

Factors Affecting Employee Engagement Mediated by Practices and Workplace Happiness in Private Companies

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Abstract

This study aims to analyze the effect of Sustainable Human Resource Management (SHRM) and Drivers of Employee Engagement on Employee Engagement, with Practices and Workplace Happiness as mediating variables. This research was conducted in private companies in the Jabodetabek area. Data was collected from 141 respondents using a questionnaire and analyzed using the Smart PLS Method. The results showed that SHRM has a positive and significant effect on Practices and Workplace Happiness, and Practices and Workplace Happiness have a positive and significant effect on Employee Engagement. In addition, Drivers of Employee Engagement also has a positive and significant influence on Employee Engagement. These findings indicate the importance of combining sustainable HR practices and a happy work environment to optimize employee engagement.

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INTRODUCTION

In an era of global uncertainty marked by rapid technological, economic, and social change, organizations face complex challenges to maintain performance and sustainability³. Employee engagement is one of the key factors influencing organizational success, with research showing a positive correlation between high levels of engagement and employee productivity, loyalty, and job satisfaction. However, many organizations struggle to maintain employee engagement amidst rapid change, leading to decreased productivity, increased turnover rates, and reduced loyalty. Therefore, it is important for organizations to understand the factors that influence employee engagement and

develop effective strategies to improve it. Previous research by Bakti Setyadi et al. (<https://www.google.com/search?q=2023>) shows that employee engagement and job satisfaction significantly affect employee loyalty. Meanwhile, research by Frank Nana Kweku Otoo (<https://www.google.com/search?q=2024>) in Ghana found that employee engagement mediates the relationship between job resources and employee turnover intention. These studies highlight the importance of employee engagement in different contexts, confirming that employee engagement is a key factor in creating a positive work environment and retaining employees.

The Jabodetabek region was chosen as the research location as it serves as a major economic and business center in Indonesia with a high concentration of private companies from various sectors, allowing for a diverse and representative sampling⁹. The active job market dynamics in this region make employee engagement crucial for retaining talent and increasing productivity.

In a study by M. Usha et al. (2024) with respondents working in various departments at one of India's largest tea plantation companies, it was found that Sustainable Human Resource Management (SHRM) has a positive and significant influence on Employee Engagement. This study indicates that sustainable HR practices such as fair treatment of employees, concern for well-being, and humane and friendly workplace management can enhance employee engagement. Similar results were also found in a study by Farid et al. (2024) at a manufacturing company in Batam, Indonesia, where SHRM not only increased job satisfaction but also strengthened the meaning of work, which in turn contributed to increased motivation and employee engagement. Additionally, Rasmussen et al. (2024) through a Green HRM approach emphasize that sustainable HR practices directly contribute to improved employee well-being and engagement. In the context of female workers in tea plantations, as examined in the main article, the implementation of SHRM through fair work policies, opportunities for development, workplace safety, and participation in decision-making has proven to create a work environment that supports active employee engagement in their work. This reinforces the understanding that SHRM is a strategic element in enhancing Employee Engagement in sectors dominated by female labor. Based on the above explanation, the hypothesis proposed in this study is as follows:

H1: Sustainable Human Resource Management has a positive and significant effect on Employee Engagement.

In the study by Shelke et al. (2023), respondents working in information technology (IT) companies in India found that Drivers of Employee Engagement had a significant direct influence on Employee Engagement. This study shows that motivating factors such as Perceived Organizational Support (POS), Perceived Supervisor Support (PSS), Communication, and Rewards significantly contribute to increasing employee engagement in their work and organization. These factors foster a conducive work environment, a sense of being valued, and trust in leadership and the organization,

thereby motivating employees to voluntarily give their best performance. Employees who feel supported and understood tend to show high work enthusiasm, dedication to their tasks, and full involvement in daily organizational activities. This is also in line with the concept in the main article that female workers in the tea plantation sector will be more engaged in their work if the organization can create a fair, communicative work environment and reward their contributions. In other words, the stronger the factors driving work engagement, the higher the emotional and behavioral engagement of the workers.

H2: Drivers of Employee Engagement have a positive and significant effect on Employee Engagement.

In a study conducted by Vienna Anggraeni Rasmussen et al. (2024) in the property development sector in Indonesia, it was found that Green Human Resource Management (GHRM) practices, which are part of the Sustainable Human Resource Management (SHRM) approach, have a positive influence on workplace happiness. The study shows that the implementation of environmentally friendly policies and practices in human resource management, such as sustainability-based training, green reward systems, and employee involvement in environmentally friendly initiatives, can create a positive and enjoyable work environment. Employees working in environments that prioritize sustainability values feel more valued, mentally healthier, and happier because their work is seen as contributing not only to the company but also to society and the surrounding environment. This context is also relevant to the main article, where SHRM practices in the form of social security, workplace justice, and women's participation in the tea plantation sector promote the creation of fair, inclusive, and happy workplaces. Thus, it can be said that SHRM not only creates efficient management structures but also plays a crucial role in fostering workplace happiness through sustainable, inclusive, and humane practices.

H3: Sustainable Human Resource Management has a positive and significant effect on Practices and Workplace Happiness.

In a study by Shelke et al. (2023) involving employees from information technology (IT) companies in India, it was found that Drivers of Employee Engagement have a positive influence on Practices and Workplace Happiness. Factors such as organizational support (POS), supervisor support (PSS), effective communication, and reward systems were found to create a conducive, supportive work environment and enhance employee happiness at work. The study explains that when employees feel heard, valued, and fairly supported by the organization, they experience emotional satisfaction and happiness in their work. Additionally, workplace practices such as involvement in decision-making, constructive feedback, and recognition of individual contributions further strengthen positive psychological conditions in the workplace. These findings align with the main article's context, where female workers in the tea plantation sector demonstrated increased job happiness and comfort when

organizations implemented fair and supportive work practices. These drivers form the foundation for the development of employee-friendly HR practices and a pleasant work environment.

H4: Drivers of Employee Engagement have a positive and significant effect on Practices and Workplace Happiness.

In a study conducted by Bong-Keun Joo et al. (2017) in South Korea with 550 respondents working in various industrial sectors, it was found that practices and workplace happiness have a positive influence on employee engagement. This study indicates that organizational practices that support employee well-being—such as workplace fairness, social support, recognition, and development opportunities—play a crucial role in fostering a sense of happiness at work, which ultimately has a direct impact on employees' engagement in their work. Employees working in environments with fair and healthy managerial practices tend to exhibit higher work enthusiasm, emotional attachment to the organization, and full engagement in their tasks. Workplace happiness created by such work practices strengthens dimensions of employee engagement such as vigor, dedication, and absorption. This aligns with findings in the main article, where female workers in tea plantations showed increased work engagement when they perceived a fair, safe, and enjoyable work environment as a result of sustainable HR practices.

H5: Practices and Workplace Happiness have a positive and significant effect on Employee Engagement.

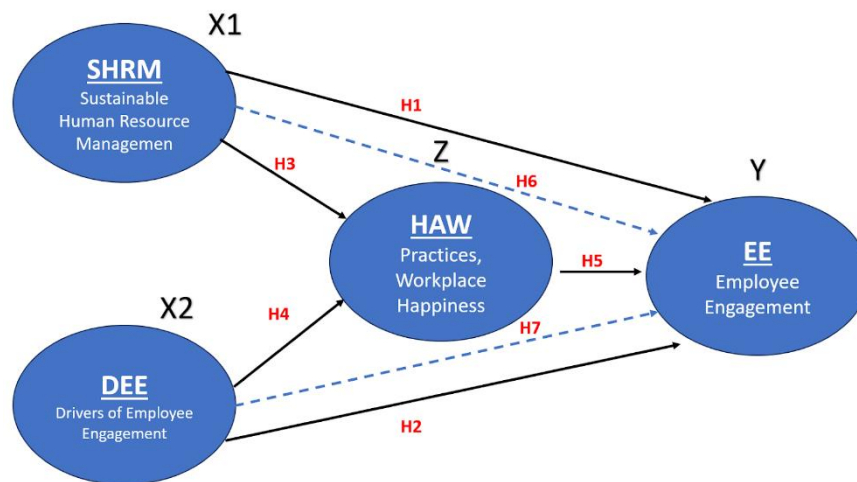
In a study conducted by Ridhayati Farid et al. (2024) in Batam City, Indonesia, with a total of 330 respondents from the manufacturing sector, it was found that Practices and Workplace Happiness play a mediating role in the relationship between Sustainable Human Resource Management (SHRM) and Employee Engagement. The results of this study indicate that the implementation of SHRM practices, such as continuous training, fair performance management, and support for work-life balance, does not directly influence work engagement but first creates a positive and happy work environment. Workplace happiness arising from supportive and humane managerial practices serves as a bridge connecting SHRM with employee work engagement. When employees experience emotional and psychological satisfaction from the work environment created through SHRM, they are motivated to demonstrate high engagement in their work and the organization. This finding is also consistent with the main article, where SHRM applied to female workers in tea plantations plays a role in creating a happy work environment that ultimately enhances emotional and behavioral work engagement.

H6: Practices and Workplace Happiness mediating the influence between Sustainable Human Resource Management and Employee Engagement.

In a study by Shelke et al. (2023) conducted in information technology (IT) companies in India with 104 respondents, it was found that Practices and Workplace Happiness play an important mediating role in strengthening the influence of Drivers of Employee Engagement on Employee Engagement. This study demonstrates that while organizational support, managerial support, effective communication, and reward systems have a direct influence on work engagement, these influences become stronger and more significant when supported by good organizational practices and a pleasant work environment. Employees who feel valued, experience clear communication, and perceive managerial concern tend to feel more satisfied and happy in their work. This job satisfaction acts as a catalyst that drives higher levels of enthusiasm, dedication, and engagement toward organizational tasks. These findings also align with the context of the main article, where female workers in the tea plantation sector are more engaged when they feel treated fairly, have access to supportive HR practices, and work in a positive and humane environment.

H7: Practices and Happiness at Work mediate the influence between Employee Engagement Drivers and Employee Engagement.

Based on this explanation, the following conceptual framework can be developed



M. Usha et al (2024), Shelke et al (2023)

METHOD

This study uses a descriptive quantitative method, which aims to explain the relationship between variables through the processing and analysis of numerical data. Primary data was collected using a cross-sectional Google Form-based online questionnaire, meaning that data was collected once in a specific period. Data testing was conducted using two main approaches: descriptive statistics, to describe the distribution of data for each variable, and hypothesis testing, to test the relationship between variables using the Structural Equation Modeling (SEM) approach. The measurement scale used is a 1–

5 Likert scale, where respondents indicate their level of agreement with statements that have been formulated to measure each research variable.

RESEARCH DESIGN

The research design used is a descriptive quantitative design with a survey approach. This research is non-experimental, in which there is no treatment or manipulation of variables, but rather aims to describe the conditions and relationships between variables as they are. The unit of analysis is individuals (employees) who work in private companies in the Greater Jakarta area, with certain criteria. The sampling technique used is purposive sampling, with the criteria for respondents being employees who are actively working in private companies, both at the operational and managerial levels. The sample size was determined using the formula by Hair et al. (2020), which is a minimum of 5 to 10 times the number of questionnaire items, resulting in a range of 135–270 respondents for 27 statement items. This study successfully collected data from 141 respondents, which met the minimum sample size requirement.

CRITERIA FOR LITERATURE SELECTION

In support of the conceptual framework and theoretical basis, the researchers also conducted library research. The literature used in this study was selected based on the following criteria:

- **Relevance:** Selected journals and articles must be directly related to the main variables of the study, namely Sustainable Human Resource Management, Drivers of Employee Engagement, Practices and Workplace Happiness, and Employee Engagement.
- **Source credibility:** Literature is taken from accredited scientific journals, both national and international.
- **Accessibility and completeness:** The selected literature is fully accessible (full text), especially those that clearly describe the abstract, keywords, and methodology.
- **Methodological approach:** Researchers also consider the suitability of methods from previous studies (quantitative, qualitative, or mixed) with the current research design.

RESULTS AND DISCUSSION

In the research conducted by the researcher, the respondents are described in the table below, including the following:

Table 1**Respondent Characteristics Based on Gender**

Profile	Description	Frequency	Percentage (%)
Gender	Male	76	53,9
	Female	65	46,1
Total		141	100%

Sumber : Data Diolah (SPSS)

Table 1 above shows the characteristics of respondents based on gender. The results indicate that there were more male respondents than female respondents in this study. Male respondents accounted for 76 individuals, representing 53.9% of the total, while female respondents numbered 65 individuals, accounting for 46.1% of the total. Although the difference is not particularly significant, this finding suggests that the workforce in service companies in the Jabodetabek region tends to be dominated by men.

Table 2**Respondent Characteristics by Age**

Profile	Description	Frequency	Percentage (%)
Age	< 21 Years Old	3	2,1
	21 - 28 Years Old	41	29,1
	29 - 44 Years Old	59	41,8
	45 - 60 Years Old	35	24,8
	> 60 Years Old	3	2,1
Total		141	100%

Sumber : Data Diolah (SPSS)

The results of data processing in Table 2 show that the majority of respondents in this study were in the 29–44 age range, namely 59 respondents (41.8%). Meanwhile, the age groups with the fewest respondents were in the <21 and >60 age ranges, with only 3 respondents (2.1%) in each group. This finding reflects that most employees in service companies in the Jabodetabek area are in the productive and relatively young age group. This condition indicates a high potential for work ethic, resilience, and openness to change and innovation, which are important assets in supporting performance improvement and the implementation of more adaptive and progressive human resource management policies.

Table 3**Respondent Characteristics Based on Length of Employment**

Profile	Description	Frequency	Percentage (%)
Employment Period	< 1 Years Old	11	7,9
	1-3 Years Old	37	26,4
	4-6 Years Old	33	23,6
	7-10 Years Old	21	15
	>10 Years Old	39	27,1
Total		141	100%

Sumber : Data Diolah (SPSS)

Based on Table 3 above, which explains the characteristics of the respondents, the results obtained from the table show that the longest period of employment is in the range of >10 years, with a frequency of 39 people and a percentage of 27.1%, while the shortest period of employment is in the range of <1 year, with a frequency of 11 people and a percentage of 7.9%. This finding indicates that the majority of employees in service companies in the Jabodetabek area have relatively long work experience, which may reflect high levels of loyalty as well as a deep understanding of their work and organizational culture.

Table 4**Respondent Characteristics Based on Education**

Profile	Description	Frequency	Percentage (%)
Education	High school	13	9,2
	Diploma	5	3,5
	S1 (Bachelor's degree)	103	73
	S2 (Master's degree)	17	12,1
	S3 (Doctorate degree)	3	2,1
Total		141	100%

Sumber : Data Diolah (SPSS)

Based on Table 4, the majority of respondents in this study were Bachelor's degree (S1) graduates, totaling 103 people (73%), while the smallest number came from the doctoral degree (S3) level, totaling 3 people (2.1%). This finding indicates that most employees in service companies in the Jabsodetabek region have a higher education background, suggesting a tendency for companies to

recruit workers with adequate academic competencies to support professionalism and work productivity.

Table 5
Respondent characteristics based on place of work

Profile	Description	Frequency	Percentage (%)
Place of Work	Jakarta	107	75,9
	Bogor	4	2,8
	Depok	4	2,8
	Tangerang	18	12,8
	Bekasi	8	5,7
Total		141	100%

Sumber : Data Diolah (SPSS)

Based on Table 5, the majority of respondents work in the Jakarta area, totaling 107 people (75.9%), followed by Tangerang (12.8%), Bekasi (5.7%), and Bogor and Depok, each with 2.8%. This finding indicates that Jakarta is the main center of work activity for respondents, likely due to the high concentration of service companies in that area compared to other surrounding areas in the Jabodetabek region.

The results of the hypothesis testing conducted are presented in the table below as follows

Table 6
Research Hypothesis Testing

Hypothesis	Coefficient	T-Statistic	P-Value	Decision
H1 <i>Sustainable Human Resource Management has a positive influence on Employee Engagement</i>	0.041	0.454	0.325	Hypothesis Not Supported
H2 <i>Drivers of Employee Engagement have a positive influence on Employee Engagement</i>	0.167	1.546	0.061	Hypothesis Supported
H3 <i>Sustainable Human Resource Management has a positive influence on Practices and Workplace Happiness</i>	0.211	2.987	0.001	Hypothesis Supported

Hypothesis		Coefficient	T-Statistic	P-Value	Decision
H4	<i>Drivers of Employee Engagement have a positive influence on Practices and Workplace Happiness</i>	0.751	12.917	0.000	Hypothesis Supported
H5	<i>Practices and Workplace Happiness have a positive influence on Employee Engagement</i>	0.637	5.809	0.000	Hypothesis Supported
H6	<i>Sustainable Human Resource Management positively influences Employee Engagement through the mediation of Practices and Workplace Happiness</i>	0.135	2.683	0.004	Hypothesis Supported
H7	<i>Drivers of Employee Engagement positively influence Employee Engagement through the mediation of Practices and Workplace Happiness</i>	0.478	5.133	0.000	Hypothesis Supported

Source: Processed Data (SPSS)

Based on the results of data analysis and hypothesis testing of 141 respondents who are employees of private companies in the service sector in the Greater Jakarta area, a number of important findings were obtained regarding the relationship between variables in this study. These findings reflect the direct and indirect effects of Sustainable Human Resource Management (SHRM) and Drivers of Employee Engagement on Employee Engagement, both independently and through the mediation of Practices and Workplace Happiness. The summary of the discussion for each relationship between variables is as follows:

SHRM → Employee Engagement. Sustainable Human Resource Management (SHRM) does not have a significant direct impact on Employee Engagement. This shows that SHRM practices are not yet fully felt directly by employees in increasing their engagement.

Drivers of Employee Engagement → Employee Engagement. Drivers of Employee Engagement have a positive influence on Employee Engagement at a marginal level of significance, indicating that factors such as managerial support, role clarity, and reward systems can increase employee engagement.

SHRM → Practices and Workplace Happiness. SHRM has been proven to have a positive and significant impact on Practices and Workplace Happiness. Fair and supportive sustainable HR practices create a healthier and more enjoyable work environment.

Drivers of Employee Engagement → Practices and Workplace Happiness. Drivers of Employee Engagement have the strongest and most significant influence on Practices and Workplace Happiness. Job support and development opportunities contribute greatly to creating happiness and positive work practices.

Practices and Workplace Happiness → Employee Engagement. Practices and Workplace Happiness have a positive and significant influence on Employee Engagement. A pleasant work environment encourages emotional and psychological employee engagement.

SHRM → Employee Engagement (Mediated by Practices and Workplace Happiness). SHRM significantly influences Employee Engagement through the mediation of Practices and Workplace Happiness. This means that SHRM is effective when accompanied by the creation of a positive work environment.

Drivers of Employee Engagement → Employee Engagement (Mediated by Practices and Workplace Happiness). Drivers of Employee Engagement have a strong and significant influence on Employee Engagement through the mediating role of Practices and Workplace Happiness. These drivers will be more effective if supported by happy workplace practices.

CONCLUSION

Based on the results of a study conducted on 141 respondents who are private sector employees in the service industry in the Greater Jakarta area, it was concluded that:

1. Sustainable Human Resource Management (SHRM) does not have a direct significant effect on Employee Engagement, although it has a positive relationship. This indicates that SHRM has not yet been fully felt by employees in terms of increasing work engagement.
2. Drivers of Employee Engagement (supervisor support, rewards, communication, etc.) have a positive effect on Employee Engagement, albeit at a marginal level of significance.
3. SHRM and Drivers of Employee Engagement have been proven to have a positive and significant impact on Practices and Workplace Happiness, meaning that sustainable HR practices and engagement drivers create a pleasant work environment.
4. Practices and Workplace Happiness have a significant positive influence on Employee Engagement.

5. Practices and Workplace Happiness mediate the influence of SHRM and Drivers of Employee Engagement on Employee Engagement, meaning that employee engagement is more indirectly influenced through the creation of a happy work environment and fair work practices.
6. Sustainable Human Resource Management (SHRM) does not have a significant direct influence on Employee Engagement, but this influence becomes positive and significant when mediated by the variables Practices and Workplace Happiness. This means that sustainable HR practices will be more effective in promoting employee engagement if accompanied by the creation of a positive, fair, and enjoyable work environment. Thus, Practices and Workplace Happiness play a crucial role as mediators in bridging the influence of SHRM policies on enhancing Employee Engagement.
7. Drivers of Employee Engagement have also been shown to have a positive and significant effect on Employee Engagement through the mediation of Practices and Workplace Happiness. These findings confirm that although factors such as support from superiors, fair reward systems, and development opportunities can encourage employee engagement, the impact will be maximized if the company also creates healthy work practices and supports happiness in the workplace.

Given the existing limitations, recommendations for future research include expanding the scope of the study to include additional regions and industrial sectors, such as the manufacturing and public sectors, to obtain a more comprehensive comparison. Additionally, it is recommended to use mixed methods by incorporating interviews or case studies to gain a deeper qualitative understanding. From a practical standpoint, companies need to communicate the values and objectives of Sustainable Human Resource Management (SHRM) more concretely to employees so that the benefits can be felt directly. Evaluations of employee engagement levels should also be conducted regularly and adjusted in line with changes in business strategy and organizational dynamics.

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