



The Impact of the Work Environment and Work Motivation on the Performance of Generation Z Workers

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Abstract:

This study examines the effects of the work environment and work motivation on the performance of Generation Z employees in Medan, Indonesia, addressing the limited empirical evidence on the determinants of performance among this emerging workforce. A quantitative associative design was employed using purposive sampling, involving 110 Generation Z employees. Data were collected through structured questionnaires and analyzed using validity and reliability tests, classical assumption tests, multiple linear regression, t-tests, F-tests, and the coefficient of determination (R^2) with SPSS Version 25. The results show that both the work environment and work motivation have positive and significant effects on employee performance. The work environment emerged as the stronger predictor, indicating that a supportive, comfortable, and collaborative workplace is particularly important for enhancing Generation Z employees' performance. Work motivation also significantly contributes to performance by strengthening employee engagement and commitment to organizational goals. Collectively, the two variables explain 45.2% of the variance in employee performance. These findings highlight the importance of integrating supportive workplace conditions with effective motivational practices and provide empirical implications for human resource management strategies to optimize Generation Z employees' performance.

INTRODUCTION

Organizations worldwide are facing significant challenges in managing Generation Z employees as this generation becomes an increasingly dominant segment of the workforce. Compared with previous generations, Generation Z employees are more likely to prioritize a supportive work environment, meaningful work, career development, work-life balance, and continuous feedback (Rensiana et al., 2024). Failure to meet these expectations has been associated with emerging workplace issues, including high employee turnover, declining engagement, and quiet quitting, all of which can negatively affect organizational performance. These challenges are particularly relevant in rapidly developing Indonesian cities such as Medan, where organizations must compete to attract, engage, and retain young talent in an increasingly dynamic labor market. Therefore, understanding the factors that influence the performance of Generation Z employees, particularly the roles of the work environment and work motivation, has become essential for developing effective human resource management strategies.

Generation Z has become an increasingly important segment of the workforce, requiring organizations to adapt their human resource management practices to meet its expectations (Hendratmoko & Mutiarawati, 2023). Recent studies suggest that Generation Z employees place greater emphasis on meaningful work, supportive leadership, technology-enabled workplaces, and opportunities for career development. These characteristics create new challenges for organizations in maintaining employee engagement and retention, highlighting the importance of developing human resource practices that align with Generation Z's workplace expectations (Niken et al., 2025). Furthermore, organizations increasingly face issues such as turnover intention and intention to leave among Generation Z employees, indicating the need for effective workplace strategies to improve employee performance.

Employee performance reflects an individual's ability to accomplish assigned tasks and responsibilities in accordance with organizational standards and objectives (Gerung & Dotulong, 2022). High employee performance is demonstrated through the quality, quantity, timeliness, and effectiveness of work, all of which contribute to organizational success (Alshemmari, 2023). In the context of Generation Z, employee performance should also be understood in light of their distinctive workplace expectations and behaviors. Recent studies indicate that Generation Z employees expect organizations to provide supportive leadership, meaningful work, technology-enabled workplaces, and opportunities for continuous learning, as these factors influence their engagement, commitment, and intention to remain in the organization (G et al., 2026). Furthermore, Generation Z employees tend to prioritize workplace flexibility, career development opportunities, and a healthy work environment, suggesting that organizational practices aligned with these expectations are more likely to enhance employee performance and organizational effectiveness (Zivkovic et al., 2025). Therefore, examining employee performance among Generation Z requires consideration of organizational factors that are consistent with the characteristics and expectations of this generation.

However, today's workplace continues to face various challenges that may reduce employee performance, particularly among Generation Z. According to the 2022 Jakpat Survey, 64.9% of respondents perceived that their salaries were not proportional to their workload, while 38.5% reported that unclear career development opportunities had reduced their work motivation (Jakpat, 2022). In addition, 56.9% of respondents experienced irregular and excessive working hours, 52.4% reported being exposed to a toxic work culture, and 48.8% experienced unhealthy relationships with colleagues (Jakpat, 2022). These findings suggest that deficiencies in work motivation and unfavorable work environments may negatively affect employee performance.

Although the Jakpat survey reflects national conditions, these issues are also relevant to Medan, as the city is one of Indonesia's largest economic and employment centers outside Java, characterized by rapid growth in the trade, service, and manufacturing sectors and a diverse workforce dominated by young employees entering the labor market. As a major urban center, Medan faces similar organizational challenges in attracting, motivating, and retaining Generation Z employees amid increasing labor market competition (BPS Kota Medan, 2026). Nevertheless, empirical studies examining how the work environment and work motivation influence the performance of Generation Z employees in Medan remain limited. Therefore, Medan provides an appropriate setting for investigating these relationships and generating evidence that reflects the dynamics of Generation Z employees in emerging Indonesian cities.

Malt & Nasution (2025) explain that a positive work environment can enhance employee comfort and productivity, while work motivation can encourage employees to perform at their best in achieving the company's goals. Thus, the work environment and work motivation are key factors that companies must consider when seeking to improve the performance of their Generation Z workforce.

Technological advancements and demographic changes have accelerated Generation Z's entry into the workforce, making this generation an increasingly important component of today's labor market. Medan was selected as the research setting because it is one of Indonesia's major urban economic centers with a dynamic labor market. According to the Employment Statistics of Medan Municipality 2025, Medan had 1,268,592 people in the labor force, of whom 1,167,203 were employed; 58.56% worked in the formal sector, and 54.24% were salaried employees (BPS Kota Medan, 2026). These figures indicate that Medan provides a substantial organizational setting for examining employee behavior and performance among young workers. Although official labor statistics do not classify workers by generation, Generation Z represents an increasingly significant cohort entering the labor market, bringing distinctive workplace expectations regarding organizational support, meaningful work, career development, and work-life balance. These characteristics require organizations in urban labor markets such as Medan to adapt their human resource management practices to enhance employee performance and retain young talent (Putra & Dewi, 2025; Suryawirawan et al., 2025).

Generation Z has grown up in an era of rapid digital transformation, resulting in workplace expectations and behavioral characteristics that differ from those of previous generations. A recent systematic literature review found that Generation Z employees highly value flexibility, work-life balance, meaningful work, and participatory, open, and inclusive leadership (Hakim, 2024). They are also more likely to leave an organization when they do not feel valued or emotionally connected to their workplace (Nugroho et al., 2025). These characteristics indicate that organizational factors, particularly the work environment and work motivation, play an important role in influencing Generation Z employees' attitudes and behaviors at work. Consequently, organizations need to implement human resource management practices that are aligned with the expectations and values of Generation Z to improve employee performance and strengthen workforce retention. As Generation Z continues to constitute a growing proportion of the workforce, understanding how the work environment and work motivation influence their performance has become an increasingly important issue for both researchers and practitioners (Wei & Yazid, 2026).

Generation Z employees exhibit distinctive workplace expectations that require organizations to adopt appropriate human resource management strategies. Supporting this view, Rampen et al. (2023) conducted a systematic literature review and identified several key factors influencing Generation Z employee performance, including work motivation, leadership, organizational culture, and job satisfaction. These findings indicate that employee performance among Generation Z is multidimensional and strongly influenced by organizational practices that foster motivation and a supportive work environment (Sagita et al., 2026). Therefore, examining the roles of work environment and work motivation is essential for understanding the performance of Generation Z employees in the context of Medan City.

Kupperschmidt (2000) defines a generation as a group of people who share commonalities in age, year of birth, location, and historical experiences that influence the

group's development. From this perspective, differences in generational experiences may lead to distinct workplace characteristics and expectations. Barhate & Dirani (2022) describe Generation Z as individuals born between 1995 and 2012 who grew up in the digital era, resulting in characteristics and preferences that differ from those of previous generations. These differences suggest that organizational practices may not have the same impact across generations. Therefore, understanding how organizational factors, particularly the work environment and work motivation, influence the performance of Generation Z employees has become increasingly important (Kelani & Dwianto, 2026). Furthermore, Aggarwal et al. (2023) found that a positive work environment is associated with higher employee job satisfaction, indicating that workplace conditions contribute to positive employee outcomes. This study extends that perspective by examining whether the work environment, together with work motivation, influences the performance of Generation Z employees in Medan City.

Previous studies have demonstrated that organizational factors play an important role in influencing the performance of Generation Z employees. Karindra & Darto (2025) found that both work motivation and the work environment have a positive and significant effect on the performance of Generation Z employees in South Jakarta. Their study also explains that a comfortable work environment enhances employees' focus and productivity, while work motivation encourages employees to perform optimally in achieving organizational goals. Similarly, Putri (2025) reported that leadership style, compensation, work environment, and work culture simultaneously influence the performance of Generation Z employees. However, when examined individually, the work environment did not have a significant effect on employee performance. Instead, the findings suggest that Generation Z places greater emphasis on leadership style and work culture that support personal development and creativity than on the work environment alone.

Furthermore, empirical studies focusing specifically on Generation Z employees in Medan City remain limited, despite Medan being one of Indonesia's major urban labor markets with a diverse workforce. Therefore, this study aims to examine the influence of the work environment and work motivation on the performance of Generation Z employees in Medan City. The novelty of this study lies in examining these relationships specifically among Generation Z employees in Medan City, thereby providing empirical evidence to clarify inconsistent findings reported in previous studies. The findings are expected to contribute theoretically by enriching the literature on Generation Z employee performance and, practically, by providing organizations with evidence-based recommendations for developing workplace strategies to improve employee performance.

RESEARCH METHODS

This study employed a quantitative research approach to examine the influence of the work environment and work motivation on the performance of Generation Z employees in Medan City. The population consisted of Generation Z employees working in Medan. Respondents were selected using purposive sampling (Bouncken et al., 2026), with the following criteria: (1) aged 18–27 years, (2) currently employed in Medan City, (3) having at least six months of work experience, and (4) willing to participate in the

study. Based on Hair et al. (2019), the minimum sample size was determined to be 5–10 observations per measurement indicator. Since this study employed 22 indicators, the minimum required sample was 110 respondents.

Primary data were collected through a structured questionnaire, while secondary data were obtained from books, scientific journals, and official publications from Statistics Indonesia (BPS). The research instrument consisted of 22 questionnaire items, comprising work environment (X1), work motivation (X2), and employee performance (Y). The measurement indicators were adapted from established instruments in previous studies (cantumkan sumber asli instrumen), with minor wording adjustments to fit the context of Generation Z employees in Medan. Responses were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Data were analyzed using IBM SPSS Statistics, including validity and reliability assessments, classical assumption checks, multiple linear regression, t-tests, F-tests, and the coefficient of determination (R^2). Multiple linear regression was employed to examine the simultaneous influence of two independent variables (work environment and work motivation) on a single dependent variable (employee performance).

RESULTS AND DISCUSSION

Results

Respondent Characteristics

The respondents in this study were Generation Z workers employed in Medan. In this study, Generation Z refers to individuals aged 18–27 with at least 6 months of work experience. A total of 110 respondents participated in this study. Data collection was conducted by distributing questionnaires in person and online to respondents who met the study criteria. The data obtained were analyzed using SPSS to determine the influence of the work environment and work motivation on the performance of Generation Z workers in Medan.

Table 1. Respondent Characteristics

Gender	Number	Percentage
Male	58	52,7%
Female	52	47,3%
Total	110	100%

Source: Processed Data, (2026)

Table 1 shows that the majority of respondents in this study were male, totaling 58 (52.7%), while female respondents numbered 52 (47.3%). This indicates that male respondents dominate the Generation Z workforce in Medan City in this study. However, the number of female respondents is also quite large, so the research data can still describe the general condition of the Generation Z workforce.

Characteristics of Respondents by AgeTable

The respondents' age characteristics are presented to provide an overview of the study participants' age distribution. This classification is important for identifying the respondents' demographic profile and ensuring relevance to the research focus on Generation Z workers. The distribution of respondents by age is presented in Table 2.

Table 2. Characteristics of Respondents by Age

Age	Total	Percentage
18–21 Years	28	25,5%
22–25 Years	56	50,9%
26–27 Years	26	23,6%
Total	110	100%

Source: Processed Data, (2026)

Table 2 shows that the majority of respondents—56 individuals, or 50.9%—are aged 22–25. This indicates that most respondents fall within Generation Z’s productive working age range. Within this age group, Generation Z workers are generally actively employed, developing their careers, and exhibiting high levels of productivity, which aligns with the research objectives.

Validity Test

The validity test was conducted to assess whether each questionnaire item accurately measures the intended research variables. The test involved variables related to the work environment, work motivation, and employee performance, with the validity of each item determined by comparing the calculated correlation coefficient (r-count) with the critical value (r-table). The results of the validity test are presented in Table 3.

Table 3. Results of the Validity Test for Work Environment Variables

Variable	Number of Items	r-count	r-table	Result
Work Environment	8	0.699–0.906	0.361	All items valid
Work Motivation	8	0.720–0.850	0.361	All items valid
Employee Performance	6	0.573–0.845	0.361	All items valid

Source: SPSS data, Version 25 (2026)

The validity test results indicate that all questionnaire items have r-count values exceeding the r-table value of 0.361, confirming that all indicators of the work environment, work motivation, and employee performance variables are valid and suitable for subsequent analysis.

Reliability Test

Table 4. Results of the Reliability Test for Work Environment Variables

Variable	Number of Items	Cronbach's Alpha	Conclusion
Work Environment	8	0.932	Reliable
Work Motivation	8	0.915	Reliable
Employee Performance	6	0.776	Reliable

Source: SPSS data, Version 25 (2026)

The reliability test results indicate that all variables achieved Cronbach's Alpha values above the recommended threshold of 0.70, ranging from 0.776 to 0.932. These results demonstrate satisfactory internal consistency, indicating that the questionnaire items consistently measure their intended constructs. Therefore, the research instrument is considered reliable and appropriate for subsequent statistical analyses.

Normality Test

The normality test was conducted as one of the classical assumption tests to determine whether the residuals in the regression model follow a normal distribution. Meeting the normality assumption is important to ensure the reliability of the multiple linear regression analysis, particularly in hypothesis testing and drawing research conclusions. In this study, normality was assessed using the Normal P–P Plot of Regression Standardized Residuals, examining the distribution of residual points relative to the diagonal. If the residual points are closely clustered around and follow the diagonal line, the residuals can be considered normally distributed. The results of the normality test are presented in Figure 1.

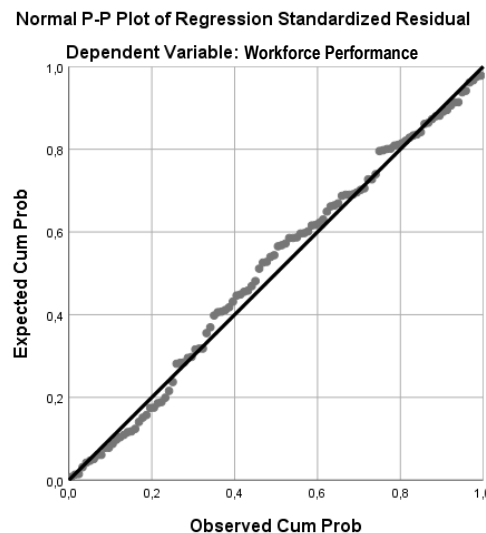


Figure 1. Results of the Normality Test

Source: SPSS data, Version 25 (2026)

The normality test was conducted using the Normal P–P Plot of Regression Standardized Residuals. The plot shows that the residuals are clustered closely around the diagonal and follow its trend, indicating that they are normally distributed. Therefore, the normality assumption required for multiple linear regression analysis has been satisfied.

Multicollinearity Test

The multicollinearity test was conducted to assess whether the independent variables in the multiple linear regression model were highly correlated. The presence of multicollinearity can affect the stability and accuracy of the estimated regression coefficients, making it difficult to assess the individual contribution of each independent variable. Therefore, this test is important to ensure that the independent variables provide distinct information and that the regression model can be interpreted appropriately. In this study, multicollinearity was assessed using the Tolerance and Variance Inflation Factor (VIF) values, where a tolerance value greater than 0.10 and a VIF value below 10 indicate that the model is free from multicollinearity. The results of the multicollinearity test are presented in Table 5.

Table 5. Results of the Heteroscedasticity Test

Coefficients ^a		
Model		Collinearity Statistics
		Tolerance VIF
1	(Constant)	
	Work environment	,996 1,004
	Work motivation	,996 1,004

a. Dependent Variable: Performance

Source: SPSS data, Version 25 (2026)

The multicollinearity test results indicate that all independent variables have tolerance values greater than 0.10 and VIF values below 10, confirming the absence of multicollinearity. This indicates that each independent variable contributes distinct information to the regression model, allowing the estimated regression coefficients to be interpreted reliably.

Heteroscedasticity Test

The heteroscedasticity test was conducted to determine whether the variance of the residuals remains constant across all observations in the regression model. This test is important to ensure that the regression model meets the homoscedasticity assumption and that the estimated coefficients are reliable. In this study, heteroscedasticity was assessed using a Scatterplot of Standardized Residuals, with the results presented in Figure 2.

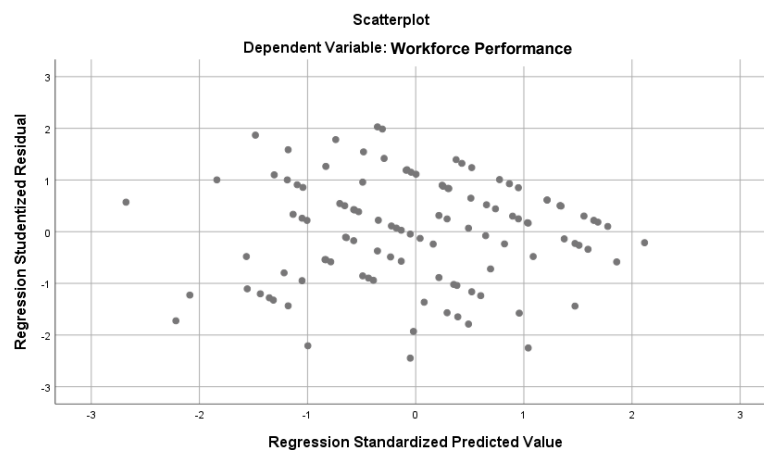


Figure 2. Results of the Multicollinearity Test

Source: SPSS data, Version 25 (2026)

The heteroscedasticity test was performed using the Scatterplot of Standardized Residuals. The scatterplot shows that the residuals are randomly dispersed around the zero line without forming a specific pattern, indicating that heteroscedasticity is not present. Therefore, the regression model satisfies the homoscedasticity assumption and is appropriate for further regression analysis.

Multiple Regression Analysis

Multiple linear regression analysis was conducted to examine the simultaneous effects of the work environment and work motivation on employee performance. This analysis provides information on the direction, magnitude, and statistical significance of

the influence of each independent variable while controlling for the other variable. The results of the multiple linear regression analysis are presented in Table 6.

Table 6. Results of the Multiple Linear Regression Analysis

		Coefficients ^a					
Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
		B	Std. Error			Lower Bound	Upper Bound
1	(Constant)	12,517	1,676	7,469	,000	9,194	15,839
	Work environment	,263	,033	,567	,000	,197	,329
	Work motivation	,194	,042	,330	,000	,111	,278

a. Dependent Variable: Performance

Source: SPSS data, Version 25 (2026)

Based on the multiple linear regression analysis, both work environment and work motivation had positive and statistically significant effects on employee performance. The work environment showed a regression coefficient of 0.263 ($p < 0.001$; 95% CI = 0.197–0.329), while work motivation showed a coefficient of 0.194 ($p < 0.001$; 95% CI = 0.111–0.278). The confidence intervals for both predictors excluded zero, indicating that the estimated effects were statistically reliable. Furthermore, the standardized beta coefficients indicate that the work environment ($\beta = 0.567$) had a stronger influence on employee performance than work motivation ($\beta = 0.330$).

T Test

The t-test was conducted to examine the partial effect of each independent variable on employee performance. This test determines whether the work environment and work motivation individually have a statistically significant effect on employee performance. The results of the t-test are presented in Table 7.

Tabel 7. Results of T Test

		Coefficients ^a				
Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
		B	Std. Error			
1	(Constant)	12,517	1,676	7,469	,000	
	Work environment	,263	,033	,567	,000	
	Work motivation	,194	,042	,330	,000	

a. Dependent Variable: Performance

Source: SPSS data, Version 25 (2026)

The work environment variable has a regression coefficient of 0.263 with a significance value of $0.000 < 0.05$, indicating that the work environment has a positive and significant effect on employee performance. The work motivation variable has a regression coefficient of 0.194 with a significance value of $0.000 < 0.05$, indicating that work motivation has a positive and significant effect on employee performance. The work environment variable is the most dominant variable influencing employee performance because it has the largest beta value, namely 0.567.

F Test

The F-test was conducted to examine whether the independent variables, namely work environment and work motivation, jointly have a significant effect on employee performance. This test also evaluates the overall significance and suitability of the regression model. The results of the F-test are presented in Table 8.

Tabel 8. Results of F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	248,138	2	124,069	44,217	,000 ^b
	Residual	300,234	107	2,806		
	Total	548,373	109			

a. Dependent Variable: Performance

b. Predictors: (Constant), Work motivation, Work environment

Source: SPSS data, Version 25 (2026)

Based on the results of the F-test, the calculated F-value was 44.217 with a significance level of $0.000 < 0.05$. This indicates that the work environment and work motivation simultaneously have a significant effect on employee performance. Thus, the regression model used in this study is deemed valid.

R-Square Test

The coefficient of determination test was conducted to assess the extent to which the work environment and work motivation explain variations in employee performance. This test indicates the overall explanatory power of the regression model. The results of the R-square test are presented in Table 9.

Tabel 9. Results of R-Square Test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,673 ^a	,452	,442	1,675

a. Predictors: (Constant), Work Motivation, Work environment

b. Dependent Variable: Performance

Source: SPSS data, Version 25 (2026)

Based on the results of the coefficient of determination test, an R-squared value of 0.452 was obtained. This indicates that the work environment and work motivation account for 45.2% of employee performance, while other variables outside the scope of this study explain the remaining 54.8%. An R value of 0.673 indicates a strong relationship between the independent variables and the dependent variable. Additionally, a Durbin-Watson value of 1.765 indicates that the regression model does not exhibit autocorrelation.

Discussion

The Effect of the Work Environment on the Performance of Generation Z Workers

This study demonstrates that the work environment has a positive and significant influence on the performance of Generation Z employees in Medan City. The standardized regression coefficient ($\beta = 0.567$) indicates that the work environment exerts a stronger influence on employee performance than work motivation. These

findings suggest that, for Generation Z employees, a supportive work environment is not merely a complementary organizational factor but a key determinant of work performance.

The findings can be explained by Self-Determination Theory (SDT), proposed by Ryan & Deci (2020), which holds that individuals perform better when their basic psychological needs for autonomy, competence, and relatedness are met. A work environment characterized by effective communication, supportive interpersonal relationships, adequate facilities, and a positive workplace atmosphere enables employees to experience these psychological needs. Consequently, Generation Z employees are more likely to feel engaged, motivated, and committed to achieving higher levels of performance.

The stronger influence of the work environment may also reflect the distinctive characteristics of Generation Z. Having grown up in a highly digital and collaborative environment, this generation tends to value open communication, flexibility, supportive supervision, and positive social interactions in the workplace. Such conditions facilitate collaboration, knowledge sharing, and psychological safety, enabling employees to perform their tasks more effectively. Therefore, organizations that provide a positive work environment are more likely to enhance the productivity and performance of Generation Z employees.

From a practical perspective, these findings suggest that organizations should prioritize creating a supportive work environment alongside efforts to improve employee motivation. Investments in workplace facilities, healthy communication, collaborative organizational culture, and positive supervisor–employee relationships are likely to produce meaningful improvements in employee performance. Thus, creating a conducive work environment represents not only an employee welfare initiative but also a strategic approach to improving organizational performance, particularly in organizations employing Generation Z workers.

These findings are consistent with those reported by Rasool et al. (2025) and Chaiyapruksayanonde et al. (2025), both of whom found that a supportive work environment significantly enhances employee performance. The present study extends this evidence by demonstrating that, among Generation Z employees in Medan City, the work environment is the strongest predictor of performance, surpassing work motivation, highlighting its strategic importance in organizations with predominantly young workforces.

The Effect of Work Motivation on the Performance of Generation Z Employees

This study found that work motivation has a positive and significant effect on the performance of Generation Z employees in Medan City. These findings indicate that employees with higher levels of motivation tend to demonstrate better work performance. Motivation encourages employees to perform their tasks with greater enthusiasm, responsibility, and commitment, ultimately contributing to the achievement of organizational objectives. For Generation Z employees, motivation is particularly important because they tend to value meaningful work, recognition of their contributions, and opportunities for personal and professional development.

These findings are consistent with Self-Determination Theory (SDT), which argues that individuals achieve higher levels of motivation and performance when their psychological needs for autonomy, competence, and relatedness are fulfilled. In this

study, work motivation was reflected through indicators such as work enthusiasm, rewards, responsibility, opportunities for growth, and recognition. These motivational factors are likely to strengthen employees' intrinsic motivation, enabling Generation Z employees to become more engaged, productive, and committed to achieving organizational goals.

Our findings are consistent with those reported by Surugiu et al. (2025), who found that work motivation significantly improves the performance of Generation Z employees. Likewise, Malik et al. (2025) and Ichdan (2024) reported that highly motivated employees tend to demonstrate greater discipline, responsibility, and productivity in completing their work. The consistency of these findings across different studies suggests that work motivation remains an important determinant of employee performance regardless of organizational context.

However, the present study extends previous research by examining the influence of work motivation among Generation Z employees in Medan City while also considering the role of the work environment. Although work motivation significantly contributes to employee performance, the results indicate that its influence is weaker than that of the work environment. This finding suggests that motivational strategies alone may not be sufficient to maximize employee performance unless they are supported by a conducive organizational environment that enables employees to apply their motivation effectively.

Overall, these findings highlight that work motivation is an essential factor in improving the performance of Generation Z employees. Organizations should therefore strengthen employee motivation by providing meaningful recognition, opportunities for career development, greater responsibility, and sufficient autonomy in completing work tasks. When these motivational practices are integrated with supportive workplace conditions, organizations are more likely to achieve sustainable improvements in employee performance.

The Influence of Work Environment and Motivation on Generation Z Performance

This study demonstrates that the work environment and work motivation jointly influence the performance of Generation Z employees in Medan City. The findings indicate that employee performance is determined not only by individual motivational factors but also by organizational conditions that enable effective performance. The coefficient of determination further suggests that these two variables explain a substantial proportion of the variance in employee performance. However, other organizational and individual factors remain important in shaping employee outcomes.

These findings can be explained through Self-Determination Theory (SDT), which argues that employee performance improves when organizations satisfy employees' basic psychological needs for autonomy, competence, and relatedness. A supportive work environment provides employees with a sense of security, belonging, and effective collaboration, while work motivation encourages them to invest greater effort in achieving organizational objectives. The interaction between these organizational and individual factors creates conditions that enable Generation Z employees to perform more effectively and consistently.

Our findings are consistent with those reported by Zahra et al. (2025), who found that Generation Z employees place considerable importance on supportive workplace conditions that enhance engagement and productivity. Likewise, Kusumaningrum et al. (2025) reported that the work environment and role clarity positively influence

Generation Z employees' performance by improving job satisfaction and helping them complete their tasks more effectively. The consistency of these findings suggests that organizations seeking to improve the performance of Generation Z employees should simultaneously focus on creating supportive workplace conditions and maintaining high levels of employee motivation.

The present study extends previous research by examining the combined influence of work environment and work motivation specifically among Generation Z employees in Medan City. While previous studies have generally examined these variables independently, this study demonstrates that both variables jointly contribute to employee performance within a single regression model. Moreover, the results indicate that the work environment exerts a stronger influence than work motivation, suggesting that organizational conditions may play a more dominant role in shaping the performance of Generation Z employees than motivational factors alone.

Overall, these findings highlight that improving employee performance requires an integrated organizational approach that simultaneously strengthens workplace conditions and employee motivation. Organizations should therefore foster a collaborative and supportive work environment while providing employees with meaningful recognition, opportunities for professional development, and sufficient autonomy. Such an approach is expected to enhance not only employee performance but also the long-term engagement and productivity of Generation Z employees.

CONCLUSION

This study concludes that both the work environment and work motivation positively and significantly influence the performance of Generation Z employees in Medan City, with the work environment emerging as the strongest predictor of employee performance. These findings suggest that improving organizational conditions, including supportive workplace relationships, effective communication, adequate facilities, and opportunities for employee recognition and development, is essential for enhancing the productivity and performance of Generation Z employees. The study contributes to the existing literature by extending the application of Self-Determination Theory (SDT) to explain Generation Z employees' performance and by providing empirical evidence on the combined effects of work environment and work motivation in the context of employees in Medan City. However, this study is limited by its focus on two independent variables and a single geographical area, which may restrict the generalizability of the findings. Future research is therefore encouraged to examine additional determinants of employee performance, such as leadership style, organizational culture, compensation, career development, and work–life balance, while involving broader samples from different industries and regions to improve the robustness and generalizability of the findings.

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