THE EFFECTS OF INNOVATIVE WORK PRACTICES ON EMPLOYEE HEALTH AND HAPPINESS AS MEASURED BY ENGAGEMENT AND JOB SATISFACTION

Andi Marta[1]
University of Riau Kepulauan, Batam, Indonesia
andimarta.diskominfo@gmail.com

Dhenny Asmarazisa[2]
University of Riau Kepulauan, Batam, Indonesia
dhennyasmarazisa@gmail.com

Catur Fatchu Ukhriyawati[3]
University of Riau Kepulauan, Batam, Indonesia
catur@fekon.unrika.ac.id

Abstract

Examining the mediating roles of Employee Engagement (EE) and Employee Job Satisfaction (EJS), this study seeks to understand how Innovative Work Practices (IWP) affect Employee Health and Happiness (EHH) at PT. Bank XYZ. The researchers used Partial Least Squares (PLS) analysis as part of a quantitative study strategy. Using a 5-point Likert scale, 187 respondents from PT. Bank XYZ Region 02 were surveyed online to gather data on IWP, EHH, EE, and EJS. The research concluded that IWP significantly affects EHH both directly and indirectly via EE and EJS. In order to keep employees healthy, happy, and productive, the results stress the significance of making the workplace accommodating and supportive. Management at PT. Bank XYZ should, therefore, make promotion policies clearer, increase stress management training, and make work location flexibility more robust. Staff morale and output can be boosted and turnover can be decreased by creating a more positive work atmosphere that values and supports employees emotionally. To further enhance Employee Health and Happiness and support the organization's overall goals, it is essential to strengthen IWP practices, such as flexible work arrangements and the use of helpful technological tools.

Keywords: Innovative Work Practices, Employee Health and Happiness, Employee Engagement, & Job satisfaction

INTRODUCTION

Given the rapid pace of technology advancement and changes in the market, human resources (HR) play a crucial role in helping firms stay ahead of the competition and achieve their goals. This is particularly true in the context of the Fourth Industrial Revolution. Effective management boosts employee engagement and output, while competent HR promotes innovation and effectiveness (Dessler, 2020; Lumineau et al., 2023; Zhang & Chen, 2024). The success or failure of a banking company is heavily dependent on human resource management. The 234% profit growth in 2023 for BMRI was driven by investments in digital training, in contrast to the diminishing earnings of BTPN and PNBN. This proves that amazing success may result from HR development paired with technology. The significance of human resource management in addressing challenges brought forth by innovative technologies and fierce competition is highlighted here.

In light of these changes, a number of companies have begun implementing Innovative Work Practices (IWP), a more adaptable approach to the workplace. In order to increase output and worker satisfaction, it prioritizes teamwork and the application of technological solutions. According to several studies (Andrulli & Gerards, 2023; Renard et al., 2021; Picinin et al., 2023; Zhang & Chen, 2023), IWP combines technology with results-oriented management in order to foster digital cooperation and innovation in the year 2024. Employees are also granted greater autonomy over their work schedules and locations. Finding out how the IWP program at Bank XYZ influenced employee engagement, happiness on the job, and ability to manage work and personal life is the main goal of this research.

During an initial interview with numerous staff at Bank XYZ's Padang Regional Office on September 23, 2024, some interesting findings about the deployment of IWP were discovered (Kanwil 02). Although employees valued the flexibility and convenience of online meetings, their obsession with being online all the time affected their break time and mental health. More investigation is required to resolve this dilemma, since adaptation can be both a strength and a weakness. In order to gain a deeper understanding of the employees' perspectives, identify any overlooked challenges, and provide a more accurate theoretical framework, qualitative data was collected through interviews.

Using IWP allowed the majority of the five participants to report faster decision-making on their teams. Still, some people didn't see a big change in this regard. Some workers felt undervalued, while others felt treasured, in response to questions regarding their degree of participation and gratitude for their job. Some respondents claimed that IWP helped them strike a better work-life balance, while others claimed that being online all the time made them more stressed and exhausted when asked about their feelings of emotional health and wellbeing (EHH). Concerns regarding emotional tiredness were also raised when some employees reported feeling more emotionally exhausted following the implementation of IWP.

It is clear from this incident that people's responses to the IWP policy varied. The different viewpoints of employees provide a solid foundation for future studies on how IWP impacts health, morale, and productivity. Keeping in mind the specific demographics and socio-cultural background of Bank XYZ's millennial workforce, this study aims to investigate the effects of IWP on workers at the Padang Regional Office (Kanwil 02), which serves the regions of West Sumatra, Riau, and the Riau Islands.

REVIEW OF LITERATURE

Organizational Success

The company's success is enhanced when employees regularly deliver outstanding work and possess the appropriate abilities. This gives the organization a competitive advantage. When workers care about the organization they work for, they are more likely to provide their best, which increases productivity according to Deßler (2020).

Innovative Methods of Work (IWP)

The Innovative Work Practices (IWP) theory states that giving employees greater autonomy in their work can improve their mental health, creativity, and morale. After taking part in IWP's programs to boost feedback, organizational engagement, and employees' mental health, workers are more satisfied with their jobs. With the support of technology, IWP is able to work independently.

Leede (2017) and Roles et al. (2021) both state that job flexibility boosts happiness and collaboration. In order to encourage adaptive workplaces, Aroles et al. (2021) state that IWP has been utilized in sectors such as technology and consulting. Space (more adaptable work areas), technology (remote work tools), and culture (greater independence) are the three defining features.

Wellness in the Workplace (EHH)

A condition of whole mental and physical well-being, along with a healthy work-life balance, contentment in one's position, and other psychological factors, is what the acronym "Employee Health And Happiness" (EHH) stands for. Possessing no mental health conditions and having had happy, fulfilling experiences are the two main factors that contribute to this. All three aspects of well-being—physical health, mental health, and life satisfaction—make up EHH. When it comes to boosting mental wellness, organizational dedication, and work happiness, WWB is a major player. Organizational practices, such as job control, workload, and atmosphere, are crucial for increasing EHH, which improves productivity and happiness (Aboobaker et al., 2022; Rode, 2004; Zheng et al., 2015).

Engagement of Employees (EE)

Workers' intellectual and affective commitment to their employer is referred to as "employee engagement" (EE). Determinants include job satisfaction, organizational support, and communication channels that are open. Highly EE employees are more invested in the success of the business, more willing to take charge, and enjoy seeing their efforts pay off (Pulungan & Rivai, 2021). The three main components of EE that impact employee engagement and organizational success are zeal, commitment, and immersion, as stated by Schaufeli et al. (2006).

Workers' Contentment with Their Jobs (EJS)

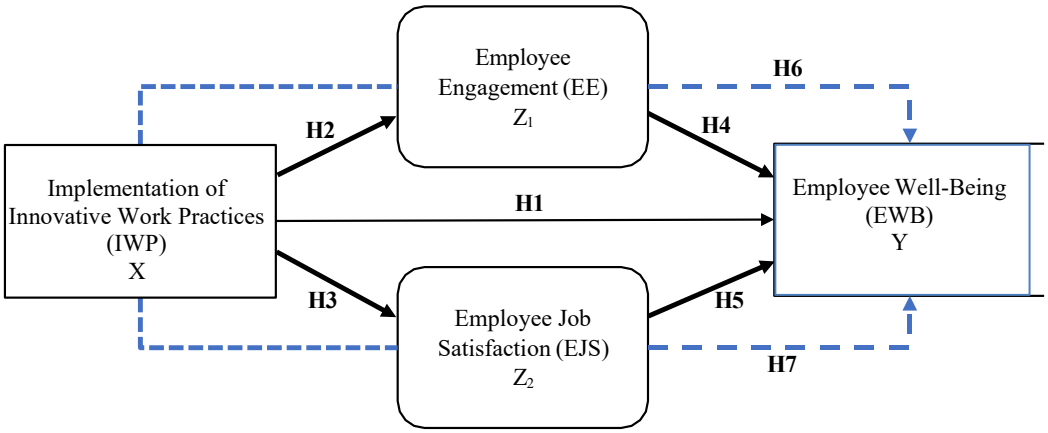
Staff engagement, retention, and output are all impacted by EJS, making it an important component in enhancing organizational performance. Pay, job design, interactions with coworkers, and company culture are key elements that impact workplace happiness, according to study (Chandra Putra et al., 2020; Mathis & Jackson, 2008). When employees are happy and inspired to give their all on the job, companies see a performance boost (Mangkunegara, 2015).

Formulation of Hypotheses

H1: The following theories were formed from the literature that was examined: Employee Health and Happiness (EHH) at PT Bank XYZ is positively affected by the implementation of Innovative Work Practices (IWP).

H2: PT Bank XYZ's Employee Engagement (EE) is greatly affected by the IWP deployment.
H3: Employee Job Satisfaction (EJS) at PT Bank XYZ is greatly affected by the introduction of IWP.
H4: At PT Bank XYZ, Employee Health and Happiness (EHH) is positively impacted by employee engagement (EE).
H5: Employee Health and Happiness (EHH) at PT Bank XYZ is positively impacted by Job Satisfaction (EJS)
H6: The association between IWP and EHH at PT Bank XYZ is mediated by Employee Engagement (EE)
H7: The association between IWP and EHH at PT Bank XYZ is mediated by Employee Job Satisfaction (EJS).

These theories are based on previous research that shows a substantial correlation between employee involvement and better well-being and satisfaction on the job, as well as more flexible working arrangements. In order to comprehend the wider implications of IWP on employee outcomes, the suggested hypotheses investigate both direct and mediating components, including EE and EJS.



RESEARCH METHOD

According to Sugiyono (2018), this study employed a quantitative and descriptive research technique. According to Sugiyono (2018), one of the main tenets of positivism in quantitative research is that it studies and understands the interrelationships among the variables of a population by using a representative sample. Collecting data using standardized instruments and analyzing it statistically will allow us to test the hypothesis. By empirically examining the interactions between variables, we aim to obtain a better knowledge of how they interact with one another using this strategy.

Data Type, Sources, and Data Collection Techniques

According to Sugiyono (2018), numerical data that can be statistically examined is used in this study, which is known as quantitative data. The West Sumatra Regional Office staff of Bank XYZ will be the ones whose primary data will be gathered via a structured questionnaire that uses a Likert scale with five points (1–5). In order to supplement the study of main data, secondary data will be collected from reports on Human Capital Management (HCM). The 362 permanent employees that make up the population will be used to establish the sample size using Isaac & Michael's formula (Sugiyono, 2018):

S = ⅄2. N. P. Q

$d2(N - 1) + \lambda 2. P. Q$

This yields an estimated sample size of approximately 187 respondents, ensuring statistical power for the analysis. Proportional stratified random sampling will be employed to ensure that each operational area of Bank XYZ is properly represented. The following table outlines the sample distribution:

Table 1.
Sample Distribution Using Proportional Random Sampling

No	Unit	Jumlah Pegawai	Proporsional	Jumlah Responden
1	KC Balikpapan	55	15%	28
2	KC Banjarbaru	131	36%	68
3	KC Samarinda	38	10%	20
4	Kanwil 02	63	17%	32
5	KC Palangkaraya	43	12%	22
6	KC Bontang	32	9%	16
	Total	362	100%	187

Source: Human Resource Data, PT Bank XYZ, processed (2024).

Variables and Operational Definitions

Important factors in this study will be measured using a 5-point Likert scale, where one indicates strongly disagree and 5 indicates strongly agree. These variables include Employee Job Satisfaction (EJS), Employee Health and Happiness (EHH), Employee Engagement (EE), and Innovative Work Practices (IWP). We have adapted the measuring items for each variable from earlier research to ensure validity and reliability. How happy workers are with their jobs generally, their salary, their connections with coworkers, and their views on corporate policy are all pieces of the puzzle that make up employee job satisfaction (EJS). Mathis and Jackson (2008) and Chandra Putra et al. (2020) examined job satisfaction through an organizational behavior paradigm, and these items were sourced from their respective works. Items that assess overall life happiness, work-life balance, and emotional health on the job make up Employee Health and Happiness (EHH), which has been defined by Zheng et al. (2015), Aboobaker et al. (2022), and Ryff (2015) as a measure of psychological, workplace, and life well-being. We quantify employee engagement (EE) by gauging their level of zeal, commitment, and immersion, drawing on studies by Saks (2006) and Schaufeli et al. (2006). To fully grasp employee involvement, one must grasp these dimensions. These characteristics were further developed by Mazzetti et al. (2023), who linked them to certain organizational contexts. Finally, Innovative Work Practices (IWP) demonstrate employees' capacities to work remotely and cooperate productively through indicators such as technical support, job autonomy, and flexibility. These operationalizations adhere to the frameworks proposed by Aroles et al. (2021) and Soucek et al. (2024). The role of technology and workplace flexibility in modern times is examined in these works.

Data Analysis Using SEM and PLS

Structural Equation Modeling (SEM) and Partial Least Squares (PLS) data analysis will be utilized to test hypotheses and examine the correlations among the variables in this study. According to Ghozali (2014), SEM-PLS can manage both reflective and formative indicators with ease, and it works well with small samples as well. Latent variables can also be modeled using it. Three indicators will be examined to evaluate the measurement model, also called the outer model: convergent validity, discriminant validity, and reliability. Indicators are not convergently valid until the Average Variance Extracted (AVE) is more

than 0.5, as stated by Hair et al. (2022). This indicates that the indicators can be explained by the variables to a greater or lesser extent. We will perform a discriminant validity check using the heterotrait-monotrait ratio (HTMT) and the Fornell-Larcker criterion to make sure the variables are distinct and don't overlap extensively. We will utilize Cronbach's alpha and composite reliability (CR) to evaluate construct consistency; a cutoff for both measures will be established at 0.7.

Inside the structural model, which is also called the inner model, we will look at the path coefficients to see how significant and powerful the inter-variable interactions are. In order to find out how well the model explains the data; we will look for high R^2 values. In order to determine if the correlations are statistically significant, the t-values and standard errors will be computed using bootstrapping. In order to fully understand mediation effects, researchers will take a look at them from every angle, says Hair et al. (2019). When the direct and indirect impacts are significant, we think about partial mediation; when the indirect effect is large, we think about full mediation. We will also utilize fit indices such as SRMR (Standardized Root Mean Square Residual) and GoF (Goodness of Fit) to assess the model's efficacy in fitting the data.

RESULTS AND DISCUSSION

Results of Respondent Characteristics

This research looked at the responses of 187 people who took part in an online survey using a 5-point Likert scale. A brief overview of the respondent demographic is provided below: Half of the people who took part are in their thirties, and another quarter are in their forties. Among them, 60% hold the position of assistant manager and 81% have a bachelor's degree (S1). Staff members at Bank XYZ Region 02 have these characteristics, hence the study's sample is representative of the community at large.

Table 2.
Demographic Profile of Respondents

Demographic Variable	Characteristic	Frequency	Percentage (%)
	Male	81	43%
Gender	Female	106	57%
	Total	187	100%
	< 30	37	20%
	30 to 40	123	66%
Age Group	40 to 50	20	11%
	> 50	7	4%
	Total	187	100%
	High School (SMA)	3	2%
	Diploma	21	11%
Highest	Bachelor’s Degree (S1)	152	81%

Education			
	Master's Degree (S2)	11	6%
	Total	187	100%
Work Experience	1 - 10 Years	89	48%

Source: Primary data processed, (2025)

Demographic Variable	Characteristic	Frequency	Percentage (%)
	> 10 - 20 Years	78	42%
	> 20 - 30 Years	19	10%
	> 30 Years	1	1%
	Total	187	100%
	AMGR (Assistant Manager)	112	60%
Job Grade (Position)	ASST (Assistant)	75	40%
	Total	187	100%
	Single	24	13%
	Divorced (Living)	3	2%
Marital Status	Widowed	2	1%
	Married	158	84%
	Total	187	100%
	Regional Office (Kanwil 02)	32	17%
	Branch Office (KC) Bukittinggi	26	14%
	Branch Office (KC) Padang	68	36%
Work Unit	Branch Office (KC) Payakumbuh	20	11%
	Branch Office (KC) Solok	28	15%
	Branch Office (KC) Sungai Penuh	13	7%
	Total	187	100%

Measurement (Outer) Model Evaluation

The study's measuring paradigm included a reflective measurement approach to assess Innovative Work Practices (IWP), Employee Engagement (EE), Employee Health and Happiness (EHH), and Job Satisfaction (JS). There are several requirements that must be satisfied in order to evaluate a reflective measurement model (Hair et al., 2019). For example, the OL should be 0.70 or higher, the CR should be 0.70 or higher, Cronbach's alpha

should be 0.70 or higher, the AVE should be 0.50 or higher, and the HTMT (Heterotrait-Monotrait Ratio) and Fornell-Larcker should be used to evaluate discriminant validity, with the latter two metrics needing to be less than 0.90. High reliability (CR and Cronbach's alpha > 0.70), high outer loadings, and convergent validity (AVE > 0.50) indicate that all constructs are satisfactory.

The most notable expression of IWP, in line with the Theory of Planned Behavior (Ajzen, 2020), was the participation dimension, which emphasized the importance of employee input. According to Kundi et al. (2020), EHH is backed by the Self-Determination Theory and was primarily motivated by job satisfaction. A strong relationship between KS and recognition of contributions was found, in line with Equity Theory. The most pronounced manifestation of EE, according to Kollmann et al. (2020), was in the devotion dimension, lending credence to the Employee Engagement Theory. These criteria are highly correlated with one another, suggesting that IWP can be utilized to increase employee happiness, contentment, and engagement (Mazzetti et al., 2023). We made sure it was discriminantly valid by using the Fornell-Larcker criterion. Example values: EE: 0.867, EHH: 0.829, KS: 0.815, and IWP: 0.927, all of which have square roots of AVE higher than their correlations with other components. Moreover, the HTMT ratio was used, and all values were below the recommended limit of 0.90, ensuring that there was no discriminant validity question (J. F. Hair et al., 2019). All criteria for statistical validity and reliability are satisfied by the measurement model, according to these results.

Table 3.
Construct's Reliability and Convergent Validity

Variable	Construct	Indicator	OL	CA	CR	AVE
		Arrange work methods.	0.965	0.986	0.986	0.959
	Autonomy & Flexibility	Set a schedule.	0.991			
		Choose a location.	0.979			
		Flexible hours.	0.981			
		Use work technology.	0.914	0.946	0.948	0.861
	Technology & Access	Rely on digital media.	0.936			
IWP		Access info.	0.918			
		Quick communication.	0.945			
	Dissolution	Blurred work-life boundaries.	0.988	0.978	0.979	0.959
	Boundaries	Work outside hours.	0.99			
		Reachable during holidays.	0.959			
		Suggest improvements.	0.996	0.996	0.996	0.992
	Participation	Suggestions valued.	0.996			
		Job is meaningful.	0.996			
		Satisfied with life.	0.913	0.92	0.923	0.806
	Life Well-Being	Close to life goals.	0.887			
		Truly happy.	0.911			
		Life situation good.	0.879			
		Satisfied with job.	0.957	0.936	0.937	0.842
		Find happiness at work.	0.917			

EHH	Workplace Well-Being	IWP supports well-being.	0.838			
		Emotionally drained.	0.953			
		Personal growth.	0.898	0.916	0.918	0.801
	Psychological Well-Being	Manage daily tasks.	0.829			
		Share time willingly.	0.937			
		Deep talks with family.	0.911			
		Job valued fairly.	0.943	0.937	0.938	0.8
		Fair welfare policies.	0.889			
	Policy	Satisfied with salary.	0.888			
		Grading motivates.	0.855			
		Faster decisions with IWP.	0.895			
	Development	Skills improve with training.	0.978	0.963	0.962	0.901
		Satisfied with promotion.	0.977			
		Gained knowledge/experience.	0.958			
		Ready for challenges.	0.879			
		Proud of work.	0.987	0.981	0.981	0.946
EJS	Contribution	Work brings happiness.	0.987			
		Enjoy current job.	0.952			
		Like the job.	0.965			
	Leadership	Heard in decisions.	0.925	0.945	0.946	0.820
	Behavior	Wise decisions.	0.898			
		Competent leader.	0.908			
		Fair leadership.	0.916			
	Interpersonal	Rarely wrong decisions.	0.878			
	Relations	Enjoy working with colleagues.	0.905	0.942	0.943	0.851
		Satisfied with interactions.	0.911			
		Colleagues offer support.	0.931			
Variable	Construct	Indicator	OL	CA	CR	AVE
		Role recognized positively.	0.943			
		Energy for challenges.	0.786	0.946	0.957	0.867
	Vigor	Work boosts spirit.	0.975			
		Enthusiastic mornings.	0.979			
		Focus without tiring.	0.971			
		Job is meaningful.	0.893	0.950	0.951	0.870
EE	Dedication	Enthusiastic about work.	0.953			
		Work inspires me.	0.955			
		Proud of work results.	0.93			

		Time flies at work.	0.839	0.935	0.942	0.840
	Absorption	Forget the surroundings working.	0.958			
		Happy when engaged.	0.977			
		Fully engaged in tasks.	0.884			

Analysis

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EJS	Contribution	Work brings happiness.	0.987			
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Variable	Construct	Indicator	OL	CA	CR	AVE
		Role recognized positively.	0.943			
		Energy for challenges.	0.786	0.946	0.957	0.867
	Vigor	Work boosts spirit.	0.975			
		Enthusiastic mornings.	0.979			
		Focus without tiring.	0.971			
		Job is meaningful.	0.893	0.950	0.951	0.870
EE	Dedication	Enthusiastic about work.	0.953			
		Work inspires me.	0.955			
		Proud of work results.	0.93			
		Time flies at work.	0.839	0.935	0.942	0.840
	Absorption	Forget surroundings working.	0.958			
		Happy when engaged.	0.977			
		Fully engaged in tasks.	0.884			

Table 4.

Discriminant Validity Fornell & Laker

Variable	EE	EHH	EJS	IWP
EE	0.867			
EHH	0.614	0.829		

EJS	0.597	0.576	0.815
IWP	0.384	0.396	0.248 0.927

Source: Primary data processed, (2024)

Table 5.
Discriminant Validity (HTMT Ratio Criterion)___

Variable	EE	EHH	EJS	IWP
EEEHH	0.634			
EJS	0.617	0.599		
IWP	0.392	0.405	0.255	

Source: Primary data processed, (2024)

Structural (Inner) Model Evaluation

Following the completion of discriminant and convergent validity tests on the measurement model, the structural model should be validated. First, the technique identifies collinearity. Then, it checks the path coefficients (β) or hypothesis testing. Third, it finds the percentage of variance explained (R2). Fourth, it measures predictive significance using Q2. Finally, it verifies the model's fit. We also tested the hypotheses using the bootstrapping method, which involves 5,000 resamples. Referring to Table 6 and Figure 2, the experimental results validate hypotheses 1-7 by showing that all anticipated routes were significant (p-value < 0.05).

Table 6.
Discriminant Validity Fornell & Laker

Hypothesis	Relationships	βeta	S.D	t-value	p-value	Decision	f^2
Total Effect	IWP -> EHH	0.396	0.074	5.369	0.000	Accepted	
Direct Effect							
H1	IWP --> EHH	0.180	0.059	3.064	0.002	Accepted	0.053
H2	IWP --> EE	0.384	0.068	5.676	0.000	Accepted	0.173
H3	IWP --> EJS	0.248	0.073	3.393	0.001	Accepted	0.066
H4	EE --> EHH	0.353	0.081	4.366	0.000	Accepte	0.13

						d	9
H5	EJS --> EHH	0.321	0.081	3.966	0.000	Accepted	0.126
Indirect Effect							
H6	IWP -> EE -> EHH	0.136	0.039	3.436	0.001	Accepted	
H7	IWP -> EJS -> EHH	0.080	0.032	2.478	0.013	Accepted	

R^2: IWP = 0.919; EHH = 0.751; EE = 0.693; EJS = 0.654
(calculated as the average of each construct's R^2) Q^2: 0.998
SRMR: 0.078
S.D: Standard deviation

Source: Primary data processed, (2024)

Reviewing the R2 values for the endogenous latent variables EE, EJS, and EHH is the subsequent step. These numbers show the extent to which the exogenous variable IWP influences the endogenous variables EE, EJS, and EHH, and how effectively the suggested model accounts for these variables. The range of possible R2 values is from 0.654 to 0.919, with bigger values indicating better prediction accuracy. The combined effects of EHH, EJS, and IWP explain 75.1% of the variation in EHH (R2 = 0.751), as seen in Table 6.

Furthermore, Q2, which is typically calculated using a formula (refer to Eq. 2), was also used to assess the predictive relevance in this study. This method is used to re-estimate data points after removing them. According to Chin and Newsted (1998), Q2 essentially demonstrates the PLS parameters' and model's ability to reconstruct the empirical data. The route model is predictively meaningful for a dependent variable if the Q2 value of a construct is greater than zero. According to Table 6, we can infer that IWP, EHH, EE, and EJS have sufficient predictive significance with Q2 values of 0.998.

One minus (1 minus R12) (one minus R22) and so on squared up to (1 minus Rn2) is equal to Q2. For the last step in ensuring a good model fit when using the PLS-SEM method with SmartPLS, the standardized root-mean-square residual (SRMR) should be used (Hair et al., 2019). An objective measure of model fit, SRMR has a value of zero indicating a perfect match. A satisfactory match is indicated by a value of 0.078, according to Hair et al. (2019); for more information, see Table 6. Figure 2 displays the indicator loadings, probability levels, and predicted path coefficients.

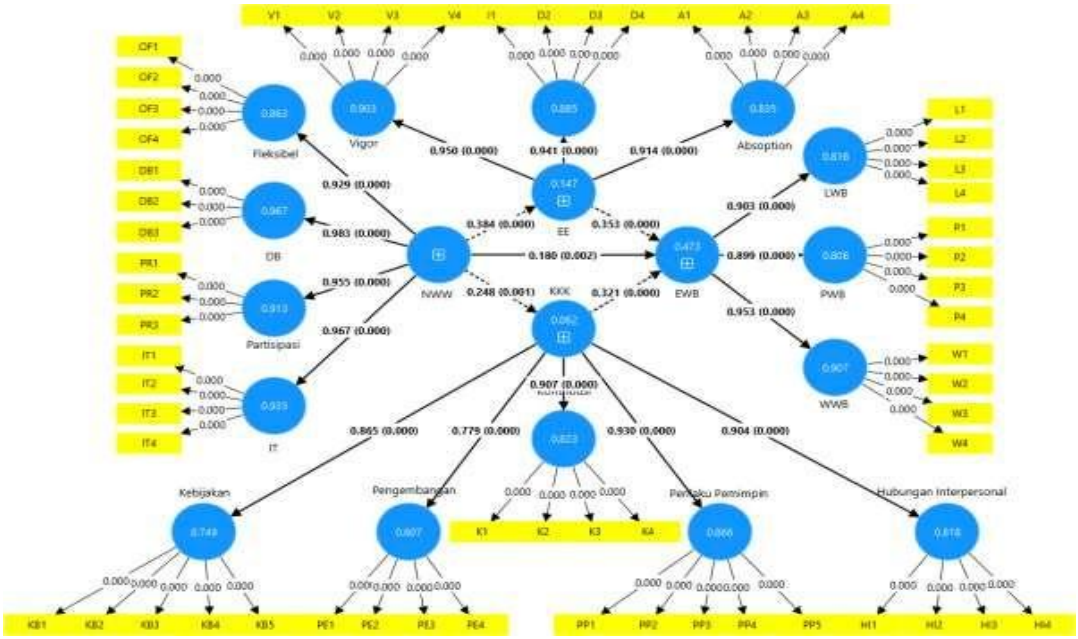

Figure 2.
Bootstrapping Result

Mediation Analysis

To understand how EE and EJS acted as mediators, we estimated their direct, indirect, and total effects using the bootstrapping method. The positive and statistically significant effects of EE and EJS on EHH are shown in Table 6 and Figure 2, respectively. Equations 2 and 3 display the outcomes of calculating the mediation of EE and EJS using the variance accounted for (VAF) formula suggested by Hair et al. (2019). If the VAF value is below 20%, then there is no mediation. If it is between 20% and 80%, then there is partial mediation. If it is larger than 80%, then there is full mediation, according to Hair et al. (2019). Research shows that EE mediates the link to a lesser extent (42.9% VAF) and that EJS mediates it to a lesser extent (30.6% VAF).

$$VAF = \frac{\text{Indirect effect}}{\text{Total effect}}$$

Hypothesis Testing and Findings

Based on the study's path coefficient of 0.186 and p-value of 0.002 (<0.05), the first hypothesis is that IWP has a positive impact on EHH at PT. Bank XYZ. Previous studies in this field have shown that IWP increases employee happiness and health by promoting independence and flexibility (Andrulli & Gerards, 2023) in the workplace. Depending on the generation in issue, IWP can have an impact on work-life balance (Gen Z) or stability and flexibility (Gen X) (Joly & Lambert, 2021).

According to the second hypothesis, IWP significantly affects PT. Bank XYZ's Employee Engagement (EE), as indicated by a p-value of 0.000 (<0.05) and a path coefficient of 0.384. This supports Kamal's (2019) claim that IWP boosts engagement and involvement by encouraging employees to be more adaptable and appreciative of their work. Digital and flexible work environments can improve employee engagement, which in turn boosts organizational performance following a pandemic (Duque et al., 2020; Pulungan & Rivai, 2021).

H3, the third hypothesis, proposes that IWP contributes to higher levels of JS at PT. Bank XYZ. With a p-value of 0.001 (<0.05) and a path coefficient of 0.248, the study further confirms this. It has been found that IWP increases employee engagement by making people feel more powerful and included in their job (Nasseri et al., 2024; Thapa, 2024). Giving workers more control over their workday led to more happiness on the job, better work-life balance, and increased output.

The research backs up Hypothesis 4 (H4), which states that at PT. Bank XYZ, there is a robust positive relationship between Employee Engagement (EE) and Employee Health and Happiness (EHH) (path coefficient 0.353, p-value 0.000 < 0.05). This bolsters the betterment of workers' psychological, physiological, and social well-being. Wang et al. (2022) and Tambunan et al. (2024) cite research that shows better health outcomes and less burnout as a result of active participation.

Hypothesis 5 (H5) asserts that EHH is strongly impacted by job satisfaction (JS) with a path coefficient of 0.321 and a p-value of 0.000 < 0.05. Finding a significant association between job satisfaction and Employee Health and Happiness led to higher motivation and greater retention rates (Mathis and Jackson, 2008). Flexible work arrangements and a supportive work culture are two workplace features that lead to employee happiness and satisfaction (Davidescu et al., 2020; Yiming et al., 2024).

Northwest Wind's Undirect Impact on EHH

With a path coefficient of 0.136 and a p-value less than 0.05, IWP indirectly enhances Employee Health and Happiness (EHH) by impacting Employee Engagement. This suggests that IWP strategies boost mental health by making workers more invested in their work (Masrie, 2018). Supporting the assertion that a state of high engagement is beneficial to health, Gulzar et al. (2021) found that engaged workers reported less stress and more fulfillment on the job.

Moreover, the research demonstrates that IWP indirectly enhances Employee Health and Happiness by way of Job Satisfaction (path coefficient 0.248, p-value 0.013 < 0.05). Supporting the notion that IWP boosts EH&S by elevating work satisfaction, the results of Aroles et al. (2021) and Davidescu et al. (2020) are consistent with this hypothesis. Autonomy, recognition, and flexibility in the workplace substantially improve employee health and happiness, which in turn boosts job satisfaction.

Research Directions and Implications

The importance of IWP in raising PT. Bank XYZ workers' levels of engagement, pleasure, and contentment is highlighted in this study. Implementing IWP principles is crucial for maintaining a healthy and productive workforce. These practices promote autonomy, flexibility, and work-life balance, which are all beneficial.

Because this study focused solely on the banking sector in Indonesia, its findings may not be generalizable to other industries or countries. Research in the future should involve a wider range of industries and locations to better understand the potential influence of cultural and organizational factors on the effects of IWP on employee health and happiness.

Emotional intelligence, work overload, and finding meaning in one's work are other psychosocial factors that might be included in future studies to provide a more complete picture of employee wellness.

Wellness initiatives, transparent decision-making, and tailored rules are all examples of IWP approaches that PT. Bank XYZ should continue to tweak to meet the needs of its

diverse workforce. This approach will ultimately lead to more success for the company and happier workers.

CONCLUSION

Results show that PT. Bank XYZ's EHH is considerably impacted by the introduction of IWPs, both directly and indirectly via EE and EJS. When IWP practices, which include autonomy, technology support, and flexibility, are put into place, employees' health and happiness are enhanced through higher engagement and job satisfaction. In particular, younger employees and those that prioritize work-life balance report higher levels of productivity, inspiration, and job satisfaction as a result of these factors. The findings stress the need of creating a welcoming and supportive work environment to retain employees content and increase their productivity. Therefore, PT. Bank XYZ's management should give stress management training, strengthen work location flexibility, and open up their promotion rules. Creating a more positive work environment by offering emotional support and acknowledgment to employees can lead to increased productivity and decreased attrition. For the organization's overall success, it's crucial to fortify IWP practices like flexible work arrangements and the use of helpful technological solutions to boost Employee Health and Happiness even more.

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