
The Role of Work Engagement and Innovative Behavior in Mediating the Effect of Happiness at Work on Employee Performance with Service Climate as a Moderation on Employees of Bank Syariah Indonesia

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Abstract

This research aims to examine the role of work engagement and innovative behavior in mediating the happiness at work contribution to employee performance with a service climate as moderation for Bank Syariah Indonesia (BSI) employees. The respondent was all employees, both permanent and contract (excluding office boys and security) at the BSI Diponegoro Branch Office, Banda Aceh City (BSI Banda Aceh), totaling 115 people. In this research, the entire population was used as respondents because the population was relatively small. Data were collected by distributing questionnaires directly to all respondents. The data were analyzed using AMOS SEM. The result proves that Happiness affects Engagement, Happiness and Engagement affect Innovative Behavior, Happiness does not affect Employee Performance, Engagement and Innovative Behavior affect Employee Performance, Engagement and Innovative Behavior partially mediate the role of Happiness on Employee Performance, Innovative Behavior partially mediates the role of Engagement on Employee Performance, and Service Climate Moderate the effect of Happiness on Employee Performance. This finding explains that the employee performance improvement model is a function of increasing happiness at work, increasing work engagement and innovative behavior as a mediator, and service climate as moderating.

Keywords : Happiness at work, Work Engagement, Innovative Behavior, Service Climate, Employee Performance.

1. Introduction

Islamic banks play an important role in the halal industry ecosystem. Bank Syariah Indonesia (BSI) is the only Islamic bank with a national scale operating in Aceh Province, Indonesia. However, in the absence of a competitor level in Aceh Province, BSI has received a lot of criticism from customers, and many customers consider BSI's performance to be very poor. This is known from the many reports received by the Indonesian Ombudsman Representative for Aceh regarding poor service from BSI. One of the most popular criticisms is related to automated teller machines (ATMs), where there are many ATM facilities scattered in Aceh, however, ATMs are often empty.

Another thing that has received a lot of criticism from customers is the service system received from BSI employees themselves, where many customers consider BSI employees to be less professional in carrying out their duties, especially in providing services to customers. The poor performance of BSI has also drawn strong criticism from the legislature in Aceh Province. Members of the Aceh House of Representatives (DPRA) asked the Minister of State-Owned Enterprises (BUMN) to reprimand BSI in Aceh regarding its performance and services due to the weakness of IT banking support at BSI (RRI, 2022).

Based on these phenomena, the board of directors of BSI must improve the overall performance of BSI to conduct regular assessments of all its employees. Employee performance at BSI is assessed in two ways, namely assessment of work behavior and assessment of work goals. Apart from these assessments, the Board of Directors of BSI must explore and measure the factors that can improve the performance of employees. One very important factor to measure is Happiness at Work, Job Engagement, Innovative Behavior, and Service Climate. The purpose of this measurement is to determine whether these factors can improve the overall performance of employees and to assess how big the role of each of these factors in improving the performance of BSI employees either directly or indirectly.

2. Literature

Employee Performance

Every employee is required to make a positive contribution through good performance (Gibson, Ivancevic, & Konopaske, 2012). Performance is organizational behavior that is directly related to the production of goods or the delivery of services (Admin_prokomsetda, 2019). (Yukl, 2010) and (Gibson et al., 2012) disclose performance as a result of work related to organizational goals such as quality, efficiency, and other effectiveness criteria. Performance is not just about achieving results but broadly needs to pay attention to other aspects (Prawirosentono, 2010) ; (Edison, Riyanti, & Yustiana, 2016). (Idowu, 2017), in his research stated that the performance appraisal system was quite effective in offering a comprehensive analysis of employee performance. Performance appraisal is used as a consideration for making decisions about actions in the employment sector (Munandar, 2001) ; (Rivai & Sagala, 2014). Employee performance in this research will often be referred to as “performance” only.

Service Climate

Service climate is an employee's perception of the practices, procedures, rules, and various behaviors that deserve respect and support related to the quality and quality of service to customers (Steinke, 2008). Then (Martin, 2008) added the notion of Service Climate as a reflection of the company that puts forward togetherness (including a focus on Service Climate & Service Climate leader). Then (Schneider & Bowen, 1985) added the notion of Service Climate prioritizing togetherness with the company's leadership behavior to be the best among its competitors so that the Service Climate is felt, both by employees and especially by customers (including a focus on Service Climate & Service Climate leader).

Happiness at Work

Happiness in the Workplace can be identified as a mindset that allows employees to maximize their performance, which is done by realizing the high and low feelings of happiness when working alone or with other employees (Pryce-Jones, 2010) ; (Diener & Biswas-Diener, 2008). (Pryce-Jones, 2010) and (Diener & Biswas-Diener, 2008) explained that happiness at work is defined as feeling enthusiastic about work, eager to come to work, having good relationships with co-workers, showing interdependence with other people or other fields at work, having good work performance, being able to get along with other employees, willing to cover or want to replace the work schedule of his friends when needed, work on several side projects that aim to improve his workplace, products, and services to work. In this research, the variable of happiness at work will often be referred to as simply “happiness”.

Work Engagement

(DeCenzo, Robbins, & Verhulst, 2020) said work engagement is the involvement of individuals with satisfaction and enthusiasm for the work done. Employee engagement is considered as positive energy and motivation owned by employees so that it helps the company to achieve its goals (Schiemann, 2011); (Rustono & Akbary, 2015). Employees at work are not only concerned with salary or promotion but work on organizational goals (Khallash & Kruse, 2012). (Siddhanta & Roy, 2010) states that employee engagement can create success for companies related to employee performance, productivity, work safety, attendance and retention, customer satisfaction, customer loyalty, and profitability. Some research also states that there is a positive relationship between employee engagement with companies that can lead to better profitability (Choo, Mat, & Al-Omari, 2013). In this research, work engagement will often be referred to as simply “engagement”.

Innovative Behavior

Innovative behavior is the totality of individual actions that lead to the introduction and application of something new and beneficial to the organization (Kresnandito & Fajrianti, 2012). According to (Jong & Hartog, 2010) Innovative work behavior is a series of work activities that are continuously carried out by workers in developing and improving effective work behaviors. According to (Nindyati, 2009) Innovative behavior is behavior to generate, improve and implement new ideas in their duties, work groups, or organizations. According to (Rank, Pace, & Frese, 2004) Innovative behavior refers to employee initiatives related to innovation in the organization including the generation of new ideas and the use of ideas, communicating ideas and conveying them to others about these ideas and implementing them in the work of the organization.

Model and Hypothesis

The framework and the hypothesis of this study are formulated as follows.

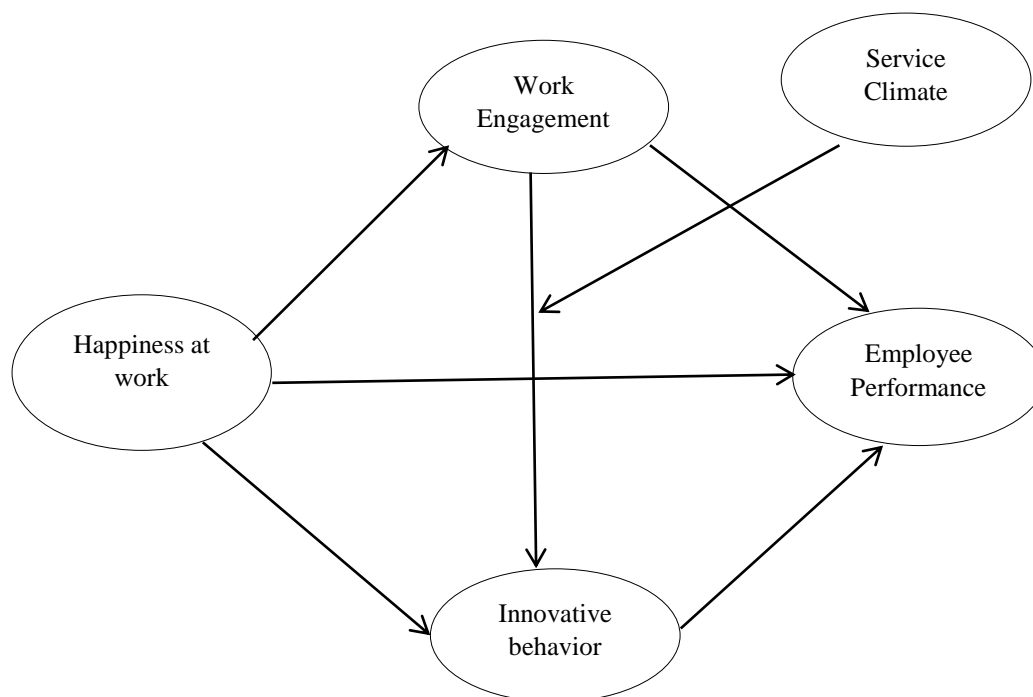


Figure 1. Effects Between Variables

Ha1: Happiness, Engagement, Innovative Behavior, Service climate, and Performance at BSI Banda Aceh are good.

Ha2: Happiness Affects Engagement to BSI Banda Aceh employees

Ha3: Happiness affects Innovative Behavior in BSI Banda Aceh employees

Ha4: Happiness affects Performance at BSI Banda Aceh

Ha5: Engagement affects Performance at BSI Banda Aceh

Ha6: Engagement affects Innovative Behavior in BSI Banda Aceh employees

Ha7: Innovative Behavior Affects Performance of BSI Banda Aceh employees

Ha8: Happiness affects Performance through Engagement to BSI Banda Aceh employees.

Ha9: Happiness affects Performance through Innovative Behavior on BSI Banda Aceh employees

Ha10: Engagement affects Performance through Innovative Behavior on BSI Banda Aceh employees

Ha11: Service Climate moderates the Engagement affects Innovative Behavior in BSI Banda Aceh employees.

3. Method

This research was conducted at BSI Banda Aceh. The object of research is engagement, innovative behavior, happiness, employee performance, and service climate. The population was all permanent and contract employees (excluding office boys and security) at the BSI Diponegoro Branch Office, Banda Aceh City (BSI Banda Aceh), and totalling 115 people. In this research, the entire population was used as respondents because the population was relatively small. The total population is shown in table 1 below.

Table 1. Sample

No	Status	Amount
1	Contracts (sales and administration)	21
2	Permanent	94
Amount		115

Source: BSI Banda Aceh City

Data were collected by distributing questionnaires directly to all respondents. Data were measured using Likert and tested with AMOS SEM statistical equipment. The indicators used are:

- 1) For Employee performance, this study used the indicators disclosed by (DeCenzo et al., 2020) namely: a) quality, b) quantity, c) punctuality, d) work effectiveness, e) independence, and f) work commitment.
- 2) For Service climate, this study used the indicators disclosed by (Walker, 2007) namely a) Service Quality Orientation, b) Management Support to Facilitate Service Delivery, c) Hiring Motivated & Qualified Staff, d) Staff Training, e) Rewarding Recognizing Staff
- 3) For Happiness at work, this study used the indicators disclosed by (Diener & Biswas-Diener, 2008) namely: a) Enjoying work, b) Motivated by a sense of wanting to contribute to the company, c) Thinking about work when they are not working, d) Doing work because they get rewards from themselves, e) Working hard because they find that the work they do has rewards
- 4) For Work engagement, this study used the indicators disclosed by (Handoyo & Setiawan, 2017) namely a) Work Environment, b) Leadership, c) Team and co-worker relations, d) Training and career development, e) Compensation, f) Organizational Policy, g) Work Welfare
- 5) For Innovative behavior, this study used the indicators disclosed by (Jong & Hartog, 2010) namely a) seeing opportunities, b) issuing ideas, c) fighting for, d) application

4. Result

H1: Descriptive Hypothesis

The descriptive test conducted is based on the average value with the assumption if the average is < 3.41 , it is perceived as "not good" and if the average is ≥ 3.41 , then it is perceived as "good" by the respondents. Testing is done through one sample t-test.

Table 2. Descriptive Hypothesis Results

Variable	t	df	Sig. (2-tailed)	Information
Happiness at work	3.750	114	0.000	Good
Work Engagement	6.593	114	0.000	Good
Innovative Behavior	2.269	114	0.025	Good
Service Climate	4.269	114	0.000	Good
Employee Performance	6.431	114	0.000	Good

Table 2 explains the significance of all variables < 0.05. Thus the hypothesis is accepted, meaning that Happiness, Engagement, Innovative Behavior, Service Climate, and Performance are good.

Direct Hypothesis

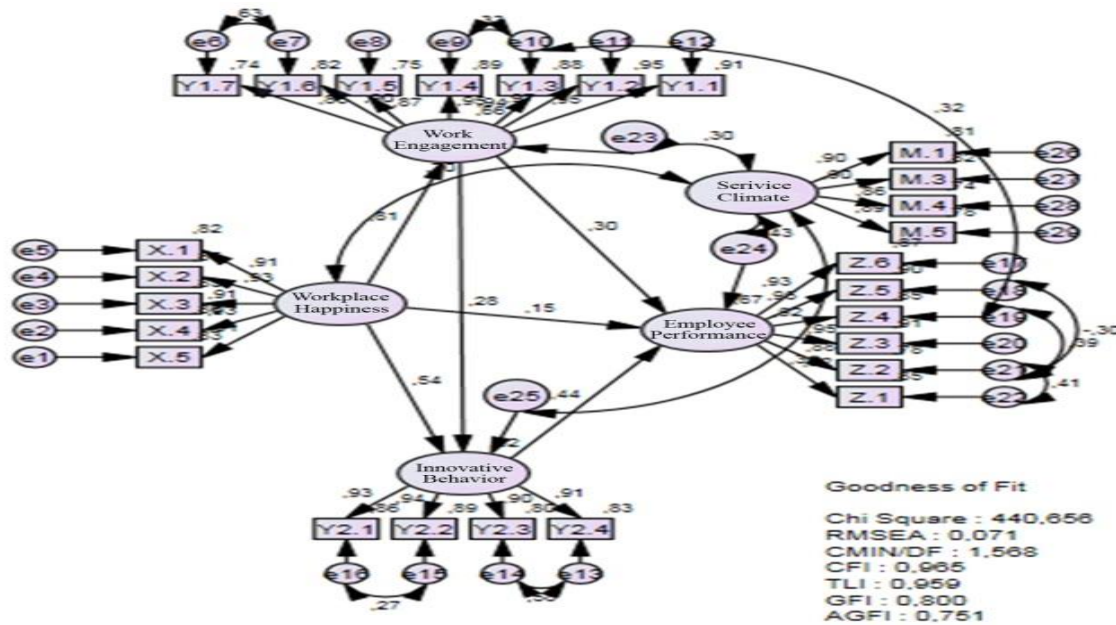


Figure 2. Structural Model

The result is provided in the Table below.

Table 2. Regression

	Estimate	S.E.	C.R.	P
Work Engagement <--- Happiness at work	0.811	0.093	10.104	0.000
Innovative Behavior <--- Happiness at work	0.538	0.116	4.497	0.000
Innovative Behavior <--- Work Engagement	0.284	0.097	2.440	0.015
Kinerja_Karyawan <--- Innovative Behavior	0.441	0.112	4.235	0.000
Kinerja_Karyawan <--- Work Engagement	0.299	0.098	2.737	0.006
Kinerja_Karyawan <--- Happiness at work	0.146	0.126	1.211	0.226

Source: Processed Data (2022)

The result can be explained below.

H2: Happiness Contribution to Work Engagement

The Happiness role test on Engagement resulted in significance of 0.000. This number explains Happiness affects the increase in Engagement. The magnitude of the Happiness contribution to Engagement is 0.811 or 81.1%. This reveals the better Happiness will play a role in increasing Engagement.

H3: Happiness Contribution to Innovative Behavior

The Happiness role test on Innovative Behavior resulted in a significance of 0.000. This figure explains Happiness affects the increase in Innovative Behavior. The magnitude of the Happiness contribution to Innovative Behavior is 0.538 or 53.8%. This number explains the better Happiness will play a role in increasing Innovative Behavior.

H4: Happiness Contribution to Performance

The Happiness role test on Performance resulted in a significance of 0.226. This figure explains that Happiness does not affect Performance because the significance value is > 0.05 .

H5: Engagement Contribution to Performance

The engagement role test on performance resulted in a significance value of 0.006. This figure explains that Engagement affects Performance. The magnitude of the Engagement contribution to Performance is 0.229 or 22.9%. This figure explains the higher the level of engagement, the higher the performance.

H6: Engagement Contribution to Innovative Behavior

The role test of Engagement to Innovative Behavior resulted in a significance of 0.015. This figure explains that Engagement affects the increase in Innovative Behavior. The magnitude of the Engagement contribution to Innovative Behavior is 0.284 or 28.4%. This illustrates the better engagement will play a role in increasing Innovative Behavior.

H7: Innovative Behavior Contribution to Performance

The Innovative Behavior role test on Performance resulted in significance of 0.000. This describes Innovative Behavior affects Performance. The magnitude of the Innovative Behavior contribution to Performance is 0.441 or 44.1%. This reveals that the higher the Innovative Behavior will have a direct influence on Performance.

Hipotesis Tidak Langsung

H8: Happiness Contribution to Performance through Engagement

Testing the Engagement mediating effect on the Happiness contribution to Performance is figured as follows:

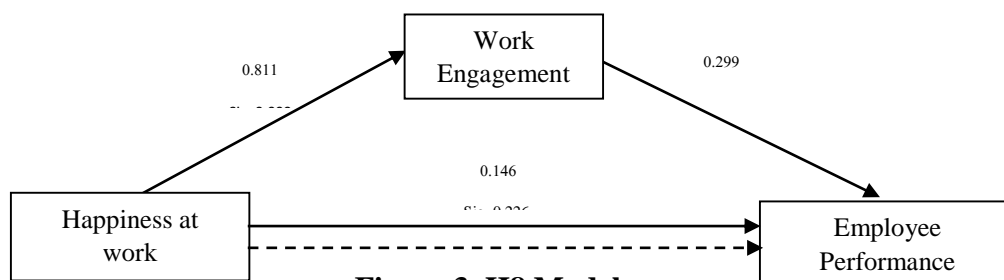


Figure 3. H8 Model

The Sobel test on H8 resulted in a t number of 2.257 with a p of 0.024. Thus, Engagement acts as a mediator between Happiness and Performance. Thus, because engagement can contribute significantly and acts as a mediator, happiness does not affect performance, the role of

engagement in happiness on performance is as a full mediator. Full mediator means that the Happiness contribution to Performance is fully mediated by Engagement.

H9: Happiness Contribution to Performance through Innovative Behavior

Testing the Innovative Behavior mediating effect of the Happiness contribution Performance is figured as follows

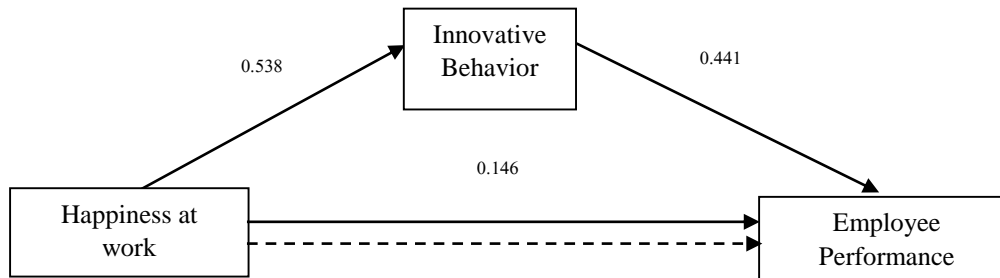


Figure 4. H9 Model

The Sobel test on H9 resulted in a t number of 3.001 with a p of 0.002. Thus, Innovative Behavior acts as a mediating variable between Happiness and Performance. Thus, because Innovative Behavior can contribute significantly and acts as a mediator, Happiness does not affect Performance, then the role of Innovative Behavior in mediating the Happiness contribution to Performance is as a full mediator. Full mediator means that the Happiness contribution to Performance is fully mediated by Innovative Behavior.

H10: Engagement Contribution to Performance through Innovative Behavior

The result shows that testing the Innovative Behavior mediating effect of the Engagement contribution to Innovative Behavior is figured as follows:

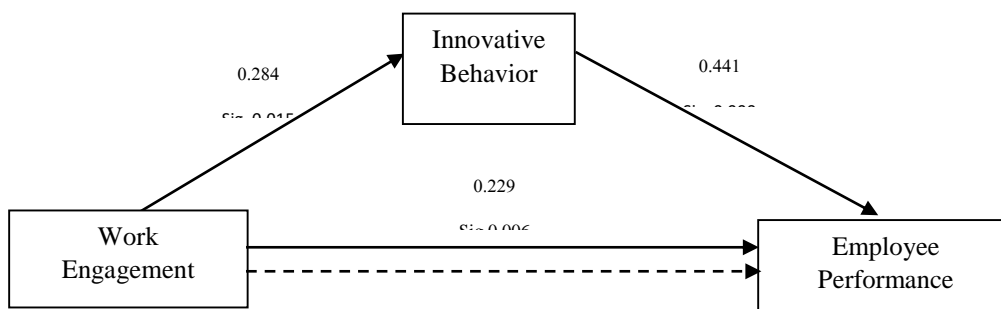


Figure 5. H10 Model

The Sobel test on H10 resulted in a t-number of 2.349 with a p of 0.018. Thus, Innovative Behavior acts as a variable that mediates between Engagement and Performance. Thus, because innovative behavior can contribute significantly and acts as a mediator, engagement affects performance, the role of innovative behavior in mediating engagement contribution to performance is as a partial mediator. A partial mediator means that the Engagement contribution to Performance is not fully mediated by Innovative Behavior where the Engagement contribution to Performance can occur directly.

H11: Moderation Hypothesis

Testing the moderating effect is presented below

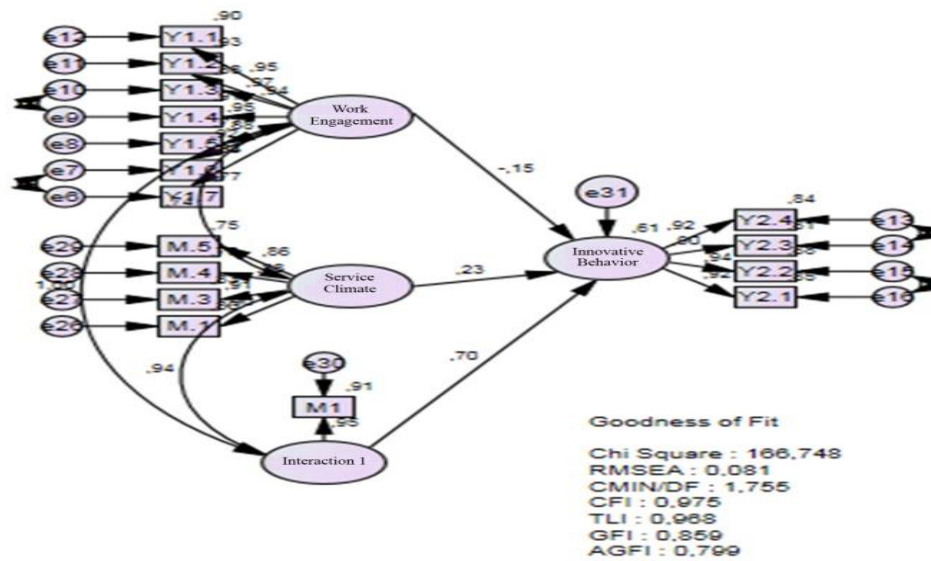


Figure 6. Moderation Effect

Testing this research moderation hypothesis produces the numbers in Table 3 below.

Table 3. Testing the Moderation Effect

		Estimate	S.E.	C.R.	P
Innovative Behavior	<--- Work Engagement	-0.151	0.134	-0.928	0.354
Innovative Behavior	<--- Service Climate	0.228	0.121	1.770	0.077
Innovative Behavior	<--- Interaction1	0.704	0.028	3.851	0.000

Source: Primary Data Processed, (2022)

Testing the moderation effect of Service Climate on the Happiness contribution to Performance provides the coefficient $\beta_2 = 0.121$ with a significance of 0.077, which means the service climate has no significant effect on performance. While the coefficient $\beta_4 = 0.704$ with a significance of 0.000, where the interaction of Service Climate and Happiness affects Performance. This shows that Service Climate purely moderates the Happiness contribution to Performance.

5. Conclusion

The results of research at PT. Islamic Bank Indonesia proves that Happiness affects Engagement, Happiness and Engagement influence Innovative Behavior, Happiness does not affect performance, whereas Engagement and Innovative Behavior affect Performance, Engagement and Innovative Behavior partially mediate the Happiness contribution to Performance, Innovative Behavior partially mediates the Engagement contribution to Performance, and Service Climate Moderates the influence of Happiness on Performance. This finding explains that the model of improving employee performance is a function of increasing

happiness at work, increasing work engagement and innovative behavior as a mediator, and service climate as a moderator. This finding proves that the research model is an academic premise, which was previously a combination of previous research models. Some facts from research results can map recommendations for research subjects.

To increase Happiness, BSI employees at the Diponegoro Branch Office in Banda Aceh City must always strive to achieve satisfactory work results to enjoy the incentives provided. To increase Happiness, BSI Banda Aceh must show employees that the company can meet my every need. To improve Innovative Behavior, BSI Banda Aceh must provide training for employees to frequently innovate in work processes for fast and accurate achievement. To improve the Service Climate, BSI Banda Aceh must conduct training and development for employees in creating a good Service Climate for customers. To improve employee performance, BSI Banda Aceh must improve the ability of employees to realize every work plan that has been discussed with the leaders.

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