

# The Influence of Digital Transformation and Work Environment on Employee Performance through Motivation as an Intervening Variable in the Human Resources Development and Personnel Agency (Lebak Regency, Serang City and Cilegon City)

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## ABSTRACT

This research is motivated by the disparity in employee data at the BKPSDM of Lebak Regency, Serang City, and Cilegon City, which arose due to suboptimal digital transformation and a work environment that did not fully support employee performance improvement. This condition has implications for the hampered employee service process and weakened employee work motivation. The purpose of this study is to analyze the influence of digital transformation and the work environment on employee performance, with work motivation as a mediating variable. The research method uses a quantitative approach with a Partial Least Squares (PLS-SEM)-based structural equation analysis technique processed using SmartPLS 3 software. The study population was all 185 BKPSDM employees in the three regions, with a sample of 127 employees determined using the Yamane formula. The research instrument was compiled based on the indicators of each variable, then tested for validity and reliability before use. The results of the study indicate that digital transformation and the work environment have a significant effect on employee performance, but digital transformation is not proven to have a direct effect on motivation. Instead, motivation plays an important role as an intermediary variable that bridges the relationship between the work environment and employee performance. The discussion of these findings confirms that the success of civil servant performance is determined not only by the adoption of digital technology, but also by the quality of a supportive work environment and internally developed motivation. This demonstrates the importance of strategies to strengthen motivation, increase digital capacity, and create a conducive work climate to optimize employee performance. In conclusion, this study provides empirical evidence that digital transformation needs to be accompanied by improvements in the work environment and strengthened motivation as a comprehensive strategy to enhance BKPSDM employee performance.

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## INTRODUCTION

Management is the art of organizing and utilizing human and other resources effectively and efficiently to achieve specific goals (Yuliani 2023). An organization's success in achieving its goals is greatly influenced by how the management process is implemented. Management has long been an object of in-depth study, then structured and organized into theory. Its application requires an integrated approach from various disciplines to support the achievement of organizational goals. In practice, management serves as a means to achieve goals through a scientific and systematic approach (Bachmann et al., 2024).

Along with the development of globalization, current societal conditions present various problems that pose challenges for organizations. Failure often occurs, either due to the inability to adapt to technological advances or due to the low quality of work produced by existing human resources. Human resources can be understood as one of the main aspects determining the smooth operation of an organization (He et al., 2024). In fact, the quality of government officials is also determined by the presence and capabilities of its human resources. Therefore, every agency must pay attention to and manage employee performance to achieve optimal productivity. Organizations that are able to develop their human resources well will be able to improve performance quality, maintain competitiveness, and achieve predetermined goals (Jia et al., 2025).

Nearly every organization has a primary goal: to provide optimal service. Employee capabilities are reflected in their performance, where good performance indicates a level of work optimization. Employee performance serves as a crucial asset for an organization in meeting targets. Therefore, leadership's attention to their employees is crucial (Jansson et al., 2025). Employee performance is defined as the work completed by an individual upon receiving instructions and mandates assigned to them to meet work targets. An employee is capable of delivering good results if they have high performance, which in turn results in optimal work quality. Therefore, employee performance is seen as a key factor determining the success of an organization or institution in achieving its stated goals (Wandi, 2022).

In the current digitalization era, the use of technology is also a crucial reason that has an impact on employee performance, because technology drives changes in work methods, requires employees to adapt to new systems, and demands increased digital competencies so that employees are able to work more efficiently, responsively, and innovatively according to the demands of the modern era (Cabrillo et al., 2024). The President of the Republic of Indonesia issued Presidential Regulation of the Republic of Indonesia Number 95 of 2018 concerning Electronic-Based Government Systems Article 42 paragraph (2) explained that Electronic-based government administration services as stated in paragraph (1) letter a, namely SPBE Services that support internal bureaucratic governance in order to improve government performance and accountability in Central Agencies and Regional Governments. Digitalization in the service process must begin to be implemented by government agencies, one of which is seen from the central agency, namely the State Civil Service Agency, which currently has several personnel applications that are used on a national scale to support employee performance to be more effective (Jibril, 2021).

The digital transformation implemented by the civil service management agency (BKPSDM) began when the President of the Republic of Indonesia issued Presidential Regulation Number 95 of 2018 concerning the Electronic-Based Government System (Imania & Haryani, 2021). As the National Civil Service Agency (BKPSDM) began to issue numerous digital-based civil service applications, BKPSDM in regencies and cities must also follow the established procedures. Digital transformation is a socio-technical process and a key strategy for implementing digital technology in all organizational operations and practices, Mitki et al. (2024) explained. Digitalization can be understood as the transformation of physical documents into digital formats. This process allows for more optimal utilization of human resources, facilitates access to information, and reduces administrative burdens. According to Vial (2024), digital transformation is a comprehensive term that describes an organization's ability to utilize digital technology to improve the efficiency and effectiveness of internal operational performance and external market offerings (Horvey et al., 2024).

The problem faced by the BKPSDM (Lebak Regency, Serang City, and Cilegon City) in the context of digital transformation is the suboptimal utilization of personnel applications in the regions. The data transition process from printed documents to digital has not been fully implemented, and some employee data is still blank or incomplete. Update with the latest data so that data disparities were detected by the verification team from the State Civil Service Agency in the SI-ASN Application which is integrated with the regional personnel application and this affects the performance of BKPSDM employees in processing personnel services (da Silva et al., 2024). Due to the suboptimal digitalization, the data disparities found by the verification team from the State Civil Service Agency refer to the differences between employee data at BKPSDM (Lebak Regency, Serang City and Cilegon City).

Data disparity refers to inconsistencies, gaps, or invalidity of employee information in a personnel system that should be digitally integrated. The Lebak Regency Human Resources Development Agency (BKPSDM) recorded the largest data disparity, at 1,182 items, with the dominant problem being errors or differences in the nomenclature of teacher functional positions that have not been updated. update According to the latest regulations, the data disparity reached 1,149 data, followed by PDM not yet activated, retirement predictions but still active, empty TMT PNS, and empty organizational units. BKPSDM Cilegon City has 1,108 data disparities, most of which are due to the fact that the previous

year's SKP has not been filled in (583 data) and the degree data is empty (480 data), as well as the existence of inactive organizational units and invalid NIK. Meanwhile, BKPSDM Serang City recorded 633 data disparities, with the dominant problems being empty educational degrees (386 data), invalid NIK, empty or incorrectly formatted personal email, inactive organizational units, functional position education levels that do not meet the requirements, and not filling in the previous year's SKP.

This situation demonstrates that the implementation of digital transformation in the human resources sector has not been optimal. Several contributing factors include the lack of synchronization between central and regional systems, resulting in differences in job nomenclature, and low employee awareness and participation in regional development. Update Independent data, weak automated validation processes that allow invalid data to persist, and limited digital literacy among employees. Consequently, inaccurate employee data can hamper decision-making, slow down personnel administration processes such as promotions and other matters, and erode employee trust in digital systems. This demonstrates that digital transformation is not just about application availability; it also requires continuous data updates, robust system integration, and increased user competency in data management, as well as coordination between application users to ensure employee data remains synchronized (Y. Chen et al., 2024).

The lack of service options for Functional Positions in the SIKEPEL application and the data disparities found regarding the nomenclature of Teacher Functional Positions have a direct impact on employee performance at the Lebak Regency Government's Human Resources Development Agency (BKPSDM). Employee performance is hampered by administrative issues, and data disparities can impact the quality of employee services provided. If employees cannot perform their duties effectively, the employee services they receive will also be affected, which can harm the organization's reputation (Panduwiya et al., 2024).

Based on the phenomena and background that have been explained previously, the formulation of the research problem is: 1) Does digital transformation have a significant direct effect on employee performance 2) Does the work environment have a significant direct effect on employee performance 3) Does digital transformation have a significant direct effect on motivation 4) Does the work environment have a significant direct effect on motivation 5) Does motivation have a significant direct effect on employee performance 6) Does digital transformation have a significant indirect effect on employee performance through motivation 7) Does the work environment have a significant indirect effect on employee performance through motivation.

Novelty (*novelty*) This study is located on testing the variables of the influence of digital transformation and work environment factors on employee performance achievement, with motivation placed as an intermediary variable, in the context of government agencies, namely the personnel agency (BKPSDM) of Lebak Regency, Serang City and Cilegon City. Different from previous studies that generally separate these variables or only focus on the private sector and companies, this study presents a holistic approach in seeing how the combination of digital transformation factors and organizational environment influences motivation and impacts the performance of government employees in today's digital era.

## **Literature Review**

### **Employee Performance**

According to Yolinza & Marlius (2023), performance achievement in an organization or company is determined by several factors that play a role in realizing the goals and objectives within a specified time period. Wijaya & Wahyuni (2022) generally state that employees who demonstrate superior performance are usually supported by training experiences that enable them to carry out their work with creativity and innovation. In general, performance is the result achieved by employees in carrying out

their duties, seen from the aspect of the quantity and quality of work in accordance with the responsibilities carried out. To measure employee performance, the following indicators are used (Joshi et al., 2025):

First, Timeliness. This indicator assesses the extent to which work is completed on time. a) The ability to complete tasks according to established deadlines. b) Timeliness in responding and completing tasks despite data constraints. c) Speed in identifying and correcting data without disrupting the work schedule (Abbas et al., 2024).

Second, Cycle Time, Cycle time refers to the duration it takes an employee to switch from one task to another. a) The average time an employee takes to complete a single task. b) Additional time spent completing a task due to work constraints. c) The employee's ability to minimize downtime between tasks when faced with technical or administrative obstacles (Chhillar et al., 2025).

Third, Productivity. Productivity measures how much output or work results an employee produces during a work period. a) The amount of work output (e.g., the number of proposals successfully processed) in a given period. b) The ratio of the number of correctly completed jobs to the total number of jobs received. c) The employee's ability to maintain a stable work volume despite technical constraints (Yavuz et al., 2025).

### **Digital Transformation**

According to Irfandani et al. (2023), digital transformation is a transition process towards a more advanced state through the optimal application of information and communication technology, thereby providing additional benefits for corporations. Meanwhile, Isnawati & Waskito (2024) define it as the process of converting conventional documents into digital documents. Meanwhile, according to Baskerville et al. in (Bakry et al., 2024), digital transformation is seen as an infrastructure system that provides telecommunications services. Luthfia et al. (2022) states that digital transformation is a process of fundamental change, caused by the use of innovative digital technology accompanied by the strategic influence of core resources and competencies, to radically increase the value of an entity (such as an organization, business network, industry, or society). To measure digital transformation in this study, the following indicators were used: (Cagno et al., 2024):

First, Employee Digital Competence, the ability of individuals within an organization to utilize digital technology in carrying out their work tasks and functions effectively. Sub-indicators of employee digital competence include: a) Ability to use digital devices and applications. b) Understanding of cybersecurity and data. c) Readiness to adapt to technological change.

Second, Digital System Infrastructure, the readiness and availability of technology and information systems that support efficient and integrated organizational operations. The sub-indicators of digital system infrastructure are as follows: a) Access to information systems. b) Availability and suitability of digital facilities. c) Use of digitalization in daily operational activities.

Third, Digital Organizational Culture, changes in work culture, and strategic direction oriented towards innovation, technology adaptation, and efficiency of digital-based services. The sub-indicators of Digital Organizational Culture are as follows: a) Organizational commitment to digitalization. b) Leadership support for digital transformation. c) The existence of an innovative and collaborative culture in digital implementation.

### **Work environment**

According to Tesmanto (2022), the work environment encompasses all conditions surrounding employees that could potentially influence their ability to carry out assigned tasks. Meanwhile, Thalibana (2022) emphasized that the resources available in the work environment can help employees complete their work more effectively, thus improving organizational performance. To accurately measure the work environment, this study used the following indicators:

First, Work Facilities, Referring to the availability and suitability of work facilities such as computer devices, internet access, and digital support systems. a) Availability of technological devices b) functionality of digital application systems c) accessibility to information systems.

Second, Work Communication is the organization's ability to manage the exchange of information, both vertically and horizontally. Weak communication, particularly in the use of digital systems, can lead to input errors, miscommunication between departments, and disparities in employee data. a) clarity of information flow b) shared understanding c) Work Relationships

Third, it demonstrates the quality of interactions between employees in carrying out their tasks. A poor collaborative environment can hinder the use of shared technology (for example, in employee data integration systems), slow down processes, and reduce employee performance. a) Teamwork b) Openness in sharing information (Keller et al., 2025).

## **Motivation**

The motivation process begins with physical or psychological needs, which then motivate a person to pursue a specific goal or desired incentive. Yolinza & Marlius (2023) state that the word motivation is rooted in the term *moreover*, which means the driving force or power that drives an action or behaviour. Meanwhile, according to Zebua et al. (2022), work motivation concerns human behaviour and is a crucial element in management. Motivation can be defined as the primary factor, driving force, or need that can inspire a person. To measure motivation in this study, the following indicators were used:

First, the need for achievement is an individual's motivation to achieve the best work results and demonstrate superior performance in competitive work situations. The sub-indicators of the need for achievement are as follows: a) Challenging goals b) Efforts to advance c) Work performance

Second, Rewards, are a form of encouragement that comes from material and non-material rewards for work achievements. The sub-indicators of rewards are as follows: a) Recognition from superiors b) Incentives c) Status and work position

Third, Involvement, this motivation arises from a sense of ownership of the work and role within the organization. The sub-indicators of involvement are as follows: a) Responsibility for tasks b) Participation in decision-making c) Commitment to the organization

## **RESEARCH METHOD**

### **Types of research**

This research uses quantitative methods. According to Hardani et al. (2020), quantitative research aims to reveal phenomena holistically and contextually through data collection in natural settings, utilizing the researcher as the key instrument. Quantitative research is descriptive in nature and tends to use an inductive analytical approach (Kulal et al., 2025).

### **Population and sample**

This research was conducted at the Civil Service and Human Resources Development Agency of Lebak Regency, Serang City, and Cilegon City. The selection of the research location at BKPSDM was due to the consideration that BKPSDM is an agency that manages state civil apparatus resources at the regional level and BKPSDM's involvement in the digitization process of personnel administration. The population in this study included all ASN working in the BKPSDM of Lebak Regency, BKPSDM of Serang City, and also BKPSDM of Cilegon City, totalling 185 employees. Based on the total population, the number of samples taken was 127 respondents. To calculate how many samples were selected from the entire population in this study, the researcher used the Yamane formula in determining the number of samples, as quoted from Sugiyono (2020).

### Data collection techniques

Data collection in this study was conducted by distributing questionnaires to respondents as the primary data source. A questionnaire, as stated by Sugiyono (2020), is a process in which respondents are asked to complete a set of questions or written statements as a data collection technique. The questionnaire was developed online using *Google Form*. The instruments assessed are employee performance instruments, digital transformation, work environment and motivation.

### Data analysis techniques

This research will use the method *Partial Least Square Structural Equation Modelling* (PLS-SEM) because it is considered suitable for examining complex relationships between variables, including the mediating role of motivation in the relationship between digital transformation, work environment, and employee performance. Furthermore, PLS-SEM was chosen because it allows researchers to examine independent variables and dependent variables, particularly in accommodating relatively small sample sizes, such as in this study, making it suitable for use in this study (Xiong et al., 2025).

## RESULTS AND DISCUSSION

Evaluation outer model is an evaluation of the tools used to collect research data. This analysis describing the correlation between each measuring instrument and its variables analyzed through outer model testing. Convergent validity is the value loading factor which is obtained from the latent variable with its manifest based on convergent validity from all indicators show figures loading factor  $> 0.70$ . According to Duryadi (2021), a value of 0.70 for confirmatory research, if the value construct validity And reliability is valid and reliable, which is marked all green, then the factor loading value can be accepted if it is more than 0.5. The results of the convergent validity test are explained in Table 1 below.

Table 1. Convergent Validity Test Results

Variable	Indicator	Outer Loading	information
Digital Transformation (X1)	X1-BOD	0,964	Valid ( $\geq 0,70$ )
	X1-ISD	0,952	Valid ( $\geq 0,70$ )
	X1-KDP	0,958	Valid ( $\geq 0,70$ )
Work Environment (X2)	X2-FK	0,717	Valid ( $\geq 0,70$ )
	X2-HK	0,881	Valid ( $\geq 0,70$ )
	X2-KK	0,897	Valid ( $\geq 0,70$ )
Motivation (Y)	Y-K	0,984	Valid ( $\geq 0,70$ )
	Y-KP	0,947	Valid ( $\geq 0,70$ )
	Y-PHG	0,934	Valid ( $\geq 0,70$ )
Employee Performance (Z)	Z-CT	0,956	Valid ( $\geq 0,70$ )
	Z-KT	0,892	Valid ( $\geq 0,70$ )
	Z-PT	0,923	Valid ( $\geq 0,70$ )

Source: Data processed by SmartPLS v3.2.9 (2025)

Based on Table 1, it can be seen from the table that all indicators in the variables of Digital Transformation, Work Environment, Motivation, and Employee Performance have an outer loading value above 0.70 so it can be said that they have met the criteria. *Convergent Validity* according to the PLS-SEM guidelines according to Hair et al., (2021). The results of the composite reliability test can be explained in Table 2 below.

Tabel 2. Composite Reliability

<i>Composite Reliability</i>
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<b>Employee Performance (Z)</b>	0.951
<b>Work Environment (X2)</b>	0.886
<b>Motivation (Y)</b>	0.937
<b>Digital Transformation (X1)</b>	0.971

Source: Data processed by SmartPLS v.3.2.9 (2025)

Based on Table 2, the test results show that all research variables show values above 0.70, namely Employee Performance (Z) = 0.951, Work Environment (X2) = 0.886, Motivation (Y) = 0.937, and Digital Transformation (X1) = 0.971. This indicates that each construct value has a very good level of consistency, so each indicator used can be used to measure each variable. According to Hair et al. (2021), the value composite reliability The recommended reliability is  $\geq 0.70$  for exploratory studies, while a value of  $\geq 0.80$  indicates good reliability and  $\geq 0.90$  indicates very high reliability. Thus, these results indicate that the research instrument has met the composite reliability criteria and can be used for further testing.

Evaluation of measurement inner model can be seen from table 3 below:

Table 3. R2 Measurement Results

	<b>R Square</b>	<b>R Square Adjusted</b>
<b>Employee Performance (Z)</b>	0.970	0.970
<b>Motivation (Y)</b>	0.897	0.895

Source: Data processed by SmartPLS v.3.2.9 (2025)

Based on Table 3, the R-Square ( $R^2$ ) test results displayed in the table and figure above show that the Employee Performance (Z) variable has an  $R^2$  and Adjusted  $R^2$  of 0.970 respectively, it can be concluded that 97% of the variation in Employee Performance can be predicted through the variables used in the model can be explained by the variables Digital Transformation (X1), Work Environment (X2), and Motivation (Y), while the remaining 3% is influenced by other factors outside the research model. The Motivation (Y) variable obtained an  $R^2$  value of 0.897 and an Adjusted  $R^2$  of 0.895, which indicates that 89.7% of the variation is explained by Digital Transformation (X1) and Work Environment (X2), while the other 10.3% is influenced by external factors not studied. Referring to Hair et al. (2021), an  $R^2$  value  $\geq 0.75$  is categorized as substantial (strong), around 0.50 is categorized as moderate, and around 0.25 is categorized as weak. Based on these criteria, the  $R^2$  value in this study falls into the very strong (substantial) category, thus the structural model can be considered very good at explaining the endogenous variables analyzed.

## Discussion

After conducting several data prerequisite tests, a hypothesis test was then carried out to see the influence of each variable which will be explained in Table 4 below.

Table 4. Results of Direct Hypothesis Testing

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Digital Transformation (X1) -> Employee Performance (Z)	0.376	0.390	0.061	6.178	0.000
Work Environment (X2) -> Employee Performance (Z)	0.355	0.326	0.113	3.148	0.002

Motivation (Y) -> Employee Performance (Z)	0.286	0.302	0.085	3.356	0.001
Digital Transformation (X1) -> Motivation (Y)	0.162	0.138	0.134	1.213	0.226
Work Environment (X2) -> Motivation (Y)	0.799	0.822	0.126	6.359	0.000
Digital Transformation (X1) -> Motivation (Y) -> Employee Performance (Z)	0.046	0.036	0.037	1.248	0.213
Work Environment (X2) -> Motivation (Y) -> Employee Performance (Z)	0.228	0.253	0.096	2.389	0.017

*Source: Data processed by SmartPLS v.3.2.9 (2025)*

### **The Direct Impact of Digital Transformation on Employee Performance**

Based on the path coefficient estimation results in the table above, Digital Transformation has an effect on Employee Performance with a coefficient value of 0.376. The T-statistic value obtained is  $6.178 > 1.96$  and the p-value is  $0.000 < 0.05$ , so it can be concluded that the effect is positive and significant. A positive coefficient indicates that the higher the implementation of Digital Transformation, the higher Employee Performance will be.

Theoretically, the results of this study align with the Technology Acceptance Model (TAM), which explains that the acceptance and utilization of technology will increase the effectiveness of individual and organizational work. Digital transformation implemented in the bureaucracy allows for ease of access (perceived ease of use) and increased usability (perceived usefulness), which ultimately impacts employee performance (Nan et al., 2025). Furthermore, the Resource-Based View (RBV) theory is also relevant, where digital resources and information technology capabilities are considered strategic assets capable of creating competitive advantage in public organizations. In the context of the research location, namely the local government work environment, the implementation of digital transformation supports the acceleration of administrative services and minimizes conventional bureaucratic obstacles. This confirms that when digital transformation is combined with local human resource readiness and regional infrastructure support, it will create significant improvements in employee performance and improve the quality of public services that are more adaptive to the demands of the digital era (Wu et al., 2025).

These results are consistent with the findings of Isnawati and Waskito (2024), whose research demonstrated that digital transformation contributes positively and significantly to employee performance. Furthermore, Kusnadi (2024) also confirmed that digital transformation has a positive and significant impact on employee performance. The implementation of digitalized work processes facilitates employee access to information, accelerates coordination, and supports the achievement of performance targets. Overall, the findings of this study strengthen empirical evidence that digital transformation, when implemented effectively and supported by the readiness of human resources and infrastructure, can be an alternative for improving employee performance.

### **Direct Influence of Work Environment on Employee Performance**

The test conducted showed that the work environment has a coefficient of 0.355 with a T-statistic of  $3.148 > 1.96$  and a p-value of  $0.002 < 0.05$ . This indicates that the work environment has a positive and significant effect on employee performance. This means that the more conducive the work environment, the higher the employee performance.

Theoretically, these findings align with Herzberg's Two-Factor Theory, which categorizes work environment hygiene factors as crucial determinants of employee satisfaction and performance. A safe, comfortable, and supportive work environment will reduce psychological and physical barriers, allowing employees to focus on achieving performance targets. Furthermore, the Job Characteristics Model theory



emphasizes that conducive working conditions will strengthen employees' intrinsic motivation, increase their sense of responsibility for their tasks, and improve work outcomes. In the context of the research location, these results indicate that improvements in infrastructure, office layout, and harmonious working relationships among employees in local government agencies are tangible factors driving increased productivity. Therefore, improving the work environment not only impacts comfort but also serves as a key driver in optimizing employee performance in the era of digital transformation (Malik et al., 2024).

The findings of this study are similar to those of Tesmanto and Rina (2022). This study demonstrated that the work environment was statistically significant and contributed to improving the dependent variable, even with a fairly strong influence. An adequate work environment motivates employees to work more productively and efficiently.

### **The Direct Influence of Motivation on Employee Performance**

From the path coefficient calculation results, motivation influences employee performance with a coefficient value of 0.286. The t-statistic value is  $3.356 > 1.96$  and the p-value is  $0.001 \leq 0.05$ , so it can be concluded that the effect is positive and significant. In other words, the higher the level of motivation, the higher the employee performance.

Theoretically, the results of this study are consistent with Maslow's motivational theory, which emphasizes that employee needs, from basic needs to self-actualization, are the primary drivers of improved performance. When these needs are met through the work environment and organizational support, employees are motivated to perform optimally. Furthermore, Herzberg's motivational theory supports these findings, stating that motivators such as rewards, recognition, and opportunities for self-development play a crucial role in boosting work enthusiasm, ultimately impacting employee productivity. In the context of the BKPSDM study, high motivation can help employees adapt more to the demands of digital transformation, foster commitment to achieving organizational targets, and strengthen public service performance at the regional level (Zhang et al., 2025).

The results of this study align with the findings of Kuswati (2020), who demonstrated a positive contribution of motivation to work outcomes at the Majalengka Regency Education Office. These findings are also supported by research by Deviyana et al. (2023), who found that motivation plays a significant role in mediating the influence of work discipline on employee performance. Although the focus of this study was not on the BKPSDM, the results remain relevant, demonstrating that work motivation can be a key driver of performance improvement.

### **The Direct Impact of Digital Transformation on Motivation**

From the results of the path coefficient in the table above, the influence of Digital Transformation on Motivation has a coefficient figure of 0.162 with a t-statistic of  $1.213 < 1.96$  then a p-value with a figure of  $0.226 > 0.05$ , these results explain that there is no positive and significant influence, so  $H_4$  rejected. This finding indicates that in the context of this research, the implementation of Digital Transformation has not been able to directly influence the increase in employee motivation.

Theoretically, these results can be explained through Vroom's Expectancy Theory, which emphasizes that motivation arises when individuals believe there is a clear relationship between effort, performance, and rewards. In the context of digital transformation, if employees do not yet see the direct benefits of using digital systems on performance achievement or rewards, motivation will not immediately increase. Furthermore, Herzberg's theory is also relevant, where digitalization falls more into the hygiene factor category, meaning its existence is important to support work, but does not automatically become a driving factor for motivation. At the research location, this indicates that the implementation of digital transformation at the BKPSDM is still more focused on technical administrative aspects, while employee psychological aspects such as the need for recognition, appreciation, and opportunities for self-development have not been fully accommodated. Thus, digital transformation will only effectively

increase motivation if accompanied by a managerial strategy that can link technology with employee satisfaction and incentives (W. H. Chen et al., 2025).

The results of this study align with several other findings that suggest the relationship between digital transformation and motivation is not always strong. Andriarso (2024) found that digitalization changes significantly impact work motivation, but business process changes did not. This suggests that digitalization must be managed appropriately to become a driving factor in motivation.

### **The Direct Influence of Work Environment on Motivation**

The path analysis in the table reveals that the Work Environment has a coefficient of 0.799 on Motivation. The t-statistic value of 6.359, which is greater than 1.96, and the p-value of 0.000, which is less than 0.05, confirm that this relationship is significant and positive. This means that improving the quality of the Work Environment will impact Motivation.

Theoretically, these results can be linked to Maslow's theory of needs, where a safe, comfortable, and supportive work environment will help fulfill employees' basic and social needs. When these needs are met, motivation to work optimally will increase. Furthermore, according to Herzberg's theory, the work environment is a hygiene factor that functions to reduce dissatisfaction. If the work environment is good, employees will be more motivated to achieve organizational targets. In the context of research at the BKPSDM (National Human Resources Development Agency), these results indicate that improving the quality of the workspace, supporting technological facilities, and harmonious relationships between employees are important catalysts in building work motivation. Thus, a conducive work environment not only creates comfort but also serves as a primary foundation for the formation of sustainable motivation amidst the demands of digital transformation.

Fathiah et al. (2021) also revealed that employee competence and the work environment have been empirically proven to have a significant, positive influence on work motivation. Furthermore, Matualaga et al. (2024) found that the work environment significantly contributes through a positive coefficient on work motivation.

### **The Indirect Impact of Digital Transformation on Employee Performance Through Motivation**

From the results of the path coefficients in the table above, the influence of Digital Transformation on Employee Performance through Motivation has p-value of  $0.213 > 0.05$  with t-statistics of  $1.248 < 1.96$ , indicating it was insignificant because it did not meet the significance criteria. This means that although digital transformation can directly impact performance, this influence is not effectively mediated by motivation. Therefore, motivation is unable to significantly mediate the relationship between digital transformation and employee performance.

Theoretically, these results can be explained through the Job Demands-Resources (JD-R) theory, which emphasizes that employee motivation is influenced not only by job demands but also by available supporting resources. Digital transformation essentially adds new demands in the form of technological adaptation, so without adequate resource support such as training, rewards, and organizational support, employee motivation will not automatically increase. Furthermore, based on the Resource-Based View (RBV) perspective, digital transformation will only have an optimal impact if supported by internal employee competencies and an appropriate work culture. In the context of research at the BKPSDM (National Agency for Human Resources Development), this condition indicates that motivation has not been able to become a significant mediator because digitalization still functions more as an administrative tool than a strategic instrument capable of fostering intrinsic employee motivation. Thus, public organizations need to integrate managerial and psychological aspects so that digital transformation not only has a direct impact on performance but also can stimulate motivation as a supporting factor for long-term success (Imania & Haryani, 2021).

These findings indicate that the implementation of Digital Transformation in the workplace has not been able to significantly increase employee internal motivation to drive better performance (Bachmann et al., 2024). This may occur because the success of Digital Transformation may be more influenced by other factors, such as technological infrastructure support, employee digital skills, or an adaptive work culture, rather than by the employee's own personal motivation. Therefore, organizations need to consider other supporting strategies that can strengthen employee motivation in the digitalization process, such as training programs, providing rewards, and creating a collaborative and innovative work environment, so that the effect of digital transformation on performance can be maximized through stronger motivational drives (Jia et al., 2025).

### **Indirect Influence of Work Environment on Employee Performance Through Motivation**

Path analysis shows that the relationship between Work Environment and Employee Performance mediated by Motivation obtained a p-value of 0.017, which is  $<0.05$ , and a t-statistic of 2.389, which is  $>1.96$ . Based on the significance criteria according to Hair et al. (2021), this indicates that the role of Motivation as a mediating variable is significant.

Theoretically, these findings can be explained through Self-Determination Theory (SDT), which emphasizes that employee motivation will increase when basic psychological needs such as competence, autonomy, and connectedness are met in a supportive work environment. A comfortable, collaborative work environment equipped with adequate facilities will strengthen employee intrinsic motivation, thus positively impacting performance improvement. Furthermore, the Job Characteristics Model perspective also shows that well-structured working conditions can create a more meaningful work experience, which in turn increases motivation and productivity (He et al., 2024). In the context of BKPSDM, these results confirm that efforts to improve the quality of the work environment, both physically and non-physically, will significantly boost employee motivation, resulting in more optimal and sustainable performance (Jansson et al., 2025).

These results are in line with research conducted by Asfar and Anggraeni (2020), which found that the work environment has a significant positive contribution to employee performance through motivation.

Thus, the results of this study reinforce the view that, in the context of government agencies, a conducive work environment will motivate employees to work better, ultimately improving their performance. The role of motivation as a mediator explains that the contribution or impact of the work environment on performance is not only direct but also occurs through increased employee morale and work motivation.

## **CONCLUSION**

Based on the analysis results, it can be concluded that 1) The impact of digital transformation on employee performance. Based on the calculation of the path coefficient, Digital Transformation has an influence on Employee Performance with a value of 0.376. The T-statistic of 6.178 ( $>1.96$ ) and p-value of 0.000 ( $<0.05$ ) indicate a significant positive influence. This indicates that the more optimal the implementation of Digital Transformation, the higher the Employee Performance. 2) The impact of the work environment on employee performance. Data analysis shows that the Work Environment has a coefficient value of 0.355, T-statistic of 3.148 ( $>1.96$ ), and p-value of 0.002 ( $<0.05$ ), indicating a positive and significant influence. This means that improving work environment conditions is directly proportional to increasing Employee Performance. 3) Motivation is proven to have a significant and positive influence on Employee Performance, with a path coefficient of 0.286. The T-statistic value of 3.356 ( $>1.96$ ) and p-value of 0.001 ( $\leq 0.05$ ) confirms this influence. The higher the motivation of employees, the more their performance will increase. 4) The influence of digital transformation on motivation. From the results of the path coefficient, the influence of Digital Transformation on Motivation obtained a coefficient value of

0.162 and a t-statistic of  $1.213 < 1.96$  and a p-value of  $0.226 > 0.05$ , these results explain that there is no positive and significant influence. This finding indicates that in the context of this study, the implementation of Digital Transformation has not been able to directly influence the increase in employee motivation. 5) The impact of the work environment on employee motivation. Path analysis shows that the Work Environment has a positive effect on Motivation with a coefficient of 0.799. The T-statistic value of 6.359 ( $> 1.96$ ) and a p-value of 0.000 ( $< 0.05$ ) confirms that this influence is significant. In other words, improving work environment conditions will increase employee motivation. 6) The influence of digital transformation on employee performance through motivation. The results of the path coefficient calculation reveal that the influence of Digital Transformation on Employee Performance mediated by Motivation has a p-value of 0.213 ( $> 0.05$ ) and a t-statistic of 1.248 ( $< 1.96$ ), so the influence is considered insignificant. This means that although digital transformation can directly influence performance, this influence is not effectively mediated by motivation. Thus, motivation is not able to mediate the relationship between digital transformation and employee performance significantly, so  $H_6$  rejected. 7) The influence of the work environment on employee performance through motivation. Path analysis shows that the relationship between the work environment and employee performance mediated by motivation obtained a p-value of 0.017, which is  $< 0.05$ , and a t-statistic of 2.389, which is  $> 1.96$ . Based on the significance criteria according to Hair et al. (2021), this indicates that the role of motivation as a mediating variable is significant.

The significance of this research lies in its contributions to both academic and policy practice. From a scientific perspective, this study provides a new understanding of the dynamics of digital transformation, the work environment, and motivation in influencing employee performance in the government sector, particularly in the context of local public organizations. This confirms the research's authenticity because the focus of the study not only highlights the direct influence between variables but also examines the role of motivation as a mediator, which has rarely been explored in depth in local bureaucratic environments. Meanwhile, from a practical or policy perspective, this research provides strategic insights for decision-makers to design more appropriate interventions to support digital transformation and improve the work environment, so that the results not only improve employee performance but also strengthen the effectiveness of public services in a sustainable manner.

This research is certainly not without several limitations that need to be considered to ensure a more comprehensive understanding of the results. First, the research was conducted only in a specific agency with a relatively limited number of respondents, so the findings cannot be fully generalized to describe the conditions of all organizations or government agencies. Second, the data collection method, which used a questionnaire, relied heavily on respondents' subjective perceptions and assessments. This opens up the possibility of response bias, for example, due to the desire to project a positive image of performance and the organization. Third, this research did not account for the influence of other external factors beyond digital transformation, work environment, and motivation, such as organizational policies, work culture dynamics, and the acceleration of technological development, which may also impact employee performance. Considering these limitations, the results of this study still provide an important contribution, but also provide room for further research to expand the scope of the research object, add more diverse data collection methods, and incorporate relevant external variables to obtain a more comprehensive picture.

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