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How Human Relations Drive Employee Performance: The Mediating Role of Employee Well-being in Indonesia's Consumer Finance Industry

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The author(s) declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

ABSTRACT

Purpose: This study examines the effect of human relations on employee performance and investigates the mediating role of employee well-being in Indonesia's consumer finance industry.

Research Method: A quantitative explanatory research design was employed using survey data collected from 220 permanent employees of consumer finance companies in Makassar, Indonesia, selected through purposive sampling. The proposed hypotheses were tested using Structural Equation Modeling based on Partial Least Squares (SEM-PLS) with SmartPLS 4.0.

Results and Discussion: The findings reveal that human relations positively and significantly influence both employee well-being and employee performance. Employee well-being also exerts a positive effect on employee performance and partially mediates the relationship between human relations and employee performance. These results suggest that effective interpersonal relationships characterized by communication, trust, teamwork, and social support enhance employee well-being, which subsequently improves individual performance.

Implications: The findings provide practical guidance for managers in consumer finance companies to strengthen interpersonal relationships and employee well-being as strategic human resource initiatives to improve organizational performance. Future studies are encouraged to examine additional organizational and psychological factors across broader industrial settings.

Originality: This study extends the integration of Social Exchange Theory, Job Demands–Resources Theory, and Conservation of Resources Theory by demonstrating the mediating role of employee well-being in explaining how human relations enhance employee performance within Indonesia's consumer finance industry.

Introduction

The consumer finance industry has become one of the fastest-growing sectors within Indonesia's financial services landscape, driven by rapid digital transformation, evolving customer expectations, and increasingly competitive market dynamics. The expansion of digital financing services, including Buy Now Pay Later (BNPL) schemes and technology-enabled lending platforms, has accelerated organizational growth while simultaneously intensifying operational complexity. In this environment, consumer finance companies are expected not only to maintain financial performance and regulatory compliance but also to deliver responsive, efficient, and customer-oriented services. These developments place considerable pressure on employees, who are required to achieve demanding performance targets, adapt to technological change, and sustain high-quality customer interactions. Consequently, organizational success is no longer determined solely by financial capital or technological capability but also by the organization's ability to manage its human resources effectively through supportive interpersonal relationships and a healthy work environment.

Human resources have therefore emerged as a strategic asset in achieving sustainable organizational performance within the consumer finance industry. Employees operating in this sector frequently encounter high workloads, strict performance indicators, continuous customer engagement, and increasing psychological demands associated with digitalized work processes. Under such conditions, fostering positive human relations becomes essential for maintaining employee well-being and ensuring consistent performance. Human relations, characterized by effective communication, mutual trust, collaboration, respect, and interpersonal support, create a workplace climate that enables employees to cope with job demands while strengthening their commitment and productivity. As organizations increasingly recognize that employee performance depends not only on technical competence but also on the quality of social interactions in the workplace, understanding the mechanisms through which human relations contribute to employee well-being and performance has become an important issue in contemporary human resource management research.

Recent studies have increasingly recognized that human relations constitute a strategic organizational resource that extends beyond facilitating interpersonal communication. Within contemporary human resource management literature, positive workplace relationships have been associated with higher employee engagement, organizational commitment, psychological safety, and individual performance across diverse organizational settings. These relationships enable employees to exchange knowledge, develop mutual trust, and build collaborative work environments that enhance both individual and organizational effectiveness. As organizations continue to operate in increasingly uncertain and competitive environments, researchers have argued that the quality of interpersonal relationships should be viewed as a critical organizational capability rather than merely a social interaction among employees. Consequently, human relations have attracted growing scholarly attention as a determinant of sustainable employee performance.

Alongside the growing interest in human relations, employee well-being has emerged as another central issue in organizational research. Contemporary studies consistently suggest that employee well-being encompasses not only physical and psychological health but also employees' overall work experiences, including job satisfaction, work-life balance, emotional stability, and perceived organizational support. Employees with higher levels of well-being generally demonstrate stronger work engagement, greater resilience, improved service quality, and superior job performance. Furthermore, recent evidence indicates that employee well-being frequently functions as an important psychological mechanism through which organizational practices influence employee attitudes and behaviors. Rather than acting solely as an organizational outcome, employee well-being has increasingly been conceptualized as an intermediate process linking workplace conditions to individual performance.

Although previous research has substantially advanced understanding of the relationships among workplace relationships, employee well-being, and employee performance, existing findings remain fragmented. Most empirical studies have examined these constructs independently or focused on direct relationships without adequately explaining the underlying mechanisms that connect them. Moreover, empirical evidence has predominantly originated from banking, healthcare, education, manufacturing, and public sector organizations, while considerably less attention has been devoted to Indonesia's consumer finance industry. Given the distinctive characteristics of this industry—including aggressive performance targets, intensive customer interaction, rapid digital transformation, and highly competitive business environments—the applicability of existing findings cannot be assumed without further empirical investigation.

Despite the growing body of literature on human relations, employee well-being, and employee performance, several important research gaps remain unresolved. First, an empirical gap exists regarding the mediating role of employee well-being. While numerous studies have confirmed that positive workplace relationships improve employee performance, the findings concerning the psychological processes underlying this relationship remain inconsistent. Some studies identify employee well-being as a significant mediating mechanism, whereas others report only limited or indirect effects depending on organizational characteristics and working conditions. These inconsistencies suggest that the relationship between human relations and employee performance cannot yet be considered fully understood.

Second, a contextual gap is evident in the existing literature. Most previous studies have been conducted in manufacturing, healthcare, education, banking, and public sector organizations. Although these industries provide valuable insights into human resource management practices, they differ substantially from the consumer finance industry, where employees operate under aggressive sales targets, continuous customer interactions, stringent regulatory requirements, and rapid digital transformation. These unique organizational characteristics create distinct psychosocial work environments that may alter how interpersonal relationships influence employee well-being and performance. Consequently, empirical evidence derived from other industries cannot be generalized directly to consumer finance organizations.

Third, a theoretical gap remains insufficiently addressed. Existing studies generally rely on a single theoretical perspective, such as Social Exchange Theory, Job Demands–Resources Theory, or Conservation of Resources Theory, to explain employee behavior. Although each theory provides valuable insights, individually they offer only a partial explanation of the complex mechanisms linking interpersonal relationships, psychological well-being, and employee performance. A more comprehensive understanding requires integrating these complementary theoretical perspectives into a unified framework that explains how organizational relationships function as social resources, how they reduce job demands, and how they help employees preserve valuable psychological resources.

Finally, a methodological gap is also apparent. Previous studies have predominantly examined the direct influence of human relations on employee performance, with relatively limited attention given to the underlying mediating processes. Investigating employee well-being as a mediating construct offers a more comprehensive explanation of how and why human relations translate into improved employee performance. Addressing these empirical, contextual, theoretical, and methodological gaps is therefore essential for advancing contemporary human resource management research and providing stronger evidence for organizational decision-making within the consumer finance industry.

Building upon the identified empirical, contextual, theoretical, and methodological gaps, this study seeks to answer the following research question: How do human relations influence employee performance, and to what extent does employee well-being mediate this relationship within Indonesia's consumer finance industry? Addressing this question is particularly important because organizations operating in highly competitive service industries increasingly depend on interpersonal relationships not only to improve employee performance but also to sustain workforce well-being in rapidly changing business environments.

Accordingly, this study aims to examine the direct effect of human relations on employee well-being and employee performance while simultaneously investigating the mediating role of employee well-being in explaining the relationship between human relations and employee performance. By empirically testing these relationships within Indonesia's consumer finance industry, this study seeks to provide a more comprehensive explanation of the psychological mechanisms through which workplace interpersonal relationships contribute to sustainable employee performance.

This study offers several important contributions to the human resource management literature. First, it contributes theoretically by integrating Social Exchange Theory (SET), Job Demands–Resources Theory (JD-R), and Conservation of Resources Theory (COR) into a unified conceptual framework that explains the interrelationships among human relations, employee well-being, and employee performance. Rather than relying on a single theoretical perspective, the proposed framework provides a more holistic understanding of how interpersonal relationships function as valuable organizational resources that enhance employee well-being and ultimately improve performance.

Second, this study contributes empirically by providing evidence from Indonesia's consumer finance industry, an organizational context that has received limited scholarly attention despite its distinctive work characteristics, including demanding performance targets, continuous customer interaction, and rapid digital transformation. Examining this context expands the external validity of previous human resource management studies and enriches existing evidence from service-based organizations.

Third, this study contributes methodologically by positioning employee well-being as a mediating construct rather than merely an organizational outcome. This approach provides a deeper explanation of the mechanisms through which human relations influence employee performance, moving beyond the direct-effect models that dominate previous empirical research. Finally, the study contributes practically by offering evidence-based recommendations for managers seeking to strengthen employee performance through investments in interpersonal relationships and employee well-being as complementary strategic human resource management practices.

The remainder of this paper is organized as follows. The next section reviews the relevant literature and develops the research hypotheses. Subsequently, the research methodology is presented, followed by the empirical findings. The discussion section interprets the findings in relation to existing theories and previous studies while highlighting their theoretical and managerial implications. Finally, the paper concludes by presenting the study's contributions, limitations, and recommendations for future research.

Literature Review and Hypothesis Development

Human relations have evolved from a classical management concept into a strategic organizational resource that enhances collaboration, trust, and organizational effectiveness. Originating from Elton Mayo's Hawthorne Studies, the concept emphasizes that employee performance is influenced not only by economic incentives but also by interpersonal relationships, communication, and social support within the workplace. In contemporary human resource management, human relations are recognized as an essential capability that fosters teamwork, psychological safety, and employee engagement, particularly in service organizations where performance depends heavily on collaboration and customer interaction.

The relationship between human relations and employee outcomes is primarily explained by Social Exchange Theory (SET), which argues that employees reciprocate supportive organizational treatment through positive attitudes and behaviors. Organizations that promote open communication, mutual trust, teamwork, and interpersonal support create reciprocal relationships that strengthen employee commitment and improve workplace performance. Consequently, human relations function as valuable social resources that facilitate both individual and organizational success.

Recent studies consistently demonstrate that positive workplace relationships contribute to higher employee engagement, job satisfaction, well-being, and performance. However, previous research has mainly focused on manufacturing, healthcare, education, and banking sectors, while empirical evidence from the consumer finance industry remains limited. Moreover, most studies emphasize the direct effect of human relations on performance, providing limited explanation of the psychological mechanisms underlying this relationship. These limitations indicate the need to further investigate how human relations influence employee performance through employee well-being in the context of consumer finance organizations.

Accordingly, this study defines human relations as the quality of interpersonal relationships reflected in effective communication, mutual trust, teamwork, and interpersonal support that create a supportive work environment and enhance employee well-being and performance.

Employee Well-being

Employee well-being has become a central concept in contemporary human resource management, reflecting employees' overall physical, psychological, and social conditions in the workplace. Unlike traditional perspectives that primarily associate well-being with compensation and physical health, contemporary literature views employee well-being as a multidimensional construct encompassing psychological health, job satisfaction, work-life balance, and perceived organizational support. Organizations that prioritize employee well-being are more likely to foster resilient, motivated, and productive employees, thereby achieving sustainable organizational performance.

The concept of employee well-being is primarily supported by the Job Demands–Resources (JD-R) Theory and the Conservation of Resources (COR) Theory. The JD-R Theory explains that employee well-being is achieved when organizational resources, such as supportive leadership, effective communication, and positive interpersonal relationships, adequately balance job demands.

Similarly, the COR Theory argues that employees continuously strive to acquire and preserve valuable resources, including psychological energy, social support, and emotional stability. Consequently, organizations that provide sufficient interpersonal and organizational resources enable employees to cope more effectively with workplace demands while maintaining higher levels of well-being.

Recent empirical studies consistently report that employee well-being enhances employee engagement, organizational commitment, service quality, innovative behavior, and job performance. Nevertheless, previous studies have largely examined employee well-being as an independent organizational outcome or predictor, with limited attention given to its mediating role in explaining how organizational practices influence employee performance. Furthermore, empirical evidence from Indonesia's consumer finance industry remains scarce despite the industry's high-performance expectations and demanding work environment. These limitations indicate the need to investigate employee well-being as an underlying psychological mechanism linking human relations to employee performance.

Accordingly, this study defines employee well-being as employees' positive physical, psychological, and social conditions that enable them to perform their work effectively. In this study, employee well-being is reflected by four dimensions: physical well-being, psychological well-being, job satisfaction, and work-life balance.

Employee Performance

Employee performance represents the extent to which employees successfully accomplish their assigned responsibilities and contribute to organizational objectives. Contemporary human resource management recognizes employee performance as a multidimensional construct that extends beyond task completion to include work quality, productivity, timeliness, collaboration, and adaptability. In service organizations, employee performance is particularly critical because employees directly influence customer satisfaction, service quality, and organizational competitiveness.

The concept of employee performance is supported by Campbell's Performance Theory, which views performance as a set of behaviors that contribute to organizational goals rather than merely the outcomes achieved. This perspective suggests that employee performance is influenced by individual capability, motivation, and organizational support. In addition, Social Exchange Theory explains that employees who perceive supportive organizational relationships are more likely to reciprocate through higher commitment and improved work performance. Therefore, organizations that cultivate positive interpersonal relationships and supportive work environments are more likely to achieve superior employee performance.

Previous studies consistently demonstrate that employee performance is influenced by organizational practices, leadership, employee well-being, and workplace relationships. However, much of the existing research has focused on the direct effects of these factors, providing limited understanding of the psychological processes through which interpersonal relationships contribute to performance improvement. Moreover, evidence from the consumer finance industry remains relatively limited, despite the sector's unique operational characteristics and increasing performance demands. These conditions justify further investigation into the mechanisms through which human relations and employee well-being jointly influence employee performance.

Accordingly, this study defines employee performance as the degree to which employees effectively accomplish their work responsibilities in achieving organizational objectives. Employee performance is measured using four indicators: work quality, work quantity, timeliness, and teamwork.

Theoretical Framework

This study integrates Social Exchange Theory (SET), Job Demands–Resources (JD-R) Theory, and Conservation of Resources (COR) Theory to explain how human relations influence employee performance through employee well-being. SET provides the foundation for understanding reciprocity in workplace relationships, suggesting that employees who experience trust, support, and positive interpersonal exchanges are more likely to reciprocate through constructive attitudes and improved performance. JD-R Theory complements this perspective by positioning supportive interpersonal relationships as valuable job resources that help employees manage workplace demands and maintain well-being. COR Theory further explains that employees seek to acquire, preserve, and protect valuable psychological and social resources; therefore, supportive relationships can prevent resource depletion and strengthen employees' capacity to sustain performance under demanding work conditions.

The integration of these three perspectives provides a complementary explanation of the proposed mechanism. SET explains why employees reciprocate positive workplace relationships, JD-R Theory explains how interpersonal resources support employee well-being amid job demands, and COR Theory explains how preserving psychological and social resources enables employees to maintain performance. Accordingly, human relations are positioned as interpersonal resources, employee well-being as the psychological mechanism, and employee performance as the resulting behavioral outcome. This integrated framework provides the theoretical foundation for developing the study hypotheses.

The preceding literature suggests that positive human relations enhance employees' psychological and behavioral outcomes by fostering supportive workplace interactions and strengthening organizational resources. Drawing upon Social Exchange Theory (SET), Job Demands-Resources (JD-R) Theory, and Conservation of Resources (COR) Theory, this study proposes that human relations positively influence employee well-being and employee performance. Furthermore, employee well-being is expected to improve employee performance by enabling employees to effectively manage work demands and maintain psychological and physical resources. Accordingly, employee well-being is proposed as the underlying mechanism through which human relations contribute to employee performance in the consumer finance industry. Therefore, based on the theoretical arguments and empirical evidence discussed above, the following hypotheses are proposed:

H1 : Human relations positively and significantly influence employee well-being.
H2 : Human relations positively and significantly influence employee performance.
H3 : Employee well-being positively and significantly influences employee performance.
H4 : Employee well-being positively and significantly mediates the relationship between human relations and employee performance.

Research Design and Methodology

This study employed a quantitative explanatory research design to examine the relationships among human relations, employee well-being, and employee performance in Indonesia's consumer finance industry. The study aimed to test the proposed hypotheses and explain the causal relationships among the research variables using a cross-sectional survey approach. The research was conducted in consumer finance companies operating in Makassar, South Sulawesi, Indonesia, where employees are characterized by demanding performance targets, intensive customer interactions, and dynamic working environments.

The target population comprised permanent employees working in consumer finance companies. Because the total population could not be accurately identified due to limited organizational access, purposive sampling was employed. Respondents were selected based on three criteria: (1) permanent employment status, (2) a minimum of one year of work experience, and (3) direct involvement in operational activities. A total of 220 valid responses were collected, satisfying the minimum sample size recommended for Structural Equation Modeling using Partial Least Squares (SEM-PLS).

Data were collected through a structured questionnaire distributed both online and offline. All constructs were measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Human relations were measured using four indicators: communication, trust, teamwork, and interpersonal support. Employee well-being was assessed through physical well-being, psychological well-being, job satisfaction, and work-life balance. Employee performance was measured using work quality, work quantity, timeliness, and teamwork. The measurement items were adapted from established scales that have been widely applied in previous human resource management research.

Data were analyzed using Structural Equation Modeling based on Partial Least Squares (SEM-PLS) with SmartPLS 4.0. The analysis followed a two-stage approach. First, the measurement model was evaluated through convergent validity, discriminant validity, Cronbach's alpha, composite reliability, and average variance extracted (AVE). Second, the structural model was assessed using the coefficient of determination (R^2), predictive relevance (Q^2), effect size (f^2), standardized root mean square residual (SRMR), and bootstrapping procedures to test the proposed hypotheses. The mediating effect of employee well-being was examined through indirect effect analysis at a significance level of 5%.

Table 1. Variables and Measurement

Variable	Code	Indicator	Major Reference
Human Relations	HR1	Communication	Luthans (2021); Robbins & Judge (2023)
	HR2	Trust	
	HR3	Teamwork	
	HR4	Interpersonal Support	
Employee Well-being	WB1	Physical Well-being	Warr (1990); Zheng et al. (2015)
	WB2	Psychological Well-being	
	WB3	Job Satisfaction	
	WB4	Work-Life Balance	
Employee Performance	EP1	Work Quality	Bernardin & Russell (2013)
	EP2	Work Quantity	
	EP3	Timeliness	
	EP4	Teamwork	

Findings and Discussion

Respondent Characteristics

A total of 220 valid questionnaires were included in the analysis. Table 2 summarizes the demographic characteristics of the respondents based on gender, age, educational attainment, work experience, and organizational division.

Table 2. Respondent Characteristics (n = 220)

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	126	57.3
	Female	94	42.7
Age	≤ 25 years	34	15.5
	26–35 years	109	49.5
	36–45 years	58	26.4
	> 45 years	19	8.6
Education	Diploma	28	12.7
	Bachelor's Degree	157	71.4
	Master's Degree	35	15.9
Work Experience	< 3 years	48	21.8
	3-5 years	82	37.3
	6-10 years	61	27.7
	> 10 years	29	13.2
Department	Marketing	76	34.5
	Credit Analyst	42	19.1
	Collection	47	21.4
	Operations	31	14.1
	Administration & Finance	24	10.9

Source: Primary data processed using SmartPLS 4.0 (2026)

The respondent profile indicates that the majority of participants were male (57.3%), while 42.7% were female. Most respondents were between 26 and 35 years of age (49.5%), suggesting that the sample was dominated by employees in their productive working years. In terms of educational background, 71.4% of respondents held a bachelor's degree, whereas 15.9% had completed a master's degree. Regarding work experience, the largest proportion of respondents had been employed for three to five years (37.3%), followed by those with six to ten years of experience (27.7%). Based on departmental distribution, respondents were primarily employed in the Marketing Department (34.5%), followed by the Collection Department (21.4%) and the Credit Analyst Department (19.1%). Overall, these characteristics indicate that the sample adequately represents operational employees working in Indonesia's consumer finance industry.

Descriptive Statistics

Descriptive statistics were analyzed to examine respondents' perceptions of each research indicator. Table 3 presents the mean scores and standard deviations for all indicators of Human Relations, Employee Well-being, and Employee Performance. Overall, the respondents reported favorable perceptions of all research constructs, as reflected by mean values ranging from 3.98 to 4.28, indicating that all variables were perceived at a high or very high level.

Table 3. Descriptive Statistics of Research Variables

Code	Indicator	Mean	Standard Deviation	Category
Human Relations				
HR1	Effective Communication	4.26	0.63	Very High
HR2	Trust	4.18	0.66	High
HR3	Teamwork	4.11	0.70	High
HR4	Interpersonal Support	4.16	0.61	High
Employee Well-being				
WB1	Physical Well-being	4.02	0.73	High
WB2	Psychological Well-being	4.08	0.68	High
WB3	Job Satisfaction	4.14	0.65	High
WB4	Work–Life Balance	3.98	0.76	High
Employee Performance				
EP1	Work Quality	4.28	0.58	Very High
EP2	Work Quantity	4.20	0.62	High
EP3	Timeliness	4.25	0.60	Very High
EP4	Teamwork	4.23	0.59	High

Source: Primary data processed using SmartPLS 4.0 (2026).

The results indicate that Work Quality (EP1) recorded the highest mean score (M = 4.28, SD = 0.58), suggesting that respondents perceived their work performance to be consistently aligned with organizational expectations. Within the Human Relations construct, Effective Communication (HR1) achieved the highest mean (M = 4.26), highlighting the importance of open and effective communication in supporting workplace relationships. In contrast, Work–Life Balance (WB4) reported the lowest mean score (M = 3.98), although it remained within the **high** category. This finding suggests that balancing work responsibilities and personal life continues to be one of the more challenging aspects experienced by employees in the consumer finance industry. Overall, the descriptive statistics demonstrate that respondents perceived Human Relations, Employee Well-being, and Employee Performance positively across all measurement indicators.

Measurement Model Assessment

The measurement model was evaluated by examining indicator reliability, internal consistency reliability, and convergent validity. Indicator reliability was assessed using outer loadings, while internal consistency was evaluated through Cronbach's alpha and Composite Reliability (CR). Convergent validity was determined using the Average Variance Extracted (AVE). As presented in Table 4, all measurement indicators satisfied the recommended thresholds, confirming that the measurement model demonstrated satisfactory reliability and validity.

Table 4. Measurement Model Assessment

Construct	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Human Relations	HR1	0.842	0.855	0.902	0.697
	HR2	0.816			
	HR3	0.857			
	HR4	0.831			
Employee Well-being	WB1	0.801	0.840	0.893	0.676
	WB2	0.845			
	WB3	0.828			
	WB4	0.814			
Employee Performance	EP1	0.879	0.872	0.913	0.725
	EP2	0.834			
	EP3	0.856			
	EP4	0.845			

Source: Primary data processed using SmartPLS 4.0 (2026).

The results presented in Table 4 indicate that all indicator loadings exceeded the recommended threshold of 0.70, ranging from 0.801 to 0.879, demonstrating satisfactory indicator reliability. Furthermore, Cronbach's alpha values ranged from 0.840 to 0.872, while Composite Reliability values ranged from 0.893 to 0.913, exceeding the recommended minimum value of 0.70. The Average Variance Extracted (AVE) values ranged from 0.676 to 0.725, indicating that each construct explained more than 50% of the variance in its respective indicators. Overall, these findings confirm that the measurement model possesses adequate internal consistency reliability and convergent validity, supporting the suitability of the constructs for subsequent structural model analysis.

Discriminant Validity Assessment

Discriminant validity was assessed using the Heterotrait-Monotrait Ratio (HTMT) to determine whether each construct was empirically distinct from the others. According to the recommended criterion, HTMT values below 0.90 indicate satisfactory discriminant validity. As presented in Table 5, all HTMT values were below the recommended threshold, confirming that each construct measured a unique concept and that the latent variables were adequately discriminated from one another.

Table 5. Discriminant Validity Assessment (HTMT)

Construct	Human Relations	Employee Well-being	Employee Performance
Human Relations	—		
Employee Well-being	0.768	—	
Employee Performance	0.812	0.845	—

Threshold: HTMT < 0.90

Source: Primary data processed using SmartPLS 4.0 (2026).

The HTMT values ranged from 0.768 to 0.845, all of which were below the recommended cut-off value of 0.90. These results demonstrate that the three latent constructs—Human Relations, Employee Well-being, and Employee Performance—possess satisfactory discriminant validity. Therefore, each construct captures a distinct theoretical concept, indicating that the measurement model is appropriate for evaluating the structural relationships among the research variables.

Table 6. Structural Model Assessment

Assessment	Relationship/ Construct	Value	Threshold	Interpretation
Coefficient of Determination (R^2)	Employee Well-being	0.486	0.25-0.50 = Moderate	Moderate
	Employee Performance	0.654	> 0.50 = Substantial	Substantial
Effect Size (f^2)	Human Relations → Employee Well-being	0.946	> 0.35	Large
	Human Relations → Employee Performance	0.188	0.15-0.35	Medium
	Employee Well-being → Employee Performance	0.725	> 0.35	Large
Predictive Relevance (Q^2)	Structural Model	0.822	> 0.00	Predictive relevance established
Model Fit (SRMR)	Structural Model	0.067	< 0.08	Good model fit

Source: Primary data processed using SmartPLS 4.0 (2026).

The structural model demonstrates satisfactory explanatory and predictive capability. The coefficient of determination (R^2) indicates that Human Relations explained 48.6% of the variance in Employee Well-being, while Human Relations and Employee Well-being jointly explained 65.4% of the variance in Employee Performance. Furthermore, the effect size (f^2) analysis shows that Human Relations had a large effect on Employee Well-being and that Employee Well-being exerted a large effect on Employee Performance, whereas the direct effect of Human Relations on Employee Performance was moderate.

The model also demonstrated adequate predictive relevance, as indicated by a Q^2 value of 0.822, which exceeded the recommended threshold of zero. In addition, the SRMR value of 0.067 was below the recommended cut-off value of 0.08, confirming that the proposed structural model achieved an acceptable level of model fit. Overall, these findings indicate that the structural model is robust and suitable for hypothesis testing.

Hypothesis Testing Results

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS 4.0. The significance of the structural relationships was evaluated based on the path coefficient (β), *t*-statistics, and *p*-values at a 5% significance level. The results are summarized in Table 7.

Table 7. Hypothesis Testing Results

Hypothesis	Structural Path	Path Coefficient	t-value	p-value	Decision
H1	Human Relations → Employee Well-being	0.697	15.861	0.000	Supported
H2	Human Relations → Employee Performance	0.286	4.177	0.000	Supported
H3	Employee Well-being → Employee Performance	0.562	8.369	0.000	Supported
H4	Human Relations → Employee Well-being → Employee Performance	0.392	7.491	0.000	Supported

Source: Primary data processed using SmartPLS 4.0 (2026).

The results presented in Table 7 indicate that all proposed hypotheses were supported. Human Relations exerted a positive and significant effect on Employee Well-being (**β = 0.697, t = 15.861, p < 0.001**), supporting **H1**. Human Relations also had a positive and significant direct effect on Employee Performance (**β = 0.286, t = 4.177, p < 0.001**), thereby supporting **H2**. Furthermore, Employee Well-being positively influenced Employee Performance (**β = 0.562, t = 8.369, p < 0.001**), providing support for **H3**.

The indirect effect analysis further revealed that Employee Well-being significantly mediated the relationship between Human Relations and Employee Performance (**ß = 0.392, t = 7.491, p < 0.001**). Since both the direct and indirect effects were statistically significant, the mediating role of Employee Well-being can be classified as **partial mediation**, thereby supporting **H4**. These findings indicate that Human Relations improve Employee Performance both directly and indirectly through Employee Well-being.

Discussion

Human Relations and Employee Well-being

The results indicate that Human Relations positively and significantly influence Employee Well-being, thereby supporting H1. This finding suggests that employees who experience effective communication, mutual trust, teamwork, and interpersonal support are more likely to maintain positive physical and psychological conditions in the workplace. Within the consumer finance industry, where employees are required to achieve demanding performance targets while maintaining continuous customer interactions, supportive interpersonal relationships function as valuable organizational resources that reduce workplace pressure and enhance employee well-being. These findings are consistent with Social Exchange Theory (SET) and the Job Demands-Resources (JD-R) Theory, which propose that supportive workplace relationships encourage positive reciprocal attitudes and provide essential job resources that help employees cope with demanding work environments.

The findings are consistent with previous studies reporting that positive workplace relationships improve employee well-being across various organizational contexts. However, this study extends the existing literature by providing empirical evidence from Indonesia's consumer finance industry, a sector that has received limited scholarly attention despite its distinctive work characteristics. From a practical perspective, the findings suggest that organizations should strengthen interpersonal communication, teamwork, and supervisory support as strategic initiatives to enhance employee well-being and create a healthier and more productive work environment.

Human Relations and Employee Performance

The findings demonstrate that Human Relations positively and significantly influence Employee Performance, thereby supporting H2. This result indicates that employees who experience effective communication, mutual trust, teamwork, and interpersonal support are more likely to perform their duties effectively and achieve organizational objectives. In the consumer finance industry, where employees operate under demanding performance targets and dynamic customer interactions, strong interpersonal relationships facilitate coordination, knowledge sharing, and collaborative problem-solving, ultimately enhancing individual performance. These findings are consistent with Social Exchange Theory (SET), which suggests that employees tend to reciprocate supportive organizational relationships through higher commitment, greater work effort, and improved performance.

The present findings are consistent with previous studies reporting that positive human relations contribute to higher employee performance across various organizational settings. However, this study extends the existing literature by confirming that the positive influence of human relations also applies within Indonesia's consumer finance industry, where interpersonal relationships are essential for maintaining operational efficiency and service quality. From a managerial perspective, organizations should foster a collaborative work environment by strengthening communication, mutual trust, and teamwork among employees. Such initiatives not only improve interpersonal relationships but also contribute to sustainable employee performance and long-term organizational competitiveness.

Employee Well-being and Employee Performance

The findings reveal that Employee Well-being positively and significantly influences Employee Performance, thereby supporting H3. This result suggests that employees who experience positive physical, psychological, and social well-being are more capable of maintaining high levels of productivity and achieving organizational goals. In the consumer finance industry, employees are frequently exposed to demanding workloads, tight deadlines, and continuous customer interactions. Under these conditions, employee well-being serves as an essential psychological resource that enables employees to remain motivated, focused, and resilient in performing their responsibilities. This finding is consistent with the Job Demands–Resources (JD-R) Theory and the Conservation of Resources (COR) Theory, which emphasize that adequate organizational and psychological resources enhance employees' capacity to manage job demands and sustain optimal performance.

The present findings are consistent with previous studies demonstrating that employees with higher levels of well-being tend to exhibit greater work engagement, stronger organizational commitment, and superior job performance. This study further reinforces the importance of employee well-being by confirming its role within Indonesia's consumer finance industry, where maintaining employee resilience is essential for sustaining service quality and organizational effectiveness. From a managerial perspective, organizations should prioritize employee well-being through supportive human resource practices, including health and wellness programs, work-life balance initiatives, and psychological support. Such initiatives not only improve employees' quality of work life but also contribute to long-term organizational performance and competitiveness.

The Mediating Role of Employee Well-being

The findings demonstrate that Employee Well-being significantly mediates the relationship between Human Relations and Employee Performance, thereby supporting H4. This result indicates that Human Relations not only improve Employee Performance directly but also indirectly by enhancing employees' well-being. In other words, supportive interpersonal relationships characterized by effective communication, mutual trust, teamwork, and interpersonal support create a positive work environment that strengthens employees' physical and psychological well-being, ultimately leading to higher performance. This finding highlights that employee well-being serves as an important psychological mechanism through which positive workplace relationships are translated into superior work outcomes. The result is consistent with the integration of Social Exchange Theory (SET), Job Demands–Resources (JD-R) Theory, and Conservation of Resources (COR) Theory, which collectively explain that supportive interpersonal relationships provide valuable organizational and psychological resources that enable employees to maintain optimal performance.

The mediating effect identified in this study extends previous human resource management research by demonstrating that employee well-being is not merely an organizational outcome but also a strategic mechanism linking human relations and employee performance. While earlier studies have generally focused on the direct effects of workplace relationships or employee well-being, this study provides empirical evidence that both constructs operate simultaneously to improve employee performance within Indonesia's consumer finance industry. From a managerial perspective, organizations should not rely solely on strengthening interpersonal relationships but should also implement initiatives that promote employee well-being, such as employee assistance programs, psychological support, work-life balance policies, and health promotion activities. Integrating these practices into human resource management strategies will help organizations sustain employee performance and achieve long-term organizational effectiveness.

Conclusion

This study examined the relationships among Human Relations, Employee Well-being, and Employee Performance in Indonesia's consumer finance industry using a quantitative approach and Structural Equation Modeling based on Partial Least Squares (SEM-PLS). The findings confirm that Human Relations positively influence both Employee Well-being and Employee Performance, while Employee Well-being also has a positive effect on Employee Performance. Furthermore, Employee Well-being partially mediates the relationship between Human Relations and Employee Performance, indicating that supportive interpersonal relationships enhance employee performance both directly and indirectly through improved employee well-being. These findings provide empirical evidence that employee well-being functions as an important psychological mechanism linking workplace relationships to employee performance.

This study contributes to the human resource management literature by integrating Social Exchange Theory (SET), Job Demands–Resources (JD-R) Theory, and Conservation of Resources (COR) Theory into a single conceptual framework explaining the mechanism through which Human Relations improve Employee Performance. The findings also enrich empirical evidence from Indonesia's consumer finance industry, a sector that has received relatively limited scholarly attention despite its unique organizational characteristics. From a practical perspective, the results suggest that organizations should strengthen interpersonal communication, teamwork, mutual trust, and employee well-being initiatives as complementary human resource management strategies to sustain employee performance and long-term organizational effectiveness. These findings may also serve as a useful reference for managers and policymakers in designing employee-centered workplace policies that promote both organizational performance and employee well-being.

Despite its contributions, this study has several limitations. First, the research employed a cross-sectional design, limiting the ability to capture changes in employee perceptions over time. Second, the study was conducted exclusively within consumer finance companies in Makassar, which may limit the generalizability of the findings to other industries or geographical contexts. Third, the study focused only on Employee Well-being as a mediating variable, while other potential psychological or organizational mechanisms were not examined. Future research is therefore encouraged to employ longitudinal research designs, expand the research setting to different industries and regions, and incorporate additional variables such as work engagement, organizational commitment, psychological empowerment, or organizational culture to develop a more comprehensive understanding of employee performance.

Statement on the Use of Generative Artificial Intelligence (AI)

During the preparation of this manuscript, the authors used ChatGPT, a generative artificial intelligence tool developed by OpenAI, to improve the clarity, readability, grammar, and academic language of the manuscript. The AI tool was not used to generate, interpret, or analyze the research data, develop the research findings, or draw the study's conclusions. All scientific content, data analysis, interpretations, and conclusions were developed and verified by the authors. The authors carefully reviewed, revised, and approved the final version of the manuscript and accept full responsibility for its content.

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