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# The Influence of Leadership Style and Work Environment on Employee Performance with Rewards as a Moderation Variable

Kho Jessica Evania Falent Prananta<sup>1\*</sup>

<sup>1</sup> Universitas Semarang, Semarang, Indonesia

\* Corresponding author: Kho Jessica Evania ([jessica.evania4@email.com](mailto:jessica.evania4@email.com))

## Abstract

Organizations increasingly face performance challenges marked by declining turnover and unmet performance targets, highlighting the need to better understand the factors that influence employee productivity. The objective is to analyze how leadership style and work environment impact employee performance and determine whether rewards moderate these relationships. Using a quantitative approach, the study employed census sampling of all 45 employees. Data were collected through questionnaires and analyzed using Structural Equation Modeling (SEM) with SmartPLS. The findings reveal that leadership style positively and significantly affects employee performance, while the work environment shows no significant direct effect. Importantly, rewards moderate both relationships, strengthening the influence of leadership style on performance and enhancing the work environment's impact on performance. In conclusion, effective leadership combined with appropriate reward systems significantly drives employee performance, whereas environmental factors require reward mechanisms to become meaningful performance drivers. The study also contributes theoretically by confirming the role of rewards as a key moderator that strengthens leadership performance relationships. These findings imply that organizations should enhance leadership effectiveness and align reward systems to ensure work environment improvements translate into better employee performance.

## Keywords

Employee Performance, Leadership Style, Moderation, Rewards, Work Environment.

## 1. Introduction

The food and beverage industry represents one of the most sought-after business sectors, primarily because food constitutes a fundamental human necessity that must be continuously fulfilled. The sustainability and success of any service organization heavily depend on the quality of its human resources, which serves as a critical internal factor for long-term business viability (Edison et al., 2017; Couldry & Mejias, 2019). Effective company management that can properly oversee human resources and cultivate a conducive work environment is essential, as it generates positive impacts throughout the entire organization. Given the considerable workforce size and complex organizational structure, managers play a vital role in regulating the work environment to ensure it remains dynamic and purposefully directed (Indrasari, 2017; You, 2022).

In the current era of intensified global business competition, companies must develop robust strategies to navigate competitive pressures successfully. One particularly significant challenge confronting organizations is the achievement of predetermined performance targets (Bennis, 1969; Jermisittiparsert, 2020). Organizations frequently encounter situations where employees fail to meet the targets established by management, creating serious concerns regarding business continuity and organizational effectiveness. This performance gap becomes especially critical in service industries where employee performance directly influences customer satisfaction and organizational outcomes (Jones, 2002).

Despite extensive research on factors influencing employee performance, several gaps remain in understanding the complex relationships between leadership style, work environment, and employee outcomes in the restaurant industry context. Ardial (2018) defines employee performance as the qualitative and quantitative results achieved by employees in executing their duties according to assigned responsibilities. Muryati (2022) further characterizes performance as a condition related to organizational success in mission accomplishment, measurable through productivity levels, service quality, responsiveness, responsibility, and accountability. Purwanta (2022) emphasizes that employee performance encompasses work outcomes related to organizational goals, evaluated through quantity, quality, efficiency, effectiveness, and compliance with structural and functional position requirements.

While previous studies by Supartha (2016) have examined leadership style's influence on performance, and research by Sarah (2020) investigated work environment effects with rewards as moderating variables, limited research has investigated their combined effects with reward systems as a moderating mechanism, particularly in small to medium-sized restaurant establishments. Similarly, studies by Lena (2022) focused on leadership and rewards, while Efendi and Hardiyanto (2021) examined these variables through motivation as an intervening variable. The declining turnover at Koenang-Koenang Resto, resulting in consistently unmet performance targets, highlights a critical need to understand which organizational factors most significantly influence employee performance and how these relationships can be strengthened through appropriate management interventions.

The provision of rewards indirectly affects the quality of employees' work output. Reward allocation must be appropriately calibrated to match employees' rights and obligations (Nabawi, 2019). It is important to recognize that reward systems extend beyond purely material compensation, being significantly influenced by the dynamic interaction between human resources and the organizational environment. Research indicates that when employees receive recognition for positive behaviors, they become more likely to repeat those constructive actions. Conversely, when

employees face sanctions or consequences for errors, the frequency of such mistakes tends to diminish (Robbins & Judge, 2011).

Understanding how leadership style and work environment interact with reward systems becomes crucial for restaurant management seeking to optimize employee performance. The service nature of restaurant operations demands consistent high performance from employees who directly interact with customers, making it imperative to identify and implement effective management practices that enhance workforce productivity and engagement (Richard, 2002; Irtanto & Martin, 2022). This study contributes valuable insights for organizational development and practical management applications. The findings are expected to serve as reference materials and guidelines for comprehensive evaluation and continuous improvement initiatives targeting both employees and managers in fulfilling their respective duties, thereby contributing positively to organizational sustainability. Furthermore, this research seeks to enhance academic understanding and provide fresh perspectives for ongoing development in business management field.

This research explicitly aims to analyze the influence of leadership style and work environment on employee performance at Koenang-Koenang Resto in Semarang, with rewards functioning as a moderating variable. By examining these relationships systematically, this study seeks to provide evidence-based recommendations for enhancing employee performance through strategic management of leadership approaches, environmental conditions, and reward mechanisms.

## **2. Literature Review and Hypothesis Development**

### **2.1. The Effect of Leadership Performance on Employee Performance**

Attribution theory explains how individuals interpret causes from behavior, determining whether actions result from internal or external factors (Herfianti et al., 2023). Employee performance represents the interaction between ability and motivation. Ardial (2018) argues that employee performance is the quality and quantity of work achieved in carrying out duties according to responsibilities. Muryati (2022) stated that performance relates to organizational success, measurable through productivity, service level, responsiveness, responsibility, and accountability. Purwanta (2022) emphasized that performance encompasses work related to organizational goals in quantity, quality, efficiency, effectiveness, and compliance. According to Sutrisno (2016), performance is influenced by individual factors (effort, ability, role perception) and environmental factors (physical environment, equipment, supervision, organizational structure).

Leadership style represents a pattern of a leader's behavior in influencing followers (Dewi, 2019; Rosalina & Wati, 2020; Laksmi & Perdhana, 2024). Irtanto and Martin (2022) argue that leadership style represents the philosophy, skills, and attitude of leaders. Robbins (1996) categorizes leadership into charismatic, transactional, transformational, and visionary styles. In attribution theory, effective leadership clarifies cause-and-effect relationships so employees understand good performance comes from their contributions (Mirsadeghi, 2013; Wasiman, 2018; Martinko & Mackey, 2019). Supartha (2016) concluded that leadership style influences teacher performance, while Lena (2022) found similar effects on BSI employees. An effective leadership style can be successful if a leader is able to apply a situational leadership style and is willing to listen to the input of their subordinates selectively based on good knowledge and accountable studies, according to Apriyanto (2020).

H1: Leadership style has a positive effect on employee performance.

## **2.2. The Effect of Work Environment on Employee Performance**

Darmadi (2020) explains that the work environment encompasses a wide range of conditions and surrounding factors that shape how employees carry out their obligations and perform their daily responsibilities. These factors may include physical, social, and psychological elements that together influence employees' ability to work effectively. Expanding this perspective, Effendy and Fitria (2019) emphasize that the work environment is also fundamentally built on patterns of direct interaction, whether with supervisors, colleagues, or subordinates, which continuously shape employees' perceptions, attitudes, and motivation in the workplace. Anam (2018) further highlights that the work environment plays a crucial role in determining the extent to which employees feel secure, comfortable, and satisfied in their roles, thereby affecting their emotional stability and overall commitment to the organization.

Within the framework of attribution theory, a supportive and well-structured work environment is essential because it helps employees form more constructive and healthy attribution patterns by reducing the likelihood of making negative external attributions regarding their performance or workplace challenges (Malle & Korman, 2013; Fachrezi & Khair, 2020; Anggraini, 2024). This means that positive environmental conditions can encourage employees to interpret work-related events more rationally and adjust their behaviors in a productive manner. Empirical evidence also reinforces these conceptual claims: Sarah (2020) found that the work environment has a significant impact on employee performance, while Efendi and Hardiyanto (2021) demonstrated that this impact tends to be consistently positive, ultimately contributing to improved performance and organizational outcomes.

H2: Work environment has a positive effect on employee performance.

## **2.3. The Effect of Rewards on Employee Performance**

Rewards constitute an essential element of organizational management because they serve as indirect drivers that shape employees' work quality, motivation, and behavioral patterns. The design and distribution of rewards must be aligned not only with employees' formal rights and obligations but also with broader organizational values, meaning that reward systems cannot be limited solely to material or financial compensation. Robbins and Judge (2011) emphasize a fundamental behavioral principle: actions that are rewarded tend to be repeated, whereas behaviors associated with sanctions are less likely to recur. This underscores the strategic importance of reward mechanisms in shaping consistent employee behavior. Expanding on this concept, Nabawi (2019) explains that determining an effective reward structure requires attention to several critical dimensions: internal consistency, which ensures fairness across varying job roles; external competitiveness, which maintains the organization's ability to offer rewards comparable to other institutions; employee contribution, which ties rewards to meaningful inputs and the achievement of organizational goals; and administrative factors, which include budgeting, monitoring, and evaluating the reward system to ensure its sustainability.

Viewed through the lens of attribution theory, fair, transparent, and consistently implemented reward systems play a central role in strengthening employees' internal attributions toward their own accomplishments. When employees receive rewards that proportionately reflect their efforts, they tend to interpret these rewards as legitimate recognition, which enhances intrinsic motivation and fosters stronger organizational loyalty. Malle and Korman (2013) note that proportional and well-communicated rewards reinforce positive internal attributions, employees come to believe that their success is the result of their competence, effort, and

dedication. This cognitive reinforcement not only improves performance but also nurtures a long-term commitment to maintaining or enhancing that performance.

H3: Rewards have a positive effect on employee performance.

#### **2.4. The Moderating Effect on Performance Determinants**

Rewards function as a moderating variable that can strengthen or weaken the influence of leadership style and work environment on employee performance. Within the attribution theory framework, the moderating role of rewards becomes particularly significant in shaping how employees interpret and respond to organizational factors (Malle & Korman 2013). In the leadership-performance relationship, rewards act as a moderator that can amplify or diminish this connection. When rewards are given fairly and according to achievement, employees perceive them as valid recognition for contributions, which reinforces internal attribution to performance (Martinko & Mackey, 2019). Effective leadership style combined with appropriate rewards creates powerful synergy where employees attribute success to both supportive leadership and their own efforts (Robbins & Judge, 2011; Reza & Suriadi, 2024). Conversely, inconsistent rewards may trigger negative external attributions, lowering motivation regardless of leadership quality. Research by Afrizal (2015) concluded that leadership style influences employee performance with job satisfaction (reward) as a moderating variable. Similarly, Lena (2022) found that rewards moderate the influence of leadership on BSI employee performance.

Similarly, rewards moderate the work environment-performance relationship. Within attribution theory, proportionate rewards reinforce the perception that high performance comes from rewarded personal effort (Nabawi, 2019). Employees who feel their environment is supportive and work is rewarded tend to form positive internal attributions, spurring further improvement. Conducive work environments minimize negative attribution to external situations (Darmadi, 2020).

When combined with fair reward systems, work environments become more meaningful as they are supported by tangible appreciation for achievements (Edison et al., 2017). Conversely, when rewards are not given fairly despite supportive environments, employees may feel unappreciated and attribute results to luck or uncontrollable factors, undermining positive work environment influence. Research by Sejati and Kuswinarno (2019) concluded that the work environment influences employee performance with rewards as a moderating variable. Sarah (2020) also found that rewards can moderate the relationship between work environment and performance. Thus, attribution management through leadership, environment, and rewards is key in creating sustainable and productive employee performance (Indrasari, 2017).

H4: Reward moderates the positive influence of leadership style on employee performance.

H5: Reward moderates the positive influence of the work environment on employee performance.

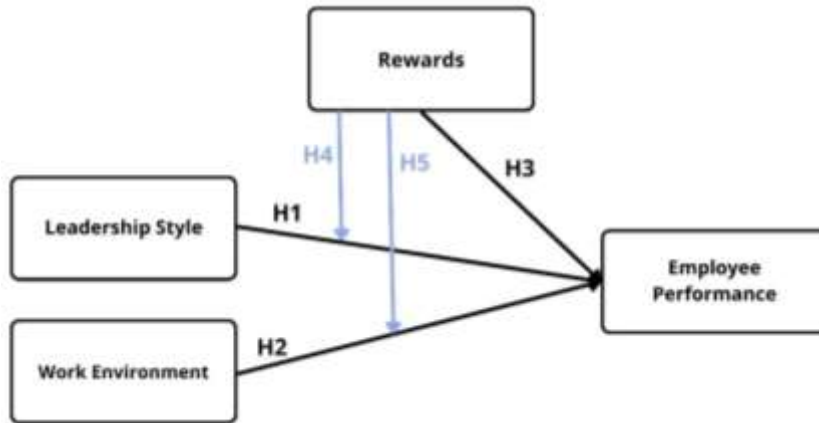


Figure 1. Theoretical Framework

Figure 1 illustrates the proposed conceptual framework. Leadership style and work environment are hypothesized to have direct effects on employee performance (H1 and H2). Rewards serve as a moderating variable that also exerts a direct influence on employee performance (H3). Additionally, rewards are proposed to mediate the relationships between leadership style and employee performance (H4), as well as between work environment and employee performance (H5).

### 3. Methods

The research to be conducted adopts a quantitative approach, which involves data analysis through measurable variables. Quantitative research focuses on collecting data that can be numerically expressed and statistically analyzed to draw objective conclusions. As stated by Sugiyono (2018), this method relies on concrete numerical data that are processed using statistical techniques to test hypotheses and address the research problem.

The population in this study consists of all employees of Koenang-Koenang Resto in Semarang, totaling 45 individuals. Due to the relatively small population size (fewer than 100 people), the study employs a census sampling technique, meaning that all members of the population are included as research respondents to minimize sampling error and enhance generalization accuracy. Consequently, the sample in this study comprises the entire population 45 employees of Koenang-Koenang Resto in Semarang. The research utilizes primary data, obtained directly from respondents through questionnaires distributed to collect their perceptions and responses related to the variables being studied. This study used a Likert scale with a minimum score of 1 and a maximum score of 5.

Descriptive statistics of frequency or percentage values are used to describe and summarize the data that has been collected in the research, involving presenting the data in the form of tables and graphs that are more visually easy to understand such as bar charts, pie charts, and histograms. In the central tendency, there are 3 measures, namely the mean, median, and mode, that provide an idea of where these data points tend to gather or be centered.

The dispersion measure includes range, standard deviation, variance, and interquartile range used to measure the extent to which values in a data set are scattered or different from each other (Sekaran & Bougie, 2016). To analyze the description of variables, weighting is carried out with the following scoring criteria (Ferdinand, 2014):

$$\text{Mean value of variable} = ((F1 \times 1) + (F2 \times 2) + (F3 \times 3) + (F4 \times 4) + (F5 \times 5)) / 5$$

Number of categories =  $k = 3$   
 Maximum Score = Score of 5  
 Minimum Score = Score 1  
 interval  $(\text{Max}-\text{Min})/k$   
 $= (5-1)/3 = 1.33$

The research variables can be categorized according to their average values: scores from 1 to 2.33 indicate disagreement, scores from 2.34 to 3.66 indicate moderate agreement, and scores from 3.67 to 5 indicate strong agreement. This study employs Structural Equation Modeling (SEM), which, according to Malhotra et al. (2020), depicts latent (unobserved) factors in dependent relationships, integrates multiple interconnected dependent relationships in a single model, and uses damping analysis and approximate bias to account for measurement errors. SEM also explains the covariance between observed variables based on the model's structural factors, allowing comprehensive and reliable hypothesis testing regarding relationships between independent and dependent variables. This study will develop a structural model with one moderating variable, and the SEM analysis will be conducted using SmartPLS to ensure accurate and reliable results.

#### 4. Results

The respondents in this study were 45 employees of Koenang-Koenang Resto in Semarang. Table 1 describes the demographic characteristics of the employees who participated in the study. The respondents consist of both men and women, with women slightly more represented. Most participants fall within the young to middle-aged adult categories. Their length of employment varies, with the largest group being those who have worked for a relatively short period, while only a few have longer tenure. In terms of job roles, the kitchen division represents the majority of employees, followed by waiters, with smaller proportions working as administrative staff or hosts.

**Table 1.** Characteristic Respondent

Category	Characteristic	Frequency	Percentage (%)
Gender	Man	21	46.7
	Woman	24	53.3%
	Total	45	100%
Age	21-26 years old	5	11.1%
	27-31 years old	7	15.6%
	32-36 years old	11	24.4%
	37-41 years old	5	11.1%
	42-46 years old	8	17.8%
	47-53 years old	9	20.0%
	Total	45	100.0%
Length of Employment of Employees	2 years	14	31.1%
	3 years	6	13.3%
	4 years	10	22.2%
	5 years	8	17.8%
	6 years	7	15.6%
	7 years	0	0%
	Total	45	100.0%
Job Title	Kitchen	24	53.3%
	Waiter	14	31.1%
	Admin	5	11.1%
	Hosted	2	4.4%
	Total	45	100%

**Table 2.** Convergent and Discriminant Validity Test

Variable	Item	LS	EP	WE	R	R x WE	R x LS
Leadership Style (LS)	GK1	0.755					
	GK2	0.732					
	GK3	0.851					
	GK4	0.805					
	GK5	0.847					
	GK6	0.739					
	GK7	0.860					
Employee Performance (EP)	KK1		0.798				
	KK2		0.807				
	KK3		0.900				
	KK4		0.852				
	KK5		0.849				
	KK6		0.894				
Work Environment (WE)	LK1			0.738			
	LK2			0.881			
	LK3			0.825			
	LK4			0.889			
	LK5			0.750			
Rewards (R)	R1				0.899		
	R2				0.849		
	R3				0.870		
	R4				0.801		
	R5				0.772		
Rewards x Work Environment						1.000	
Rewards x Leadership Style						1.000	
<b>Discriminant Validity (Fornell-Lacker Criterion)</b>							
Leadership Style		0.800					
Employee Performance		0.662	0.851				
Work Environment		0.569	0.533	0.819			
Reward		0.442	0.705	0.338	0.839		

The convergent validity test was conducted by examining the loading factor values of each indicator in relation to its construct. According to Ghazali (2014), an indicator is considered valid if its loading factor value exceeds 0.7. Based on the results presented in Table 2, all indicators have loading factor values greater than 0.7, indicating that every indicator meets the validity criteria. Therefore, it can be concluded that all indicators used in this study are valid and accurately represent their respective constructs. It can be determined from Table 2, the results of the computation using the Fornell-Lacker Criterion, that the evaluation of discriminant validity based on the Fornell-Lacker criterion is acceptable because the root value of AVE is greater than its correlation with other variables.

The reliability test can be assessed from the Cronbach alpha value and the composite reliability value of each construct. A reliability test is a test carried out to find out whether the variable is trustworthy or reliable if the test is carried out more than 1 time. The criteria are said to be reliable if the Composite Reliability value and

Cronbach's Alpha value are 0.7 and the AVE value is > 0.5 (Ghozali, 2014). The following are the results of reliability tests assisted by the SmartPLS program.

**Table 3.** Reliability Tests

Variable	Cronbach's Alpha	Composite Reliability (Rho_C)	Average Variance Extracted (AVE)
Leadership Style	0.906	0.925	0.640
Employee Performance	0.923	0.940	0.724
Work Environment	0.876	0.910	0.671
Reward	0.894	0.922	0.704

Table 3 shows that every variable has an alpha value higher than the conventional value of 0.7. Similarly, all constructions had an Average Variance Extracted (AVE) value greater than 0.5. Therefore, it can be said that all of these variables' reliability test findings are trustworthy. In the context of a structural model, the coefficient of the path of the structure can be assessed based on the presentation of the R Square value. The value of R Square reflects the extent to which variations in dependent (boundary) variables can be explained by variations in independent (unbound) variables. A higher R Square value indicates that the regression model is better at explaining variations in data. There are 3 categories, namely the substantial value of the R Square namely the value of 0.75 is categorized as significant, 0.50 is categorized as moderate, and 0.25 is categorized as less significant (Hair et al., 2019).

**Table 4.** R Square and F Square Evaluation

Variable/Path	R Square/F Square	Evaluation
Employee performance	0.838 (R Square)	Substantial
Leadership Style -> Employee Performance	0.511	Big
Work Environment -> Employee Performance	0.010	Weak
Employee Performance > Reward	0.070	Weak
Reward x Work Environment -> Employee Performance	0.774	Big
Reward x Leadership Style -> Employee Performance	0.842	Big

Table 4 demonstrates that this research model's R Square value is 0.838, indicating that the predictor has a significant impact on employee performance by 83.8%. The computation of F-squared also reveals the PLS model's fit evaluation. Three categories make up F square: substantial influence (F square value > 0.35), moderate influence (F square value between 0.15 and 0.34), and weak influence (F square value between 0.02 and 0.14). This study model has a high F Square value, namely in the moderation of rewards with leadership style and work environment to employee performance and leadership style to employee performance, as shown in Table 4. The work environment and rewards have a minimal impact on employee performance.

**Table 5.** Q Square and SRMR Evaluation

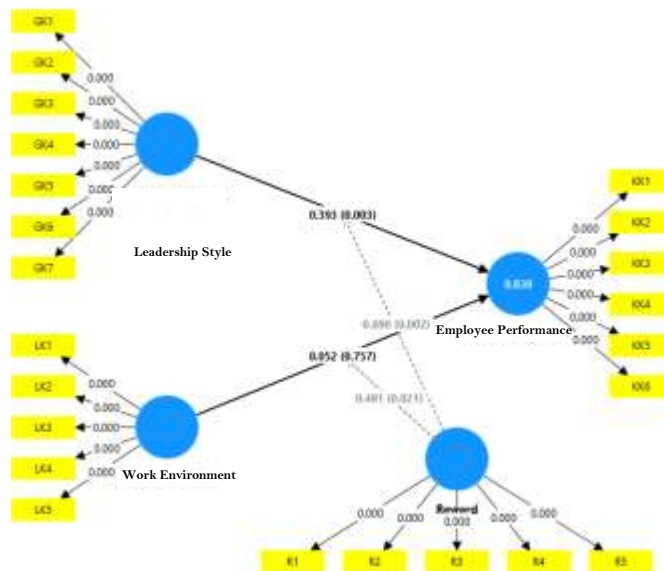
Test	Value
SSO	270.000
SSE	118.570
Q <sup>2</sup> (=1-SSE/SSO)	0.561
SRMR (Saturated model)	0.072
SRMR (Estimated model)	0.071

Table 5 presents that predictive relevance ( $Q^2$ ) refers to the extent to which the statistical model or analysis carried out has the ability to predict future outcomes or phenomena based on existing data. Predictive Relevance shows the value of observations in the study, where in this study, the blindfolding method was used in SmartPLS. In the predictive relevance ( $Q^2$ ) value, if greater than 0, it is categorized as minimal, if greater than 0.25, as medium, and if greater than 0.50 is categorized as high. Based on Table 5 above, it can be seen that the value of  $Q^2$  is  $0.561 > 0.50$ , which means that the model has (Hair et al., 2019). high predictive relevance to predict employee performance. From Table 5 it can be seen that this research model has an SRMR value of 0.071, which is below 0.1, so it can be indicated that there is a match between the empirical data and the model.

**Table 6.** VIF Test

Relationship	VIVID
Leadership Style -> Employee Performance	1.867
Work Environment - > Employee Performance	1.736
Rewards > Employee Performance	1.970
Reward x Work Environment -> Employee Performance	4.887
Reward x Leadership Style -> Employee Performance	1.475

Based on Table 6, all VIF values are below 5, indicating that multicollinearity symptoms are low or negligible among the variables, including leadership style, work environment, rewards, and their interaction terms.



**Figure 2.** Structural Model Analysis

Figure 2 shows the structural model results. leadership style significantly affects employee performance (0.393;  $p = 0.003$ ), while work environment has no direct effect (0.052;  $p = 0.757$ ). However, work environment influences reward (0.481;  $p = 0.021$ ), which in turn significantly affects employee performance (0.690;  $p = 0.002$ ). The model explains 83.8% of the variance in employee performance.

**Table 7.** Hypothesis Test

Information	Original Sample (O)	T-Statistic	P Values	Information
Leadership Style -> Employee Performance	0.393	2.974	0.003	Accepted
Work Environment -> Employee Performance	0.052	0.310	0.757	Rejected
Reward -> Employee Performance	0.149	0.938	0.348	Pure Moderator
Reward x Leadership Style -> Employee Performance	0.690	3,176	0,002	Accepted
Reward x Work Environment -> Employee Performance	0.481	2.314	0.021	Accepted

Table 7 presents the results of the hypothesis testing. Leadership style has a positive and significant effect on employee performance, as indicated by a path coefficient of 0.393 with a T-statistic of 2.974 and a p-value of 0.003, supporting the proposed hypothesis. In contrast, the work environment does not have a significant direct effect on employee performance, as shown by a low coefficient of 0.052, a T-statistic of 0.310, and a p-value of 0.757, leading to the rejection of this hypothesis. The direct effect of rewards on employee performance is not statistically significant, with a coefficient of 0.149 and a p-value of 0.348, indicating that rewards do not independently influence performance. However, rewards function as a moderating variable. The interaction between rewards and leadership style shows a significant positive effect on employee performance ( $\beta = 0.690$ ;  $T = 3.176$ ;  $p = 0.002$ ), as does the interaction between rewards and work environment ( $\beta = 0.481$ ;  $T = 2.314$ ;  $p = 0.021$ ). These results suggest that rewards strengthen the influence of both leadership style and work environment on employee performance.

## 5. Discussion

The findings reveal that leadership style exerts a positive and significant influence on employee performance at Koenang-Koenang Resto, with a regression coefficient of 0.393 and a p-value of 0.003. This result aligns with previous research by Supartha (2016), who concluded that leadership style significantly influences teacher performance, and Lena (2022), who found similar effects on BSI employees. Leaders who demonstrate decisive decision-making, provide clear instructions, and serve as role models contribute substantially to performance outcomes (Irtanto & Martin, 2022). Based on respondents' feedback, the democratic and communicative leadership at Koenang-Koenang Resto enhances employee involvement and empowerment, creating a collaborative culture where leaders function as pivotal drivers of team performance (Robbins & Judge, 2011). From an attribution theory perspective, effective leadership helps employees make internal attributions about their performance, understanding that success stems from their own contributions rather than external circumstances (Martinko & Mackey, 2019).

Contrary to expectations, the work environment does not significantly influence employee performance, with a regression coefficient of 0.052 and a p-value of 0.757. This finding diverges from Sarah (2020), who found work environment significantly impacts performance, and Efendi and Hardiyanto (2021), who demonstrated positive influences through motivation. The insignificant relationship suggests that employees have developed substantial work resilience, maintaining productivity even under less-than-ideal conditions (Darmadi, 2020). Clear work standards and strict operational procedures may overshadow environmental factors, as employees focus primarily on task completion rather than workplace comfort (Srivastava et al., 2024). The strong organizational culture and effective leadership may compensate

for environmental limitations, redirecting employee attention toward intrinsic motivation and professional commitment (Indrasari, 2017).

The analysis reveals that rewards do not exert direct significant influence on performance, functioning as a pure moderator with a regression coefficient of 0.149 and p-value of 0.348. This suggests that rewards derive their motivational power not from mere existence but from interaction with other organizational elements (Nabawi, 2019). While attribution theory posits that fair reward systems strengthen internal attribution to achievements, current results indicate this mechanism operates contingently rather than universally.

However, rewards significantly moderate the relationship between leadership style and employee performance, with a regression coefficient of 0.690 and p-value of 0.002. These results corroborate Afrizal (2015), who found job satisfaction (reward) moderates leadership-performance relationships, and Lena (2022), who demonstrated similar moderating effects. At Koenang-Koenang Resto, rewards through compliments, incentives, and promotional opportunities create synergy wherein employees attribute success to both supportive leadership and their own efforts (Robbins & Judge, 2011). When effective leadership is accompanied by proportionate rewards, employees develop strong internal attributions linking efforts to recognized outcomes (Martinko & Mackey, 2019).

Similarly, rewards significantly moderate the work environment-performance relationship, with a regression coefficient of 0.481 and p-value of 0.021. Although work environment lacks direct impact, rewards strengthen this relationship. These findings align with Sejati and Kuswinarno (2019), who concluded that work environment influences performance with rewards as a moderator. The moderating mechanism operates through attribution processes: when supportive environments are accompanied by proportionate rewards, employees form positive internal attributions linking performance to both environmental support and rewarded personal effort (Edison et al., 2017). Conversely, unfair reward distribution despite supportive environments causes employees to attribute results to luck or uncontrollable factors, undermining environmental benefits (Indrasari, 2017).

The practical implications emphasize that restaurant management must develop integrated approaches combining transformational leadership with fair, achievement-based reward systems. Companies should not view reward systems or environmental improvements as standalone solutions but strategically integrate these elements with leadership approaches to maximize effectiveness. This combination ensures employees receive clear direction, experience supportive environments, and obtain tangible recognition for contributions, thereby sustaining high motivation and performance levels.

## 6. Conclusion

This study examined the influence of leadership style and work environment on employee performance at Koenang-Koenang Resto in Semarang, with rewards as a moderating variable. The findings reveal that leadership style positively and significantly affects employee performance, indicating that effective leadership through decisive decision-making, clear instructions, and role modeling contributes substantially to performance outcomes. However, the work environment shows no significant direct effect on performance, suggesting employees have developed resilience to maintain productivity despite environmental variations. Rewards do not directly influence performance but function as a pure moderator. Significantly, rewards moderate both the leadership-performance and work environment-performance relationships, strengthening these connections when administered fairly and proportionately. The practical implications emphasize that restaurant management should prioritize developing transformational leadership combined with fair, achievement-based reward systems rather than treating these elements as

standalone solutions. Organizations must strategically integrate leadership approaches, environmental improvements, and reward mechanisms to maximize effectiveness. This combination ensures employees receive clear direction, experience supportive environments, and obtain tangible recognition for contributions, thereby sustaining high motivation and performance levels.

This study has limitations that warrant consideration. First, the research focuses solely on one restaurant establishment with a relatively small sample size of forty-five employees, potentially limiting generalizability to other organizational contexts. Second, the cross-sectional design captures data at a single point in time, preventing examination of dynamic changes in variables over extended periods. Third, the study relies exclusively on self-reported questionnaires, which may introduce common method bias. Future research should expand the scope to include multiple restaurant establishments across different regions to enhance generalizability. Longitudinal studies would provide deeper insights into how leadership, work environment, and rewards influence performance over time. Additionally, researchers could explore other moderating or mediating variables such as organizational culture, employee engagement, or psychological empowerment to develop more comprehensive performance models. Qualitative approaches could complement quantitative findings by providing richer contextual understanding of attribution mechanisms in organizational settings.

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### ***Data Disclosure Statement***

The data that support the findings of this study are available from the corresponding author upon reasonable request.



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