

Original Article

# The Influence of Self Efficiency and Leader Member Exchange (LMX) on Employee Performance with Happiness at Work as an Intervening Variable (Study at PT Permodalan Nasional Madani Lampung)

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**Abstract:** This study at PT PNM Region Bandar Lampung 1 intends to examine the impact of self-efficacy and LMX on employee performance with happiness at work as an intervening variable. Quantitative descriptive research was the approach of choice for this study. The population of this study includes all 214 of the study's sample's 464 Account Officer (AO) and Senior Account Officer (SAO) personnel of PT PNM Region Bandar Lampung 1. Partial Least Square (PLS), a type of structural equation modelling, is used in the analytical process. The study's findings include: Self-efficacy has a positive and significant effect on happiness at work, Self-efficacy has no significant effect on performance, happiness at work has a positive and significant effect on performance, LMX has a positive and significant effect on happiness at work, LMX has no significant effect on performance, Self-efficacy has a positive effect and significantly impacts performance through happiness at work, and LMX has a positive and significant effect on performance.

**Keywords:** Self Efficacy, LMX, Happiness at Work, Employee Performance.

## I. INTRODUCTION

The sustainability of small and medium enterprises is strongly influenced by input factors, including capital, labor and raw materials. One of the most important things that can make a business organization better and more profitable is the quality of the workforce. Workforce in this context is Human Resources (HR) which plays a role in the process of planning, executing and evaluating strategies, as well as contributing to the continuity of a particular organization's business. HR development has the ultimate goal of forming employees who have good performance and quality. This can be achieved by increasing individual abilities so that they are able to provide more optimal performance (Bale and Pillay, 2021). The results of good HR management can be reflected in the increased performance of each HR work unit in an organization. Employees' internal and external circumstances might have an impact on their performance as output.

Based on Busro (2020) employee performance is work that has been successfully demonstrated by the efforts of each individual in fulfilling duties and obligations in a particular organization. In addition, employee performance shows how much and how much the employee makes a positive contribution. Employee performance, on the other hand, is the outcome of the job that can be accomplished by someone in carrying out work responsibilities allotted to him based on skills, experience, and sincerity to work, claim Wicaksono and Rahmawati (2020). This knowledge leads to the conclusion that performance is a measurement instrument that assesses how well people accomplish their duties and obligations while working for a certain organisation. According to Pasaribu (2019) age difference can be a determining factor in employee performance. A survey conducted by Korn Ferry Indonesia (2019) states that Generation Z (born 1996 to 2015) brings more motivation, confidence and confidence to the workplace compared to the millennial generation who tend to work conventionally. This research has an object on the performance of employees from the Civil Service National Capital (PNM) Mekaar Region Bandar Lampung 1 according to internal data all employees or 100% of employees are Generation Z. This is also consistent with the results of the 2020 Population Census, which reveal that Generation Z and millennials make up the majority of Indonesia's population, indicating that the old-to-new generation workforce mix is beginning to change.

Trust and self-assurance is one of the factors thought to influence performance. Confidence and self-confidence which is summarized in self-efficacy is different for each person. Self-efficacy, according to Cherian and Jacob (2019), is a person's assessment of his competence or capacity to carry out a job task, achieve goals, or overcome challenges within an organisation. Employees must be able to deal with and possess the increasingly advanced and developing mobility in the workplace. This



indicates that professional, competent and effective human resources are needed to carry out the work and duties of the organization with due regard to self-efficacy. The measuring of self-efficacy, or one's belief in one's capacity to carry out activities made for optimal achievement, is one of the elements that influences employee performance.

The results of studies by Hadi (2023) and Saraswathi et al. (2019) revealed a relationship between employee performance and self-efficacy. Employee performance is significantly impacted by self-efficacy. Employees are kept alert and capable of doing their best work at all times thanks to the influence of self-efficacy on performance. This helps to prevent work de-motivation, which would lower office productivity. When faced with working conditions that could lead to job dissatisfaction, an employee's self-efficacy tends to be high, making them capable and confident in handling the challenges they face at work. As a result, their performance does not suffer. Self-efficacy makes employees believe in their goals at work and persist in the face of difficult conditions. When there are problems, self-efficacy plays a role in encouraging employees to remain calm and find solutions to these problems.

In contrast to Sepdiningtyas and Budi Santoso's (2019) findings, which indicated that self-efficacy had no impact on performance. According to his studies, self-efficacy alone has no impact on performance in the short and medium term. An ability that is inappropriate or not owned in a particular field of work will make a person adapt and learn for a long time to form experience as capital for work.

Self-efficacy that is formed because of self-confidence will build feelings of happiness when facing work. Happiness is not only related to feeling happy, but also forming character and positive attitudes about work. According to Keser (2020), employee happiness is a mindset that helps a person work optimally. Several factors influence job happiness including clear roles, team work atmosphere, work life balance, rewards, as well as opportunities for career advancement and individual competency development. Happiness at work or Happiness at Work is a right that must be obtained by employees and given by companies or organizations. Based on Sloan's research (2022), organizations should pay attention to the happiness of their employees. Employees who feel happy have a positive impact, because they can influence, inspire and motivate their colleagues to feel the same happiness. As a result, employees who feel happy tend to provide more benefits to the organization, both in terms of performance and creating a healthier work atmosphere.

Based on the Indonesian Happiness Index in 2021, the total Happiness Index is 71.49, an increase of 0.80 from the previous year. When viewed from the dimensions and components that make up the Indonesian Happiness Index, the Life Satisfaction Dimension Index at work has the smallest value compared to the others, namely 70.26 points. This represents that happiness at work is still considered something that is less important. Happiness at work in a study conducted by Effendi et al., (2023) was used as a mediating variable. His research found that self-efficacy can increase happiness at work and can indirectly affect employee performance. Self-efficacy is a belief and belief from individuals to do tasks to achieve goals. This confidence and self-confidence will bring individuals to the stage of happiness at work. Happiness at work will develop into a positive system of thinking and acting so that it can produce maximum work output or performance.

The results of studies by Vernanda (2021) and Sudaryana et al. (2020) revealed a substantial correlation between LMX and worker performance. His research indicates that the Leader Member Exchange (LMX) has a favourable and significant impact on staff performance. The performance of employees in an organisation increases with the quality of the Leader Member Exchange (LMX). A leader can use Leader Member Exchange (LMX) to sway the behaviour of followers and get them motivated to cooperate and contribute to the achievement of organisational objectives. Leadership shown by a manager in an organization can create systematic integration and encourage employee morale to achieve maximum goals so that it will be able to significantly improve employee performance. Another thing is demonstrated by study results by Adi et al. (2018), who discovered that LMX had no appreciable impact on performance. His research revealed that individual fundamental skills and external, non-organizational factors like economic and social factors account for the majority of what influences performance.

Apart from having a direct effect, leadership factors are also thought to influence employee performance indirectly through Happiness at Work. Research conducted by Muzayanah and Ramadhani (2018) found that being under leadership that is pleasant, ideal, and oriented towards the welfare of its members will create a work environment that is also enjoyable. This is one of the indicators for creating Happiness at Work that is felt by all members of a business organization. This happiness will bring someone in carrying out activities and activities within the company to the maximum so as to produce maximum performance as well as effective and efficient.

## **II. MATERIALS AND METHODS**

### **A) Grand Theory**

Determination of variables in this study is based on various theories that have been previously developed and analyzed using proxies based on previous research. Performance is the dependent variable in this study. The Resource Based View (RBV) Theory is the overarching theory employed. The two underlying premises of the pre-existing Five Forces Model were

questioned, which led to the development of the RBV hypothesis. The Five Forces theory states that the strength of a company comes from external factors of the company. The emergence of RBV Theory to answer how strength from within the company plays an important role in the performance of the company and its employees.

### **B) Employee Performance**

Performance has a close relationship with the achievement and success of Human Resources (HR) in achieving certain tasks or goals. The ability of a corporation to convert its resources into financial gains determines how successful the business will be. There are two categories of resources: tangible and intangible resources. Machines, medical equipment, real estate, and structures are a few examples of tangible resources. In contrast, intangible resources are things like knowledge, attitudes, culture, and so forth (Ferreira et al., 2018). The RBV Theory is the appropriate method to analyse this viewpoint. According to the RBV theory, a business can gain a competitive edge by utilising its resources, enabling it to remain viable over time (Barney, 1986). Understanding the connections between resources, capabilities, competitive advantage, and profitability is the fundamental RBV strategy, particularly when it comes to comprehending the processes for sustaining competitive advantage over time.

According to Mumtaz and Parahoo (2020) performance is the result of employee creativity which is reflected in the output produced by each individual or employee. Performance indicators according to Mumtaz and Parahoo (2020) are as follows; new ideas, implementation of ideas, better ways of working, and better work processes and activities. Some explanation of the understanding and indicators of performance, the authors decided to use the performance indicators presented by Mumtaz and Parahoo (2020) because the indicators presented are very appropriate to the conditions of the research respondents, namely the millennial generation who are always trying to present new ideas and then implement these ideas to produce ways of working, as well as better work activity processes.

### **C) Self-Efficacy Theory**

Bandura (2017) asserts that self-efficacy is a crucial component of cognitive social theory, where self-efficacy is defined as a person's confidence in his or her capacity to produce the desired results. Bandura (2017) describes self-confidence as an individual's belief in himself in dealing with a situation, which allows the individual to achieve results as expected. This level of self-assurance affects the kind of activity selected, the amount of effort made, and the ability to remain patient in the face of difficulty. Self-efficacy has a significant part in determining whether a behaviour is successful or unsuccessful, and it also has an impact on an individual's overall self-efficacy. A person's self-efficacy will rise when they succeed, and a high level of self-efficacy will inspire people to work harder, especially if the objectives are clear.

Bandura (2017) states that there are several things that affect self-efficacy in individuals, namely the experience of mastering something, social modeling, social persuasion, and physical and emotional conditions. The experience of mastering something is the most influential source of self-efficacy. Past performance, especially when successful, will raise expectations about an individual's ability. This has six impacts, namely proportionally increasing self-efficacy, ability to complete tasks well, reduced fear of failure, failure does not cause excessive negative emotions, increased self-confidence, and failure that occurs has a lighter impact. Social modeling, also known as observing others, has a less strong impact on self-efficacy than personal experience. However, observing a decrease in self-efficacy from others can affect self-efficacy significantly. The impact of social persuasion on self-efficacy is quite limited, but under certain conditions, persuasion from others can increase or decrease individual self-efficacy. Physical and emotional conditions also play a role in self-efficacy. Strong emotions, especially fear and anxiety, as well as high levels of stress can reduce individual performance and lead to low efficacy expectations.

The author decided to choose self-efficacy based on the theory presented by Bandura (2017), because according to him self-efficacy is a belief and belief in oneself in dealing with a situation, so that individuals can achieve results as expected. This understanding is supported by indicators that reflect the abilities produced by the millennial generation, namely completing easy to difficult jobs through self-confidence, belief in one's own abilities, and being able to deal with different situations.

### **D) Happiness at Work**

Hude (2018) defines happiness in general as anything that causes feelings of pleasure in life. Suojanen (2020) explains happiness as a good and satisfying feeling towards life. Happiness is also felt in the long term, not just as a moment of joy or laughter after a good joke.

According to Diener and Tov (2017), happiness is the same as subjective wellbeing, which is broken down into two components. The two components are the affective component and the cognitive component. Furthermore, life satisfaction is defined as a real form of happiness, because happiness is more than just achieving goals. Happiness has always been associated with better health, higher levels of creativity and better work performance. One important aspect of life is work.

According to Salas-Vallina et al., (2020) happiness at work is a feeling of happiness and pleasure in doing work and being part of an organization. The Happiness at Work indicators presented by Salas-Vallina et al., (2020), include; engagement, job satisfaction, and work commitment. The author decided to use the theory presented by Salas-Vallina et al., (2020) because the indicators used represent how happiness at work is important. Attachment is related to positive effectiveness at work, such as passion, enthusiasm or energy. Job satisfaction refers to the level of satisfaction, acceptance and evaluation of work based on the characteristics or characteristics of the work itself (joy). Work or organizational commitment considers affective feelings and normative commitment at work. This involves concern for the organization, evaluation of the organization's finances, and feelings of responsibility for the organization.

#### ***E) Leader Member Exchange (LMX) Theory***

The LMX hypothesis explains the connection between superiors and subordinates in plain words. According to the Leader Member Exchange (LMX) idea, enhancing the rapport between managers and staff members can boost both parties' productivity (Morrow, 2015). The relationship between employees and managers can actually be divided into two types: excellent relationships and negative relationships. While negative relationships have the opposite effect, good relationships foster trust, favourable attitudes, and staff loyalty.

According to Graen and Uhl-Bien (2015), there are three indicators in the Leader Member Exchange (LMX), namely Respect, Trust, and Obligation. Respect describes the importance of respecting each other's abilities and competencies in shaping the relationship between superiors and subordinates. Trust demonstrates the need for reciprocal trust in order for the connection between superiors and subordinates to develop correctly. Obligation refers to the influence of a growing sense of obligation, which then forms a solid working relationship between superiors and subordinates.

Based on the explanation above, the authors decided to use the LMX theory presented by Graen and Uhl-Bien (2015) which states three indicators of Leader Member Exchange, namely Respect, Trust and Obligation. This indicator is considered appropriate to represent the needs of the current state of leadership which must prioritize relationships with employees, trust in fellow members of the organization and awareness of the obligations of being a leader.

#### ***F) Hypotesis***

##### **a. The influence of self-efficacy on the performance of employees of PT PNM Mekaar Region Bandar Lampung 1.**

It has been demonstrated through research by Hadi (2023) and Saraswathi et al. (2019) that employee performance and self-efficacy are related. Employee performance is significantly impacted by self-efficacy. The influence of self-efficacy on employee performance has a positive impact, because employees become more motivated and always try to do their best, thereby avoiding work demotivation which can have an impact on decreasing productivity in the work environment. Self-efficacy makes employees have confidence and determination in achieving goals at work, and survive in difficult situations. This will have a direct impact on improving the employee's performance.

##### **b. The effect of LMX on the performance of employees of PT PNM Mekaar Region Bandar Lampung 1.**

The Leader Member Exchange (LMX) serves as a proxy for leadership in this study. There is a substantial correlation between LMX and employee performance, according to studies by Vernanda (2021) and Sudaryana et al., (2020). His study came to the conclusion that the LMX interaction between superiors and subordinates has a positive and significant impact on employee performance. The performance of personnel within the company increases with the quality of the LMX. A leader can use LMX to sway his followers' actions and motivate them to collaborate and be effective in accomplishing organisational objectives. The leadership style shown by managers in the organization can create systematic integration and motivate employee morale to achieve goals optimally, which in turn will have an impact on increasing employee performance significantly.

##### **c. The effect of self-efficacy on performance through Happiness at Work employees of PT PNM Mekaar Region Bandar Lampung 1**

Research conducted by Effendi et al., (2023) found that self-efficacy can increase happiness at work and can indirectly affect employee performance. Self-efficacy is a belief and belief from individuals to do tasks to achieve goals. This confidence and self-confidence will bring individuals to the stage of happiness at work. Happiness at work will develop into a positive system of thinking and acting so that it can produce maximum work output or performance.

##### **d. The effect of LMX on performance through Happiness at Work employees of PT PNM Mekaar Region Bandar Lampung 1**

According to research by Muzayanah and Ramadhani (2018), self-efficacy influences employee performance without directly affecting satisfaction at work. Self-efficacy can be defined as a person's confidence and faith in his or her capacity to carry out tasks and realise objectives. This belief and trust brings individuals to the level of happiness at work. Happiness at work then develops into a positive mindset and behavior that can increase work output or performance optimally.

**e. The effect of self-efficacy on Happiness at Work employees of PT PNM Mekaar Region Bandar Lampung 1**

Research conducted by Effendi et al., (2023) found that self-efficacy has a positive impact on the level of happiness at work. In other words, if an employee has a high level of self-efficacy, then happiness at work tends to increase. Self-efficacy gives employees more confidence in their ability to face challenges, obstacles and work processes. This makes them more confident in carrying out work processes, which ultimately contributes to achieving effective and efficient performance. Employees who have a high level of self-efficacy typically find it easier to overcome challenges and feel more competent in carrying out their jobs, which has a good impact on their level of enjoyment and productivity at work.

**f. The effect of LMX on Happiness at Work employees of PT PNM Mekaar Region Bandar Lampung 1**

According to research by Juliandi et al. (2023), leadership has a big impact on how happy people are at work. In order to influence subordinates' positive attitudes and behaviours, including their level of workplace happiness, leaders play a crucial role. The harmonious interaction between supervisors and subordinates is one of the elements that contributes to workplace happiness. The presence of positive working relationships has the ability to raise the degree of employee contentment while they perform their jobs.

Good leadership is able to create a positive and enjoyable work environment, where subordinates feel valued and supported in every aspect of their work. With a positive and trusting relationship between superiors and subordinates, feelings of satisfaction and happiness arise at work. Employees feel more motivated and excited to contribute optimally in achieving company goals. Not only that, happiness at work also has an impact on the productivity and quality of employee performance. Employees who feel happy tend to be more passionate, creative and innovative at work. This will have a positive impact on the achievement of overall organizational goals.

Therefore, effective leadership and good relations between superiors and subordinates are important elements in creating a happy and productive work environment. Efforts to improve leadership quality and strengthen positive work relationships must be a major concern for any organization that wants to create a harmonious and happy work environment for all its members.

**g. The effect of Happiness at Work on the performance of employees of PT PNM Mekaar Region Bandar Lampung 1.**

Research by Agustien and Soeling (2020) and Bestari and Prasetyo (2019) found that Happiness at Work has an effect on performance. Work will be better when someone is filled with positive energy arising from happiness. At that time, individuals tend to be more creative in working and solving problems. Research also adds that when employees feel happy, that feeling will become a collaborator between motivation and performance so that they are more effective in achieving management goals.

#### **IV. RESULTS AND DISCUSSION**

A quantitative descriptive research design was used for this investigation. In-depth descriptions or descriptions of scientific information are obtained through descriptive research, which also analyses data by describing the received data exactly as it is. In this study, the researchers attempted to provide objective and detailed information about the phenomenon under study.

The unit of analysis is a special entity that is the focus of research. In the sampling process, the unit of analysis includes the sampling unit and the study unit. In this study, the units of analysis are individuals, namely employees with the positions AO (Account Officer) and SAO (Senior Account Officer) at PT PNM Region Bandar Lampung 1.

In this study, the population that became the focus of attention were employees of PT PNM Region Bandar Lampung 1 with the positions AO and SAO, totaling 464 people. Since the population size is already known, the Slovin formula is used to calculate the sample size in this study. The Slovin formula is a method used to calculate the number of samples needed in research based on the size of the existing population. By using the Slovin formula, researchers can estimate the optimal sample size in order to produce research results that are representative and reliable. So, 214 respondents made up the total number of samples in this study. Using a structural equation model (SEM) approach based on partial least square (PLS), hypothesis testing was done in this investigation. In structural equation analysis, the PLS model concentrates on components or data fluctuations. A statistical field called structural equation modeling (SEM) enables the simultaneous assessment of complex relationships.

### A) Validity Test

The purpose of a validity test is to evaluate an instrument's content in order to gauge how accurate it is when utilised in research (Sugiyono, 2008). To determine how well an instrument is utilised to measure the notion that should be measured, a validity test is conducted. Sugiyono (2010) asserts that determining construct validity involves comparing the scores of the question items to the overall score.

Convergent Validity Test is used to evaluate whether responders can understand questions on each latent variable in the same way that researchers intended. The outer loading value or loading factor is employed to evaluate the convergent validity. In the confirmatory research category, an indicator is said to achieve convergent validity if the outer loading value is  $> 0.7$ , and the outer loading value between 0.5 and 0.6 is thought to be sufficient to meet the criterion of convergent validity, according to Chin (1998).

**Table 1: Outer Loading Result**

No	Variable	Indicator	Outer Loading
1	Self-Efficacy (X1)	X11	0.819
2		X12	0.889
3		X13	0.838
4		X14	0.917
5		X15	0.889
6		X16	0.918
7		X17	0.906
8		X18	0.908
9		X19	0.878
10	LMX (X2)	X21	0.806
11		X22	0.828
12		X23	0.839
13		X24	0.886
14		X25	0.813
15		X26	0.817
16		X27	0.83
17		X28	0.788
18		X29	0.771
19	HAW (M)	M1	0.856
20		M2	0.757
21		M3	0.86
22		M4	0.874
23		M5	0.811
24		M6	0.835
25		M7	0.881
26		M8	0.878
27		M9	0.891
28	Performance (Y)	Y1	0.885
29		Y10	0.921
30		Y11	0.918
31		Y12	0.906
32		Y2	0.899
33		Y3	0.798
34		Y4	0.881
35		Y5	0.937
36		Y6	0.922
37		Y7	0.911
38		Y8	0.925
39		Y9	0.894

It may be concluded that all indicators for each variable are valid based on the convergent validity test findings in table 1, which show that the outer loading value for each indicator of the variable is more than 0.7.

The purpose of the discriminant validity test is to ensure that respondents who answer a questionnaire based on one latent variable question will not answer another latent variable question incorrectly. The cross loading value is used in this test. If an indicator's cross loading value on a given variable is higher than that of other variables, it is said to have discriminant validity. The data is considered legitimate if the cross loading indicator value on the variable is the highest relative to the other variables (Chin, 1998).

Tabel 2: Cross Loading Result

Indicator	Self-Efficacy	Happiness at Work	Performance	LMX
M1	0.633	<b>0.856</b>	0.797	0.703
M2	0.541	<b>0.757</b>	0.721	0.594
M3	0.637	<b>0.86</b>	0.757	0.707
M4	0.557	<b>0.874</b>	0.734	0.728
M5	0.548	<b>0.811</b>	0.641	0.668
M6	0.502	<b>0.835</b>	0.72	0.76
M7	0.593	<b>0.881</b>	0.809	0.713
M8	0.6	<b>0.878</b>	0.803	0.707
M9	0.616	<b>0.891</b>	0.838	0.679
X11	<b>0.819</b>	0.58	0.605	0.602
X12	<b>0.889</b>	0.596	0.586	0.677
X13	<b>0.838</b>	0.505	0.5	0.583
X14	<b>0.917</b>	0.665	0.668	0.705
X15	<b>0.889</b>	0.565	0.572	0.598
X16	<b>0.918</b>	0.653	0.658	0.708
X17	<b>0.906</b>	0.642	0.689	0.665
X18	<b>0.908</b>	0.625	0.634	0.656
X19	<b>0.878</b>	0.593	0.624	0.619
X21	0.442	0.559	0.513	<b>0.806</b>
X22	0.552	0.639	0.533	<b>0.828</b>
X23	0.505	0.646	0.554	<b>0.839</b>
X24	0.581	0.702	0.615	<b>0.886</b>
X25	0.605	0.678	0.659	<b>0.813</b>
X26	0.587	0.633	0.58	<b>0.817</b>
X27	0.643	0.726	0.7	<b>0.83</b>
X28	0.689	0.726	0.686	<b>0.788</b>
X29	0.741	0.693	0.621	<b>0.771</b>
Y1	0.66	0.824	<b>0.885</b>	0.674
Y10	0.647	0.835	<b>0.921</b>	0.698
Y11	0.653	0.806	<b>0.918</b>	0.701
Y12	0.653	0.818	<b>0.906</b>	0.683
Y2	0.631	0.816	<b>0.899</b>	0.681
Y3	0.546	0.667	<b>0.798</b>	0.534
Y4	0.603	0.76	<b>0.881</b>	0.625
Y5	0.632	0.816	<b>0.937</b>	0.685
Y6	0.609	0.826	<b>0.922</b>	0.697
Y7	0.612	0.833	<b>0.911</b>	0.691
Y8	0.648	0.819	<b>0.925</b>	0.699
Y9	0.65	0.817	<b>0.894</b>	0.682

The cross loading value for each indication of the variable is the highest compared to the other variables, according to the findings of the discriminant validity test in Table 2. This suggests that the indicators used in the study have already demonstrated strong discriminant validity when assembling the relevant variables.

#### B) Reliability Test

When measuring the same symptoms twice, the instrument item must provide consistent measurement findings, according to the reliability test using the Cronbach Alpha value (Putka and Sackett, 2010). If the Cronbach Alpha value is > 0.7, the construct is deemed to have excellent dependability.

**Tabel 3: Reliabilitas Cronbach Alpha Test Result**

Variable	Cronbach's Alpha
Self-Efficacy (X1)	0.965
LMX (X2)	0.939
Happiness at Work (M)	0.952
Performance (Y)	0.979

Table 3's Cronbach alpha reliability test results show that each variable has a Cronbach alpha value greater than 0.7. This demonstrates that each variable has a high level of reliability.

The component used to evaluate the dependability of indicators on a variable is called composite reliability. This value denotes that an indicator variable's internal consistency is constant. If a variable has a Composite Reliability value of  $> 0.7$ , it can be stated to meet Composite Reliability (Chin, 1998).

**Tabel 4: Uji Reliabilitas Composite Reliability**

Variable	Composite Reliability
Self-Efficacy (X1)	0.97
LMX (X2)	0.949
Happiness at Work (M)	0.959
Performance (Y)	0.981

The Composite Reliability value for each variable is more than 0.7, according to the findings of the reliability test using the Composite Reliability value in table 4. This illustrates the dependability of each variable.

### C) Structural Inner Model

The t test of the partial least squares is used in the structural model test to determine the correlation between the measured constructs. The R-Square value of the model, which depicts how much effect the variables have in the model, can be used to evaluate structural or inner models. The estimation of the path coefficient, which is the estimated value for the path relationships in the structural model generated by the bootstrapping technique, is the subsequent step. The endogenous construct's coefficient of determination is represented by the R Square value. The R square values are 0.67 (strong), 0.33 (moderate), and 0.19 (weak), according to Chin (1998). The Coefficient of Determination's (R-square) output is as follows:

**Table 5: R-square Result**

	R Square	R Square Adjusted	Conclusion
Happiness at Work	0.686	0.683	Strong
Performance	0.814	0.811	Strong

According to Table 5, the r-square value of the Happiness at Work (M) variable is included in the strong category, and the r-square value of the Performance variable (Y) is included in the strong group since it has a value above 0.67.

### D) Goodness of Fit Model Result

The model's SRMR value reveals how well the PLS model fits the data. SRMR is the square root of the residuals from the sample covariance matrix minus the residuals from the fictitious covariance model. The SRMR range has values between 0 and 1, with a fit model having a value of less than 0.05; however, Ghazali (2015) considers a value as high as 0.08 to be acceptable. Ghazali & Latan, (2015). The Goodness of Fit Model's findings are as follows:

**Table 6: Goodness of Fit Model Result**

	Saturated Model	Estimated Model
SRMR	0.063	0.063
d_UIS	3.061	3.061
d_G	2.285	2.285
Chi-Square	2382.32	2382.32
NFI	0.791	0.791

According to Ghazali (2015) an SRMR value of as high as 0.08 is still considered acceptable. The SRMR value in this study was 0.063 and not more than 0.08, meaning that the model was still acceptable.



### E) Partial Least Square (PLS) Analysis Model

The study's partial least square (PLS) analytical model is shown in the picture below:

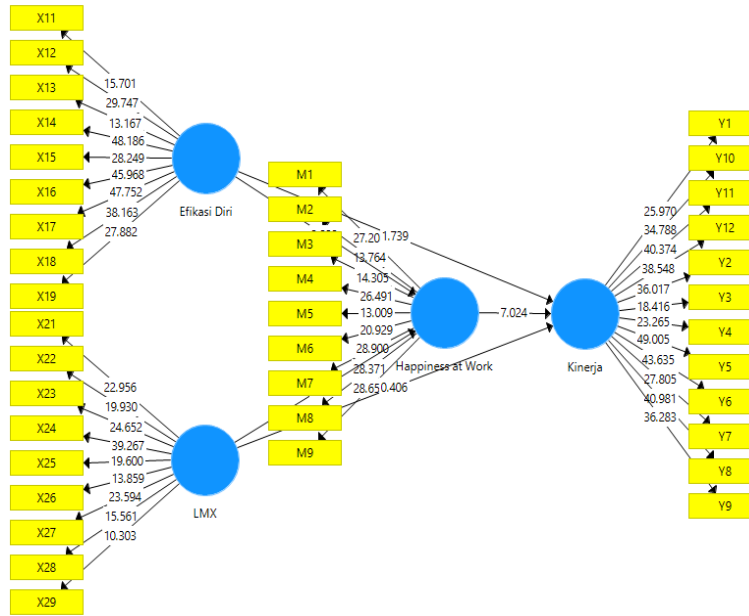


Figure 1: Partial Least Square (PLS) Analysis Model

### F) Hypothesis Testing

The t test was employed in this study to evaluate hypotheses; it is intended to determine how exogenous variables affect endogenous variables.

Table 7: Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Self-Efficacy -> Happiness at Work	0.1830	0.1960	0.0820	2.2320	0.0270
Self-Efficacy -> Performance	0.1800	0.2100	0.1040	1.7390	0.0830
Happiness at Work -> Performance	0.8100	0.7640	0.1150	7.0240	0.0000
LMX -> Happiness at Work	0.6850	0.6740	0.0770	8.8400	0.0000
LMX -> Performance	-0.0480	-0.0320	0.1180	0.4060	0.6850

Table 8: Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Self-Efficacy -> Happiness at Work -> Performance	0.1480	0.1440	0.0540	2.7170	0.0070
LMX -> Happiness at Work -> Performance	0.5540	0.5140	0.0940	5.9020	0.0000

#### a. The Effect of Self-Efficacy on Happiness at Work

Ho: The Self-Efficacy variable has no discernible impact on Employee Happiness at Work.

H1: There is a significant effect of the Self-Efficacy variable on Happiness at Work

This study used a 5% confidence level (0.05) and obtained a p-value of 0.027, so  $0.027 < 0.05$  with a path coefficient of 0.1830, meaning that it rejects H0 and accepts H1 so it can be concluded that there is a significant influence on the efficacy variable. Self towards Happiness at Work.

#### b. Effect of Self-Efficacy on Performance

Ho: The Self-Efficacy variable has no discernible impact on Performance.

H1: The Self-Efficacy variable significantly affects Performance.

This study used a confidence interval of 5% (0.05), and a p-value of 0.083 was produced. Since  $0.083 > 0.05$  and a path coefficient of 0.1800 indicate that  $H_0$  is accepted and  $H_1$  is rejected, it can be said that the variable self-efficacy has no discernible impact on performance.

**c. The Effect of Happiness at Work on Performance**

$H_0$ : There is no significant effect of the Happiness at Work variable on performance

$H_1$ : There is a significant influence of the Happiness at Work variable on Performance

This study used a 5% confidence level (0.05) and obtained a p-value of 0.000, so  $0.000 < 0.05$  with a path coefficient of 0.8100 means rejecting  $H_0$  and accepting  $H_1$  so it can be concluded that there is a significant influence on the variable happiness at work on performance.

**d. The Effect of LMX on Happiness at Work**

$H_0$ : The LMX variable has no discernible impact on Employee Happiness at Work.

$H_1$ : The LMX variable significantly affects happiness at work.

This study employed a 5% level of confidence (0.05) and came up with a p-value of 0.000; therefore,  $0.000 < 0.05$  with a path coefficient of 0.6850 indicates rejecting  $H_0$  and accepting  $H_1$ , allowing it to be inferred that the LMX variable has a significant impact on job satisfaction.

**e. Effect of LMX on Performance**

$H_0$ : There is no significant effect of the LMX variable on performance.

$H_1$ : There is a significant effect of the LMX variable on performance.

This study used a 5% confidence level (0.05) and obtained a p-value of 0.685, so  $0.685 > 0.05$  with a path coefficient of -0.0480, meaning that it accepts  $H_0$  and rejects  $H_1$  so it can be concluded that there is no significant effect LMX variable on Performance.

**f. The Effect of Self-Efficacy on Performance through Happiness at Work**

$H_0$ : Self-efficacy characteristics had no discernible impact on performance as measured by job satisfaction.

$H_1$ : The self-efficacy variable significantly affects performance as measured by job satisfaction.

Given that the study's confidence level was set at 5% (0.05), a p-value of 0.007 was obtained. Since  $0.007 < 0.05$  and a path coefficient of 0.148 mean rejecting  $H_0$  and accepting  $H_1$ , it can be said that self-efficacy factors have a substantial impact on performance as measured by job satisfaction.

**g. The Effect of LMX on Performance through Happiness at Work**

$H_0$ : There is no significant effect of the LMX variable on performance through happiness at work.

$H_1$ : There is a significant effect of the LMX variable on performance through happiness at work.

This study used a 5% confidence level (0.05) and obtained a p-value of 0.000, so  $0.000 < 0.05$  with a path coefficient of 0.554 means rejecting  $H_0$  and accepting  $H_1$  so it can be concluded that there is a significant influence of the LMX variable on performance through happiness at work.

**G) Discussion**

**a. The Effect of Self-Efficacy on Happiness at Work**

The findings demonstrated a substantial relationship between self-efficacy factors and job satisfaction. These findings are in line with the theory and study by Effendi et al., (2023). According to his research, the fundamental idea of self-efficacy is the conviction that each person possesses the capacity to influence his or her ideas, feelings, and behaviour. When a worker has high self-efficacy, the employee has good control over his feelings. As a result, whatever happens to his job, the employee will generate happiness at work that will be shared and felt by everyone around him.

**b. Effect of Self-Efficacy on Performance**

The findings demonstrated that self-efficacy had no discernible impact on performance. The hypothesis, which argues that self-efficacy has a large impact on performance, is incompatible with these findings. This study supports that of Mukrodi (2018), who discovered that self-efficacy is not the sole facet of self-knowledge that has the greatest impact on daily activities, particularly work. Aspects of confidence are indeed important to improve performance but there are aspects that are more important, namely knowledge, skills, and work experience.

**c. The Effect of Happiness at Work on Performance**

The study's findings indicate that the pleasure at work variable has a favourable and significant impact on performance. These findings support the theory and study of Rizqi and Qamari (2022), Antony Selvi and Madhavkumar (2023), and others. His research found that happiness at work can be interpreted as a situation where employees feel happy at work which is marked by positive emotions that will have an impact on their performance and environment. Factors such

as a healthy work environment, fair compensation, opportunities for development, and potential for advancement are things that can give employees happiness in the work environment. This will have a direct effect on each employee's performance.

**d. The Effect of LMX on Happiness at Work**

The findings demonstrated that the LMX variable had a favourable and significant impact on job satisfaction. These findings are in line with the theory and study by Juliandi et al., (2023). His study revealed that LMX is a depiction of leadership variables in the workplace that are built on each leader's unique set of skills. When there are variances in the quality of the relationships between various people, LMX concentrates on discussing the relationship between leaders and subordinates apart from the interaction between leaders and subordinates as a whole. In LMX theory, the leader creates two groups where each group builds a different type of relationship with the leader. Groups that build good relationships with leaders will lead to feelings of happiness because they have healthy relationships not only with colleagues but with their respective leaders.

**e. Effect of LMX on Performance**

The findings indicated that the LMX variable had no discernible impact on performance. The theory, according to which there is a considerable impact of the LMX variable on performance, is at odds with these findings. Vernanda's research (2021) also came to the same conclusion. According to his research, LMX does not concentrate on the organization's end result, namely individual and organisational performance, but instead only emphasises the nature of the relationship between leaders and subordinates to understand the influence of the leader's role on the organisation or its members.

**f. The Effect of Self-Efficacy on Performance through Happiness at Work**

The findings demonstrated a substantial relationship between self-efficacy factors and performance as measured by job satisfaction. These findings support the theory and study by Yulanie and Irawanto (2022), Selvi and Madhvkumar (2023), and others. According to his studies, a person's self-efficacy might persuade them that they can carry out the tasks required to produce a particular outcome. This belief will lead him to happiness at work. This happiness is a self-output because it is under comfort when working and will bring employees to achieve maximum performance.

**g. The Effect of LMX on Performance through Happiness at Work**

The findings indicated that the LMX variable had a substantial impact on performance as measured by job satisfaction. These findings support the theory and the studies by Sepdiningtyas and Santoso (2017) and Vernanda (2021). According to his research, LMX serves as a metaphor for the complex and variable working relationship between managers and their direct reports. A high quality LMX usually involves a high level of respect, trust and obligation between the two parties. The results of respect and trust will lead employees to feel happy when working because they have obtained all the desired feelings in carrying out their duties and obligations at work. The feeling of happiness experienced by all members of the organization will result in effective and efficient performance for individuals and will accumulate in organizational performance.

According to the study's findings, LMX has the biggest coefficient value of 0.5540, which indicates that it has a significant impact on performance as measured by workplace satisfaction. It has been demonstrated that a positive working environment can result from strong relationships between leaders and staff. This happiness can be converted into a sense of comfort at work so that the process and work results produced will be maximized. The maximum work process will have an impact on the output produced by each worker so that they can achieve the targets set by management or the organization.

**V. CONCLUSION**

The following inferences can be made in light of the author's study and analysis's findings:

1. Workplace happiness is positively and significantly influenced by self-efficacy.
2. Self-efficacy has no discernible impact on output.
3. Performance is positively and significantly impacted by workplace happiness.
4. LMX significantly and favourably impacts employee happiness at work.
5. Performance is not much impacted by LMX.
6. Performance is positively and significantly impacted by self-efficacy through job satisfaction.
7. LMX improves performance by making employees happier at work, a favourable and significant effect.

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