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Innovation and Intrinsic Motivation of Generation Z in the Coffee Shop Industry: A Study in Sidoarjo

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ABSTRACT

Purpose: *This study examines the influence of the work environment, employee innovation, and intrinsic motivation on employee performance in coffee shops located in the Sidoarjo DPR Plot Area.* ***Methodology:*** *A quantitative research design was employed using a survey method with a sample of 96 respondents, determined through cluster sampling. Data were collected using a Likert-scale questionnaire and analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM).* ***Results:*** *The results indicate that the work environment (β = 0.226; p = 0.003), employee innovation (β = 0.300; p < 0.001), and intrinsic motivation (β = 0.314; p = 0.048) have a positive and significant effect on employee performance. The coefficient of determination shows that the model explains 79.4% of the variance in employee performance (R^2 = 0.794).* ***Findings:*** *These findings highlight the importance of creating a supportive work environment, fostering innovation, and strengthening intrinsic motivation to enhance employee performance in the coffee shop industry.* ***Novelty & Originality:*** *This study contributes to the human resource management literature by providing empirical evidence from the creative culinary sector at the regional level.* ***Conclusions:*** *The study concludes that integrated efforts to improve work environment, innovation, and motivation are essential for optimizing employee performance.* ***Type of Paper:*** *This paper is an empirical research paper.*

INTRODUCTION

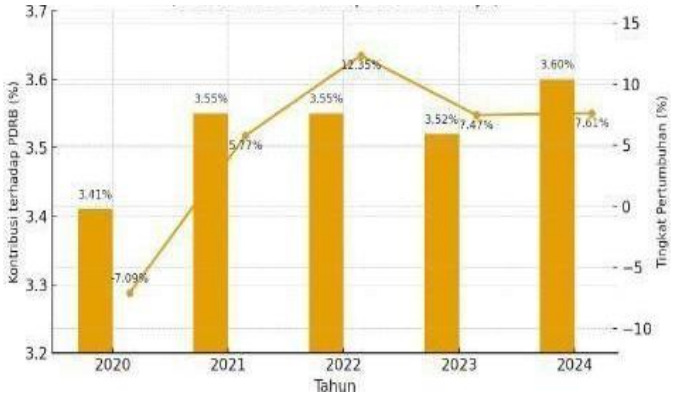
Indonesia's economic growth in the past decade has shown significant positive dynamics, one of which is supported by the creative and service sectors, especially the food and beverage (F&B) industry. This industry plays an important role in creating economic added value while opening up new jobs for urban communities (M, 2005). Data from the Ministry of Tourism and Creative Economy shows that the culinary subsector contributes more than 40% to the total contribution of the national creative economy, making it the main driving force in the sector (S, 2021). This phenomenon shows that eating and drinking activities no longer only function to meet basic needs, but have developed into part of the social lifestyle of modern society. Coffee shops are the most tangible representation of these changes. Coffee shop is a form of business engaged in the provision of coffee-based beverage and snack services that aims to provide a social experience and

comfort for customers as well as provide an atmosphere that supports social interaction as well as individual productivity. This dynamic demands adaptive, innovative, and high-performance human resource management in order to meet increasingly complex customer expectations.

The shift in consumer behavior that emphasizes more on experience than just products has given birth to a new era in the coffee shop business. This place now doubles, not only as a consumption location but also as a productive workspace for students, students, and professional workers. This phenomenon indicates the increasing role of employees as the front line in building the image and success of the business. In this context, employee performance is not only measured by the speed or accuracy of work, but also by the ability to innovate, create a comfortable atmosphere, and interact effectively with customers (S. Atos and Z Zainul, 2025). Coffee shop business actors need to understand that the success of their business is highly dependent on the quality of human resources (HR) who are able to adapt to the needs of modern customers. Therefore, employee management that is oriented towards motivation, creativity, and a conducive work environment is a strategic need in the face of increasingly competitive F&B industry competition (I. N. Suryawan, 2024).

Sidoarjo Regency is a real example of an area that has also experienced the growth of the F&B industry. One of the areas that has experienced significant development is the Sidoarjo House of Representatives Plot, which is now known as a culinary center and a favorite hangout place for people, especially young people. The local government together with the Indonesian Young Entrepreneurs Association (HIPMI) Sidoarjo also support the development of this area through the Branding of the House of Representatives Plot to strengthen the region's identity as a center of the local creative and culinary economy (R. Mulya, 2025). This activity shows the synergy between the government and the community in strengthening the culinary sector as a new economic pillar in Sidoarjo. This branding serves not only as a promotional effort, but also as an encouragement to improve the quality of the business and the professionalism of the workforce in it. The activity emphasized that coffee shops in the DPR Plot are not just places of consumption, but also productive containers that support creative economy activities. The existence of professional employees is an important factor to maintain the reputation and sustainability of the business in the midst of an increasing number of competitors. To strengthen this fact, data from the Central Statistics Agency (BPS) of Sidoarjo Regency shows that the accommodation and food and beverage sector contributes quite high to the Gross Regional Domestic Product (GDP) (Badan Pusat Statistik, 2024).

Figure 1. Graph of the Contribution of the Accommodation and Food and Beverage Sector to the GDP of Sidoarjo Regency in 2020–2024



Source: BPS Sidorjo Regency

Figure 1 shows the trend of the contribution of the Accommodation and Food and Beverage sector to the GDP of Sidoarjo Regency during the period 2020 – 2024 which tends to increase

steadily from 3.41% to 3.60%. This increase indicates that economic activities in the culinary sector, including the coffee shop business, continue to develop and become one of the drivers of regional economic growth. Although the contribution is relatively small compared to the processing industry sector, the growth rate of this sector was observed to be quite dynamic, having contracted in 2020 due to the pandemic by -7.09%, then recovered quickly in 2021 to 2022 with growth of 5.77% and 12.35%, and stable in the range of 7.5%–7.6% in 2023–2024.There is a growth in demand and business activities in the culinary sector, including coffee shops, which has also strengthened the regional economic structure. This increase in contribution also indicates that the workforce in the sector has a crucial role in maintaining local economic performance. This means that quality and high-performance human resources (HR) are key elements so that this sector can continue to grow sustainably. Thus, the management of coffee shop employees in Sidoarjo, especially in the DPR Plot area, is very important to be researched to ensure that aspects of the work environment, innovation, and intrinsic motivation have been managed properly.

Although the development of the coffee shop industry in Sidoarjo continues to increase, there are still various problems in human resource management that can affect employee performance. Some coffee shops face obstacles such as a suboptimal work environment (S. Hidayatullah, 2022), high employee turnover rates, and a lack of innovative encouragement in providing services (A. P. Fadilla Suyuti, U. Hasanah, 2025). In addition, employees' intrinsic motivation often has not been firmly formed due to monotonous work systems and lack of appreciation for creativity (D. Anjarrini, Prayekti, 2024). This condition has an impact on the decline in service quality and customer loyalty. In this context, research that highlights factors that affect employee performance is important so that coffee shops can increase their competitiveness through improving the quality of human resources.

The work environment is a fundamental aspect that can affect the level of productivity and job satisfaction (T. Mulyadi, E. Purnamasari, 2023). Based on Herzberg's theory of two factors, the work environment includes hygienic factors that can inhibit or improve performance depending on its quality. A comfortable, safe, and supportive environment will help employees achieve optimal performance (A. Mamat and M. K. Ali, 2018). In a coffee shop, this includes aspects of cleanliness, space design, temperature, and communication between colleagues and superiors. A good work environment will create a positive atmosphere that has a direct impact on the quality of service to customers (N. M. Husien and A. Hady, 2012).

Employee innovation is also an important factor in improving performance (P. Rohmatulloh, 2025). Based on the theory of organizational creativity by Amabile, innovation is the result of a combination of individual ability, motivation, and support of the work environment (A. P. Harahap, n.d.). In the context of coffee shops, innovation can be in the form of new ideas in service, menus, or strategies to attract customers. Employees who have an innovative spirit tend to be better able to adapt to changing consumer needs (S. Hadi, A. R. Putra, 2020). This makes coffee shops competitive and relevant in the midst of dynamic market trends.

Intrinsic motivation is a factor that drives a person to work based on personal satisfaction and a sense of responsibility for his or her duties (A. P. R. Cahyani and A. L. Haziroh, 2024). Based on the theory of Self-Determination by Deci and Ryan, intrinsic motivation grows when individuals feel they have autonomy, competence, and social connectedness in their work (L. Juariyah and S. S. Adi, n.d.). Employees with high intrinsic motivation will work enthusiastically, creatively, and productively without having to rely too much on external incentives (Y. Nada and M. R. Bakhtiar, 2024). In the coffee shop industry, this is important because service-oriented work requires dedication and high speed of thinking.

Based on previous research (T. Mulyadi, E. Purnamasari, 2023), it is proven that the Work Environment has a positive influence on employee performance. In line with this research, previous research [19] also stated the relationship of significant positive influence of the Work Environment on Employee performance. On the other hand, in research (H. Jayusman, W. Setyorini, 2021) it was

proven that the Work Environment did not have a significant effect on employee performance. Based on these three studies, it shows that there is an inconsistency between the Work Environment and employee performance. Based on research (L. H. Sangapan, G. J. Carlos, 2025), it is proven that Employee Innovation has a positive influence on employee performance. In line with this research, previous research (L. Alviani and A. Nuvriasari, 2022) also stated the relationship of significant positive influence of Employee Innovation on Employee performance. On the other hand, other studies prove that Employee Innovation has no effect on employee performance (Y. C. Rompas, R. J. Pio, 2020). Based on these three studies, it shows that there can be inconsistencies between Employee Innovation and employee performance. Based on previous research (T. Mulyadi, E. Purnamasari, 2023), it is proven that the Work Environment has a positive influence on employee performance. In line with this research, previous research (A. G. Tristara, D. Supriatin, 2024) also stated the relationship of significant positive influence of the Work Environment on Employee performance. On the other hand, in research (H. Jayusman, W. Setyorini, 2021) it was proven that the Work Environment did not have a significant effect on employee performance. Based on these three studies, it shows that there is an inconsistency between the Work Environment and employee performance. Based on research (L. H. Sangapan, G. J. Carlos, 2025), it is proven that Employee Innovation has a positive influence on employee performance. In line with this research, previous research (L. Alviani and A. Nuvriasari, 2022) also stated the relationship of significant positive influence of Employee Innovation on Employee performance. On the other hand, other studies prove that Employee Innovation has no effect on employee performance (Y. C. Rompas, R. J. Pio, 2020).

Based on these three studies, it shows that there can be inconsistencies between Employee Innovation and employee performance. Based on research (A. Arifa and K. A. Kusuma, 2023), it is proven that Intrinsic Motivation has a positive influence on employee performance. In line with this study, previous research (T. Yuliantini and R. Santoso, 2020) also stated the relationship of a significant positive influence of Intrinsic Motivation on Employee performance. On the other hand, research (R. Kurniawan, 2021) proves that Intrinsic Motivation has a negative effect on employee performance. Based on these three studies, it is shown that there is an inconsistency between Intrinsic Motivation and employee performance.

Previous empirical studies show inconsistent results regarding the relationship between work environment, employee innovation, intrinsic motivation, and employee performance. Several studies confirm that a conducive work environment positively affects employee performance (T. Mulyadi, E. Purnamasari, 2023; A. G. Tristara, D. Supriatin, 2024, while others report insignificant effects (Jayusman & Setyorini, 2021). Similar inconsistencies are also found in studies examining employee innovation and intrinsic motivation in relation to performance (Y. C. Rompas, R. J. Pio, 2020). These inconsistencies indicate the existence of a research gap, particularly within the context of the coffee shop industry, which relies heavily on service quality and human interaction. Moreover, limited empirical studies have specifically examined these relationships in regional creative culinary clusters such as the Sidoarjo DPR Plot Area. Therefore, this study aims to empirically analyze the influence of work environment, employee innovation, and intrinsic motivation on employee performance in coffee shops located in Sidoarjo, thereby contributing to the enrichment of human resource management literature in the creative and culinary sector.

METHOD

Metode Analisis

In this study, a quantitative research method was used to determine the relationship between independent and dependent variables. Numerical data was collected and analyzed using statistics from respondent data. Data was collected through questionnaires and interviews with 5 indicators for each variable. The questionnaire assessment uses a scale of 1 to 5. In addition, secondary data from relevant journal articles are also used. Data collection was carried out using a

questionnaire based on the Linkert scale and analyzed with Smart Partial Squer (PLS) software version 3.0.

The variables examined in this study consist of work environment, employee innovation, intrinsic motivation, and employee performance. Each construct was measured using several indicators adapted from established theories and previous empirical studies. The measurement items were operationalized into a structured questionnaire using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The operational definitions of the variables and their corresponding measurement indicators are presented in Table 1.

Tabel 1. Research Variables and Measurement Indicator

Variable	Indicator Code	Indicator Description	Theoretical Source
Work Environment (X1)	X1.1	Adequate lighting conditions in the work area.	Sedarmayanti (2009)
	X1.2	The availability of good ventilation and fresh air.	Sedarmayanti (2009)
	X1.3	A low level of noise that supports work concentration.	Sedarmayanti (2009)
	X1.4	Physical and psychological conditions that support comfort at work.	Sedarmayanti (2009)
	X1.5	Harmonious social interactions among employees.	Sedarmayanti (2009)
Employee Innovation (X2)	X2.1	The ability to identify new opportunities or problems.	Amabile (2013)
	X2.2	The ability to develop and propose new ideas.	Amabile (2013)
	X2.3	The ability to apply innovative ideas in work activities.	Amabile (2013)
	X2.4	The ability to communicate ideas to coworkers or supervisors.	Amabile (2013)
Intrinsic Motivation (X3)	X3.1	The desire to achieve the best possible results at work.	Giroux (1960)
	X3.2	Appreciation or acknowledgment of satisfactory work results.	Giroux (1960)
	X3.3	Awareness and willingness to carry out tasks properly.	Giroux (1960)
	X3.4	The drive to develop and progress in one's career.	Giroux (1960)
Employee Performance (Y1)	Y1.1	Quality of work results	Suprayitno (2024)
	Y1.2	Quantity of work output	Suprayitno (2024)
	Y1.3	Timeliness in completing work tasks	Suprayitno (2024)
	Y1.4	Effectiveness in performing job duties	Suprayitno (2024)
	Y1.5	Independently without direct supervision.	Suprayitno (2024)

Source : Data processed, 2025

As shown in Table 1, each research variable is represented by indicators that reflect its conceptual dimensions. The work environment variable captures physical and social workplace conditions, employee innovation reflects individual innovative behavior in the workplace, intrinsic motivation represents internal psychological drivers, and employee performance indicates the

quality and effectiveness of work outcomes. All indicators were further evaluated through validity and reliability testing using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach.

Population is a generalized region consisting of objects or subjects that have certain characteristics and are determined by researchers to draw conclusions (Sugiyono, 2013). The research population is all the objects or subjects that the researcher chooses to investigate in order to make an assessment of the research findings (S. W. Purwanza, A. Wardhana, A. Mufidah, 2022). The population in this study is all coffee shop employees in the Sidoarjo DPR Plot area. The exact number of these populations is unknown because each outlet has a different number of employees and not all of them are officially recorded. Based on preliminary surveys, it is known that the number of employees in each outlet ranges from 7 to 10 people on average. Sample is the size of the population, considering that the number of populations is not known for sure and there are differences in characteristics between outlets, the determination of the sample was carried out using the Cluster sampling approach (S. W. Purwanza, A. Wardhana, A. Mufidah, 2022). The cluster sampling approach is used because each coffee shop outlet has different characteristics of work culture, leadership style, and social dynamics. These differences have the potential to affect employee work behavior, innovation, and motivation. Thus, each outlet is considered a unique work culture (cluster unit), so the selection of samples takes into account the variations of that work culture. In practice, sampling is carried out by means of a partial census per outlet, which involves all employees who work at each outlet who are selected as research respondents. Each outlet has a different number of employees (between 7 and 10 people), according to the results of a preliminary survey that has been conducted by researchers. Thus, the variation in the number of respondents per outlet reflects the real conditions and diversity of work culture in the field.

The total number of respondents obtained from all outlets is estimated to range from 90 to 100 people. This number was also adjusted for the calculation of the minimum sample size using the Lemeshow formula, which is commonly used in studies with an infinite population. The minimum sample size was calculated using the formula of Lemeshow (1990) as follows (I. K. Swarjana, 2022) :

$$n = \frac{z^2 p(1 - p)}{d2}$$

Description :
N= Number of Samples
z= Score at 95% confidence level= 1.96
p= Maximum Estimate= 0.5
d = Sampling Error = 10%

$$N = \frac{1{,}962.0{,}5(1\text{-}0{,}5)}{0{,}1^2}$$

$$N = \frac{3{,}8416.0{,}5\ (0{,}5)}{0{,}001}$$

$$N = \frac{0{,}9604}{0{,}001}$$

$$N = 96{,}04$$

$$N = 96$$

The results of the sample size calculation using the Lemeshow formula obtained a sample of 96 respondents. To maintain the reliability of the data and avoid sampling errors, the number of samples was rounded to 100 respondents. This number was taken proportionally from several coffee shops in the Sidoarjo DPR Plot area, with the number of respondents varying in each outlet (between 7-10 people per outlet). In accordance with the principle of conservative rounding in the determination of sample size, the results of the calculation should be rounded up to ensure the sufficiency of the research sample and avoid sampling errors (McClave, Sample Size Determination) (S. K. Ahmed, 2024). Therefore, the number of respondents in this study was set to 100 respondents.

Data analysis was carried out using the Partial Least Square Structural Equation Modelling (PLS-SEM) method with the help of SmartPLS software version 3.0. PLS-SEM is a multivariate statistical technique used to test the relationship between latent variables (concepts that cannot be measured directly) and their indicators simultaneously (W. Abdillah and J. Hartono, 2015). This method is very suitable for use in studies that have a complex model structure, a large number of indicators, and a relatively small number of samples. The advantage of SmartPLS is its ability to process measurement models (outer models) and structural models (inner models) flexibly and efficiently, especially in social or marketing research (J. F. Hair, G. T. M. Hult, C. M. Ringle, M. Sarstedt, N. P. Danks, 2021). In the outer model, validity and reliability tests are carried out, while in the inner model, the relationship between constructs is analyzed.

Test Measurement Model (Outer Model)

The measurement model aims to test whether the indicators used are valid and reliable in representing the constructed being measured. At the outer model testing stage, an evaluation was carried out on the quality of the indicator in representing latent constructs (L. K. Harahap and M. Pd, 2019). There are several important indicators tested in this stage:

1. Convergent Validity

   Convergent Validity is used to see the extent to which the indicators used are correlated in measuring the same construct. The validity of the convergence is said to be good if the loading factor value of each indicator is above 0.7. If there is an indicator with a loading factor value below 0.7 but still above 0.5 and does not interfere with reliability, the indicator can still be maintained.

2. Discriminant Validity

   Discriminant Validity aims to measure the extent to which a construct can be distinguished from other constructs. Discriminantvalidity is considered good if the squareroot value of AVE is greater than the correlation of other constructs, or by seeing a higher loading value on the construct itself compared to loading on other constructs (cross loading).

   a. Average Variance Extracted (AVE)

   Average Variance Extracted (AVE) is used to see the proportion of variance of indicators that can be explained by constructs. The ideal AVE value is above 0.5, which indicates that more than 50% of the indicator's variance can be explained by the measured construct.

   b. Composite Reliability

   Composite Reliability (CR) is used to measure the internal consistency of indicators within a construct. The minimum acceptable CR value is 0.7, indicating that the indicators have an adequate level of consistency in measuring the construct.

   c. Cronbach’s Alpha

   Cronbach's Alpha is also used to measure construct reliability, with a minimum acceptable value of 0.6 in exploratory studies and 0.7 in confirmatory studies.

Structural Model Testing (Inner Model)

After the measurement model is declared valid and reliable, tests are carried out on the structural model. The main objective of the inner model testing is to see the relationships between latent constructs, as well as to test whether the hypotheses put forward in the study are acceptable or not [43]. Some of the key indicators used in this test include:

a. R-Square (R^2)
R-Square (R^2) is used to find out how much independent variables are able to explain the dependent variables in the model. The R^2 value is grouped into three categories, namely high (> 0.67), medium (about 0.33), and low (< 0.19). The higher the R^2 value, the greater the model's ability to explain the variability of the bound variable.

b. Estimate for Path Coefficients
Estimate for Path Coefficients is used to find out how much influence each independent variable has on the bound variable. This test is carried out through the bootstrapping method, which is a resampling technique to estimate the stability and significance of the path coefficient. The value of the significant coefficient can be determined from the T-statistical value > 1.96 at a significance level of 5%.

c. Effect Size (f^2)
Effect Size (f^2) is used to measure the relative influence of one construct on another. The value of f^2 indicates the strength of the effect of the exogenous construct on endogenous ones. The value of f^2 is categorized into three levels: small (0.02), medium (0.15), and large (0.35).

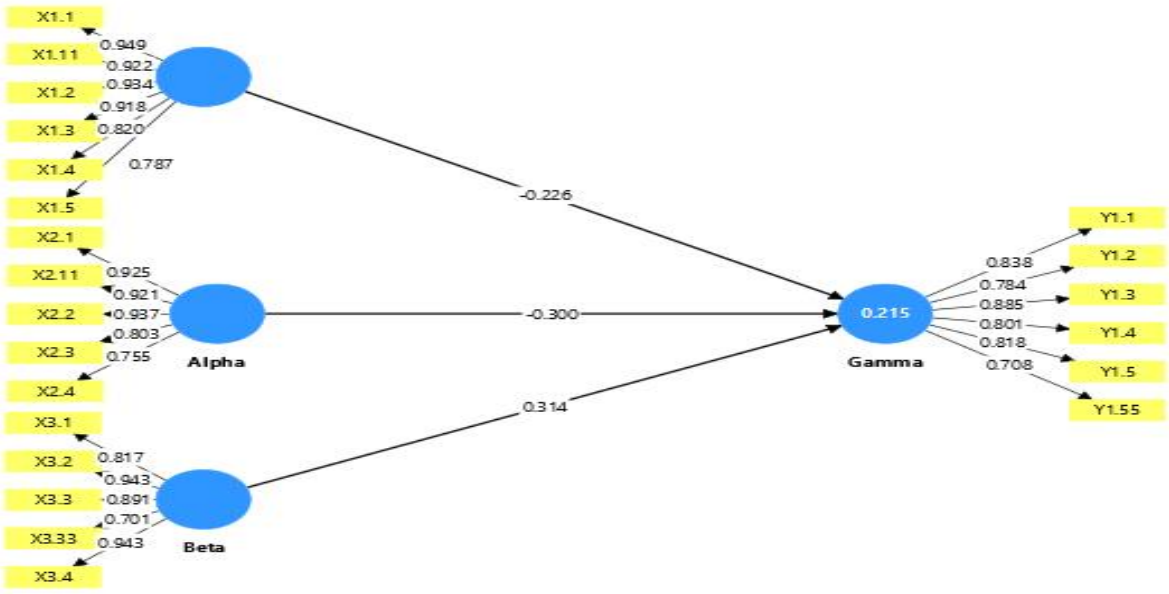
This study adhered to ethical research principles. Respondents participated voluntarily and were informed about the research objectives. Data confidentiality and anonymity were strictly maintained, and all responses were used solely for academic purposes.

RESULTS AND DISCUSSION

RESULTS

The Outer Model is used to assess the validity and reliability of construct measurements or indicators. This testing process involves assessing internal consistency, indicator reliability, convergent validity (average variance extracted), and discriminant validity. Internal consistency is considered valid if the correlation between the indicators > 0.7(S. W. Putra, 2015).

Figure 2. SmartPLS Outer Loading Results



Based on Figure 2 above, it can be seen that each indicator on the variable has a loading factor value greater than 0.7. This is declared valid because it meets the established correlation criteria.

Convergent Validity

Convergent validity aims to determine the validity of the relationship between the indicator and its latent variables. The higher the convergent value, the higher the indicator's ability to explain the latent variable. The coherent validity of the measurement model with the reflection indicator can be detected from the correlation between the item/indicator score and the construct score. Individual indicators are said to be reliable if they have a correlation value above 0.70, but loading 0.50-0.60 is still acceptable.

Tabel 2. Outer Loading Value

	Work Environment (X1)	Employee Innovation (X2)	Intrinsic Motivation (X3)	Employee Performance (Y1)
X1.1	0.949			
X1.11	0.922			
X1.2	0.934			
X1.3	0.918			
X1.4	0.820			
X1.5	0.787			
X2.1		0.925		
X2.11		0.921		
X2.2		0.937		
X2.3		0.803		
X2.4		0.755		
X3.1			0.817	
X3.2			0.943	
X3.3			0.891	
X3.33			0.701	
X3.4			0.943	
Y1.1				0.838
Y1.2				0.784
Y1.3				0.885
Y1.4				0.801
Y1.5				0.818
Y1.55				0.708

Source : Data processed SmartPLS 4.0, 2025

In the tests that have been carried out, it was found that all indicators have a value of > 0.70. The test results presented in the table above show that the outer loading value has met the convergent validity test.

Average Variance Extracted (AVE)

Tabel 3. Average Variance Extracted (AVE) Value

	Average variance extracted (AVE)
Work Environment (X1)	0.793
Employee Innovation (X2)	0.759
Intrinsic Motivation (X3)	0.746
Employee Performance (Y1)	0.652

Source : Data processed SmartPLS 4.0, 2025

Average Variance Extracted (AVE) is one method to measure convergent validity. The model criteria can be said to be good if each construct has an AVE value of > 0.5 (S. W. Putra, 2015). From the results above, it can be seen that the AVE value of all variables is above 0.5, meaning that it is valid and the test can be continued to the next stage

Discriminant Validity

In this study, discriminant validity was carried out using cross loading values. An indicator is declared to meet discriminant validity if the cross loading value of the variable is the greatest compared to other variables. Based on the results of the analysis, the cross loading values on all indicators are in accordance with the provisions of the Discriminant Validity value.

Tabel 4. Cross Loading Value

	Employee Innovation (X2)	Employee Performance (Y1)	Work Environment (X1)	Intrinsic Motivation (X3)
X1.1	0.075	-0.245	**0.949**	0.027
X1.11	-0.071	-0.154	**0.922**	-0.051
X1.2	0.027	-0.232	**0.934**	-0.001
X1.3	-0.087	-0.218	**0.918**	-0.001
X1.4	0.093	-0.110	**0.820**	0.204
X1.5	0.103	-0.167	**0.787**	0.075
X2.1	**0.925**	-0.260	-0.011	0.107
X2.11	**0.921**	-0.187	0.040	0.171
X2.2	**0.937**	-0.262	0.022	0.070
X2.3	**0.803**	-0.245	-0.073	0.037
X2.4	**0.755**	-0.177	0.165	0.208
X3.1	0.063	0.199	0.001	**0.817**
X3.2	0.150	0.219	0.058	**0.943**
X3.3	0.096	0.218	-0.005	**0.891**
X3.33	0.065	0.131	0.036	**0.701**
X3.4	0.141	0.328	0.046	**0.943**
Y1.1	-0.298	**0.838**	-0.211	0.178
Y1.2	-0.187	**0.784**	-0.166	0.203
Y1.3	-0.362	**0.885**	-0.195	0.124
Y1.4	-0.239	**0.801**	-0.193	0.180
Y1.5	-0.187	**0.818**	-0.180	0.206
Y1.55	0.032	**0.708**	-0.120	0.448

Source : Data processed SmartPLS 4.0, 2025

Based on table 10 above, the results of cross loading analysis show that each indicator in the construct has a higher loading value than the other construct. Thus, it can be concluded that this model meets the requirements of discriminant validity, so that each indicator is able to measure the same construct precisely and accurately.

Composite Reliability dan Cronbach's Alpha

Table 5. Cronbach's Alpha and Composite Reliability Test Results

	Cronbach's alpha	Composite reliability (rho_a)
Employee Innovation (X2)	0.919	0.936
Employee Performance (Y1)	0.892	0.898
Work Environment (X1)	0.948	0.979
Intrinsic Motivation (X3)	0.915	0.983

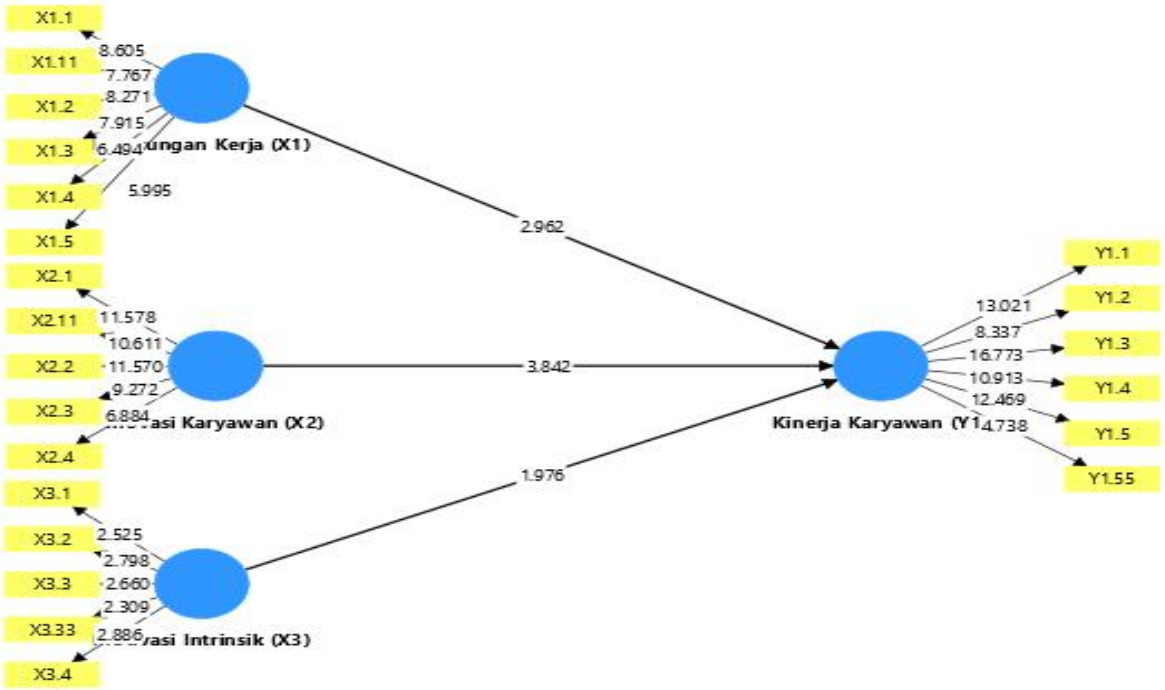
Source : Data processed SmartPLS 4.0, 2025

Reliability tests are used to prove the accuracy, consistency, and precision of the instrument in measuring constructs. If the composite reliability values of rho_a and Cronbach's alpha > 0.7, then it can be said to be reliable. The SmartPLS output above shows that all Cronbach's Alpha, rho_a and Composite Reliability values for each variable are above 0.70 so that it is ensured that the variables used meet the Reliability requirements

Testing Measurement Model

An inner model is a framework used to predict the cause-and-effect relationship between latent variables. Using the bootstrapping method, the statistical value of the T parameter test is generated to estimate the existence of such relationships. The inner model describes the estimation strength between latent variables or constructs (S. W. Putra, 2015).

Figure 3. SmartPLSA Bootstrapping Results, 2025



R-Square Test

The coefficient of determination (R Square) is a method for evaluating the extent to which an endogenous construct can be explained by an exogenous construct. The value range of the coefficient of determination (R Square) is usually between 0 to 1. The structural model testing process begins by analyzing the R Square value for each endogenous latent variable, which indicates the predictive strength of the model.

Table 6. R-Square Test Results

	R-square	R-square adjusted
Employee Performance (Y1)	0.794	0.787

Source : Data processed SmartPLS 4.0, 2025

The results of the Determination Coefficient or r-square in the SmartPLS output above show that the R Square value on employee performance is 0.794 which means that 79.4% of the variables of the work environment, employee innovation, and intrinsic motivation can explain the variation of the variables of successful purchasing decisions, the remaining 20.4% is explained by other variables outside the study.

F-Square Test

The F-Square test is used to assess the magnitude of the influence between variables with effect size. The value of F-Square is small when > 0.02, is said to be moderate when > 0.15 and is said to be large when > 0.35

Table 7. F-Square Test Results

	Employee Performance (Y1)
Work Environment (X1)	0.065
Employee Innovation (X2)	0.113
Intrinsic Motivation (X3)	0.124

Source : Data processed SmartPLS 4.0, 2025

The results of the F-Square test on the SmartPLS output above show that this study has a moderate effect size, namely 0.113 has an influence between the variable Employee Innovation (X2) and the Purchase Decision (Y) variable and 0.124 has an effect between the variable Intrinsic Motivation (X3) and the Purchase Decision (Y). while the rest of the Work Environment variable (X1) to the Purchase Decision (Y) has a small effect size because the F-Square value> 0.02 is 0.065.

Hypothesis Test/Path Coefficient

A measuring tool used to see how much influence one variable has on another. This test is performed to determine whether the hypothesis about the relationship between variables can be supported or rejected, taking into account the path coefficient value and its significance.

Table 8. Path Coefficient Test Results

	β	T -value	P-values	Result
Work Environment (X1) -> Employee Performance (Y1)	0.226	2.962	0.003	Supported
Employee Innovation (X2) -> Employee Performance (Y1)	0.300	3.842	0.000	Supported
Intrinsic Motivation (X3) -> Employee Performance (Y1)	0.314	1.976	0.048	Supported

Source : Data processed SmartPLS 4.0, 2025

The purpose of the hypothesis test is to determine whether the hypothesis is acceptable by considering the significance value between the construct, the t-statistical value, and the p-value. In this study, the statistical rule t>1.96 was used, with a significance level of p 0.05 (5%), and a beta coefficient of positive value. So the result:

1. **Work Environment - > Employee Performance**

Based on the results of the path coefissient test in the table above, the original sample value is positive, which is 0.226 which means that there is a positive influence of the work environment on employee performance. The statistical t-value was 2.962> 1.96 and the p value was 0.003 < 0.05. So that it can be known that the work environment has a positive and significant effect on employee performance, H1 is accepted.

2. **Employee Innovation -> Employee Performance**

Based on the results of the path coefissient test in the table above, the original sample value is positive, which is 0.300, which means that there is a positive influence of employee innovation on employee performance. The statistical t-value was 3.842 > 1.96 and the p value was 0.000 < 0.05. So that it can be known that employee innovation has a positive and significant effect on employee performance, H2 is accepted

3. **Intrinsic Motivation -> Employee Performance**

Based on the results of the path coefissient test in the table above, the original sample value is positive, which is 0.314 which means that there is a positive influence of intrinsic motivation on employee performance. The statistical t-value was 1.976 > 1.96 and the p value was 0.048 < 0.05. So that it can be known that intrinsic motivation has a positive and significant effect on employee performance, H3 is accepted.

DISCUSSION

Work Environment Affects Employee Performance of Coffee Shop in Sidoarjo DPR Plot

The findings of this study indicate that the work environment plays an essential role in influencing employee performance in coffee shops located in the Sidoarjo DPR plot. A comfortable and safe workplace, supported by adequate facilities and positive relationships among coworkers, creates conditions that enable employees to perform their tasks more effectively. When employees feel comfortable and supported in their work environment, they tend to demonstrate higher focus, efficiency, and quality in completing their duties.

These findings are consistent with performance theory proposed by (Putri Dhya Ulhaq, A., & Andriani, 2024) which states that a conducive work environment enhances employee comfort and productivity, leading to improved work outcomes. This study also supports previous empirical findings by (A. G. Tristara, D. Supriatin, 2024). who found that the work environment has a

significant influence on employee performance. However, the results differ from those reported by (H. Jayusman, W. Setyorini, 2021) who found no significant effect of the work environment on employee performance. This difference suggests that variations in organizational context, industry characteristics, and workplace culture may affect how strongly the work environment influences employee performance.

Employee Innovation Affects Employee Performance of Coffee Shop in the Sidoarjo House of Representatives

Employee innovation is found to have an important relationship with employee performance in the coffee shop industry. An organizational setting that encourages creativity, provides flexibility, appreciates innovative contributions, and offers resources to support idea implementation enables employees to develop and apply new ideas in their work. Such innovative behavior contributes to improvements in work processes, service quality, and organizational competitiveness, which ultimately enhances employee performance.

This finding is in line with the concept of employee innovative behavior described by (S. Hadi, A. R. Putra, 2020), which emphasizes the generation and implementation of new ideas that benefit individuals, teams, and organizations. The results of this study also support previous research by (L. Alviani and A. Nuvriasari, 2022). which found that employee innovation positively affects employee performance. However, this finding contrasts with the study conducted by (Y. C. Rompas, R. J. Pio, 2020) which reported that employee innovation did not significantly influence performance. These differences may be explained by variations in organizational support systems, leadership practices, or the nature of tasks performed by employees in different sectors.

Intrinsic Motivation Affects the Performance of Coffee Shop Employees in the Sidoarjo DPR Plot

Intrinsic motivation is shown to be a key factor influencing employee performance in coffee shops within the Sidoarjo DPR plot. Employees who are intrinsically motivated tend to perform their work with greater seriousness, responsibility, and personal commitment, as their motivation is driven by internal satisfaction rather than external pressure. This internal drive encourages employees to consistently achieve better performance outcomes. The findings support previous research by (Yusuf, M., Rendra, A., & Kr, 2022), which demonstrated that higher levels of intrinsic motivation are associated with improved employee performance. This relationship is also consistent with Self-Determination Theory, which emphasizes autonomy, competence, and relatedness as fundamental factors in fostering intrinsic motivation (L. Juariyah and S. S. Adi, n.d.). When these psychological needs are fulfilled, employees are more likely to work efficiently and effectively. Furthermore, this study aligns with the findings of (T. Yuliantini and R. Santoso, 2020), who confirmed the positive influence of intrinsic motivation on employee performance. Nevertheless, the results differ from those of (R. Kurniawan, 2021), who found that intrinsic motivation did not significantly affect employee performance, indicating that individual and organizational factors may influence how intrinsic motivation translates into performance outcomes.

CONCLUSION

Based on the results of research and discussions that have been carried out and described by researchers, it can be concluded that the work environment affects the performance of coffee shop employees in the Sidoarjo DPR plot. This shows that a conducive work environment provides a sense of security and attractive co-workers allow employees to continue working optimally. Employee innovation affects the performance of coffee shop employees in the Sidoarjo DPR plot. This shows that the coffee shop in the Sidoarjo DPR plot is able to provide space for employees to implement their ideas in their work. And intrinsic motivation affects the performance of coffee shop

employees in the Sidoarjo DPR plot. This shows that every employee can work earnestly without coercion, thereby improving higher and more efficient employee performance.

It is hoped that the coffee shop in the Sidoarjo DPR plot will be consistent in evaluating and adjusting the work environment, employee innovation, and intrinsic motivation so that employee performance continues to be optimal, advanced, and developed. It's a good idea for the coffee shop in the Sidoarjo DPR plot to also always hold programs that strengthen the relationship between employees and also superiors in order to create a good environment for coffee shope shops in the Sidoarjo DPR plot and its employees. For other researchers who will research similar objects, to learn more about these variables in developing them. Managerially, coffee shop owners are encouraged to consistently evaluate the work environment, promote innovative behavior, and strengthen intrinsic motivation to maintain sustainable employee performance.

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