCUSSION

The research that has been conducted has produced an overview that employee performance at SSCraft MSME is still inadequate. This is illustrated by the production data over several months which shows that production output has not been able to reach the specified targets, and in some periods was below 60% of the target.

Statistical Test Results

The results of the multiple linear regression analysis are described as follows:

$$y = a + B1. X1 + B2. X2 + e$$

Where Y is employee performance, X1 is work motivation, and X2 is the work environment.

- A. The t-test findings produce the result that: The work motivation variable (X1) has a significance value of < 0.05 , indicating that employee performance is significantly

influenced. The work environment variable (X2) has a significance value of < 0.05 , explaining that employee performance is significantly shaped by the work environment.

- B. The F-test findings produce the result that: In addition, the F-test produces a significance value of < 0.05 , indicating that employee performance can be influenced by the work environment and work motivation.
- C. The coefficient of determination (R^2) illustrates that work motivation and the work environment explain most of the variation in employee performance, with the remainder being influenced by external factors.

Discussion

The findings produced in this study that has been conducted illustrate that employee performance can be significantly influenced by work motivation. This is clearly visible from the average respondent assessment, which tends to agree (3.99), explaining that work comfort is the most important factor in increasing motivation. Employees who feel comfortable are more attentive and able to successfully complete their work. However, there are also shortcomings in providing non-financial rewards, such as the lack of regular training (Pratama & Wismar'ain, 2018). This syndrome affects below-standard employee skills, which in turn affects the quality of output results. In addition, the characteristics of employees, the majority of whom are over 29 years old and have financial responsibilities, demand an increase in work incentives, especially given the piece-rate wage structure, which forces employees to be more productive in order to earn more money.

Furthermore, it has been proven that employee performance can be influenced by the work environment with a considerable impact, with an average score of 3.91. Adequate lighting can be one of the important factors in increasing the rate of work safety and accuracy, especially in production procedures that use sharp tools. However, there are still shortcomings in terms of environmental comfort, such as the lack of green spaces that can help reduce fatigue in the workplace. Nevertheless, most employees are quite comfortable working at SSCraft, as seen from the length of tenure which is generally stable. This explains that a generally comfortable and adequate work environment can still maintain performance, although further changes are needed.

The F-test results show that employee performance can be influenced by motivation and the work environment. Overall, employee performance is good (average 3.85), especially in terms of work responsibility. However, there are still shortcomings in the optimal use of resources, indicating the need for improved skills and work supervision. This data shows that internal and external factors also influence employee performance, such as motivation and the work environment (Supriatna et al., 2024). Thus, improving staff performance at SSCraft MSME requires a comprehensive approach that includes increasing the level of work motivation and improving the work environment as a form of productivity enhancement that has an impact on SSCraft MSME production.

CONCLUSION

This study produces the finding that work motivation and the work environment have an impact on employee performance at SSCraft MSME, both partially and simultaneously. Work motivation has an influence on worker performance by an amount of (t count 2.816 > t table 2.048; sig. 0.009 < 0.05), indicating that an increase in motivation will improve performance. In addition, employee performance is also significantly influenced by the work environment (t count 2.201 > t table 2.048; sig. 0.036 < 0.05), which indicates that an improvement in employee performance can also be demonstrated by the existence of a safe and conducive work environment. Work motivation and the work environment also simultaneously influence employee performance (F count 27.847; sig. 0.000 < 0.05), and this becomes an important consideration for improving employee performance at SSCraft MSME.

It is important for SSCraft MSME to improve employee work motivation by providing non-monetary incentives such as skills training, health facilities, and self-development programs. In addition, the work environment also needs to be improved by paying attention to and creating a more comfortable work environment, such as adding green components like ornamental plants even in small spaces, which can relieve stress and increase employee productivity. For the Government, it can provide attention and encouragement for MSME performance through coaching programs, training, and labor welfare facilities. This support is important for increasing employee motivation and quality, so as to be able to encourage improvements in performance and the sustainability of MSMEs.

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