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Employee Engagement as a Mechanism Linking Self-Confidence, Work-Life Balance, and Performance

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ABSTRACT

This study examines how self-efficacy and work-life balance contribute to employee performance through employee engagement as an intermediary mechanism. This study was prompted by differences in performance between divisions, varying levels of employee self-confidence, and challenges in maintaining work-life balance due to fluctuating workloads. A quantitative approach was used with path analysis based on Partial Least Squares (PLS). The sample consisted of employees with a minimum of five years of service, who were selected to represent stable performance conditions. The findings show that self-confidence significantly increases employee engagement and performance. Work-life balance also plays a significant role in strengthening engagement and improving performance outcomes. Furthermore, employee engagement mediates the effects of self-confidence and work-life balance on employee performance. These results highlight the importance of human resource strategies that foster employee self-confidence, support work-life balance, and encourage active participation to achieve sustainable performance improvement.

Keywords: *self-confidence; work-life balance; employee engagement*

INTRODUCTION

The furniture industry is one of Indonesia's leading economic sectors, playing an important role in employment and non-oil and gas exports (Budiarto et al., 2018). Central Java is the largest contributor to national furniture exports, with Jepara known as a center for carved and teak wood furniture that is globally competitive (Espos.id, 2023). Amidst international competition, the sustainability of the furniture industry is not only determined by product quality and design, but also by companies' ability to effectively manage human resources (Basuki, 2023).

Human resources are strategic assets that determine a company's performance and competitiveness. Employee performance reflects the results of individuals' work in carrying out their assigned responsibilities (Sutrisno, 2020), and is a key factor in achieving organizational goals (Cahyati & Adelia, 2024). Management literature indicates that employee performance is influenced by internal factors such as self-efficacy and external factors such as work-life balance and employee engagement (Karimah & Astuty, 2023). High self-efficacy encourages confidence, initiative, and resilience in the

face of work pressure, while work-life balance maintains the physical and psychological condition of employees so that they remain productive (Dihaq et al., 2022; Meria & Tamzil, 2021).

Although many studies have found that self-efficacy and work-life balance contribute positively to employee performance (Fadlan et al., 2025; Greenhaus & Allen, 2011), a number of studies have shown inconsistent or insignificant results in certain organizational contexts (De Cuyper & De Witte, 2007). These differing findings indicate a research gap, particularly regarding the psychological mechanisms that explain how self-efficacy and work-life balance translate into performance. Employee engagement is seen as an intervening variable that has the potential to bridge individual and work environment factors with actual employee performance (Letsoin & Ratnasari, 2020).

Based on this gap, this study aims to analyze the role of employee engagement in channeling self-efficacy and work-life balance to employee performance in the furniture industry. Taking the context of furniture export companies in Jepara, this study is expected to provide theoretical contributions to the development of human resource management studies as well as practical recommendations for companies in designing HR management policies oriented towards increasing employee engagement and performance in a sustainable manner.

METHOD

Research Design

This study is an explanatory (causal) study that uses a quantitative approach to test the cause-and-effect relationship between variables through hypothesis testing. Data were collected from respondents and analyzed statistically to obtain objective and measurable conclusions (Sugiyono, 2017; Bandur & Prabowo, 2021). The focus of this study is to examine the role of Self-Efficacy and Work-Life Balance as independent variables on Employee Performance, with Employee Engagement as a mediating variable that explains the mechanism of indirect relationships between variables (Sugiyono, 2017). Through this approach, the study is expected to produce valid and generalizable empirical findings, as well as provide theoretical and practical contributions to the formulation of strategies for improving employee performance.

Research Location

This research was conducted at CV Fatma Furniture Jepara, located in Tahunan, Jepara, Central Java. This company was chosen as the research subject because it reflects the dynamic conditions of the local furniture industry, where employees are required not only to maintain product quality and design innovation, but also to be able to work productively, adaptively, and with motivation in the face of rapid market changes.

Sampel

The population in this study was all 189 employees of CV Fatma Furniture Jepara based on company data for 2025, where the population is understood as all subjects who are the focus of research within certain space and time constraints (Arikunto, 2019). The

sample was determined to obtain representative data from the population, using the Slovin formula (Sugiyono, 2017), namely:

$$n = \frac{N}{1 + N\ (e^2)}$$

Where N is the population size and e is the specified error rate. With an error rate of 5% (e = 0.05), the sample size obtained is:

$$n = \frac{N}{1 + N\ (e^2)}$$

$$n = \frac{189}{1 + 189\ (0{,}5^2)}$$

$$n = \frac{189}{1 + 1{,}4725}$$

$$n = 128{,}25$$

The sample was then rounded up to 128 respondents. The sampling technique used was purposive sampling, which is the selection of samples based on certain criteria, namely employees who have worked for at least one year and are directly involved in the company's operational activities, so that the sample obtained is expected to represent the population and provide an accurate picture of self-efficacy, work-life balance, employee engagement, and employee performance. (Sugiyono, 2017).

Data Collection

The data collection method in this study used a closed questionnaire compiled based on the indicators of each research variable, so that respondents provided answers according to the actual conditions and the data obtained was easy to process quantitatively (Sugiyono, 2017). The measurement of respondents' attitudes, opinions, and perceptions was carried out using a Likert scale because it is able to describe the level of respondent agreement in a structured and measurable manner (Swarjana, 2022). The scale used consisted of favorable (F) and unfavorable (UF) statements with four response categories, allowing the data to be analyzed statistically and accurately reflecting the empirical conditions of the respondents.

Table 1. Likert scale

Type of Statement	Sangat Tidak Sesuai/STS (1)	Tidak Sesuai/TS (2)	Sesuai/S (3)	Sangat Sesuai/SS (4)
Favorable (F)	1	2	3	4
Unfavorable (UF)	4	3	2	1

Source: (Sugiyono, 2017; Swarjana, 2022)

Data Analysis

The data analysis technique used in this study was Partial Least Square–Structural Equation Modeling (PLS-SEM) with the help of SmartPLS 4 student version. The analysis included testing the outer model to ensure the validity and reliability of the indicators, as well as the inner model to assess the strength and accuracy of the

relationship between variables through R-Square and Q-Square values. Hypothesis testing was conducted using the bootstrapping method to determine the direct and indirect effects between variables. Furthermore, mediation analysis was used with the Variance Accounted For (VAF) approach to assess the role of mediating variables in explaining the relationship between variables in the research model.

Table 2. Outer Model Testing Criteria

Testing Aspect	Assessment Indicator	Feasibility Criteria
Convergent Validity	Loading Factor	> 0,70
	AVE	> 0,50
Discriminant Validity	Cross Loading	Higher in its construction
Reliability	Cronbach's Alpha	> 0,60
	Composite Reliability	> 0,70

Source: (Ghozali, 2016)

Table 3. Inner Model Evaluation Criteria

Test	Indicator	Description
Coefficient of Determination (R^2)	0,19–0,32	Weak
	0,33–0,66	Moderate
	> 0,67	Strong
Predictive Relevance (Q^2)	> 0	Model has predictive relevance

Source: (Ghozali, 2016)

Table 4. Hypothesis Testing Criteria

Criteria	Indicators
T-Statistics	> 1,96
P-value	< 0,05
Significance Level	5%

Source: (Ghozali, 2016)

Table 5. Mediation Effect Level (VAF)

VAF Value	Interpretation
< 20%	No mediation
20% – 80%	Partial mediation
> 80%	Full mediation

Source: (Ghozali, 2016).

FINDINGS AND DISCUSSION

Analysis of Research Results

This study used SmartPLS version 4.0 to analyze the measurement model (outer model). The PLS Algorithm model used in this study is shown in the following figure.

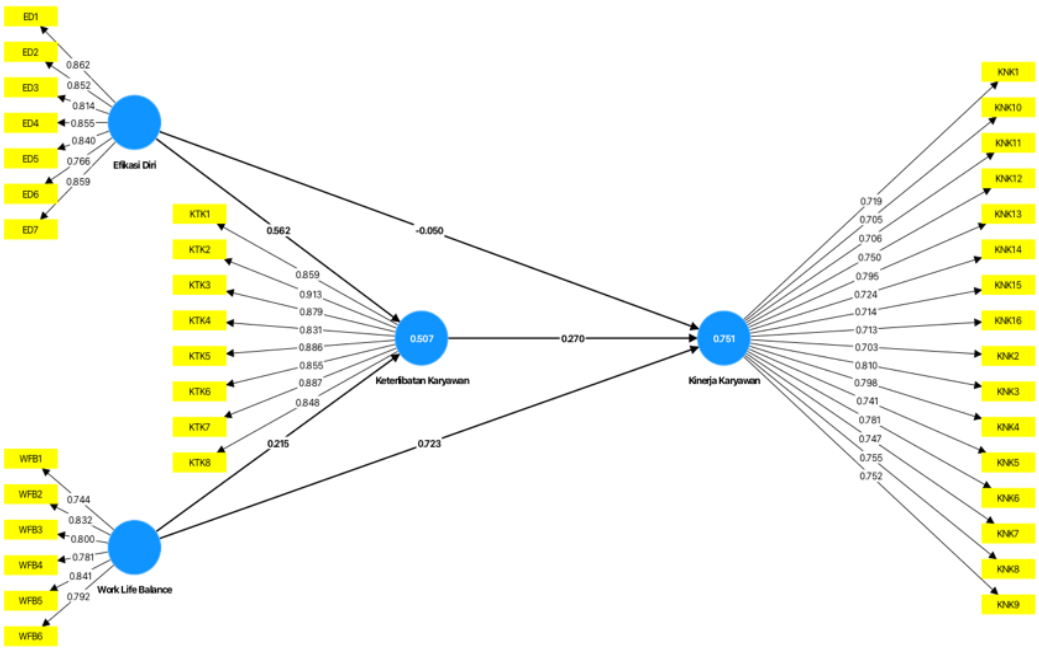

Figure 1. Algorithm PLS Model

Model measurement testing was conducted to assess the feasibility of research instruments through three main criteria, namely convergent validity, discriminant validity, and construct reliability. The focus of testing in this section was convergent validity, which was measured through outer loading values and Average Variance Extracted (AVE).

Table 6. Outer Loading Value

Construct	*Outer Loading*	AVE	Description
ED1	0,862		
ED2	0,852		
ED3	0,814		
ED4	0,855	0,699	Valid
ED5	0,840		
ED6	0,766		
ED7	0,859		
WFB1	0,744		
WFB2	0,832		
WFB3	0,800		
WFB4	0,781	0,638	Valid
WFB5	0,841		
WFB6	0,792		
WFB6	0,744		
KT1	0,859		
KT2	0,913		
KT3	0,879		
KT4	0,831	0,757	Valid
KT5	0,886		
KT6	0,855		
KT7	0,887		
KT8	0,848		

Construct	*Outer Loading*	AVE	Description
KNK1	0,719	0,555	Valid
KNK2	0,703		
KNK3	0,810		
KNK4	0,798		
KNK5	0,741		
KNK6	0,781		
KNK7	0,747		
KNK8	0,755		
KNK9	0,752		
KNK10	0,705		
KNK11	0,706		
KNK12	0,750		
KNK13	0,795		
KNK14	0,724		
KNK15	0,714		
KNK16	0,713		

Source: Processed Primary Data, 2025

Based on the results of the analysis in the table above, all indicators in each variable have an outer loading value greater than 0.70 and an AVE value above 0.50. This shows that each indicator is able to represent its construct well and meets the criteria for convergent validity.

Discriminant validity testing in this study was conducted using the Fornell-Larcker Criterion, which compares the square root of AVE for each construct with the correlation between constructs. A construct is considered to meet discriminant validity if the Fornell-Larcker Criterion value is greater than 0.70 and higher than the correlation with other constructs.

Table 7. Discriminant Validity Test

Construct	ED	KTK	KNK	WFB
ED	0,836			
KTK	0,691	0,870		
KNK	0,569	0,634	0,745	
WFB	0,599	0,552	0,842	0,799

Source: Processed Primary Data, 2025

Based on the table above, it can be seen that the diagonal values (AVE square roots) of each construct, namely Self-Efficacy (0.836), Employee Engagement (0.870), Employee Performance (0.745), and Work-Life Balance (0.799), are greater than the correlation values between other constructs. These results indicate that each construct has a good ability to differentiate itself from other constructs.

The reliability test aims to determine the level of consistency and reliability of the research instrument. Reliability testing in this study was conducted using two measures, namely Cronbach's Alpha and Composite Reliability, with the required value being greater than 0.70.

Table 8. Nilai Composite Reliability dan Cronbach's Alpha

Construct	*Cronbach's Alpha*	*Composite Reliability*	Description
ED	0,928	0,932	Reliable
WFB	0,887	0,898	
KTK	0,954	0,957	
KNK	0,947	0,951	

Source: Processed Primary Data, 2025

From the table above, all constructs in this study have Cronbach's Alpha and Composite Reliability values above 0.70. This indicates that the indicators used have a very good level of internal consistency.

Structural model testing (inner model) aims to determine the relationship between latent constructs and assess the model's ability to explain and predict endogenous variables. This test includes Goodness of Fit (GoF), Coefficient of Determination (R-Square), and Q-Square (Predictive Relevance).

Table 9. Nilai Goodnes of Fit (GoF)

Construct	*Saturated Model*	*Estimated Model*
SRMR	0,092	0,092
NFI	0,563	0,563

Source: Processed Primary Data, 2025

Based on the table, the Normed Fit Index (NFI) value is 0.563, which is in the strong category because it exceeds the criterion limit of > 0.36. This indicates that the research model has a good level of conformity between the empirical data and the constructed model, so it can be stated that the structural model is feasible for further analysis.

Table 10. R-Square Value

Variable (Construct)	*R-Square*	*R-Square Adjusted*
KTK	0,507	0,499
KNK	0,751	0,745

Source: Processed Primary Data, 2025

Based on the table above, the R-Square value for Employee Performance (KNK) is 0.751 with an Adjusted R-Square value of 0.745. These results indicate that the exogenous variables in this study together explain 75.1% of the variation in Employee Performance, which falls into the strong influence category. Meanwhile, the remaining 24.9% is influenced by other variables or indicators that are not included in the research model.

Table 11. Q-Square Value

	SSO	SSE	Q^2 (=1-SSE/SSO)
ED	896,000	364,163	0,594
WFB	768,000	391,888	0,490
KTK	1024,000	325,633	0,682
KNK	2048,000	1052,122	0,486

Source: Processed Primary Data, 2025

Based on the table, the Q-Square Employee Performance (KNK) value is 0.486, which is greater than 0. This indicates that the research model has good predictive relevance, meaning that the model is able to accurately predict observational data.

Hypothesis Testing Results

The results of testing the direct effect between variables can be seen in the following table:

Table 12. Direct Effect

Variable	*Original Sample (O)*	*Sample Mean (M)*	*Standard Deviation (STDEV)*	*T Statistics (|O/STDEV|)*	*P Values*
ED -> KNK	-0,050	-0,048	0,089	0,563	0,287
ED -> KTK	0,562	0,566	0,084	6,676	0,000
KTK -> KNK	0,270	0,274	0,092	2,926	0,002
WFB -> KTK	0,215	0,214	0,098	2,205	0,014
WFB -> KNK	0,723	0,718	0,066	10,951	0,000

Source: Processed Primary Data, 2025

Based on the test results in the table above, the results of the hypothesis testing can be explained as follows:

1. Self-Efficacy on Employee Performance (ED → KNK)
   Self-Efficacy does not have a significant effect on Employee Performance, with an original sample value of -0.050, t-statistic of 0.563, and p-value of 0.287 (> 0.05). Thus, the hypothesis of a direct effect of Self-Efficacy on Employee Performance is rejected.
2. Self-Efficacy on Employee Engagement (ED → KTK)
   Self-Efficacy has a positive and significant effect on Employee Engagement, as indicated by an original sample value of 0.562, a t-statistic of 6.676, and a p-value of 0.000 (< 0.05). Therefore, the hypothesis is accepted.
3. Employee Engagement on Employee Performance (KTK → KNK)
   Employee Engagement has a positive and significant effect on Employee Performance with an original sample value of 0.270, a t-statistic of 2.926, and a p-value of 0.002 (< 0.05). Thus, the hypothesis is accepted.
4. Work-Life Balance on Employee Engagement (WFB → KTK)
   Work-Life Balance has a positive and significant effect on Employee Engagement, with an original sample value of 0.215, a t-statistic of 2.205, and a p-value of 0.014 (< 0.05). Therefore, the hypothesis is accepted.
5. Work-Life Balance on Employee Performance (WFB → KNK)
   Work-Life Balance has a positive and significant effect on Employee Performance, as indicated by the original sample value of 0.723, t-statistic of 10.951, and p-value of 0.000 (< 0.05). Thus, the hypothesis is accepted and shows the strongest effect compared to other variables.

The results of the specific indirect effect test can be seen in the following table:

Table 13. Indirect Effect

Variable	*Original Sample (O)*	*Sample Mean (M)*	*Standard Deviation (STDEV)*	*T Statistics (|O/STDEV|)*	*P Values*
ED -> KTK -> KNK	0,152	0,157	0,063	2,423	0,008
WFB -> KTK -> KNK	0,058	0,059	0,035	1,651	0,049

Source: Processed Primary Data, 2025

Based on the table above, the results of the indirect effect test can be explained as follows:

1. Self-Efficacy on Employee Performance through Employee Engagement (ED → KTK → KNK)
   Self-Efficacy has an indirect effect on Employee Performance through Employee Engagement, with an original sample value of 0.152, a t-statistic of 2.423 (> 1.65), and a p-value of 0.008 (< 0.05). These results indicate that Employee Engagement mediates the effect of Self-Efficacy on Employee Performance, thus accepting the mediation hypothesis.
2. Work Life Balance on Employee Performance through Employee Engagement (WFB → KTK → KNK)
   Work Life Balance has an indirect effect on Employee Performance through Employee Engagement, with an original sample value of 0.058, a t-statistic of 1.651 (> 1.65), and a p-value of 0.049 (< 0.05). This indicates that Employee Engagement mediates the effect of Work-Life Balance on Employee Performance, thus accepting the mediation hypothesis.

The results of the study indicate that Self-Efficacy does not have a direct effect on Employee Performance, as evidenced by a t-statistic value of 0.563 < 1.65 and a p-value of 0.287 > 0.05, thus rejecting the hypothesis. This indicates that high employee self-confidence does not necessarily improve performance directly, because performance is also influenced by other contextual factors such as the work environment and organizational support, so that self-efficacy tends to play a role as a psychological factor that requires mediating variables to have an impact on performance.

Self-efficacy has a positive and significant effect on Employee Engagement, with a t-statistic value of 6.676 > 1.65 and a p-value of 0.000 < 0.05, thus accepting the hypothesis. This finding confirms that the higher the employees' confidence in their abilities, the higher their level of engagement in their work and organization, as reflected in their pride, commitment, and motivation to contribute their best to the company.

Employee Engagement has a positive and significant effect on Employee Performance, as evidenced by a t-statistic value of 2.926 > 1.65 and a p-value of 0.002 < 0.05, thus accepting the hypothesis. These findings indicate that the higher the level of emotional and cognitive engagement of employees in their work, the better their performance, both in terms of achieving work targets and teamwork.

Work-life balance has a positive and significant effect on employee engagement, with a t-statistic value of 2.205 > 1.65 and a p-value of 0.014 < 0.05, thus accepting the

hypothesis. This finding indicates that the better the balance between work and personal life felt by employees, the higher their level of engagement with their work and organization, as reflected in their sense of comfort, satisfaction, and desire to continue contributing optimally.

Work-life balance has a positive and significant effect on employee performance, with a t-statistic value of 10.951 > 1.65 and a p-value of 0.000 < 0.05, thus accepting the hypothesis. These findings confirm that Work-Life Balance is the strongest predictor in the research model, where a good balance between work and personal life can optimally improve employee performance, particularly in terms of accuracy, consistency in work rhythm, and enthusiasm and responsibility in completing tasks.

Self-efficacy has a significant effect on employee performance through employee engagement, with a t-statistic value of 2.423 > 1.65 and a p-value of 0.008 < 0.05, thus accepting the mediation hypothesis. This finding confirms that although self-efficacy does not directly affect performance, self-efficacy plays a role in increasing employee engagement, which in turn drives performance improvement, so that employee engagement functions as a mediating variable that bridges the relationship between self-efficacy and employee performance.

The test results show that Employee Engagement mediates the relationship between Work-Life Balance and Employee Performance, with a t-statistic value of 1.651 > 1.65 and a p-value of 0.049 < 0.05, thus accepting the hypothesis. These findings confirm that in addition to having a direct effect on performance, Work-Life Balance also improves performance indirectly through increased employee engagement, where a good work-life balance fosters job satisfaction and commitment, which ultimately has a positive impact on employee performance.

CONCLUSION

Based on theoretical analysis and research findings, it can be concluded that the performance of CV Fatma Furniture Jepara employees is significantly influenced by self-efficacy, work-life balance, and employee engagement, which are interrelated. Self-efficacy and work-life balance have been proven to increase employee engagement, which in turn plays an important role in driving performance improvement. Employees who have high self-confidence and are able to maintain a balance between work and personal life tend to be more engaged, motivated, and responsible at work, enabling them to perform optimally. Thus, the synergy between individual confidence, life balance, and engagement levels is a key factor in increasing productivity and organizational success.

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