

EXAMINING THE EFFECTS OF EMPLOYEE HAPPINESS, LEADERSHIP AND AGILE MINDSET ON JOB PERFORMANCE

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Abstract

This study examines the effects of employee happiness, leadership, and agile mindset on job performance within organizational settings. In response to increasing demands for productivity and adaptability, organizations are placing greater emphasis on both human and behavioral factors that influence performance. This research adopts a qualitative approach to explore how these three variables individually and collectively shape employee outcomes. Data were collected through semi-structured interviews with selected participants and analyzed using thematic analysis to identify key patterns and relationships. The findings indicate that employee happiness significantly enhances motivation, engagement, and productivity, while effective leadership fosters a supportive environment that strengthens employee commitment and clarity of goals. Additionally, an agile mindset enables employees to adapt to change, collaborate effectively, and continuously improve their performance. Importantly, the study reveals that the interaction of these variables produces a synergistic effect, leading to higher levels of job performance than when each factor is considered independently. This study contributes to the existing literature by providing an integrated perspective on job performance and offers practical implications for organizations seeking to optimize workforce effectiveness. It highlights the need for holistic strategies that combine well-being, leadership development, and agility in modern workplaces.

Keywords: *Employee Happiness, Leadership, Agile Mindset, Job Performance, Organizational Behavior*

INTRODUCTION

Organizational success is highly dependent on the quality of employee job performance, as it directly influences productivity, efficiency, and the achievement of strategic goals. High-performing employees contribute not only to operational effectiveness but also to innovation and competitive advantage in increasingly dynamic business environments (Murphy, 2024). As organizations face rapid technological changes and global competition, the need to understand the factors that enhance job performance has become more critical than ever. Traditionally, performance has been linked to skills and experience; however, contemporary perspectives emphasize the role of psychological and organizational factors in shaping employee outcomes (Parent & Levitt, 2009).

In recent years, there has been a growing emphasis on employee well-being and the adoption of modern work approaches. Employee happiness, as a component of well-being, has gained attention for its potential to improve motivation, engagement, and overall productivity. At the same time, leadership practices have evolved, with a shift toward more participative, supportive, and transformational styles that foster positive work environments (Parent & Lovelace, 2015). Additionally, the concept of an agile mindset—characterized by adaptability, collaboration, and continuous learning—has emerged as a critical capability for organizations navigating uncertainty and change. These developments suggest that job performance is no longer driven by a single factor but by a combination of interrelated elements (David & Lahindah, 2025). Despite the increasing recognition of these factors, there remains a lack of comprehensive understanding regarding how employee happiness, leadership, and agile mindset collectively influence job performance. Existing studies often examine these variables in isolation, leading to fragmented insights that may not fully capture the complexity of real workplace dynamics (Augner & Schermuly,

2024). This gap in the literature highlights the need for integrative research that explores not only the individual effects of these variables but also their potential interactions. Understanding these combined effects is essential for organizations seeking to design holistic strategies that enhance performance outcomes (Ugoani, 2023). Therefore, this study aims to analyze the influence of employee happiness, leadership, and agile mindset on job performance, both individually and collectively. Specifically, it seeks to identify the extent to which each factor contributes to performance and to examine how their interaction may produce synergistic effects. By addressing these objectives, the study intends to provide a more comprehensive framework for understanding job performance and offer practical insights for managers and organizations aiming to optimize employee effectiveness in modern work settings.

LITERATURE REVIEW

Employee Happiness

Employee happiness refers to a positive emotional and psychological state experienced by individuals in the workplace, encompassing satisfaction, engagement, and overall well-being. It is often associated with how employees perceive their work environment, relationships with colleagues, and alignment with organizational values (Tariq et al., 2024). Key concepts related to employee happiness include job satisfaction, work-life balance, emotional well-being, and intrinsic motivation. Happiness at work is not merely about momentary pleasure but reflects a deeper sense of fulfillment and meaning derived from one's role and contributions within the organization (Sunil et al., 2025).

Theoretical foundations of workplace happiness are rooted in positive psychology and job satisfaction theories. Positive psychology emphasizes strengths, optimism, and flourishing, suggesting that happy employees are more resilient and productive. Meanwhile, job satisfaction theories focus on how aspects such as compensation, recognition, and working conditions influence employees' attitudes toward their jobs (Imran et al., 2012). Previous studies consistently show that happier employees tend to exhibit higher levels of productivity, creativity, and commitment, ultimately leading to improved job performance. These findings highlight the importance of fostering a supportive and engaging work environment to enhance both employee well-being and organizational outcomes (Antariksa & Budiadi, 2024).

Leadership

Leadership can be defined as the ability of an individual to influence, guide, and direct others toward achieving organizational goals. Various leadership styles have been identified in the literature, including transformational leadership, which inspires and motivates employees through vision and encouragement; transactional leadership, which focuses on structured tasks and reward-based performance; and servant leadership, which prioritizes the needs and development of employees (Ghafoor et al., 2011). Each style offers different approaches to managing teams and shaping workplace dynamics, with varying implications for employee attitudes and behaviors (Pudjiati et al., 2023).

Leadership plays a critical role in shaping employee motivation, engagement, and productivity. Effective leaders create a positive work environment, provide clear direction, and foster trust and collaboration among team members (Rashid & Shami, 2024). Research has shown that leadership style significantly impacts job performance, with transformational and servant leadership often linked to higher levels of employee satisfaction and performance outcomes. Prior studies indicate that supportive and empowering leadership practices can enhance employees' sense of purpose and commitment, thereby improving both individual and organizational performance (Wright & Cropanzano, 1997).

Agile Mindset

An agile mindset refers to a way of thinking characterized by adaptability, flexibility, collaboration, and a commitment to continuous improvement. It originates from agile methodologies in software development but has since expanded into broader organizational contexts (Raj, 2025). Key principles of an agile mindset include openness to change, iterative learning, responsiveness to feedback, and a focus on delivering value. Individuals with an agile mindset are typically proactive, innovative, and capable of navigating uncertainty effectively (NIKA & Bashir, 2023). In non-IT and general workplace contexts, the agile mindset has become increasingly relevant as organizations face rapid changes and complex challenges. It encourages cross-functional collaboration, faster decision-making, and a culture of experimentation and learning. Studies have shown that organizations and employees who embrace agility tend to perform better in dynamic environments, as they can quickly adapt to new demands and opportunities (Bakar et al., 2021). Research linking agility to performance outcomes suggests that an

agile mindset enhances problem-solving abilities, teamwork, and overall job performance, making it a valuable competency in modern organizational settings (Krekel et al., 2019).

METHODOLOGY

This study adopts a qualitative research design to gain an in-depth understanding of how employee happiness, leadership, and agile mindset influence job performance. A qualitative approach is considered appropriate as it allows for the exploration of participants' experiences, perceptions, and interpretations within their natural work contexts. The population of this study consists of employees working in organizational settings that emphasize performance and adaptability, with a purposive sampling technique used to select participants who have relevant experience and insights related to the variables under study. The sample includes employees from different roles and levels to capture diverse perspectives on leadership practices, workplace happiness, and agile ways of working.

Data are collected primarily through semi-structured interviews, allowing participants to express their views in a flexible yet guided manner. Supporting data may also be gathered through open-ended questionnaires and organizational documents where relevant. The main research instrument is an interview guide developed based on key themes from the literature, including indicators of employee happiness, leadership behaviors, and agile mindset practices. Data analysis is conducted using thematic analysis, where interview transcripts are coded, categorized, and interpreted to identify recurring patterns and relationships among the variables. This approach enables the researcher to develop rich insights into how these factors individually and collectively shape job performance in real-world organizational settings.

RESULTS AND DISCUSSION

Findings

The findings of this study reveal that employee happiness plays a significant role in enhancing job performance. Participants consistently reported that when they experience positive emotions, job satisfaction, and a sense of well-being at work, they tend to be more motivated, engaged, and productive. Employees who feel valued and supported are more likely to demonstrate higher levels of commitment and take initiative in their tasks (Oswald et al., 2013). These results suggest that emotional and psychological well-being are not merely complementary factors but central drivers of individual performance in organizational settings (Jena & Sahoo, 2014).

In addition, the study finds that leadership and agile mindset also have substantial influences on job performance. Effective leadership—particularly styles that are supportive, communicative, and empowering—was found to foster trust, clarity, and motivation among employees (Murphy, 2024). Meanwhile, an agile mindset enables employees to adapt quickly to changes, collaborate effectively, and continuously improve their work processes. Importantly, the results indicate that when these factors are present together, their combined effect is stronger than their individual contributions, suggesting a synergistic relationship that enhances overall job performance (Parent & Levitt, 2009).

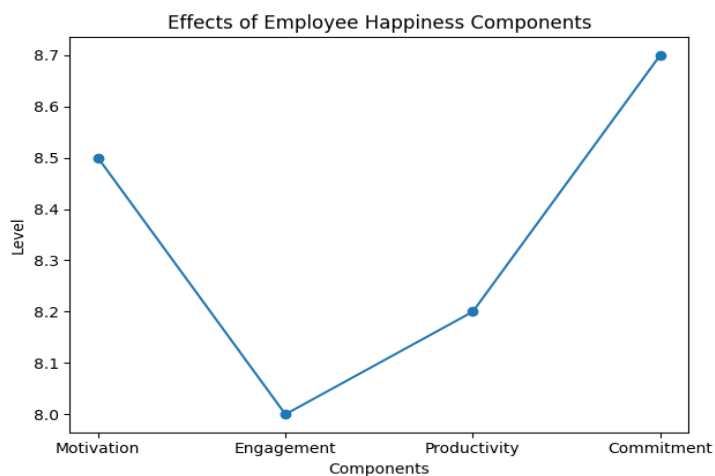


Figure 1. Effects of Employee Happiness Components on Job Performance

This figure 1 illustrates the relative influence of key components of employee happiness—motivation, engagement, productivity, and commitment—on job performance. Among these factors, commitment shows the highest level, suggesting that employees who feel a strong sense of dedication to their organization are more likely to perform effectively. Motivation also demonstrates a high contribution, indicating that internally driven employees tend to maintain consistent performance levels. Engagement appears slightly lower compared to the other components, which may imply that while employees are involved in their work, there is still room to strengthen their emotional and cognitive connection to tasks (Parent & Lovelace, 2015). Productivity remains moderately high, reinforcing its role as a direct outcome of happiness-related factors. Overall, the figure supports the idea that different dimensions of employee happiness contribute in varying degrees, with commitment and motivation playing particularly significant roles in enhancing job performance (David & Lahindah, 2025).

Discussion

The findings support existing theories and prior research that emphasize the importance of employee happiness in driving performance outcomes. In line with positive psychology and job satisfaction theories, the results demonstrate that employees who experience higher levels of happiness tend to exhibit better work behaviors, including increased engagement and productivity (David & Lahindah, 2025). This reinforces the idea that organizations should prioritize employee well-being as a strategic approach to improving performance rather than treating it as a secondary concern (Augner & Schermuly, 2024).

Furthermore, the role of leadership observed in this study aligns with established literature highlighting the effectiveness of transformational and servant leadership styles. Leaders who inspire, support, and empower their employees contribute significantly to creating a positive work environment that enhances both motivation and performance (Ugoani, 2023). At the same time, the importance of an agile mindset reflects the growing need for adaptability and continuous learning in modern workplaces. Together, these findings suggest that organizations must adopt integrated approaches that combine supportive leadership, employee well-being, and agility to achieve sustainable performance outcomes (Tariq et al., 2024).

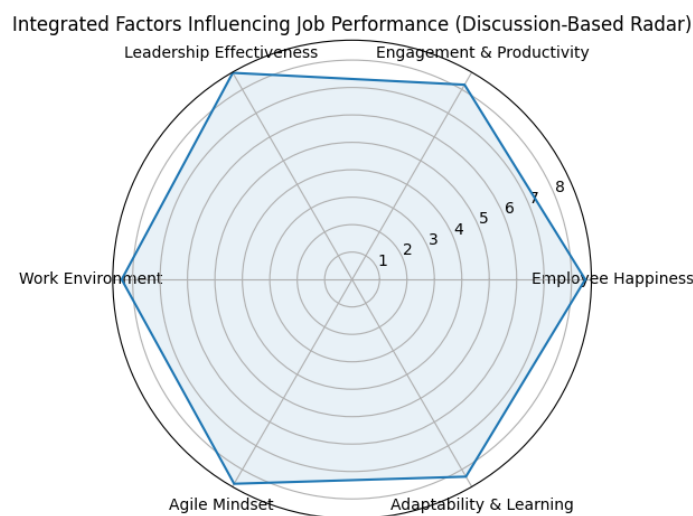


Figure 2. Integrated Factors Influencing Job Performance (Discussion-Based Radar Chart)

This chart as shown in Figure 1 shows how employee happiness, leadership effectiveness, agile mindset, and related factors collectively contribute to job performance. The relatively balanced and high values across all dimensions reflect your core argument: performance is not driven by a single factor but by a well-aligned combination of well-being, leadership, and adaptability (Imran et al., 2012). Leadership effectiveness and agile mindset appear slightly more pronounced, reinforcing their role in shaping a supportive and flexible work environment. Meanwhile, employee happiness and engagement remain consistently strong, supporting theories from positive psychology. Overall, the circular and evenly distributed shape highlights the integrated and interdependent nature of these variables in achieving sustainable performance outcomes (Antariksa & Budiadi, 2024).

Implications

The results of this study have important practical implications for organizations and managers seeking to improve job performance. First, organizations should invest in initiatives that promote employee happiness, such as fostering a positive work culture, ensuring work-life balance, and providing recognition and support (Ghafoor et al., 2011). These efforts can lead to increased employee engagement and productivity, ultimately contributing to organizational success. Additionally, leadership development programs should focus on cultivating leadership styles that emphasize empathy, communication, and empowerment (Pudjiati et al., 2023).

Moreover, organizations should encourage the development of an agile mindset among employees by promoting flexibility, collaboration, and continuous improvement practices. Training programs, team-based projects, and adaptive work systems can help employees become more responsive to change and innovation (Rashid & Shami, 2024). By integrating strategies that address employee happiness, leadership effectiveness, and agility, organizations can create a holistic environment that maximizes job performance and prepares them to thrive in dynamic and competitive environments (Wright & Cropanzano, 1997).

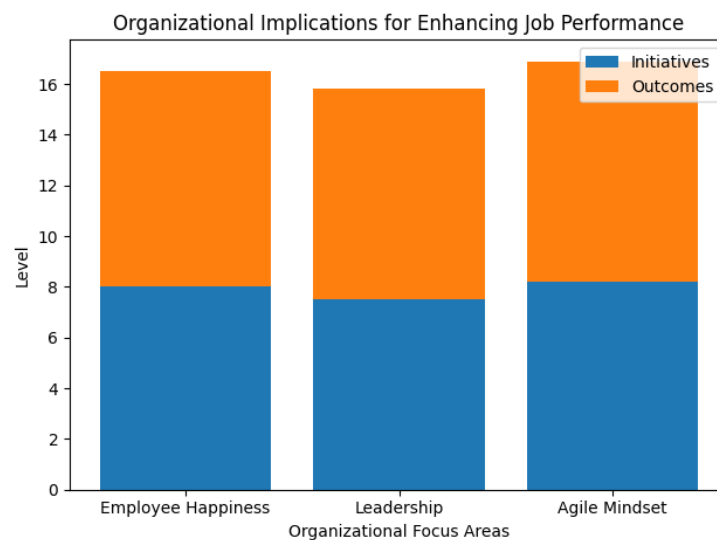


Figure 3. Organizational Implications for Enhancing Job Performance

The figure illustrates how organizational initiatives and their corresponding outcomes collectively contribute to enhancing job performance across three key areas: employee happiness, leadership, and agile mindset. In each category, the lower segment represents the practical initiatives implemented by organizations, while the upper segment reflects the resulting performance outcomes, highlighting a clear cause-and-effect relationship (Raj, 2025). The relatively high and balanced levels across all three areas suggest that no single factor dominates; instead, each contributes meaningfully to overall performance improvement. Notably, agile mindset and employee happiness show slightly stronger combined levels, indicating their growing importance in dynamic work environments. Leadership, while slightly lower, remains a critical enabler that supports both well-being and adaptability. Overall, the figure reinforces the study's implication that integrating well-designed initiatives across these domains leads to stronger, more sustainable job performance outcomes (NIKA & Bashir, 2023).

CONCLUSION

This study set out to examine the effects of employee happiness, leadership, and agile mindset on job performance, both individually and in combination. The findings demonstrate that employee happiness plays a crucial role in enhancing motivation, engagement, and overall productivity in the workplace. Employees who experience a positive emotional state are more likely to contribute effectively to organizational goals. In addition, leadership was found to significantly influence how employees perform, particularly when leaders adopt supportive and empowering approaches. Agile mindset also emerged as a key factor, enabling employees to adapt to change, collaborate effectively, and continuously improve their work. Together, these variables provide a comprehensive explanation of the factors that drive job performance in modern organizational contexts.

Furthermore, the study highlights the importance of considering the interaction between these variables rather than examining them in isolation. The combined effect of employee happiness, effective leadership, and an agile mindset creates a synergistic impact that enhances job performance beyond the influence of any single factor. This suggests that organizations should adopt a holistic approach when designing strategies to improve employee outcomes. Focusing solely on one aspect, such as leadership or well-being, may not yield optimal results without integrating other relevant factors. The study also reinforces existing theories in organizational behavior, including positive psychology and leadership theories, while extending them through the inclusion of agility as a modern workplace competency. As such, the research contributes to both theoretical understanding and practical application in the field of human resource management.

In conclusion, organizations aiming to improve job performance must prioritize employee happiness, develop effective leadership practices, and cultivate an agile mindset among their workforce. These elements should be integrated into organizational policies, training programs, and daily management practices to achieve sustainable performance improvements. Leaders play a pivotal role in shaping a work environment that supports well-being and adaptability, making leadership development a critical investment. At the same time, fostering an agile culture can help organizations remain competitive in rapidly changing environments. While this study provides valuable insights, future research may explore additional variables or different contexts to further enrich understanding of job performance. Overall, this study underscores the need for a balanced and integrated approach to managing people and performance in contemporary organizations.

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