

The Influence of Leadership Style and Human Relations on Employee Performance with Mental Health Awareness as an Intervening Variable in Handicraft MSMEs in Garut Regency

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Abstract: *This research aims to analyze the influence of leadership style and human relations on employee performance with mental health awareness as an intervening variable. The research was conducted on 385 respondents who were handicraft MSMEs in Garut Regency using quantitative methods and the SEM-PLS approach. The research results show that leadership style and human relations have a significant effect on employee performance both directly and through mental health awareness. These findings reinforce the importance of psychological stability in supporting work performance. The analysis results show that leadership style has a significant influence on improving employee performance levels. It is proven that employee work quality, discipline, and productivity are improved by leaders who communicate openly, set an example, and motivate their subordinates. Furthermore, employee performance is improved through good interpersonal relationships, which include emotional support and mutual respect. Although most respondents have an understanding and behavior that supports their mental health, mental health awareness does not directly influence the relationship between leadership style and human relations on performance.*

Keywords: *Leadership Style, Human Relations, Mental Health, Employee performance .*

I. INTRODUCTION

In the era of globalization and the rise of the creative economy, MSMEs (Micro, Small, and Medium Enterprises) play a vital role in driving local economic growth, including in Garut Regency. Handicrafts are one of the MSME sectors that are quite developed in this area [1] . They generate income for the community and demonstrate the cultural richness and competitive potential of local products.

Table 1. Number of MSMEs Based on Business Units

No	Jenis Usaha UMKM	Jumlah Unit
1	Makanan & Minuman	8.500
2	Kerajinan Tangan	4.200
3	Pertanian/Perkebunan	3.800
4	Fashion & Tekstil	2.700
5	Perdagangan Ritel	2.500
6	Jasa & Wisata	1.300
7	Logam & Kayu	900
8	Lainnya	600

Sumber : Data BPS Kab.Garut

Internal challenges such as human resource management, particularly in terms of leadership, work relationships, and employee psychological conditions, have become matters that must be taken seriously amidst this progress. Many small and medium enterprises (SMEs) still run their businesses conventionally, without considering contemporary management practices that take into account the mental well-being of employees.

Increasing work pressure, production burdens, and market demands affect employee motivation and emotional stability. Therefore, it is important to study how leadership styles and human relations in the workplace can influence employee performance. employee performance, especially when mediated by mental health awareness [2] .

Good leadership and healthy work relationships can create a healthy work environment, which in turn increases productivity. Conversely, high stress, decreased productivity, and even employee

turnover can be caused by a lack of awareness of the importance of mental health. The need for a deeper understanding of the role of psychosocial factors in increasing work productivity in the MSME sector drives this research [3].

Based on previous research conducted by [4], leadership style and *human relations* influence employee performance. The purpose of these questions is to examine the relationship between variables, both directly and indirectly, and to gain an understanding of the mediating role played by psychological factors in the MSME work environment.

Based on the research background and the gap above, the researcher is interested in conducting a study entitled the influence of leadership style and human relations on employee performance, with mental health awareness as an intervening variable, on handicraft MSMEs in Garut Regency. Through this study, it is hoped that new understanding can be gained regarding the importance of implementing an adaptive leadership style and healthy interpersonal relationships as a strategy to improve work performance in the context of small businesses, as well as prioritizing a managerial approach that is more oriented towards employee mental well-being.

II. LITERATURE REVIEW

2.1 Leadership Style

According to literature research on leadership styles, leadership is a person's ability to influence and direct others to achieve organizational goals. According to [5], leadership style includes the behaviors demonstrated by leaders when they create a supportive work environment, guide others, and motivate others. Leadership can be authoritarian, democratic, or laissez-faire. Most people believe that an effective leadership style can increase employee job satisfaction, motivation, and performance. [6] explains that transformational leadership, which emphasizes vision, inspiration, and individual attention, has a positive correlation with employee performance and engagement. Leadership style is a method, way, and certain abilities that leaders use to influence, guide, encourage, and control other people

or subordinates to achieve goals through behavior, communication, and interaction. Every leader has a different leadership style, and one leadership style is not necessarily better or worse than another. According to Hasibuan [4] there are several types of leadership styles, including:

1. An authoritarian leadership style is one in which decisions are made by a single leader. All aspects supporting activities are controlled by the leader, who clearly states the goals to be achieved and the methods used to achieve them.
2. A democratic leadership style is one in which tasks and authority are delegated directly and broadly to employees. Employees participate in problem-solving, and leaders directly provide information about tasks and responsibilities to their subordinates. A democratic leadership style defines the goals the organization wishes to achieve and the methods used to achieve these goals.
3. A free-rein leadership style is one in which subordinates actively determine goals and resolve problems. A leader identifies the primary goals they wish to achieve.

According to [7], leadership techniques are the technical and social abilities and skills of a leader in applying leadership theories to the practice of life and organizations. This includes concepts of thought, daily behavior, and all the tools used. Leadership indicators include:

1. Motivational ability, leaders can encourage the work enthusiasm of subordinates.
2. Communication skills, leaders are effective in conveying information and listening to subordinates' input.
3. Decision-making ability, leaders can choose the best solution from various alternatives in a timely manner.
4. Ability to develop subordinates, leaders help improve the skills and careers of subordinates.
5. The ability to build relationships, leaders create a harmonious and collaborative work climate.

The dimensions chosen to measure leadership style are: Motivating, Communication, Decision Making, Developing Subordinates, and Building Relationships.

2.2 Human Relations

However, the idea of *human relations*, also known as “human relations”, refers to the social elements that are important in work relationships, such as interpersonal communication, empathy, emotional support, and mutual respect. According to Bonner [8] *Human relations* are the relationships between two or more individuals who influence, change, and improve each other's behavior. Humans are both individual and social beings; to carry out all activities, they require other people and the environment in which they interact.

The results of the Hawthorne Studies [9] research, which emphasized that paying attention to the social and psychological needs of employees can increase work productivity, encouraged this development. It was proven that good human relations increase work enthusiasm, reduce conflict, and create a harmonious work environment. A healthy relationship between management and employees, as well as between employees, is essential to creating a pleasant work environment.

Human relations play an important role in improving employee performance and productivity. One of the important aspects of *human relations* is communication. Open, clear, and effective communication allows ideas and information to be conveyed well throughout the organization. There is a human relations practice known as counseling, which can help people who are frustrated with the company. The head of public relations, or other heads can act as counselors [10].

The importance of interpersonal relationships, states that human relationships with other humans greatly affect humans themselves. People depend on others because they also try to influence through understanding, knowledge, and encouragement. At this stage, communication between individuals must be carried out humanely so that people who previously did not know each other can get to know each other and develop quality human

relationships.ong human behavior. Therefore, it is clear how important interpersonal relationships are in organizations because only through these relationships can organizations achieve togetherness. However, it should be noted that in the process of building harmonious interpersonal relationships, no obstacles may occur, either due to the applicable organizational system or the unique nature of each person.

There are two types of barriers in interpersonal relationships: objective and subjective. Objective barriers occur when there is a disruption or obstacle to the continuity of an interpersonal relationship, not created by others, but perhaps caused by unfavorable situations and circumstances. Subjective barriers occur when others deliberately create obstacles, interference, or obstacles that oppose ongoing communication efforts. Therefore, if done radically, it can be considered sabotage, which of course will be very detrimental to all parties.

The existence of conflicting interests, prejudice, greed, envy, apathy, and so on are usually the basis for this disturbance and illumination. Such things are very likely to occur in the human world, especially in the highly competitive business world. Therefore, the dimensions chosen to measure human relations variables are: 1) Communication, 2) Direction, 3) Openness, 4) Loyalty, and 5) Mutual Respect.

2.3 Mental Health Awareness

Mental health is a state of well-being in which every person realizes his or her own potential, can cope with the stresses of normal life, can work productively and effectively, and is able to make a positive contribution to his or her community [11]. Good mental health means that a person can make full use of his or her potential to achieve his or her life goals and hopes. This includes a deep understanding of one's strengths and weaknesses, as well as the ability to develop oneself professionally and personally.

Mental health refers to a state of overall well-being in which individuals realize their abilities and can cope with the stresses of life, and can learn and

work productively and make a contribution to their community. Mental health experiences vary from person to person, with varying degrees of difficulty and potentially very different social and clinical outcomes. Mental health is a fundamental human right and is essential for personal, societal, and socio-economic development. Mental health impairment can affect performance and productivity, relationships with coworkers, physical abilities, and a person's daily functioning at work and at home [12] .

In the modern workplace, mental health awareness is increasingly important. The World Health Organization (2020) defines mental health as a state of well-being in which a person is able to realize their potential, cope with the normal stresses of life, work productively, and make a contribution to their community. Mental health encompasses a person's ability to understand, recognize, and positively manage their mental health. Employees who have mental health awareness in the workplace tend to have good self-control, emotional stability, and resilience to stress. All of this ultimately results in better performance at work.

Mental health problems are experienced by everyone [13] , mental health problems are related to age, gender, race, ethnicity, and culture. Mental disorders that have a biological basis require special and ongoing treatment. A person is mentally healthy if he has the following characteristics : 1) Has respect for differences, 2) Accepts disappointments in life, 3) Fulfills life's needs and can overcome problems, 4) Complies with decisions independently, 5) Forms his environment according to the situation and conditions needed.

Companies or organizations have a responsibility to maintain mental health in the workplace. Companies with strong mental health awareness will ensure their employees feel safe and comfortable at work. They will be more confident in expressing their opinions, think rationally, maintain focus, and make more confident decisions. Employees who receive good support recover more quickly and can return to work productively.

The company implements preventive measures by providing education and outreach

regarding mental health awareness to employees so they can recognize early symptoms of mental health disorders. One of the complementary therapies that can be done is by providing gratitude interventions that focus on the mind, body and soul. Increasing spiritual awareness will help someone maintain positive feelings and thoughts throughout the life process [14] . In this study, the dimensions used to measure the mental health awareness variable are: 1) Knowledge, 2) Attitude, 3) Management Skills, 4) Empathy and Support, 5) Help-Seeking Behavior

2.4 Employee Performance

Performance comes from the word "performance," which means work achievement or work results. It has a broader meaning, not just the result, but how the work process occurs. Performance is the outcome of work that is strongly linked to the organization's strategic goals, customer satisfaction, and contribution to the economy. Performance is work achievement, a comparison of work results and established work standards. Performance is the result of human behavior directed at carrying out organizational tasks assigned to him [15] .

Performance is influenced by various factors including: 1) Effectiveness and efficiency, if the company's goals can be achieved well, the activity is said to be effective, 2) Authority and authority are part of communication in a formal organization that is owned by a person to carry out work activities in accordance with their duties and functions, 3) Discipline is obedience and compliance with applicable rules, 4) Initiative is related to the power of thought and creativity that forms planning ideas that aim for organizational goals.

With better human resource policies and programs within an organization or company, employee performance is crucial for developing employee potential. Employees will perform their best when the relationship between them and their leaders is well-established and harmonious, and they consistently collaborate and listen. Employee performance plays a crucial role in determining the quality and quantity of work achieved by employees

for the company in carrying out their assigned duties and responsibilities.

Employee performance cannot be separated from the scope of the organizational or company environment and everyone involved in it. Maintaining employee productivity is an important benchmark in performance appraisals. In this study, the dimensions used to measure mental employee performance variables are: 1) Work Quality, 2) Work Productivity, 3) Work Attendance, 4) Work Discipline, 5) Teamwork, 6) Innovation .

A friendly and supportive leadership style helps employees understand the importance of maintaining mental health, especially amidst current economic pressures. According to other research [8] [8] Good human relations can significantly improve the mental health of employees in small organizations.

2.5 Hypothesis

Based on various theories and previous research findings, this study makes the following hypothesis:

H1: Leadership Style Improves Employee Performance

H2: Human Relations Improves Employee Performance

H3: Human Relationships Increase Mental Health Awareness

H4: Human Relationships Increase Mental Health Awareness

H5: Mental Health Awareness Improves Employee Performance

H6: Leadership Style Improves Employee Performance Through Mental Health Awareness as an *Intervening Variable*

H7 : *Human Relations* Improves Employee Performance Through Mental Health Awareness as an *Intervening Variable*.

III. RESEARCH METHODS

This study employed a quantitative approach, with a survey method as its primary strategy. This method was chosen because it allows researchers to systematically and objectively measure and analyze how variables interact with each other. Explanatory

research was used to explain the relationship between leadership style and human relations with employee performance, using mental health awareness as an intervening variable. The focus of the study was on handicraft MSMEs in Garut Regency. The aim is to gain an in-depth and empirical understanding of these factors in a local context.

The primary data used in this study came from respondents who were given a questionnaire instrument. Handicraft MSMEs located in various sub-districts of Garut Regency provided this data source. The *purposive* sampling method was used to select MSME businesses that had been operating for at least one year and had permanent employees. This study involved 385 respondents, calculated using the Lemeshow formula so that the results can be generalized with a high level of confidence.

Each variable has its own indicators, and a closed questionnaire was used to collect data. The measurement scale used is the Likert Scale from 1 to 5, ranging from strongly disagree (1) to strongly agree (5). Clarity of instructions, attention to subordinates, and the ability to motivate are ways to measure leadership style variables. Human relations can be measured by indicators of emotional support, open communication, and interpersonal interaction.

The ability to manage stress, self-acceptance, and stress at work are indicators of mental health. However, employee performance variables include consistency, punctuality, and the ability to complete tasks. In this study, the *Structural Equation Modeling* (SEM) data analysis method based on *Partial Least Squares* (PLS) was used, assisted by SmartPLS software. SEM-PLS was chosen because it can test structural and measurement models simultaneously, and because it is well suited for large, non-normally distributed data samples. Convergent validity, discriminant validity, composite reliability, and R square tests were used to determine the strength of the relationship between variables. In addition, hypothesis testing was conducted to determine the direct and indirect effects of the variables studied.



IV. RESULTS AND DISCUSSION

Results

4.1 External Model

Construct validity and reliability tests are used to test the external model. Construct validity tests consist of two components: convergent validity and discriminant validity. External model tests provide reliability and validity values to determine the indicator's capacity to explain the latent variable.

Smart-PLS software was used to conduct reliability and validity tests on a sample of 385 respondents. The results and findings from external testing of the structural model are as follows:

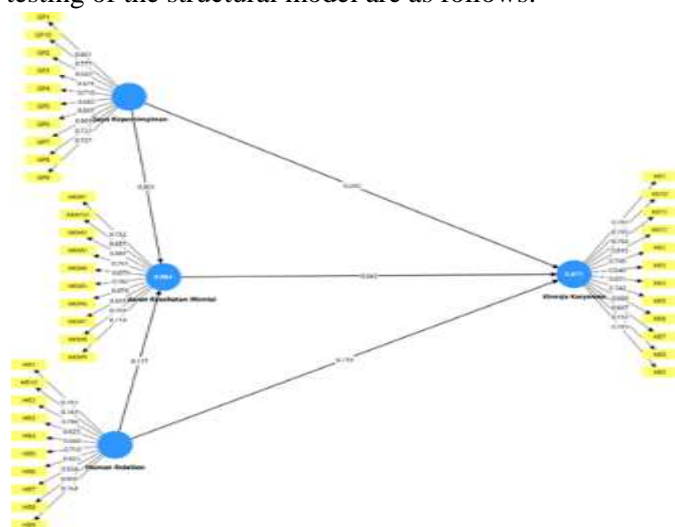


Figure 1. Showing Algorithm Analysis Results

AVE provides an explanation of the internal correlation between construct indicators for each latent variable. The AVE root value for each construct in the model must be greater than the correlation value between other constructs; if the construct value is greater than 0.50, then the variable has a valid discriminant value. The AVE values for each indicator related to the research variables are as follows:

Table 2. *Construct Validity-Overview*

Variabel	Average Variance Extracted (AVE)	Nilai Korelasi	Kesimpulan
Gaya Kepemimpinan	0,508	0,05	valid
Human relation	0,574	0,05	valid
Kesadaran Kesehatan Mental	0,511	0,05	valid
Kinerja Karyawan	0,524	0,05	valid

Sumber : Pengolahan Data Smartpls4

Table 2 explains that the discriminant validity value of each variable is aimed at the AVE (*Average Variance Extracted*) value, that the AVE value criteria for each variable is good because the AVE value is > the correlation value, namely 0.5, so it can be said that all variables are valid.

Table 3. *Construct Validity-Overview*

Variabel	Cronbach's alpha	Composite reliability
Gaya Kepemimpinan	0,892	0,896
Human Relation	0,917	0,924
Kesadaran Kesehatan Mental	0,894	0,898
Kinerja Karyawan	0,916	0,921

Sumber : Pengolahan Data Smartpls4

Based on Table 3, the results of *composite reliability* and *Cronbach's alpha measurements* show that all variables for *composite reliability* have values > 0.70 and all variables for *Cronbach's alpha* have values > 0.60. Thus, these results can be declared valid and reliable.

4.2 Model in

The inner model can be measured by calculating the *R-Square* for the dependent construct, T-Test and the significance of the structural path parameter coefficients. There are three categories in the *R-square value grouping*. An *R-square* value of 0.75 is included in the strong category, an *R-square* value of 0.50 is included in the moderate category, and 0.25 is included in the weak category. The *R-square* values of the dependent variables obtained in this research model can be seen in Table 4:

Table 4. *R-square Overview*

Variabel	R-Square	Model Prediksi
Kesadaran Kesehatan Mental	0,984	Kuat
Kinerja Karyawan	0,971	kuat

Sumber : Pengolahan Data Smartpls4

Testing the structural model is done by looking at the *R-square value* as a *goodness-of-fit test* of the model or a test of alignment. The following is an explanation related to the *R-square value* based on the table above. The mental health awareness variable has an *R-square value* of 0.984 after being calculated using SmartPLS, this can be interpreted that the ability of the variance that can be explained by the leadership style and *human relations variables* on

mental health awareness is 98.4%, and for the leadership style and *human relations variables* on employee performance is 0.971 or 97.41 and the rest is influenced by other factors outside the variables examined in the study.

4.3 Hypothesis Testing

bootstrapping method can be used to determine the significance of the coefficient parameters. Using the non-parametric *bootstrapping method*, coefficients such as the path coefficient, the outer weight coefficient, and the line coefficient can be tested to see whether they are significant by showing the standard error for the estimate. In this test, *bootstrapping* is used with a subsample at the 0.05 level. The results of the *bootstrapping test* can be seen in Table 5:

Table 5. *Path Coefficients-Mean, STDEV, T Statistics, P Values*

Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (Stdev)	T Statistics (O/STDEV)	P Values
Gaya kepemimpinan -> Kinerja Karyawan	0,280	0,275	0,075	3,73	0,000
Gaya Kepemimpinan -> Kesadaran Kesehatan Mental	0,901	0,901	0,009	10,15	0,000
Human Relation -> Kinerja Karyawan	0,719	0,720	0,018	3,98	0,000
Human Relation -> Kesadaran Kesehatan Mental	0,117	0,117	0,010	11,30	0,000
Kesadaran Kesehatan Mental -> Kinerja Karyawan	0,045	0,048	0,188	1,661	0,569

Sumber: Pengolahan data Smartpls4

H1: There is an influence of leadership style on employee performance in handicraft MSMEs in Garut Regency.

Based on the results of the T-test statistical calculations, the results are obtained, for the calculated T value can be seen from *the output of Path Coefficients-Mean, STDEV, T Statistics, P Values* in the *T statistics description* in table 6, the results are as follows: Variable X1 → Y obtained a result of 3.373. Leadership style variables with calculated T > T table, namely 3.373 > 1.661 and P value < α, namely 0.000 < 0.05, meaning that H0 is rejected and H1 is accepted.

Thus, leadership style influences employee performance in handicraft MSMEs in Garut Regency. This suggests that leadership style contributes to employee performance in the handicraft MSME sector in Garut Regency. Leaders in such situations can effectively improve employee morale, discipline,

and productivity by demonstrating clear goals, leading by example, open communication, and the ability to inspire subordinates.

H2: There is an influence of human relations on employee performance in handicraft MSMEs in Garut Regency.

Based on the results of the T-test statistical calculations, the results obtained, for the calculated T value can be seen from *the output of Path Coefficients-Mean, STDEV, T Statistics, P Values* in the *T statistics description* in table 4.14, the results are as follows: Variable X2 → Y obtained a result of 3.98. The *human relations variable* with calculated T > T table, namely 3.98 > 1.661 and P value < α, namely 0.000 < 0.05, meaning that H0 is rejected and H2 is accepted.

Thus, there is an influence of *human relations* on employee performance in handicraft MSMEs in Garut Regency. The better the relationships between individuals in the MSME workplace, especially in the handicraft industry in Garut Regency, the better the employee performance. In this context, human relations include open communication, trust between team members, social support, and effective cooperation, all of which lead to a healthy and productive work environment. Employees who are valued, cared for, and given the opportunity to speak up will feel more responsible for their work. This is in line with the fact that to increase employee motivation and productivity, a pleasant work environment is very important [16].

H3: There is an influence of leadership style on employee mental health awareness in handicraft MSMEs in Garut Regency.

Based on the results of the T-test statistical calculations, the results obtained, for the calculated T value can be seen from *the output of Path Coefficients-Mean, STDEV, T Statistics, P Value s* in the *T statistics description* in table 4.14, the results are as follows: Variable X1 → Z obtained a result of 10.15. The leadership style variable with calculated T > T table is 10.15 > 1.661 and P value < α, namely 0.000 < 0.05, meaning that H0 is rejected and H3 is accepted.

Thus, there is an influence of leadership style on employee mental health awareness in handicraft MSMEs in Garut Regency. The leadership style applied in the workplace of handicraft MSMEs in Garut Regency greatly influences employee awareness of their mental health. Leaders who can create a friendly, open, and supportive work environment will make employees more aware of the importance of maintaining good mental health to increase their productivity in the workplace. Emotionally intelligent leaders will be more sensitive to the mental health of their team [17]. This can also lead to a workplace culture that pays attention to collective mental health.

H4: There is an influence of *human relations* on employee mental health awareness in handicraft MSMEs in Garut Regency.

Based on the results of the T-test statistical calculations, the results are obtained, for the calculated T value can be seen from the output of *Path Coefficients-Mean, STDEV, T Statistics, P Values in the T statistics* description in table 4.14, the results are as follows: Variable $X_2 \rightarrow Z$ obtained a result of 11.30. The *human relations* variable with calculated $T > T_{table}$ is $11.30 > 1.661$ and $P\ value < \alpha$ is $0.000 < 0.05$, meaning that H_0 is rejected and H_4 is accepted. Thus, there is an influence of *human relations* on employee mental health awareness in handicraft SMEs in Garut Regency. In the case of handicraft MSMEs in Garut Regency, this shows that good social relationships between colleagues and superiors help people become more aware of the importance of maintaining mental health.

H5: There is an influence of employee mental health awareness on employee performance in handicraft MSMEs in Garut Regency.

Based on the results of the T-test statistical calculations, the results are obtained, for the t-value can be seen from the output of *Path Coefficients-Mean, STDEV, T Statistics, P Values* in the *T statistics description* in table 6, the results are as follows: Variable $Z \rightarrow Y$ obtained a result of 1.661. The employee mental health awareness variable with $T\ count > T\ table$, namely $1.661 > 1.661$ and $P\ value < \alpha$, namely $0.000 < 0.05$, meaning that H_0 is rejected

and H_5 is accepted. The relationship between Mental Health Awareness and Employee Performance was found with an initial sample value of 0.045 and a T-statistic value of 1.661, which is at the significant threshold at the 95% confidence level.

While not as large as the other pathways, this finding suggests that there is a statistically significant effect, although it is relatively small in practical terms. This means that the higher employees' mental health awareness, the better their performance, although this impact may not be that large. This shows that employees are starting to realize the importance of maintaining mental health as part of work productivity, as seen from handicraft MSMEs in Garut Regency.

Small and medium-sized businesses (SMEs) that provide space for mental health education will have a long-term competitive advantage. Employee mental health can be incorporated into workplace well-being, which includes the feeling of mutual support and a supportive work environment felt by each employee [9]. Workers will be healthier, more satisfied, and more productive if companies improve the balance between work productivity and mental health. In the long term, mental health awareness helps employees cope with work pressure and improves loyalty and the quality of production results. Therefore, the strategic step to improve the performance and competitiveness of handicraft MSMEs in Garut is to build a culturally conscious mentality.

4.3 Path Analysis Hypothesis Testing

This path analysis is used to see the causal relationship between variables to determine the direct and indirect influence of the causal variable on the variable. Therefore, the value of the indirect influence After the hypothesis test is conducted, the decision rule is used to compare the P value and $\alpha = 0.05$; if the $P\ value < \alpha$, then the hypothesis can be accepted or rejected. The calculation data is shown in the following table:



Table 6. *Output Total Indirect Effects-Mean, STDEV, T Values, P Values*

Varibel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
GP → KKM → KK	0.040	0.043	0.108	2.570	0.000
HR → KKM → KK	0.005	0.006	0.194	2.590	0.000

Sumber : Pengolahan Data Smartpls4

H6: There is an influence of leadership style on employee performance through mental health awareness in handicraft MSME actors in the Garut region.

Based on the results of statistical calculations, the results are obtained. The P value can be seen from the output of Total Indirect Effect-Mean, STDEV, T Statistics, and P Values in the P Values information in Table 7. The results show that the employee mental health awareness variable gets a value of 0.000, with a P value $< \alpha$, namely $0.000 < 0.05$, which indicates that H0 is rejected and H6 is accepted. Therefore, through employee mental health awareness as an *intervening variable*, leadership style affects employee performance. The leadership style applied in the workplace of handicraft MSMEs in Garut Regency directly affects performance and increases awareness of the importance of mental health indirectly. This mediating role is important to show that the success of employee performance is highly dependent on supportive leadership patterns that maintain their mental condition.

H7: There is an influence of human relations on employee performance through mental health awareness in handicraft MSME actors in the Garut region.

Based on the results of statistical calculations, the results are obtained. The P value can be seen from the output of Total Indirect Effect-Mean, STDEV, T Statistics, and P Values in the P Values information in Table 7. The results show that the employee mental health awareness variable gets a value of 0.000, with a P value $< \alpha$ of $0.000 < 0.05$, which indicates that H0 is rejected and H7 is accepted. despite significant statistical results with an initial test value of 0.005, a T-statistic of 2.590, and a P-value of 0.000. Although the path coefficient is relatively small, the high T-

statistic value and very low P-value indicate that mental health awareness significantly mediates the influence of interpersonal relationships on employee performance. In the MSME work environment in Garut Regency, there are positive social relations and communication. This makes employees aware of the importance of maintaining mental health, which ultimately impacts their performance. Positive work relationships can be an important way to gain social support when facing the stress that comes from work. Social, emotional, and instrumental support from the work environment can reduce stress and improve psychological health [18].

V. CONCLUSION AND SUGGESTION

This study investigated leadership style and human relations as intervening variables in employee performance related to mental health awareness. The analysis showed that leadership style significantly impacted employee performance. It was demonstrated that employee work quality, discipline, and productivity were improved by leaders who communicated openly, set an example, and motivated their subordinates. Furthermore, employee performance is enhanced through good interpersonal relationships, which include emotional support and mutual respect. Although most respondents have an understanding of and behaviors that support their mental health, mental health awareness does not directly influence the relationship between leadership style and human relations on performance.

These results provide a theoretical contribution to human resource management in the MSME sector, particularly by emphasizing the importance of transformational leadership that prioritizes empathy, effective communication, and capacity building for each individual. The theory reinforced by this study is that even without significant mediation from mental health awareness, the combination of a supportive leadership style with harmonious social relationships can improve the work quality of micro-organizations. These results allow for future theorizing on the indirect relationship between psychological aspects and organizational factors. They also demonstrate the importance of

creating a structurally, emotionally, and socially healthy work environment.

Practically, this research suggests that MSME owners and managers need to improve their leadership capacity through training and regular evaluations, employee empowerment, and emotional management. To ensure that work pressure and emotional resilience do not hinder productivity, human resource management requires establishing a safe and honest communication environment. As a long-term preventive measure, this study suggests that mental health literacy improvement programs are needed in MSME workplaces. Suggestions in this research include external variables such as government regulations or market conditions. In addition, the dynamic influence variables can be observed through a longitudinal approach to observe changes over time. Additionally, adding qualitative methodology or case studies can help us understand the complexity of the relationships between variables in the dynamic and unique MSME sector.

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