



How Work Environment, Leadership Style, and Career Development Shape Employee Performance in Service Sector Companies

Vola Winesty^a* and Wardhani Hakim

Hasanuddin University, Makassar, Indonesia
*winesty^a24a@student.unhas.ac.id

Abstract. This research investigates the effects of working environment, leadership style and career development on employees' performance in service sector organizations. A structured questionnaire was used to gather data from 210 employees working in hospitality, retail and consulting organizations. The result indicated that a conducive work environment has a strong positive effect on employee performance ($\beta = 0.568$, $p = 0.000$) followed by good leadership style to be too contributing positively but less strongly ($\beta = 0.235$, $p = 0.001$). Performance is significantly affected by career development opportunities ($p = 0.000$, $\beta = 0.446$). These findings bring to the fore the need for creating supportive work climate, adopting transformational leadership and offering career progression opportunities in order to improve employee performance. This study provides managerial implications for managers of service sector organizations on how to enhance motivating employee engagement and promoting service quality. Yet the study has limitations involving its geographical scope and reliance on self-report data, thus prompting for future research to enlarge the sample size in longitudinal terms to provide a more comprehensive understanding of this phenomenon.

Keywords: Work environment, Leadership style, Career development, Employee performance, Service sector.

1 Introduction

On the one hand, employee performance is one of the essential indicators of organizational success, so it is fundamental in the service sector [1, 2], where the quality-of-service delivery directly relates to employee ability and behaviour. In sectors like hospitality, retail, and consultancy, there is an increasing interest both from researchers and practitioners in finding out what disciplines workers in performing their jobs [3]. Work Environment, Leadership Style and Career Development Opportunities are three, among others which are seen as key contributors to employee attitude, engagement and of course performance.

The workplace is crucial for improving the performance of employees. It includes various elements, such as physical workspace conditions, resource availability,

communication channels, and organizational culture [4, 5]. A positive work environment fosters higher levels of employee satisfaction and motivation, which are linked to increased productivity and performance. In service-oriented sectors, where employees face the organization and often engage directly with customers, the work environment becomes even more crucial [6, 7]. A supportive and well-structured environment can improve teamwork, collaboration, and innovation, thereby leading to better service delivery and enhanced overall performance. For instance, providing a pleasant atmosphere, availability of required technology, and openness in communication will likely lead to better employee engagement and overall performance of the corporation.

The performance that his staff accomplished could just as easily be attributed to one of those eight different kinds [8]. Organizational culture is created within organisations by leaders, who help employees achieve company objectives. Trustees such as transformational leaders, for example, can motivate and inspire people to throw themselves into their work. Employees' engagement and performance are greatly increased by such leadership styles [9]. Conversely, transactional leadership, which focuses on rewarding or correcting employee performance, also shapes workplace behaviour. In service companies where employees interact closely with customers, a leadership approach that fosters trust, recognition, and empowerment can lead to higher employee satisfaction and more effective service delivery. Moreover, leadership styles affect employee morale and loyalty, with transformational leadership being linked to higher levels of motivation and innovation among employees.

Career development also affects employee performance significantly. Employees who perceive of having a scope for career development, skills enhancement and growth are more engaged and productive [8]. On the other hand, the absence of development opportunities can result in employee disengagement, low motivation, and decreased productivity. Career development initiatives like training programs, mentorship, promotion pathways help employees build their skills and continue with them to stay motivated. Furthermore, organizations that invest in career development programs typically have higher employee retention rates and better performance outcomes. Staff who can visualize a clearly defined path of growth within the organization are usually more productive, as they find meaning and guidance in their jobs.

In the service industry, fostering a positive work atmosphere, having supportive leadership, and offering career advancement opportunities contribute to a culture where employees feel appreciated, respected, and empowered [8, 10]. This, in turn, enhances the organization's performance and overall success. Although there has been research on individual elements such as the work environment or leadership, little of it involves how they collectively affect an employee's performance. The interrelationship of work environment, leadership style and career development and its influence upon employee performance in service-based industries have yet this kind study been done.

Therefore, even in the service sector, this research bridges this gap by investigating the joint impact of the three variables on employee performance. This study explores the relationships between working environment and leadership style by examining career development to derive implications for management in organizations that would

help in maximizing employee performance. Additionally, it can also add more significant information to the literature on employee performance, although it is particularly specific to the service sector, where our human capital is the hardest to reserve.

Given the increasing importance of service-based industries, understanding how to improve employee performance through these factors is vital to organizational sustainability. The insights gained from this study will help organisations create more supportive and motivating work environments, implement leadership practices that drive performance, and establish career development programs that foster employee growth, thereby enhancing the overall performance of the organisation. These findings will ultimately guide companies toward achieving a competitive edge by ensuring that their employees are highly engaged, satisfied, and productive.

2 Literature Review

2.1 Job Demands-Resources Theory

The job demand-resources (JD-R) model is a comprehensive framework that explains how different facets of work affect employee health and performance [11, 12]. It groups these features into two subcategories: job demands and re-sources Job demands: Refers to any job feature that requires continuous physical or mental effort and which is concomitant with certain bio-psychological costs of workload, time pressure and workplace challenges. On the other hand, job resources are those elements that help employees achieve their goals, meet job demands, and increase well-being, including social support from leadership, opportunities for career development, and a positive working atmosphere. The JD-R model states that when job demands are higher than job resources we develop stress or disengagement and, conversely, when there is balance we gain motivation, engagement and performance.

The model points out the basic role of job resources in increasing employee working efficiency, especially in heavy workload. For example leadership support, career advancement opportunities. The same is true in service industry firms: Employees often face high job demands such as customer expectations or long working hours. Employee resources in these cases would include leadership help, advance opportunities for a fresh and healthy workplace setting and so on; these factors can help employees to bear the pressures and continue to work wholeheartedly on behalf of their employers. Leaders who advocate the benefits of workers, provide resources that help them to do a good job and offer opportunities for personal and professional translation can create environments where employees are more likely to excel.

Additionally, the JD-R model is especially useful when taking into account the combined effects of working environment, leadership style, and career development. That is to say these aspects serve as job resources, resources that the JD-R model suggests alleviate the negative effects of work demands and boost performance. For example, a supportive work environment gives employees the physical and psychological conditions they need to grow satisfactorily in work, while a leadership

style cultivating trust in another person to be regarded as an equal, praise for one's own merits, and wide-ranging assistance can stimulate employees' personal engagement with their work. Career development programs can at the same time provide employees with the skills and opportunity to gain advancement, ones which in no small measure increase their performance and that of loyal organization pockets.

In the context of service sector companies, where employee performance directly affects service quality and customer satisfaction, the JD-R model is particularly valuable [13, 14]. This confirms the importance of balancing the environment: job demands should be reasonable, and resources plentiful. This type of balance increases employee motivation, decreases burnout, and ultimately leads to better performance. Employing JD-R, organizations can chart a path that not only enhances employee well-being but also contributes to organizational outcomes an increase in productivity and slashed turnover rates.

2.2 Employee Performance

In the service industry, employees performance is crucial than in any other sector since service quality and customer satisfaction and vital service providers even carry themselves [15, 16]. Performance of employees has a direct bearing on customer experiences, productivity and the competitive edge of the organization in sectors such as hospitality, retail and consulting [17, 18]. This is a performance which includes job-based and contextual elements. Task performance refers to the effective completion of tasks and responsibilities - like paying a letter. And contextual performance includes behaviors that improve the work environment, such as cooperation, initiative and organizational citizenship behaviors (OCB). Though these non-task activities may not be clearly recognized or rewarded other than with a feeling inside you that you made some contribution to the organization's well being.

In the service sector, the quality of service provided by employees is directly linked to their performance [19, 20]. For instance, employees who engage positively with customers, manage client expectations, and work collaboratively with their teams are more likely to create a positive customer experience, and by extension, contribute to the company's reputation and success. Moreover, employee performance is not solely judged by quantitative metrics, such as sales figures or customer feedback, but also by qualitative measures, such as engagement, job satisfaction, and the ability to foster long-term customer relationships. Therefore, measuring employee performance requires a holistic approach that integrates both objective and subjective indicators.

Employee engagement and motivation is yet another key driver of employee performance in this research. Employees with high drive are likely to be productive, dedicated, and go above and beyond to meet expectations. Outcomes from employee engagement but only partly mediated by organizational practices, style of leadership and opportunity of career development and for both employees and organization [21]. Employees are less likely to thrive when they do not feel supported by their work environment or do not see clear opportunities for growth. It is therefore also paramount that account is taken in explaining differences in performance between individuals and teams, for the factors driving employee engagement and motivation.

Actively engaged in volunteering behavior to use and empower organizational citizenship behavior (OCB) is considered a critical factor in determining employees productivity performance. OCB relates to discretionary, informal work behaviors that are neither required nor included in the employees formal job description but that help the company socially and functionally. Assisting colleagues, demonstrating initiatives to enhance processes, and performing tasks outside your normal job scope are a few examples. These behaviors are strongly influenced by work environment, leadership practices, and opportunities for career development. Workplace environment where employees feel supported and capable of working collaboratively will encourage OCB and hence overall performance and functioning.

Thus, employee performance is a multifaceted concept including both objective task specific outputs as well as contributions the support organizational culture and performance chapter logics. Work culture influences how employees are able to perform in a work environment, the management style, growth opportunities that influence motivation and drive also enables engagement and performance for the organization. Organizations that are looking to leverage their workforce and remain competitive in the service space need to understand these dynamics.

2.3 Work Environment

The core work environment includes physical, psychological and technological conditions under which employees perform their functions progress within an organization [22]. It significantly influences employee attitudes, behaviors, and overall performance. A positive work environment boosts not only productivity but also employee satisfaction, motivation, and engagement, which leads to better performance. In service sector organizations, where interactions between employees, customers, and coworkers are vital, a supportive and well-organized environment is crucial for delivering high-quality service.

This can include the office layout, workspace design, lighting, noise levels, and availability of resources. One that fosters comfort, mobility & communication will alleviate stress, stimulate concentration, and improve task efficiency. For example, a clean, well-lit, and ergonomically designed office space can lead to less physical strain and increased employee comfort, enabling employees to focus on their tasks without distraction. Access to necessary tools, technology, and resources is fundamental for enabling employees to perform their tasks effectively and efficiently.

The psychological environment pertains to the overall organizational culture, interpersonal relationships, and emotional climate in the workplace [23]. A supportive and positive work culture fosters trust, collaboration, and a sense of belonging among employees, which can enhance performance. Motivated and energized workers come from an environment where employees know they are valued, listened to, and respected by co-workers and leadership. In contrast, a workplace that has negative or stressful environment where there is poor communication, high degree of conflict, or lack of trust, naturally disengagement, lower job satisfaction, and poor performance follow.

In today's organizations, particularly service-based industries, the technological environment is increasingly crucial. Advanced digital tools, software, and

communication platforms can streamline workflows, facilitate collaboration, and boost productivity. For service sector employees, access to cutting-edge technology enables superior service delivery, swift customer response, and efficient task performance. Conversely, lack of technological support or outdated systems can impede performance, heighten frustration, and diminish work effectiveness. The work environment is a multidimensional construct encompassing physical, psychological, and technological elements. Each dimension influences how employees perform tasks, interact with colleagues and customers, and stay motivated in their work. Optimizing employee performance and ensuring organizational success cannot take place without the support of a healthy work environment and service industries are no exception where human interactions are the very driving forces behind many business goals.

2.4 Leadership Style

Leadership Style has a significant influence on his/her behavior and performance in organizations [24]. It affects how employees view their responsibilities, interact with coworkers, and tackle their assignments. Effective leadership plays a pivotal role in creating an environment that motivates employees, fosters collaboration, and promotes high performance. In service-oriented organizations, where employee-customer interactions are fundamental to success, leadership style can significantly impact the quality of service delivery and overall organizational performance.

Transformational leadership stands out as one of the most extensively researched and influential styles of leadership. It entails inspiring and motivating employees to move beyond their individual interests for the collective benefit of the organization. Leaders who embody transformational qualities connect with their employees on an emotional level, support them in reaching their full potential, and foster a culture of innovation and creativity. This form of leadership proves particularly advantageous in service-oriented industries by boosting employee engagement, satisfaction, and dedication, ultimately resulting in improved customer service and performance. Transformational leaders are recognized for their ability to motivate their teams, cultivate trust, and articulate a vision that resonates with employees' personal and professional aspirations, thereby fostering a sense of connection and motivation in their roles.

In comparison, transactional leadership places a stronger emphasis on upholding regular operational efficiency through establishing precise objectives and expectations and utilizing rewards or penalties based on performance. While this approach can be successful in accomplishing short-term objectives and upholding structure, it may not cultivate the prolonged employee engagement and ingenuity that transformational leadership offers. In sectors such as service industries, where adaptability, customer-centric issue resolution, and creativity are crucial for success, transformational leadership typically proves more effective in propelling employee performance. Nonetheless, transactional leadership can still be efficacious in organizations where adherence to regulations, processes, and specific task fulfillment is greatly valued.

Servant leadership is another leadership approach that has gained recognition in service-oriented organizations. This style emphasizes the leader's role in serving the

needs of their employees, focusing on their well-being, and providing support for their personal and professional growth [25]. Servant leaders prioritize their team members' growth and empower them to make decisions that benefit both the organization and their personal advancement. This leadership approach nurtures a strong sense of community, trust, and loyalty, ultimately enhancing employee satisfaction and performance.

The analysis conducted suggests that as more than two-thirds of the total variance in employee job performance is accounted for by the leadership style a leader adopts, the leadership style of a leader has a substantial impact on employee motivation, job satisfaction, employee engagement, and organizational commitment. Leaders who create a positive work environment, provide guidance and support, and align their employees' personal goals with organizational objectives tend to see better performance outcomes. In service-sector organizations, where customer satisfaction and employee interactions are key, effective leadership is essential for achieving high levels of employee performance and organizational success.

2.5 Career Development

Career Development is essential for shaping employee performance as it offers opportunities for growth, skill enhancement, and advancement within an organization. [26]. Employees who know what they can achieve within a company and what growth opportunities their employer has to offer are more motivated, engaged, and productive in their roles. In service sector organizations, especially those involving direct customer interactions, supporting employees with tools for career advancement is vital for maintaining high service quality and employee satisfaction.

Enhancing skills and training are crucial components of career advancement. Companies that prioritize ongoing learning and development initiatives equip their employees with the essential knowledge and skills to perform their duties more efficiently. These training sessions can cover a range of topics, from specific job-related skills to broader professional growth opportunities like leadership training, soft skills enhancement, and management courses. Such programs not only boost employee performance but also enhance their confidence and job satisfaction, increasing their likelihood of remaining committed and loyal to the company. In service industries, where employees frequently interact with customers, investing in training is especially vital to ensure that employees can meet customer expectations and effectively address any issues.

Another critical component of career development is mentorship. Employees with access to mentors or coaches within the organization are more likely to develop professionally and personally. Mentorship provides employees with the insights, advice, and emotional support required to navigate their career paths. It also helps them build networks within the organization and gain new perspectives on their work. In service industries, where employees' interpersonal skills and customer interactions are key, mentorship can significantly enhance both job performance and employee satisfaction by fostering a sense of support and connection.

Career advancement opportunities also play a central role in employee motivation. Organizations that offer clear and attainable promotion pathways tend to have more engaged and high-performance employees [27]. When employees see a future within the company, they are more likely to invest in their work and perform at a higher level. Career development initiatives that include promotions, job rotations, or lateral moves within a company provide employees with opportunities to diversify their skills, take on new challenges, and build a more well-rounded career. This not only benefits the employee but also enhances the overall organizational capability by developing a more versatile and skilled workforce.

Overall, career development effectiveness is one of the key factors determining the performance of employees in every service industry in the world. When staff members are given chances to grow, learn, and progress, they feel appreciated and driven to help the organization succeed. Dedicating to career development can not only enhance employee satisfaction but organizational efficiency too, resulting in a workforce that is talented, driven, and aligned with the goal of the company.

2.6 Hypothesis Development

Work Environment on Employee Performance. The relationship between the work environment and employee performance is well documented, as workplace quality directly affects how employees approach their tasks and how effectively they perform. In service sector organizations, where employee interactions with customers are crucial, a positive work environment plays an even more significant role in ensuring high performance [28, 29]. A supportive physical environment, with adequate resources and facilities, reduces physical strain and allows employees to focus on their core tasks and improve their productivity and performance. Moreover, a positive psychological environment that includes factors such as organizational culture, open communication, and trust between colleagues and management fosters employee engagement and motivation. In turn, this leads to higher job satisfaction and enhanced performance. A well-structured work environment enables employees to navigate their daily tasks efficiently, resulting in improved quality of work, faster problem solving, and increased customer satisfaction.

Furthermore, a technological work environment is increasingly essential in modern organizations, especially in service industries, where technology can streamline workflows and improve communication. When employees have access to the right digital tools and platforms, they can work more effectively, collaborate seamlessly with their teams, and respond to customer needs promptly. Supportive technological infrastructure is critical for facilitating job performance, particularly in service companies that rely on digital communication and data processing. The availability and ease of use of these technologies can significantly impact employee productivity and performance.

Given these factors, it is clear that the work environment serves as a key driver of employee performance as it directly influences employees' ability to perform their tasks efficiently, maintain job satisfaction, and contribute to organizational goals. A supportive work environment, both physically and psychologically, is essential for

enhancing employee performance, especially in service-based organizations where customer interaction and collaboration are paramount [1].

H1: A positive work environment has a significantly positive effect on employee performance in service sector companies.

Leadership Style on Employee Performance. Leadership style is one of the pillar field of research in organizational research, which has got a significant attention of study as this presents high significance link to employee performance. Leadership has an essential impact on how employees approach their jobs, interact with one another, and the degree to which they align their individual aspirations with that of the organization [30]. Various leadership styles can differently impact employee motivation, engagement, and overall performance. Among these, transformational leadership is widely acknowledged for its beneficial effects on employee performance. Transformational leaders have the ability to inspire and motivate their teams by creating a vision of success, providing individualized consideration, and encouraging creative thinking. Not only this improves task performance, it also leads to improved contextual performance due to increased collaboration, creativity, and commitment.

In contrast, transactional leadership focuses more on establishing clear expectations, rules, and rewards for achieving set goals. Although this approach may lead to short-term performance improvements, particularly in structured and routine tasks, it tends to be less effective in fostering long-term engagement and creativity among employees. In the service sector, where employees are required to engage with customers, solve problems, and adapt to changing circumstances, transformational leadership is generally more effective [2, 31]. Leaders who adopt a transformational style can engage employees, align their personal goals with the organizational vision, and ultimately improve both individual and organizational performance.

Servant leadership, which emphasizes addressing employees' needs and well-being, positively impacts employee performance. By fostering trust, support, and empowerment, servant leaders enable employees to feel valued and reach their full potential. In service industries, where employee interactions directly affect service quality, leadership that encourages trust and development leads to higher performance. Employees, when supported by leadership by open communication channels, mentorship, and a focus on employee growth become more motivated and satisfied with their jobs, which translates into better performance. So, employee performance is heavily influenced by leadership style, particularly in services where employee engagement affects customer satisfaction and success of the organization. A workplace leading to supportive circle suggests an encouraging group who brings out the best in each behavior with a very pleasant methodology to work: Such Leaders push the employees to be their best leads to overall growth in productivity, poise, willpower, potential, etc. which in turn adds to the former (organization).

H2: Leadership style positively influences employee performance in service sector companies.

Career Development on Employee Performance. The association of career or, career growth. development with employee performance is a substantial for organizations to thrive in a competitive, turbulent, global and dynamic environment where improved skilled and motivated employees are critically significant for delivering better service quality towards attaining the bottom line in particular context of servant organizations [5, 32]. Career development includes a wide range of opportunities to help employees grow professionally and personally. It encompasses structured learning courses, coaching, job rotations, and other professional development programs. Employees who believe that their organization is investing in growth and development are likely to be more motivated, engaged and committed.

By helping and guiding the employees in gaining the competence necessary for their current work, a well-created career development program increases job satisfaction and loyalty to the organization. A clear career progression, where expertise leads to promotion, would help minimise turnover and encourage employees to stay engaged over the long term [33, 34]. Finally, Team members who are given opportunities to develop new skills are likelier to be driven, creative, and dedicated they feel like they belong to that organization and want to work towards growing it. This is especially true in service sectors where employees primary objective is managing customers directly, and have to respond to unpredictable situation on the spot.

Additionally, career development programs promote continuous learning, which is particularly vital in fast-paced service environments, where new skills and knowledge are frequently required. For example, in the hospitality and customer service sectors, employees need to be equipped with the latest skills in customer interaction, technology use, and problem solving. Companies that focus on ongoing career development keep their employees competitive, flexible and able to serve customers at the highest possible level. This influences the performance of employees directly because engaged, productive, and committed employees are, excited employees can read the same as, high in executive as long as they see growth in their work [4].

In summary, career development plays a significant role in enhancing employee performance by providing employees with the skills, knowledge, and opportunities they must succeed in their roles. Organizations that prioritize career development benefit not only from higher employee performance but also experience increased job satisfaction, lower turnover, and a more loyal and engaged workforce, all of which contribute to improved organizational outcomes.

H3: Career development positively influences employee performance in service sector companies.

3 Methodology

In this study, a quantitative approach is used to make empirically analysis the impact of working environment, leadership style, and career development on employee performance of service sector enterprises. Utilizing a survey research strategy, an online questionnaire is given to employees in hospitality, retail and consulting industries. The questionnaire is designed to measure the significant variables of the

study which are the work environment, the leadership style, the career development and the employee performance. For main study, participants rate their perceptions around each of the indicated external factors impacting their performance using a 5-point Likert scale. Data collected will be analyzed through Smart PLS 4.0 to see the links each variable proposes.

The research utilizes convenience sampling to collect data from employees across various service industries, targeting a sample size of 250 to capture a diverse range of organizational contexts and job roles. This method was chosen to facilitate efficient data collection from a relevant group, although the sample's representativeness may constrain the findings. Data will be collected via an online survey, which enhances participant accessibility and streamlines the data collection process. Afterwards, Structural Equation Modeling (SEM) with Smart PLS tool will be used to analyze the data in order to investigate complex relationships between several variables. First, a measurement model was conducted to assess the validity and reliability [34] of the data by employing Cronbach's alpha, AVE, and Composite Reliability. Then the hypotheses were tested based on the structural model, which measures (based on path coefficients and t-values) the significance of the relationships between variables ($p < 0.05$).

4 Results

4.1 Data

The data for this study were successfully collected from 210 employees working at various service sector companies across multiple industries, including hospitality, retail, and consulting. The respondents were selected using a purposive sampling method, focusing on individuals who had experience working in these service environments and who were familiar with the organizational culture that embodies transformational leadership, career development opportunities, and a positive work environment. The survey was distributed through a structured questionnaire using Google Forms that included questions designed to measure the following key variables: work environment, leadership style, career development, and employee performance. With 210 questionnaires successfully completed and returned, this sample size was considered adequate for conducting statistical analysis, particularly using Structural Equation Modeling (SEM), to assess the connections among the variables being studied. This sample facilitated a broad representation of employees across various service sectors, guaranteeing the credibility and accuracy of the study's conclusions.

4.2 Instrument Testing Results

Outer Model Analysis.

Table 1. Outer Loading

	WE	LS	CE	EP
WE_1	826			

WE_2	0.744		
WE_3	0.733		
WE_4	0.868		
WE_5	0.817		
LS_1		703	
LS_2		710	
LS_3		873	
LS_4		0.789	
LS_5		793	
CE_1			0.849
CE_2			0.735
CE_3			0.866
CE_4			0.864
CE_5			0.89
EP_1			0.768
EP_2			0.866
EP_3			0.727
EP_4			0.744
EP_5			0.773

Source: Author own' estimation (2025)

This table presents the factor loadings of various items measuring Work Environment (WE), Leadership Style (LS), Career Development (CE), and Employee Performance (EP). The values indicate the strength of the relationship between each item and its corresponding latent variables. For example, the Work Environment variables (WE_1 to WE_5) exhibited relatively high loadings, particularly WE_4 (0.868) and WE_5 (0.817), suggesting strong associations with the latent construct. Similarly, Leadership Style items (LS_1 to LS_5) demonstrated significant loadings, especially LS_3 (0.873) and LS_5 (0.793), reflecting the impact of leadership on employee outcomes. The Career Development dimensions (CE_1 to CE_5) also showed strong loadings, with CE_3 (0.866) and CE_4 (0.864) being particularly high, underlining the importance of career growth in employee performance. Finally, the Employee Performance items (EP_1 to EP_5) show a range of loadings, with EP_2 (0.866) and EP_5 (0.773), indicating that employee performance is closely tied to the factors measured in the study. These high loadings suggest that the measurement model has good validity, and that each construct is well represented by its respective items.

Construct Reability and Validity.

Table 2. Construct Reability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
WE	0.845	0.832	0.837	0.674
LS	0.864	0.858	0.831	0.643
CE	0.823	0.877	0.926	0.645

EP	0.855	0.844	0.864	0.677
----	-------	-------	-------	-------

Source: Author own estimation (2025)

It shows good internal consistency and convergent validity for the constructs as can be seen from the table. The values of Cronbach's alpha of Work Environment (WE), Leadership Style (LS), Career Development (CE), and Employee Performance (EP) ranged from .823 to .864 greater than .7 which indicate that the instrument is reliable. The CR (rho_a) and CR (rho_c) for each construct exceeded 0.7, asserting measurement model reliability. The average variance extracted (AVE) exceeded the threshold of 0.5 for all values (we = 0.674; ep = 0.677). These results indicate that the constructs are both reliable and valid and that the measurement model is suitable for further analysis.

4.3 Hypotheses Test

Direct Test.

Table 3. T-statistics and P-values of Hypotheses

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
WE -> EP	0.568	0.556	48	90.043	0.000
LS -> EP	0.235	0.244	43	70.489	0.001
CE -> EP	0.446	0.439	65	100.847	0.000

Source: Author own estimation (2025)

Analysis of the data more than support all three hypotheses tested in this research. H1: A positive work environment leads to a significant enhancement in employee performance supported with a positive path coefficient value of 0.568, (T-statistics = 9.043, p = 0.000) revealing a high level of significance and relationship that shows that a positive work environment plays an important role in improving employee performance. H2: Effect of Leadership style on Employee's Performance Regarding H2 which investigates the impact of Leadership style upon Employee performance, the results show that the path coefficient is 0.235 and its T-statistic is 7.489 (p = 0.001), which shows that even though it is slightly less significant than work environment, Leadership style also has a significant and meaningful relationship with Performance. Finally, H3 that stated that career development is positively affecting employee performance is supported with path coefficient 0.446 and T-statistic 10.847 (p = 0.000), hence career development has to be introduced in order to create employee performance. Overall, the findings revealed that work environment, leadership style and career development are the main predictors of employee performance in service sector.

5 Discussion

To conclude, this research elucidates an understanding of how work environment, leader behaviour and career development leads employees performance working in service sector organizations. Results guarantee that fulfilling work environment, transformative authority, and profession improvement have a tremendous effect at the employee 's performance and working. Research shows that organizations can enhance employee engagement, job satisfaction, and overall performance by providing a supportive and resource-rich environment, leadership practices, and opportunities for career advancement [11, 14].

However, there were several limitations in this particular research. In particular, it was only implemented in Makassar, Indonesia, limiting the ability to generalize the findings to other settings. Third, we used non-validated measures, which are also self-reported, making them even more vulnerable to potential biases (social desirability, response, etc). A further limitation was the use of convenience sampling, which may not provide the full picture of the diversity of the wider service workforce. Future studies could mitigate these shortcomings by recruiting a larger, multi-sector sample from multiple geographical regions to provide a more diverse and representative dataset. In addition, the prolonged effects of these elements on employee performance could be examined by longitudinal studies in future. Finally, adding more variables, such as employee well-being or organizational commitment, would help elaborate the employee performance drivers [7, 9].

6 Conclusion

This study examined how the work environment, leadership style, and career development jointly shape employee performance in service-sector firms. Drawing on the Job Demands–Resources perspective, the findings show that all three resources exert significant and positive effects on performance, with the work environment emerging as the strongest driver, followed by career development and leadership style. These results underscore that when employees experience supportive physical–psychological conditions at work, see credible growth pathways, and are guided by effective leaders, their performance is consistently higher.

Theoretically, the study reinforces the central role of organisational resources in enabling performance within people-intensive service settings. It adds nuance by comparatively positioning the work environment as the dominant lever, suggesting that environmental supports may amplify the uptake and impact of leadership behaviours and development initiatives. Practically, managers should prioritise (i) strengthening the work environment ergonomics, role clarity, feedback routines, and fair workload; (ii) institutionalising leadership behaviours that coach, recognise, and empower; and (iii) formalising career systems transparent pathways, competency-based training, and structured mentoring.

This research is not without limitations. It is cross-sectional and focused on service companies in Makassar, which narrows causal inference and generalisability. Future

work could employ multi-wave or longitudinal designs, include multiple cities or industries, and triangulate performance with supervisor/administrative records. Extending the model with plausible mediators (e.g., work engagement, job satisfaction, organisational citizenship behaviour) and moderators (e.g., tenure, job complexity) would clarify mechanisms and boundary conditions. Despite these limitations, the evidence provides actionable guidance: organisations that invest first in a high-quality work environment, then consolidate leadership and career systems, are better positioned to achieve sustained performance gains.

References

1. Hajiali, B., Budiandriani, E., Prihatin, A., Sudirman, M.M., Sufri, M.M., Fara Kessi, A.M.: Determination of work motivation, leadership style, employee competence on job satisfaction and employee performance. *Golden Ratio Hum. Resour. Manag.* 2(1), 57–69 (2022). <https://doi.org/10.52970/grhrm.v2i1.160>
2. Pawirosumarto, S., Sarjana, P.K., Gunawan, R.: The effect of work environment, leadership style, and organizational culture towards job satisfaction and its implication towards employee performance in Parador Hotels and Resorts, Indonesia. *Int. J. Law Manag.* 59(6), 1337–1358 (2017). <https://doi.org/10.1108/IJLMA-10-2016-0085>
3. Nguyen, N.P., McGuirk, H.: Evaluating the effect of multifactors on employee's innovative behavior in SMEs: Mediating effects of thriving at work and organizational commitment. *Int. J. Contemp. Hosp. Manag.* 34(12), 4458–4479 (2022). <https://doi.org/10.1108/IJCHM-11-2021-1354>
4. Yusuf Iis, E., Thoyib, A., Wahyuddin, W., Sintia, I., Nur Ilham, R.: The effect of career development and work environment on employee performance with work motivation as intervening variable at the Office of Agriculture and Livestock in Aceh. *Int. J. Econ. Bus. Account. Agric. Manag. Sharia Adm. (IJEBAS)* 2(2), 227–236 (2022). <https://doi.org/10.54443/ijeabas.v2i2.191>
5. Rahim, M.H.O., Rosid, O., Hasan, N.: Risk culture and employee performance for optimal organizational success: The mediating role of employee satisfaction and employee engagement. *Manag. Res. Rev.* 47(11), 1722–1749 (2024). <https://doi.org/10.1108/MRR-12-2023-0892>
6. Chang, C., Chiu, C.M., Chen, C.A.: The effect of TQM practices on employee satisfaction and loyalty in government. *Total Qual. Manag. Bus. Excell.* 21(12), 1299–1314 (2010). <https://doi.org/10.1080/14783363.2010.530796>
7. Sledge, S., Miles, A.K., Copping, S.: What role does culture play? A look at motivation and job satisfaction among hotel workers in Brazil. *Int. J. Hum. Resour. Manag.* 19(9), 1667–1682 (2008). <https://doi.org/10.1080/09585190802295157>
8. Abdul-Azeez, O., Ihechere, A., Idemudia, C.: Transformational leadership in SMEs: Driving innovation, employee engagement, and business success. *World J. Adv. Res. Rev.* 22(3), 1894–1905 (2024). <https://doi.org/10.30574/wjarr.2024.22.3.1888>
9. Mobarak Karim, M., Bin Amin, M., Ahmed, H., Hajdu, Z., Popp, J.: The influence of leadership styles on employee performance in telecom companies of Bangladesh. *Probl. Perspect. Manag.* 21(3), 671–681 (2023). [https://doi.org/10.21511/ppm.21\(3\).2023.52](https://doi.org/10.21511/ppm.21(3).2023.52)
10. Westover, J.H.: Building a culture where all can thrive. *Hum. Cap. Leadersh. Rev.* 18(3) (2025). <https://doi.org/10.70175/hclreview.2020.18.3.4>

11. Li, Q., Mohamed, R., Mahomed, A., Khan, H.: The effect of perceived organizational support and employee care on turnover intention and work engagement: A mediated moderation model using age in the post pandemic period. *Sustainability* 14(15), 9125 (2022). <https://doi.org/10.3390/su14159125>
12. Van den Broeck, A., De Cuyper, N., De Witte, H., Vansteenkiste, M.: Not all job demands are equal: Differentiating job hindrances and job challenges in the Job Demands–Resources model. *Eur. J. Work Organ. Psychol.* 19(6), 735–759 (2010). <https://doi.org/10.1080/13594320903223839>
13. Veloso, M., Walter, C.E., Sousa, B., Au-Yong-Oliveira, M.: Boosters of satisfaction, performance and employee loyalty: Application to a recruitment and outsourcing information technology organization. *J. Organ. Change Manag.* 34(5), 1036–1046 (2021). <https://doi.org/10.1108/JOCM-01-2021-0015>
14. Lee, S.M., Lee, D., Kang, C.-Y.: The impact of high-performance work systems in the health-care industry: Employee reactions, service quality, customer satisfaction, and customer loyalty. *Serv. Ind. J.* 32(1), 17–36 (2012). <https://doi.org/10.1080/02642069.2010.545397>
15. Lee, J., Patterson, P.G., Ngo, L.V.: In pursuit of service productivity and customer satisfaction: The role of resources. *Eur. J. Mark.* 51(11–12), 1836–1855 (2017). <https://doi.org/10.1108/EJM-07-2016-0385>
16. Piaralal, S.K., Juhari, A.S., Piaralal, N.K., Bhatti, M.A.: Factors affecting service recovery performance and customer service employees. *Int. J. Product. Perform. Manag.* 65(7), 898–924 (2016). <https://doi.org/10.1108/IJPPM-04-2014-0060>
17. Pascual-Fernández, P., López-Sánchez, J.Á., Santos-Vijande, M.L.: Harnessing innovation success in hotels: The interplay among key drivers of new service performance. *Int. J. Contemp. Hosp. Manag.* 32(9), 2757–2776 (2020). <https://doi.org/10.1108/IJCHM-12-2019-0988>
18. Varela González, J., García Garazo, T.: Structural relationships between organizational service orientation, contact employee job satisfaction and citizenship behavior. *Int. J. Serv. Ind. Manag.* 17(1), 23–50 (2006). <https://doi.org/10.1108/09564230610651561>
19. Sureshchandar, G.S., Rajendran, C., Anantharaman, R.N.: The relationship between management’s perception of total quality service and customer perceptions of service quality. *Total Qual. Manag.* 13(1), 69–88 (2002). <https://doi.org/10.1080/09544120120098573>
20. Kim, L., Maijan, P., Yeo, S.F.: Developing customer service quality: Influences of job stress and management process alignment in banking industry. *Sustain. Futures* 8, 100311 (2024). <https://doi.org/10.1016/j.sfr.2024.100311>
21. Khan, D.: Organizational behaviour insights: Examining dynamics of workplace culture and employee interaction in modern organizations. *Int. J. Multidim. Res. Perspect.* 2(5), 37–53 (2024). <https://doi.org/10.61877/ijmrp.v2i5.145>
22. Chang, R.: The impact of employees’ health and well-being on job performance. *J. Educ. Humanit. Soc. Sci.* 29, 372–378 (2024). <https://doi.org/10.54097/9ft7db35>
23. Radha, P., Aithal, P.S.: A study on the performance of employees in the banking sector and its impact on the organizational health. *Int. J. Manag. Technol. Soc. Sci.*, 119–127 (2023). <https://doi.org/10.47992/ijmts.2581.6012.0315>
24. Reyaz, S.: The influence of leadership styles on employee motivation and job satisfaction. *Int. Res. J. Adv. Eng. Manag. (IRJAEM)* 2(03), 339–344 (2024). <https://doi.org/10.47392/irjaem.2024.0049>
25. Bentein, K., Parent-Rocheleau, X., Lapalme, M., Guerrero, S., Simard, G.: How can servant leaders foster public employees’ service-oriented behaviors? A multilevel multisource study

- in Canadian libraries. *Public Adm. Rev.* 82(2), 269–279 (2021). <https://doi.org/10.1111/puar.13416>
26. Pandya, J.D.: Intrinsic & extrinsic motivation & its impact on organizational performance at Rajkot city: A review. *J. Manag. Res. Anal.* 11(1), 46–53 (2024). <https://doi.org/10.18231/j.jmra.2024.009>
 27. Castanheira, F.: Perceived social impact, social worth, and job performance: Mediation by motivation. *J. Organ. Behav.* 37(6), 789–803 (2015). <https://doi.org/10.1002/job.2056>
 28. Scotti, D.J., Behson, S.J., Harmon, J.: Links among high-performance work environment, service quality, and customer satisfaction: An extension to the healthcare sector. *J. Healthc. Manag.* 52(2), 109–124 (2007). <https://doi.org/10.1097/00115514-200703000-00008>
 29. Han, M., Hu, E., Zhao, J., Shan, H.: High performance work systems and employee performance: The roles of employee well-being and workplace friendship. *Hum. Resour. Dev. Int.* 28(1), 36–55 (2023). <https://doi.org/10.1080/13678868.2023.2268488>
 30. Megawati, M., Hamdat, A., Aida, N.: Examining linkage leadership style, employee commitment, work motivation, work climate on satisfaction and performance. *Golden Ratio Hum. Resour. Manag.* 2(1), 1–14 (2022). <https://doi.org/10.52970/grhrm.v2i1.86>
 31. Zhang, W., Xu, F., Wang, X.: How green transformational leadership affects green creativity: Creative process engagement as intermediary bond and green innovation strategy as boundary spanner. *Sustainability* 12(9), 3841 (2020). <https://doi.org/10.3390/sul12093841>
 32. Awoitau, R., Khotimah, K., Noch, M.Y.: The influence of motivation, training and compensation on employee performance. *Adv. Hum. Resour. Manag. Res.* 2(3), 153–165 (2024). <https://doi.org/10.60079/ahrmr.v2i3.376>
 33. Hur, Y.: Assessing the effects of workplace contextual factors on turnover intention: Evidence from U.S. federal employees. *Public Organ. Rev.* 25(1), 193–213 (2024). <https://doi.org/10.1007/s11115-024-00784-y>
 34. Rama Devi, V.: Employee engagement is a two-way street. *Hum. Resour. Manag. Int. Dig.* 17(2), 3–4 (2009). <https://doi.org/10.1108/09670730910940186>

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

