

The Influence Of Challenge Leadership, Gratitude And Happiness As Intervening Variables On Employees At Pt Pnm Banyuwangi Branch

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ABSTRACT

In an increasingly competitive organizational environment, employee commitment is essential for sustaining performance and achieving strategic goals. This study investigates the influence of challenge leadership and gratitude on employee commitment, with happiness as an intervening variable, among employees of PT. Permodalan Nasional Madani (PNM) Banyuwangi Branch. Employing a quantitative research design, data were collected through questionnaires distributed to 138 purposively sampled respondents and analyzed using Structural Equation Modeling with SmartPLS 3.0. The study tested seven hypotheses involving direct and mediated relationships between the constructs. The results showed that challenge leadership has a significant direct and indirect (via happiness) impact on employee commitment, while gratitude significantly influences happiness but does not directly or indirectly affect employee commitment. Furthermore, happiness was not found to have a significant effect on employee commitment. The model demonstrated strong validity and reliability, with satisfactory fit indices. This study contributes to the literature by integrating emotional and leadership dimensions in the Indonesian context and emphasizing the conditional role of happiness as a non-linear or context-specific mediator. The findings suggest that to enhance employee commitment, organizations should prioritize leadership approaches that challenge and empower employees while fostering gratitude to improve workplace happiness. Future research is encouraged to explore moderating variables such as organizational culture or job autonomy and examine alternative mediators like psychological capital in broader industrial contexts.

Keywords: Challenge Leadership, Gratitude, Happiness, Employee Commitment, PNM

INTRODUCTION

In an increasingly competitive business world, employee commitment to the company is a key factor to support the sustainability and growth of the organization. In addition, the leader has responsibility and control over all work and the presence of his subordinates. A high level of commitment not only contributes to improving individual performance, but also encourages the creation of a productive and collaborative work climate. Therefore, companies need to understand various factors that can affect and strengthen employee commitment, both in terms of leadership, psychological, and emotional well-being (Asmini et al., 2022; Karina et al., 2020; Munardi et al., 2021; Suryadi & Yusuf, 2022; Triastuti et al., 2018). One of the important factors that has the potential to affect employee commitment is challenge leadership. Challenge leadership, which emphasizes providing challenges, developing potential, and empowering employees to achieve higher targets, is believed to increase emotional attachment and a sense of belonging to the company. In the context of PT. PNM challenge leadership is crucial considering the high operational targets and service demands on customers. In influencing all their activities, each individual leader uses power, authority, influence, traits and characteristics, and the goal is to increase the productivity and morale of a group (Baihaqi, 2015; Doyok, 2019; Rinto, 2016).

In addition to leadership, gratitude is also an important variable in increasing employee commitment. Gratitude can strengthen relationships between individuals in the organization, create a positive work atmosphere, and increase job satisfaction. However, the direct influence of challenge leadership and gratitude on employee commitment is not always simple. There is an emotional factor that acts as a bridge in the relationship, namely employee happiness. Happiness at work reflects feelings of satisfaction, comfort, and happiness in carrying out daily work activities. Employees who feel happy are more likely to perceive challenges from leaders as opportunities to grow, and gratitude for their work environment deepens their attachment to the organization (Elysa & Ariyanti, 2022; Khoerunnisa & Fahmie, 2023; Siska Wulandari & Ami Widyastuti, 2014). Employee commitment is a psychological condition that describes the extent to which an employee feels attached, loyal, and willing to contribute optimally to the organization where they work (Abdurohim & Purnama, 2022; Yulianti et al., 2019a, 2019b). This commitment is an important foundation in creating workforce stability and improving organizational performance. Employees who have a high level of commitment not only stay longer in the company but also demonstrate a strong dedication to achieving common goals. Therefore, it is important to understand the factors that can increase employee commitment, one of which is through the leadership

patterns applied and the psychological climate created in the organization (Agustini & Subudi, 2018; Arachim, 2018; Misykatun Nisa'ul Husna & Salamah Wahyuni, 2023; Paryantoni, 2023). All activities and activities at PT. Permodalan Nasional Madani Banyuwangi Branch is inseparable from the direction and control of the leadership.

The leader has responsibility and control over all work and the presence of his subordinates. On the other hand, leaders also contribute greatly to motivate their subordinates to always consistently have a high organizational commitment. So, all employees can help realize the program in the Company. The researcher assumes that employee commitment, which is quite low, can be caused by the lack of implementation of challenge leadership and the low aspects of employee happiness and work gratitude. The novelty of this study lies in its integrated examination of challenge leadership and gratitude on employee commitment with happiness as a mediating (intervening) variable within the specific context of PT. PNM Banyuwangi Branch, which has not been previously explored in the cited literature. While prior research such as Kaur & Kaur (2024) emphasized the mediating role of happiness between leadership and turnover intention, and Repi (2020) as well as Siti Nuril Huda (2023) discussed the role of happiness in relation to organizational commitment or performance, this study uniquely combines challenge leadership, gratitude, and happiness in one SEM-PLS model to predict employee commitment, thus offering a more holistic and localized understanding of psychological and leadership factors influencing employee outcomes in Indonesia's microfinance sector.

METHOD

The method used in this study is a quantitative method, this method was chosen because it is to see the influence of each variable. The instrument used to obtain data in this study is a questionnaire, which has been compiled based on indicators from each variable. This research uses its dimensions as independent variables, namely the challenge leadership dimension, gratitude also uses the intervening variable, namely happiness, to determine the dependent variable, namely employee commitment. In this study, the unit analyzed was PNM Employees of the Banyuwangi City Branch. The population in this study is 806 PNM employees of the Banyuwangi City Branch. The research sample was obtained from the purposive sampling technique with the slovin and , formulas and selected respondents who met the criteria to be respondents only were used for the study which amounted to 138 respondents. This study uses a questionnaire consisting of a list of questions that are systematically compiled and given to respondents using a likert scale (1-5) to be answered and supported by secondary data based on personal documents and literature studies. The data analysis method uses smartPLS software version 3.0, this method was chosen because PLS (Partial Least Square) is a structural equation analysis (Structural Equation Modeling) or abbreviated as variant-based SEM which can simultaneously test measurement models as well as structural tests so that it is able to answer the problem formulation in this study.

RESULTS AND DISCUSSION

Table 1. Frequency and Percentage Data of Respondent Characteristics

No	Respondent Classification	Criterion	Sum	Percentage
1	Age	18-21	62	44,93%
		22-25	76	55,07%
Total			138	100%
2	Gender	Man	54	39,13%
		Woman	84	60,87%
Total			138	100%
2	Golongan	Gen Z	138	100%
Total			138	100%

Analisis SEM-PLS

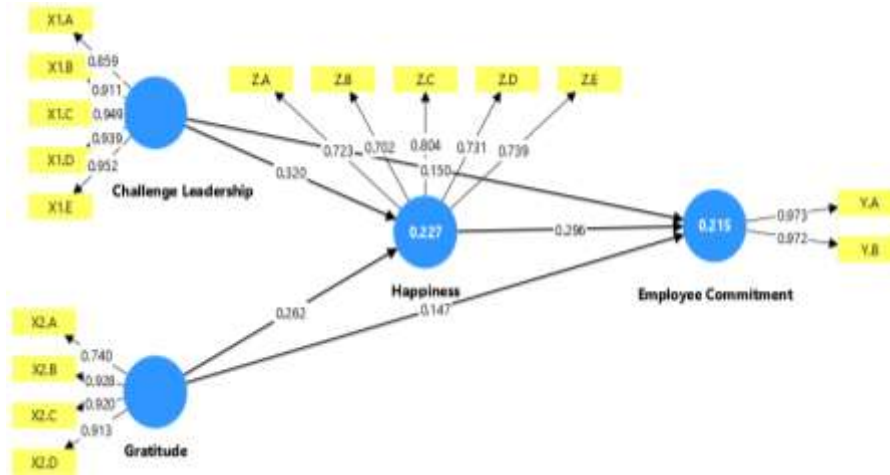


Figure 1. Calculation of the SEM-PLS Model

Table 2. Convergent Validity and Reliability Test Results

Konstruk	AVE	Composite Reliability	Cronbach- α	ρ -A
<i>Challenge Leadership</i>	0.851	0.966	0.957	0.984
<i>Employee Commitment</i>	0.946	0.972	0.943	0.943
<i>Gratitude</i>	0.772	0.931	0.898	0.902
<i>Happiness</i>	0.548	0.858	0.794	0.797

Source: Data processed

The table above explains that all latent variables have an AVE value above 0.5, so it can be interpreted that the construct is already able to explain 50% or more of the variance of the item and meets the conditions of convergent validity. Likewise in the composite reliability and Cronbach- α assessments which show the level of construct realism. All variables have a composite reliability and Cronbach- α value above 0.7, so it can be explained that the construct is reliable, which means that the indicators contained in each variable are already able to measure the latent construct.

Tabel 3. Hasil Uji Kebaikan Model (Model Fit)

	Saturated model	Estimated model
SRMR	0.077	0.077

Source: Data processed

The results of the analysis showed that the SRMR value for the tested model was 0.077 if it was weighted to 0.08. This value indicates that the model has a good fit with the data, meaning that the proposed model is quite accurate in representing the relationships between variables in the data. Hypothesis testing using bootstrapping analysis techniques. Through the results of the t-statistics obtained, the effect of the level of significance between independent variables and dependent variables can be obtained. When the t-value of the $>$ is 1,655. (=TINV (0.05,50) (t-significance table 5%) then the effect is significant. Furthermore, through the results of the P Value obtained by the P Value of each variable $<$ 0.05, H_a is accepted and H_0 is rejected and vice versa. The positive influence can be seen through the Original Sample. In the smartPLS program, the results of the hypothesis test can be seen through the Path Coefficient of the Bootstrapping Technique as follows:

Table 4. Hypothesis Testing Results

Relationships Between Variables	Hipotesis	Path Coef	T-Stat	P values	Information
Challenge Leadership terhadap Employee Commitment	H1	0.150	2.344	0.050	Dilemmatic hypothesis
Gratitude terhadap Employee Commitment	H2	0.147	0.187	0.852	Ditolak Hypothesis
Challenge Leadership terhadap Happiness	H3	0.320	1.730	0.126	Ditolak Hypothesis
Gratitude terhadap Happiness	H4	0.262	2.357	0.000	Dilemmatic hypothesis
Happiness terhadap Employee Commitment	H5	0.296	1.852	0.549	Ditolak Hypothesis
Challenge Leadership to Employee Commitment through Happiness	H6	0.095	1.986	0.047	Dilemmatic hypothesis
The Effect of Gratitude on Employee Commitment through Happiness	H7	0.078	0.275	0.683	Ditolak Hypothesis

Source: Data processed

Based on the results of data analysis in table 4 above, the following hypotheses can be concluded:

Hypothesis 1 : Challenge Leadership to Employee Commitment H1 : There is a significant influence between Challenge Leadership on Employee Commitment With a confidence level of 5%, a p-value of 0.050 is obtained, then $0.050 < 0.05$ with a path coefficient value of 0.150 with a t-value of 2.344 is greater than the t table (1.960). This means that H1 is accepted so that it can be concluded that a positive and significant influence between Challenge Leadership and Employee Commitment. Hypothesis 2: Gratitude for Employee Commitment H2 : There is a significant influence of Gratitude on Employee Commitment With a confidence level of 5%, a p-value of 0.852 is obtained, then $0.852 > 0.05$ with a path coefficient value of 0.147 with a t-value of 0.187, the value is smaller than the t table (1.960). This means that H2 is rejected so that it can be concluded that there is no influence between Gratitude and Employee Commitment Hypothesis 3 : Challenge Leadership to Happiness H3 : There is a significant influence between Challenge Leadership on Happiness With a confidence level of 5%, a p-value of 0.128 is obtained, then $0.128 > 0.05$ with a path coefficient value of 0.320 with a t-value of 0.187, the value is greater than the t table (1.960). This means that H3 is rejected so that it can be concluded that there is no influence between Challenge Leadership and Happiness. Hypothesis 4 : Gratitude towards Happiness H4: There is a significant influence between Gratitude on Happiness With a confidence level of 5%, a p-value of 0.000 is obtained then $0.000 < 0.05$ with a path coefficient value of 0.262 with a t value of 2.357, the value is greater than the t table (1.960). This means that H4 is accepted so that it can be concluded that there is a positive and significant influence between Gratitude on Happiness H5 : There is a significant influence between *Happiness* and *Employee Commitment*

With a confidence level of 5%, a p-value of 0.549 is obtained, then $0.549 > 0.05$ with a path coefficient value of 0.549 with a t-value of 1.852 is smaller than the t table (1.960). This means that it is rejected by H05 so that it can be concluded that there is no influence between *Happiness* and *Employee Commitment*.

Hypothesis 6: *Challenge Leadership to Employee Commitment through Happiness*

H6 : There is a significant influence between *Challenge Leadership on Employee Commitment through Happiness*

With a confidence level of 5%, a p-value of 0.047 is obtained, then $0.047 < 0.05$ with a path coefficient value of 0.095 with a t value of 1.986 is greater than the t table (1.960). This means that H6 is accepted so that it can be concluded that there is a positive and significant influence between *Challenge Leadership on Employee Commitment through Happiness*

Hypothesis 7: *The Effect of Gratitude on Employee Commitment through Happiness*

H6 : There is a significant influence between *Gratitude on Employee Commitment through Happiness*

With a confidence level of 5%, a p-value of 0.683 is obtained, then $0.683 > 0.05$ with a path coefficient value of 0.078 with a t-value of 0.275, the value is smaller than the t table (1.960). This means that H7 is rejected so that it can be concluded that there is no influence between *Challenge Leadership on Employee Commitment through Happiness*

CONCLUSION

The research on employees of PT. PNM Banyuwangi Branch found that while employees generally have positive perceptions of challenge leadership, gratitude, happiness, and commitment, only certain hypothesized relationships were supported. Specifically, challenge leadership directly and indirectly (through happiness)

influenced employee commitment, and gratitude significantly influenced happiness. However, gratitude did not affect commitment directly or indirectly, and happiness did not mediate commitment. The model used was statistically valid and reliable. Based on these findings, future research should examine moderating variables such as organizational culture, job autonomy, or personality traits to clarify the insignificant relationships. It is also recommended to explore alternative mediators like job satisfaction or psychological capital, replicate the study in different settings, and consider a longitudinal approach to capture changes over time.

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