

The Influence of Leader Member Exchange on Employee Performance with Work Engagement and Innovative Behaviour as Mediating Variables in OPD (Regional Device Organizations) Within ABC Government

Aris Prilatama^{1*}, F. Danardana Murwani², Agung Winarno³

^{1*23}Faculty of Economics and Business, Universitas Negeri Malang, Indonesia

Corresponding author: aris.prilatama.2204138@students.um.ac.id^{1*)}

Keywords: Leader-member Exchange, Work Engagement, Innovative Behaviour, Employee Performance.

Abstract: The performance of government offices is strongly influenced by the performance of employees who are the spearhead of the organization. This research is quantitative research using descriptive and explanatory analysis. The sampling method used in this study uses probability sampling method with stratified random sampling method. The population in this study were all ABC Government Employees, with a minimum employee tenure of 1 (one) year and an employee age range of 20 - 56 years. The total population in this study was 343 ABC Government Employees. The number of samples in this study was determined using a sample size calculator so that what was obtained from the calculation was 217 samples as sample respondents in this study. Based on the results of the study showed that: (1) leader member exchange has a positive and significant effect on employee performance; (2) leader member exchange has a positive and significant effect on work engagement; (3) leader member exchange has a positive and significant effect on innovative behavior; (4) work engagement has a positive and significant effect on employee performance; (5) innovative behavior has a positive and significant effect on employee performance; (6) leader member exchange has a positive and significant effect on employee performance through work engagement; (7) leader member exchange has a positive and significant effect on employee performance through innovative behavior.

Introduction

Human resource management is needed to increase the effectiveness of human resources (HR) in organizations. Human Resource Management (HRM) is the process of planning, organizing, directing, and controlling activities related to the acquisition, development, maintenance, and use of human resources in an organization (Orakwue & Iguisi, 2020). HR effectiveness has an influence on employee performance (Lubis et al., 2019). Strategic human resource management is an effort to link human resource management with strategic goals and roles to improve business performance, foster organizational culture, and innovation and flexibility (Alfawaire & Atan, 2021). In a strategic human resource management framework, HR practices are important to an organization for long-term goals and link HR practices to overall organizational plans and goals.

The increase in OPD performance achievements every year is quite significant, especially in 2020 it has increased by 5 (five) points and in 2022 it has increased by 3 (three) points. The increase in performance achievements in 2019 - 2022 occurred in all OPDs. However, in 2023 the performance achievement increased by 0.1 points which is the lowest point increase when compared to previous years. In 2023, out of 27 (twenty seven) OPDs, there were 5 (five) OPDs that experienced a decrease in performance achievements (Table 1.2) compared to 2022, namely the Regional Secretariat (4.1 points), Regional Research and Development Agency (1.74), Regional Investment Office (1.24), Industry and Trade Office (1.2), Regional Inspector (1.19), Office of Women's Empowerment, Child Protection and Family Planning (0.43), and Housing and Settlement Area Office (0.21). Based on Table 1.2, the performance achievement value of each OPD will experience changes, either an increase or decrease in OPD performance achievements. According to Karmila & Malangkucecwara (2020) the government is required to provide public services with a high level of performance in achieving organizational goals, so job performance in the public sector is very important because it contributes to improving services and bureaucratic effectiveness. Performance in the bureaucracy is essentially the result of work requirements that must be met by employees (Winarno & Zulaikah, 2021). The performance of government offices is strongly influenced by the performance of employees who spearhead the organization (Nisar & Mustari, 2021).

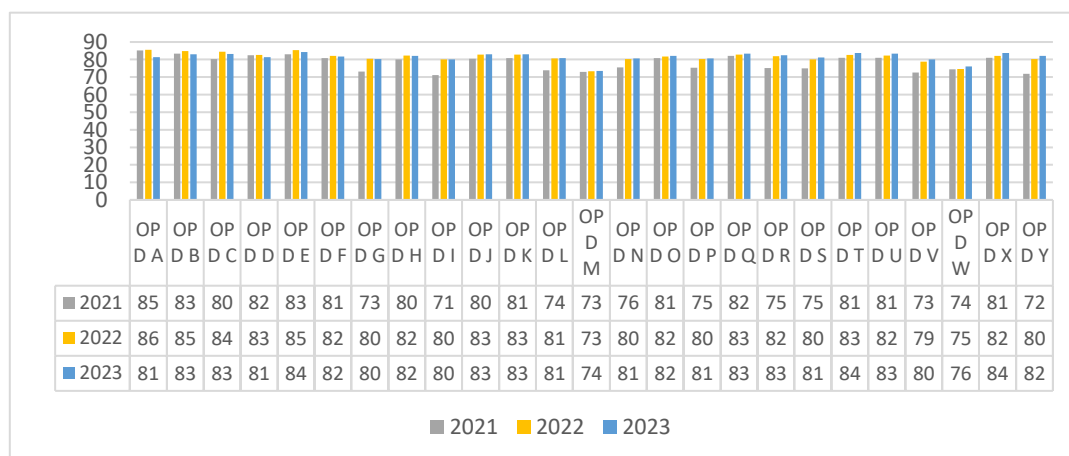


Figure 1. Performance Outcomes of Regional Apparatus Organizations of ABC Government (2021-2023)

Performance can be referred to as a person's ability or specifically called a state of work-related activities by an employee (Dwitanti et al., 2020). According to (Pramita & Eko Soetjipto, 2023) employee performance is related to work and its results, what to do, and how to achieve it. According to Karmila & Malangkucecwara (2020) the government is required to provide public services with a high level of performance in achieving organizational goals, so employee performance in the public sector is very important because it contributes to improving services and bureaucratic effectiveness. Performance appraisal has been carried out by the Government since 2018 to improve the performance of the ABC Government starting in 2021-2023. This is indicated by the performance achievement value in 2021 of 72.7 than in 2023 of 77.29, almost all OPDs (Regional Apparatus Organizations) have increased performance achievements, so it can be said that the ABC Government is always trying to improve performance achievements from year to year.

There are several factors that can affect the performance of an organization, one of which is leadership. According to Wibowo & Tjahjono (2023) an organization needs effective leadership, not only focusing on vision, direction, and alignment with the environment. Interaction between leaders-subordinates has the potential to provide support, personal development, and high levels of satisfaction, as well as the cohesiveness of the entire organization to employees. The relationship between leaders and employees will have an influence on the organization (Hirawati & Pradana, 2023).

The conceptual framework of this research is based on empirical problems so that the theory that underlies this research is SET (Social Exchange Theory) or social exchange theory. LMX theory, which is based on Social Exchange Theory (SET), can be used as a foundation in studying the nature of the relationship that occurs between employees and their superiors which must involve mutual interdependence (Blau, 1964). SET theory predicts that the roles and responsibilities of parties are often determined through various interactions in the form of mutual interdependence (Gouldner, 1960). A conducive LMX environment allows members to gain influence from close relationships with leaders that increase work engagement and inspiration (Naz, 2019). LMX theory also explains how positive leadership is related to work engagement, so that leaders are tasked with building LMX relationships with employees so that they have a positive impact on employee attitudes and behavior (Gerstner & Day, 1997). Thus, if the LMX relationship is interpreted positively by employees, it is likely that they will reciprocate with strong work engagement in the form of enthusiasm and dedication (Decuyper & Schaufeli, 2020). A study from Justina et al., (2019) also found that LMX is a predictor of work engagement and is positively related to performance.

The current climate requires innovation for survival, including organizations in the public sector (Park & Jo, 2018). As a public service provider, the State Civil Apparatus (ASN) is obliged to have credibility, reputation and qualified skills so that it can bring change while creating a revolution in the organization. However, until now the public sector has not experienced much pressure to innovate, this is because the sector acts as a monopoly provider of goods / services. Innovative behavior can be said to be an effort to generate, promote and realize new

ideas that provide benefits for individual, group and organizational performance (Dimas et al., 2022). According to the self-determination theory proposed by Ryan & Deci (2000), it explains that external situational factors such as LMX meet three individual needs (competence, autonomy, and relatedness) which not only increase intrinsic motivation but also affect psychological health so that it affects individual behavior that makes employees more innovative. According to self-determination theory, social contextual factors can increase psychological satisfaction and in turn increase motivation and performance (Henderson & Jeong, 2024). High quality leader member exchange can positively influence employee innovative behavior because employees feel more comfortable to innovate as they view communication as an open channel between them and the leader (Nazir et al., 2020). On the other hand, if the LMX relationship is good, the leader can trust employees who provide innovation for organizational effectiveness.

Based on the explanation that has been explained related to the phenomenon and some research results with different results, the researcher is interested in conducting research with the title “The Effect of Leader Member Exchange on Employee Performance with Work Engagement and Innovative Behavior as Mediating Variables in the ABC Government Environment”.

Research Method

This research is quantitative research with the type of causality research. Data obtained through distributing questionnaires to ABC Government employees. The research population is ABC Government employees totaling 483 OPD employees. The sample in the study amounted to 215 respondents using calculator sampling. Sampling technique in this study is probability sampling using the Stratified Random Sampling method. The research was conducted by distributing questionnaires on a 5-point Likert scale Creswell & Creswell (2018). The data analysis technique used is Partial Least Square (PLS) with SmartPLS 4.0 software. In PLS-SEM there are two measurements, namely, measurement model evaluation (outer model) and structural model evaluation (iner model). Outer model evaluation refers to data validity (convergent validity and discriminant validity) and internal consistency (Cronbach's Alpha and Composite Reliability). Inner model evaluation refers to the regression coefficient value, t-value (significance), R-Square, and F-Square.

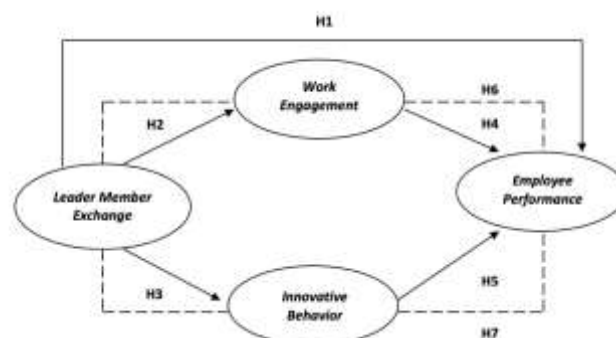


Figure 2. Research design
(Source: Processed by Researchers, 2024)

Result and Discussion

Respondent Description

Table 1. Description of Respondents

Respondent Profile		Frequency	Percentage
Gender	Male	158	73%
	Female	57	27%
Age	20-29 old	40	19%
	30-39 old	80	37%
	40-49 old	76	35%
	>50 old	19	9%
Years of Service	1-5 old	11	11%
	6-10 old	58	56%
	11-15 old	28	27%
	15-20 old	7	7%
	>20 old	10	5%
Level of Education	Diploma	6	3%
	Bachelor	190	88%
	Master	19	9%

Source: processed by researchers, 2024

Based on table 1, it can be concluded that the number of employees, both ASN and Non ASN, is male more than the number of female employees because men are associated with assertiveness, strength, and leadership, so they are considered more suitable for work in certain sectors such as government agencies in terms of structural government agencies. Then the largest number of respondents were respondents in the age range of 30 years to 39 years, because at that age it is the productive period of government agency employees who require physical excellence and creativity. The largest number of respondents in work experience with a service period of 11-15 years, because experienced employees tend to have a clear understanding of the position and objectives of the agency and when viewed employees are more productive than new employees. Then the results showed that the respondents with the highest number were respondents with S1 education strata because civil servants with job qualifications in government agencies require quite high competence and expertise, which are obtained through higher education such as S1. Government Regulation Number 11 of 2017 concerning Management of Civil Servants D3 6 3% S1 190 88% S2 19 9% Total 215 100% Civil, stipulates a minimum educational requirement of S1 for various functional positions and certain other positions.

Evaluation of the Measurement Model (Outer Model)

PLS-SEM data processing produces two measurements, namely the outer model and the inner model (Ghozali et al., 2006).

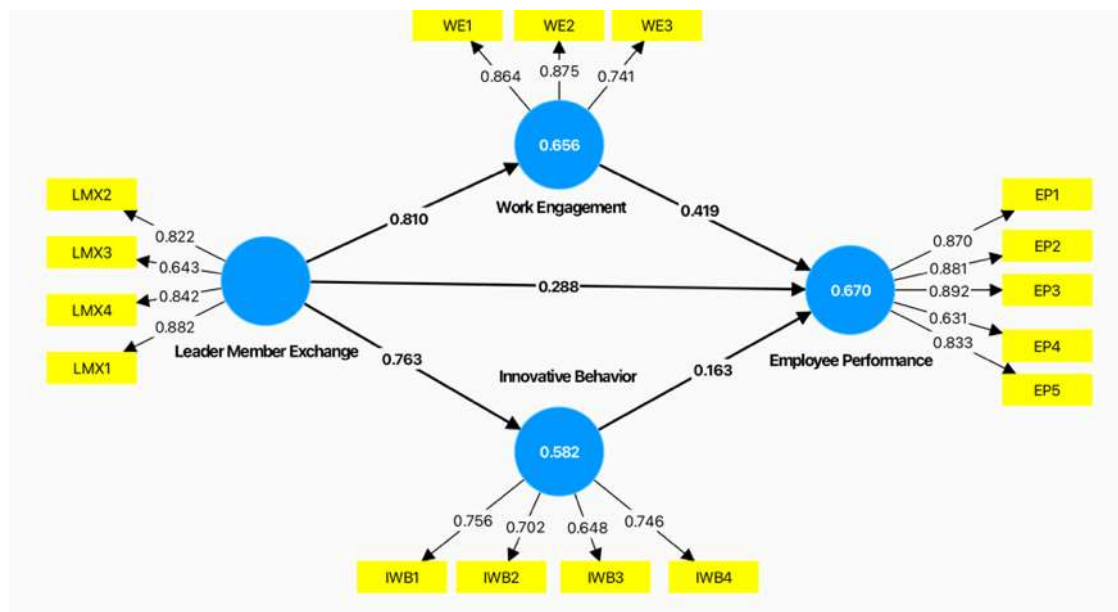


Figure 3. Path Diagram (Designing Conceptual Model)

Source: Researcher's Data Processing Results, 2024

Convergent Validity

Convergent Validity is intended to determine whether the indicator is valid in measuring dimensions or variables. Convergent Validity on each indicator in measuring dimensions or variables is indicated by the amount of loading factor. An indicator can be said to be valid if the loading factor is positive and greater than 0.6.

Table 2. Convergent Validity

No.	Variable	Indicator	Outer Loadings	Description
1.	Leader Member Exchange (LMX)	LMX1	0,882	Valid
		LMX2	0,822	Valid
		LMX3	0,643	Valid
		LMX4	0,842	Valid
2.	Work Engagement (WE)	WE1	0,864	Valid
		WE2	0,875	Valid
		WE3	0,741	Valid
3.	Innovative Behavior (IWB)	IWB1	0,756	Valid
		IWB2	0,702	Valid
		IWB3	0,648	Valid
		IWB4	0,746	Valid
4.	Employee Performance (EP)	EP1	0,870	Valid
		EP2	0,881	Valid
		EP3	0,892	Valid
		EP4	0,631	Valid
		EP5	0,833	Valid

Source: processed by researchers, 2024

Based on table 2, it can be concluded that all statement items on the leader member exchange, work engagement, innovative behavior, and employee performance variables have

a loading factor of more than 0.6, so that all statement items are declared valid to measure all variables in this study.

Discriminant Validity

Table 3. Discriminant Validity (Fornell-Larcker Criterion)

	Employee Performance	Innovative Behaviour	Leader Member Exchange	Work Engagement
Employee Performance	0,827			
Innovative behaviour	0,747	0,714		
Leader Member Exchange	0,751	0,763	0,803	
Work Engagement	0,794	0,871	0,810	0,829

Source: processed by researchers, 2024

Discriminant validity in this study was carried out using the Fornell-Larcker criterion. Statistical calculations show that the cross-loading value or thick diagonal value should be higher than the cut-off value of 0.70. The Fornell-Larcker Criterion is used to achieve the extent to which indicators within a construct have discriminant validity against other constructs in the model. As informed in 4.11, the thick diagonal value of each construct is greater than 0.70, which indicates the criterion is met. Thus, the results of the Fornell-Larcker criterion analysis confirm that the indicators used in this study have good discriminant validity and strengthen confidence in the measurement of construct variables in the context of this study, which means that respondents have no difficulty in answering the statements presented in the questionnaire.

Reliability test

Table 4. Internal Consistency Reliability

No.	Variable	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Description
1.	Leader Member Exchange	0,811	0,808	0,877	Reliable
2.	Work Engagement	0,770	0,766	0,868	Reliable
3.	Innovative behaviour	0,697	0,724	0,806	Reliable
4.	Employee Performance	0,880	0,881	0,915	Reliable

Source: processed by researchers, 2024

Based on the test results, each variable has a CR and CA value greater than 0.7 which indicates that the indicators have a high level of consistency.

*Structural Model Evaluation (Inner Model)**Goodness of Fit Model*

Table 5. Goodness of Fit Model

No.	Endogenous Variable	Adjusted R-Squared	Description	Q-Squared Predict	Description
1.	Work Engagement	0,654	Moderate	0,649	Strong
2.	Innovative Behavior	0,581	Moderate	0,574	Strong
3.	Employee Performance	0,666	Moderate	0,558	Strong

Source: processed by researchers, 2024

Based on table 5, it can be concluded that: First, the adjusted R-squared value of the work engagement variable is 0.654 or 65.4%, which is predicated moderate. This shows that the diversity of work engagement variables can be explained by the leader member exchange variable, amounting to 65.4%. In other words, the contribution of leader member exchange to work engagement is 65.4%, the remaining 34.6% is the contribution value of other variables outside this study. The Q-squared value of the immersive experience variable is greater than zero, which is 0.649 so that the variable is declared to have strong predictive validity. Second, the adjusted R-squared value of the innovative behaviour variable is 0.581 or 58.1%, which is a moderate predicate. This shows that the diversity of innovative work behaviour variables can be explained by the leader member exchange variable by 58.1%. In other words, the contribution of leader member exchange to innovative behaviour is 58.1%, the remaining 41.9% is the contribution value of other variables outside this study. The Q-squared value of the innovative work behaviour variable is greater than zero, which is 0.574 so that the variable is declared to have strong predictive validity. Third, the adjusted R-Squared value of the employee performance variable is 0.666 or 66.6%, which is predicated on moderate. This shows that the employee performance variable can be explained by the variable leader member exchange, work engagement, and innovative behaviour by 66.6%, the remaining 33.4% is explained by other variables outside this study. The Q-squared value of the employee performance variable is greater than zero, which is 0.558 so that the variable is declared to have strong predictive validity. This finding indicates that the model developed is able to effectively predict and explain variations in employee performance variables so that it makes a significant contribution to understanding the factors that influence employee performance in the context of this study.

Quality Index

Goodness of Fit (GoF) model can be seen through the quality index in the following table:

Table 6. Quality Index

Average AVE	Average R-Square	GoF Index	Description
0,632	0,634	0,633	High

Source: processed by researchers, 2024

Based on the table above, it shows the results of the GoF calculation which produces a GoF value of 0.864 which is included in the high GoF category. This means that empirical data can explain the measurement model and structural model with a high level of fit. Therefore, it can be concluded that the model developed in this study has a high fit with the observed data. This finding shows that the variables included in the model can well explain variations in employee performance within the ABC Government and validate the relevance and accuracy of the model.

Hypothesis Testing

This study uses PLS as a data processing tool because it has advantages, among others, can analyse path images at once, can be used to confirm theory, is used to determine the relationship between variables, find out outliers' data and can show the results of the validity of research instruments. Then for hypothesis testing can be done with a probability or p-value compared to the error rate (α) of 5% or (α) of 0.05. The results of testing the research hypothesis are in Table 7 below:

Table 7. Hypothesis Testing of Direct and Indirect Effects

Exogenous Variables	Intervening Variable	Endogenous Variable	Path Coefficient	Indirect Coefficient	P Value	Description
Leader Member Exchange	-	Employee Performance	0,288	-	0,000	Accepted
Leader Member Exchange	-	Work Engagement	0,810	-	0,000	Accepted
Leader Member Exchange	-	Innovative Behavior	0,763	-	0,000	Accepted
Work Engagement	-	Employee Performance	0,419	-	0,000	Accepted
Innovative Behavior	-	Employee Performance	0,163	-	0,048	Accepted
Leader Member Exchange	Work Engagement	Employee Performance	0,339	-	0,000	Accepted
Leader Member Exchange	Innovative Behavior	Employee Performance	0,124	-	0,045	Accepted

Source: processed by researchers, 2024

Based on table 7, data processing shows the results. There is a significant positive effect of Leader Member Exchange on employee performance, there is a significant positive effect of Leader Member Exchange on work engagement. Then there is a significant positive effect of Leader Member Exchange on innovative behavior, there is a significant positive effect of Work Engagement on employee performance, then there is a positive and significant influence of innovative behavior on employee performance. Then there is the effect of leader member

exchange on employee performance through work engagement and there is a significant effect of leader member exchange on employee performance through innovative behavior.

Discussion

The Effect of Leader Member Exchange on Employee Performance at OPD (Regional Apparatus Organization) within the ABC Government

Based on the results of the analysis, it shows that the leader member exchange variable has a positive and significant effect on employee performance of employees within the ABC Government. This shows that leader member exchange has an important impact on employee performance because by fostering strong and high-quality leadership relationships among employees, it leads to an increase in overall employee performance. This is in accordance with the results of the study where employees in the ABC Government with high-quality LMX exchanges will be more involved in completing tasks and obligations that go beyond what is required in the formal employment contract. The results of this study are in accordance with the conditions that exist within the ABC Government which often conducts work meetings at every stage of the activity so as to create a good relationship between the leader and its members, in its implementation the leader creates a meeting condition that can facilitate the exchange of opinions, proposals, and ideas as well as solutions to the problems being faced. Proposals from each member will be considered and used as constructive decision making. LMX also plays a role in cutting seniority and positions so that there are fewer social strata boundaries between leaders and employees which leads to increased employee performance (Gunawan et al., 2023).

The results of this study are in accordance with the leader member exchange (LMX) theory which argues that leaders who develop differential dyadic relationships formed between leaders and followers. LMX theory argues that leaders develop differential exchange relationships with their members to strategically utilize the limited resources that leaders can provide to their members (Dansereau et al., 1975; Liden & Graen, 1980). In a high-quality LMX relationship, leaders and group members exchange resources and provide mutual benefits (Jufrizen et al., 2024). Leaders provide tangible and intangible resources, then employees reciprocate by engaging in behaviors to help leaders which are reflected in high employee performance. The results of this study are also consistent with the results of previous studies which found that LMX can improve employee performance. By fostering strong and high-quality leadership relationships among employees, they will become more involved in their work, thus leading to an increase in overall employee performance at the institution (Jufrizen et al., 2024).

In relation to the results of the influence and explanation of the theory above, leader member exchange shows an influence on employee performance. This is because employees always do work beyond what has been determined in the job description so that ABC government employees always do their work effectively. In the pattern of relationships between leaders and members, leaders are considered to evaluate the performance of each subordinate in the tasks that have been delegated (Liden & Maslyn, 1998). Although LMX

theory includes a discussion of the exchange between members and their leaders, the focus of LMX is the behavior of members towards the completion of their tasks (Graen & Scandura, 1987). Members with work that impresses leaders will receive more resources and support to improve work. The results of this study indicate that there are healthy interactions within the ABC Government so that leaders can implement relationships that are in accordance with the characteristics and interests of the agency to make subordinates feel comfortable at work to improve employee performance.

The Effect of Leader Member Exchange on Work Engagement at OPD (Regional Apparatus Organisation) within the ABC Government

Based on the results of the analysis, it shows that the leader member exchange variable has a positive and significant effect on the work engagement of employees in the ABC Government. A good mutual relationship between superiors and subordinates will increase work engagement. These results indicate that the quality of interpersonal exchange relationships between leaders and their members within the ABC Government is very good. The success or failure experienced by the organization is determined by the quality of leadership of someone who leads the organization. The ability of a leader to influence his followers is a dominant factor that determines the success of an organization, because leadership has a role as a coordinator, motivator, and catalyst that will bring the organization to the peak of success. Frequent meetings within the ABC Government can also facilitate the exchange of opinions, proposals, and ideas as well as solutions to problems faced. Employees must feel valued and listened to in meetings, so that employees feel work engagement and are encouraged to provide their ideas in the discussion forum. Each member is given the same opportunity to express their opinion.

The results of this study are in accordance with the theory governing the relationship between leaders and subordinates, namely the leader member exchange theory which describes the role of making a relationship process between a leader and subordinates and this exchange relationship is developed over time (Yukl & Becker, 2006). The superior-subordinate relationship is very important at work. Bosses or leaders at work perform a variety of managerial functions from planning, organizing, driving, and supervising. These managerial tasks cannot be achieved by the leader alone, but by mobilizing the people he leads. The quality of the relationship between superiors and subordinates affects the perceptions, attitudes and behavior of both superiors and subordinates who have the relationship. The theory of the relationship between leaders and employees is called Leader Member Exchange (LMX), where leaders build a different type of reciprocal relationship with existing employees (Senthilkumar, 2002). The results of this study are also in accordance with the results of previous studies where the results of research from Naz (2019) found that LMX encourages work engagement to encourage employees to be more energetic and have a positive attitude towards work engagement and in accordance with LMX theory which assumes that leaders develop sustainable social and interactive relationships with members that encourage work engagement.

In relation to the results of the influence and explanation of the theory above, leader member exchange shows an influence on work engagement. This is because employees always do work beyond what has been determined in the job description so that employees in the ABC Government often forget to do other things when focus complete their work. The results of this study are in accordance with LMX theory which further explains that employees who experience low-quality LMX relationships are unlikely to contribute beyond the minimum effort required at work, while employees who experience high-quality LMX relationships tend to contribute beyond the minimum requirements of the job. The tendency for positive work behavior is due to shared feelings, loyalty, commitment, support, and trust, which can increase over time (Liden & Maslyn, 1998). The findings of this study indicate that engaged employees have high levels of energy, are enthusiastic, proud of their work, and feel time flies when they work (Aggarwal et al., 2020). There is a tendency that employees who experience high-quality LMX will feel psychologically safe, thus further increasing work engagement. A quality dyadic relationship shows that superiors have a lot of interaction with subordinates, are emotionally attached to subordinates, provide psychological empowerment which then leads to work engagement. Bosses in the ABC Government need to know how interactions between superiors and subordinates can increase work engagement to improve work performance, thereby achieving organizational excellence.

The Influence of Leader Member Exchange on Innovative Behaviour in OPD (Regional Apparatus Organisation) within ABC Government

Based on the results of the analysis, it shows that the leader member exchange variable has a positive and significant effect on innovative work behavior of employees in the ABC Government. The success of an institution requires harmonious relationships and interactions between leaders and subordinates so that company goals can be achieved. The leader's behaviors will reflect the behavior of employees, because the leader is the one who gives examples to his subordinates. Innovative work behavior is not only focused on thinking about ideas or new things, but also on the actions to be taken or how to implement them. Higher quality relationships make employees more likely to be innovative (Ratnasari & Wulansari, 2019). In building innovative behavior, the ABC Government in the planning, implementation, and monitoring and evaluation stages of activities always conducts work meetings at each stage of its activities. Meetings are held so that there is a good relationship between the leader and its members, in its implementation the leader creates a meeting condition that can facilitate the exchange of opinions, proposals and ideas as well as solutions to the problems being faced. When employees feel their opinions are valued and trusted, they are more motivated to contribute and share new ideas so that they feel an important part of the agency. Research has shown that employees whose opinions are often heard are more productive and innovative because they are more likely to achieve their goals and contribute to the success of the organization (Syarifuddin et al., 2022).

The results of this study are in accordance with self-determination theory where high leader member exchange can stimulate intrinsic motivation from employees thus increasing

innovative behavior (Xie et al., 2020). With a high LMX environment, supervisors will provide more support resources to employees, such as more information, informal feedback, and resources needed to complete tasks. In addition to fulfilling competence and autonomy needs, high LMX provides greater security and connectedness in interpersonal relationships, thereby increasing intrinsic motivation towards work and improving creative performance. The results of this study are also in line with research from Dar et al., (2023) proving the importance of leaders in the innovation process and the important role of leadership in employee innovative behavior. Employees will feel more optimistic about the way leaders view their behavior, which significantly leads to their innovative behavior. However, the results of this study contradict research from Park & Jo (2018) which found that LMX does not have a positive relationship with innovative behavior.

In relation to the results of the influence and explanation of the theory above, leader member exchange shows an influence on innovative work behavior. This is because employees in the ABC Government always do work beyond what has been specified in the job description so that they often produce original solutions to work-related problems. The results of this study show that employees in the ABC Government have more opportunities to connect with their superiors, debate new ideas, and get feedback so that they are encouraged to be innovative in doing their work. Employees who have more opportunities to connect with their superiors will have more access to knowledge and emotional support that helps generate new ideas and allows them to utilize their creativity (Mustafa et al., 2023). This is in accordance with LMX theory where an individual's capacity to imagine and innovate can be enhanced by positive attitudes towards their leaders (Atwater & Carmeli, 2009). The results of this study provide validation that the nature of interactions from superiors with their subordinates can build stronger levels of motivation and inspiration that allow employees to feel encouraged to be free in making decisions related to their imagination so that this aspect refers to the ability of individuals to identify new opportunities and find creative solutions to improve performance at work.

The Effect of Work Engagement on Employee Performance at OPD (Regional Apparatus Organisation) within the ABC Government

Based on the results of the analysis, it shows that work engagement variables have a positive and significant effect on employee performance of employees in the ABC Government. As a government agency, the ABC Government must promote work engagement in its employees. Engaged employees will be more motivated, focused, and productive so they are also more likely to give extra effort and produce high-quality work. In improving employee performance, leaders in the ABC Government often delegate tasks to their members according to the ability and level of trust of leaders to their members so that each member will get a different role in carrying out tasks that are adjusted to the capacity and capability of members and the level of trust of leaders in members who are given tasks. The division of tasks or delegation of tasks is expected to increase the sense of responsibility and work involvement because members feel trusted by their leaders. When leaders delegate tasks to

the right employees with the appropriate abilities and expertise, the work will be completed more quickly and efficiently.

The results of this study are in accordance with self-determination theory proposed by Ryan & Deci (2022) which explains that intrinsic motivation, which comes from within the individual, is more effective in increasing work engagement and employee performance compared to extrinsic motivation, which comes from external factors such as rewards or punishments. Self-determination theory explains that when employees feel competent, autonomous, and connected to others in the workplace, they are more likely to feel engaged in their work so that they will be more productive and efficient in completing their work. The results of this study are in line with previous studies where Naz (2019) found that highly engaged employees will produce positive emotions and stimulate performance. On the other hand, employees who do not have high engagement will make their performance unsatisfactory. The findings of Jufrizen et al. (2024) also found that employees feel work engagement, which is the initiative and sense of responsibility that each employee has, then it will make an important contribution to their success and authority in determining their performance. However, some researchers argue that increased work engagement does not always lead to increased employee performance (Bouckennooghe et al., 2022; Kim & Koo, 2017).

In connection with the results of the influence and explanation of the theory above, work engagement shows an influence on employee performance. This is because employees in the ABC Regency Government often forget to do other things when focusing on completing their work so that employees always do their work effectively. The results of this study are in accordance with the results of previous research where to maintain a high level of productivity and functional effectiveness, an organization must ensure that its employees focus and invest all their energy to complete tasks (Lai et al., 2020). Employees with high work engagement have high levels of energy, are enthusiastic, inspired, and proud of their work, and feel that time flies when they work (Aggarwal et al., 2020). Therefore, when employees feel focused, engaged employees perform better because they invest more physical energy with greater intensity for longer periods of time and greater attention to complete their work effectively. Thus, these findings suggest that work engagement is one of the important issues to strive to maintain among employees to ensure they put one hundred per cent effort in the completion of their tasks in improving employee performance within the ABC Government.

The Effect of Innovative Behaviour on Employee Performance at OPD (Regional Device Organisation) within the ABC Government

Based on the results of the analysis, it shows that the variable innovative work behaviors have a positive and significant effect on employee performance of employees in the ABC Government. The government has an important role in driving the nation's progress. One way to achieve this goal is to improve employee performance in government agencies. One of the key factors that can improve the performance of government agencies is to promote innovative work behaviors among employees. In this era of globalization, agency leaders need

to create a culture that supports innovation and rewards new ideas. Promoting innovative work behaviors is a worthwhile investment for government agencies. By encouraging employees to be innovative, government agencies can improve the efficiency, effectiveness and quality of their services. This can ultimately lead to improved performance of government agencies and better services for the community.

The results of this study are in accordance with JD-R theory or job demand resource theory where the JD-R model where innovative work behaviors are a type of performance that goes beyond the specified requirements. Innovative work behavior is considered the type of performance demonstrated by employees who are engaged with their work. JD-R theory predicts job burnout, organizational commitment, job enjoyment, connectedness, work engagement, proactive work craft behaviors, in-role performance and specifically in extra-role performance i.e., individual innovative behaviors. Therefore, JD-R theory is highly relevant in understanding how innovative work behaviour is demonstrated by employees as they perform their job roles (Bakker & Demerouti, 2014). The results of this study are in line with research conducted by Lu et al., (2022) who found that employees who are more dedicated to work and show more innovative behaviors will be more effective in meeting company demands, thus leading to better company development. When an employee shows innovative behaviors, it will show the behavior of adapting and innovating to external and internal influences acting on ideas from a series of events (Vuong, 2023).

In connection with the results of the influence and explanation of the theory above, innovative work behaviors show an influence on employee performance. This is because employees in the ABC Government often produce original solutions to problems related to completing their work so that they can do their work effectively. The results of this study reflect that employees within the ABC Government can implement ideas, processes, and practices that aim for agency effectiveness because they are concerned with the implementation and realization of ideas because an employee's performance is measured by his dedication to achieving the highest possible results in his position. Kwon & Kim (2020) also argue that innovative work behaviors involve actions such as seeking new ideas, fighting for new initiatives, and implementing these ideas. Opportunity exploration and identification is an opportunity to improve, explore solutions, and improve performance by implementing other possible options to overcome problems immediately (Naritasari et al., 2023). The results of this study resulted in the finding that employees in the ABC Government were able to identify opportunities that they were able to identify gaps between existing performance and the potential for implementing innovation.

The Influence of Leader Member Exchange on Employee Performance through Work Engagement at OPD (Regional Apparatus Organisation) within the ABC Government

Based on the results of the analysis, it shows that the leader member exchange variable has a positive and significant effect on employee performance through work engagement of employees in the ABC Government. This shows that leader member exchange has an important impact on employee performance because by fostering strong and high-quality

leadership relationships among employees, they will become more engaged in their work, thus leading to an increase in overall employee performance. In increasing work engagement, leaders in ABC Government often delegate tasks to members according to the leader's ability and level of trust in each member. Therefore, each member may play a different role depending on the member's ability and ability and the level of trust in the leader, or some members may perform tasks based on the leader's judgement. Members who carry out assigned tasks. The purpose of task division and delegation is to help members feel trusted by their superiors and strengthen their sense of responsibility and involvement in their work. When leaders delegate tasks to the right employees with the right skills and expertise, these tasks can be completed more quickly and efficiently, thereby increasing employee performance.

The results of this study are in accordance with LMX theory, which explains that the quality of the relationship between leaders and subordinates can be divided into 2 (two) categories, namely 'in group' and 'out group' (Wayne et al., 1997). The term 'in group' means that higher quality LMX is based on mutual trust, respect, and affection, while the term 'out group' means that lower quality LMX is characterized by policies, formal rules, and authority (Graen & Scandura, 1987). Employees in the in group contribute more than the job description that has been given, while employees in the out group only perform routine tasks requested by their leaders (Graen & Scandura, 1987; Tsay et al., 2014). Research from Naz (2019) resulted in the finding that work engagement can mediate the relationship between LMX and job performance because employees who are highly involved and energetic at work will benefit employees and organizations in accordance with LMX theory which assumes that leaders develop sustainable social and interactive relationships with their members promoting work engagement. The findings are also supported by research from Jufrizen et al., (2024) where a good relationship between leaders and subordinates will make an employee perform an activity if it is considered a role that will be an additional role without seeing any reward. Employee work attachment behaviors can be shown by doing additional work if needed by the leader, helping to participate in solving problems, and feeling responsible for the work.

Based on the results of this study, it shows that employees in the ABC Government agency have a good relationship with their superiors so that they can improve performance. Good contributions from employees are caused by a good relationship between superiors and subordinates. Explanations related to job descriptions in the ABC Government scope provide encouragement to employees who have an attachment to the job and make the focus of employees better. High LMX with employees providing support and trust to employees can motivate them to work. An increase in work engagement can then be a factor in increasing the productivity and quality of work of employees in the ABC Government. Building strong relationships between leaders and subordinates is a good strategy in creating a good and more productive work environment. Then the existence of open communication between leaders and subordinates makes a good work environment and makes work engagement based on respect and trust in ABC Government.

The Influence of Leader Member Exchange on Employee Performance through Innovative Behaviour in OPD (Regional Apparatus Organisation) within the ABC Government

Based on the results of the analysis, it shows that the leader member exchange variable has a positive and significant effect on employee performance through innovative work behaviors of employees in the ABC Government. In improving innovative behaviors within the ABC Government, work meetings are often held at every stage of the activity. Meetings are held so that there is a good relationship between the leader and its members, in its implementation the leader creates a meeting condition that can facilitate the exchange of opinions, proposals and ideas as well as solutions to the problems being faced. Proposals from each member will be considered and used as constructive decision-making. Meeting participants are adjusted to the duties and authority of each member and each member is given the same opportunity to express their opinions. When employees feel connected to their team and feel their ideas are valued, they are more open to collaborating and sharing ideas with others. This can lead to more creative and innovative solutions.

The results of this study are in accordance with LMX theory explaining that the quality of the relationship between leaders and subordinates can be divided into 2 (two) categories, namely 'in group' and 'out group' (Wayne et al., 1997). The term 'in group' means that higher quality LMX is based on mutual trust, respect, and affection, while the term 'out group' means that lower quality LMX is characterized by policies, formal rules, and authority (Graen & Scandura, 1987). Employees in the in group contribute more than the job description that has been given, while employees in the out group only perform routine tasks requested by their leaders (Graen & Scandura, 1987; Tsay et al., 2014). In research conducted by Parama Puspita Sari & Kistyanto (2020) found that LMX applied to companies can help improve employee performance through the creation of new innovations. Encourage employees to innovate, create new ideas, promote and test the feasibility of their innovations. These activities can affect employee work results, both individually and for the company. The better the communication between leaders and employees, the higher the employee performance. This statement is also supported by Lie et al., (2022) where leaders must understand and know everyone in their organisation as part of this proactive practice, so it is found that innovative behavior is able to mediate the relationship between LMX and job performance. Through social exchange, a leader can offer resource support and relationships to facilitate members' proactive efforts in providing new ideas, positive changes and innovative behaviour (Carnevale et al., 2017). Innovative behaviour becomes a mediating variable by considering or considering that leaders who can foster and maintain relationships will make employees more innovative in achieving maximum job performance (Amina et al., 2021; Latifoglu et al., 2023; Naz, 2019; Rakasiwi et al., 2023).

Based on the results of this study, it shows that employees at the ABC Government agency have a good relationship with their superiors so that they can improve performance. Good contributions from employees are caused by a good relationship between superiors and subordinates. In the ABC Government environment, there is open communication between

superiors and subordinates with the support and trust of the leadership so that at work, employees have a good relationship with the leadership. Thus, employees feel that they have a sense of confidence in working so that they can innovate and try new methods of working. Supportive leaders in the ABC Government help employees develop innovative ideas from employees. These innovative employees can develop new methods of completing work, improve efficiency, effectiveness and produce good performance to provide an increase in overall performance.

Conclusion

Based on the results of data processing, analysis, and discussion that has been carried out on the effect of leader member exchange on employee performance through work engagement and innovative behavior on employees within the ABC Government, it can be concluded that there is a positive and significant influence between leader member exchange with employee performance, work engagement, and innovative behavior within the ABC Government. Furthermore, there is a positive and significant influence between work engagement and innovative behavior with employee performance within the ABC Government. In addition, work engagement and innovative behavior variables can mediate the relationship between leader member exchange and employee performance positively and significantly.

Based on the research results obtained, although all hypotheses are accepted and all variable conditions in this study are said to be very good, there are several things that need to be considered in the ABC Government in improving employee performance. First, there needs to be an increase in the quality of the leader member exchange because in a way the leader is more able to recognize and consider indicators that have a small value so that the performance of the employees themselves continues to increase and there is also a sense of satisfaction in the hearts of employees while working in the ABC Government. Second, to improve employee performance, the agency is expected to provide a routine schedule for vacationing or eating together to all employees every month to reduce fatigue at work and to strengthen the relationship between superiors and employees. Third, the suggestion that the ABC Government provide career development opportunities to employees to increase employee enthusiasm and involvement in work, agencies can provide training, mentoring, or job rotation programs that allow employees to develop skills, increase knowledge, and plan long-term careers at agencies. Fourth, as a form of performance improvement efforts, it is necessary to increase the quantity of employee work by the Agency motivating employees again at work and providing training.

References

- Aggarwal, A., Chand, P. K., Jhamb, D., & Mittal, A. (2020). Leader–member exchange, work engagement, and psychological withdrawal behavior: the mediating role of psychological empowerment. *Frontiers in Psychology*, 11, 423.
- Amina, A., Hadi, N. U., Waheed, A., & Fayyaz, H. (2021). The effect of leader mindfulness on employee job performance: Investigating the mediating and moderating role of leader-

- member exchange and organization culture. *Journal of Behavioral Sciences*, 31(2), 138–165.
- Atwater, L., & Carmeli, A. (2009). Leader-member exchange, feelings of energy, and involvement in creative work. *Leadership Quarterly*, 20(3), 264–275. <https://doi.org/10.1016/j.leaqua.2007.07.009>
- Bakker, A. B., & Demerouti, E. (2014). Job Demands–Resources Theory. In *Wellbeing* (pp. 1–28). Wiley. <https://doi.org/10.1002/9781118539415.wbwell019>
- Bouckennooghe, D., De Clercq, D., Naseer, S., & Syed, F. (2022). A curvilinear relationship between work engagement and job performance: the roles of feedback-seeking behavior and personal resources. *Journal of Business and Psychology*, 37(2), 353–368.
- Carnevale, J. B., Huang, L., Crede, M., Harms, P., & Uhl-Bien, M. (2017). Leading to Stimulate Employees' Ideas: A Quantitative Review of Leader–Member Exchange, Employee Voice, Creativity, and Innovative Behavior. *Applied Psychology*, 66(4), 517–552. <https://doi.org/https://doi.org/10.1111/apps.12102>
- Dansereau, F., Graen, G., Cashman, J., Kimberly, J. B., Hoel, W., & Franke, J. A. (1975). *A Vertical Dyad Linkage Approach to Leadership within Formal Organizations A Longitudinal Investigation of the Role Making Process 1*.
- Dar, N., Kundi, Y. M., & Soomro, S. A. (2023). Leader–member exchange and innovative work behavior: a 2-1-1 model. *Management Decision*, 61(9), 2629–2644. <https://doi.org/10.1108/MD-08-2022-1113>
- Dwitanti, E., Danardana Murwani, F., & Siswanto, E. (2023). THE EFFECT OF WORK-LIFE BALANCE ON EMPLOYEE PERFORMANCE THROUGH WORK STRESS AND WORKLOAD. In *International Journal of Business* (Vol. 4, Issue 2).
- Graen, G. B., & Scandura, T. A. (1987). *Toward a psychology of dyadic organizing* (JAI Press, Ed.).
- Gunawan, K., Yudiaatmaja, F., Suandana, N., & Adi Mekarsari, N. K. (2023). Pengaruh leader member exchange terhadap kinerja karyawan dengan budaya tri hita karana sebagai pemoderasi. *Jurnal Ekonomi Modernisasi*, 18(3), 305–316. <https://doi.org/10.21067/jem.v18i3.7449>
- Jufrizen, J., Harahap, D. S., & Khair, H. (2024). Leader-Member Exchange and Employee Performance: Mediating Roles of Work Engagement and Job Satisfaction. *Journal of Economics, Business, & Accountancy Ventura*, 26(3), 306–322. <https://doi.org/10.14414/jebav.v26i3.3591>
- Karmila, N., & Malangkucecwara, S. (2020). *Kepuasan kerja sebagai variabel mediasi pengaruh antara komitmen afektif dan komitmen berkelanjutan dengan kinerja pegawai di sekretariat daerah kabupaten pasuruan*. 2, 320–326. <http://journal.feb.unmul.ac.id/index.php/INOVASI>
- Kim, M.-S., & Koo, D.-W. (2017). Linking LMX, engagement, innovative behavior, and job performance in hotel employees. *International Journal of Contemporary Hospitality Management*, 29(12), 3044–3062.
- Kwon, K., & Kim, T. (2020). An integrative literature review of employee engagement and innovative behavior: Revisiting the JD-R model. *Human Resource Management Review*, 30(2). <https://doi.org/10.1016/j.hrmmr.2019.100704>
- Lai, F. Y., Tang, H. C., Lu, S. C., Lee, Y. C., & Lin, C. C. (2020). Transformational Leadership and Job Performance: The Mediating Role of Work Engagement. *SAGE Open*, 10(1). <https://doi.org/10.1177/2158244019899085>

- Latifoglu, N., Imamoglu, S. Z., Ince, H., & Altindag, E. (2023). Effect of Leader–Member Exchange on Proactive Employee Behavior and Employee Performance: The Moderating Role of Innovative Climate. *Sustainability*, 15(20), 14670.
- Liden, R. C., & Graen, G. (1980). Generalizability of the Vertical Dyad Linkage Model of Leadership[^]. In *Academy of Management Journal* (Vol. 23, Issue 9).
- Liden, R. C., & Maslyn, J. M. (1998). Multidimensionality of leader-member exchange: An empirical assessment through scale development. *Journal of Management*, 24(1), 43–72. <https://doi.org/10.1177/014920639802400105>
- Lie, D., Purba, E., Harini, S., Said, M., & Sudirman, A. (2022). Managing Innovative Work Behavior: The Role of Member-Leader Exchange, Organizational Climate and Psychological Empowerment. *KnE Life Sciences*. <https://doi.org/10.18502/kl.v0i0.11805>
- Lu, X., Yu, H., & Shan, B. (2022). Relationship between Employee Mental Health and Job Performance: Mediation Role of Innovative Behavior and Work Engagement. *International Journal of Environmental Research and Public Health*, 19(11), 6599.
- Mustafa, G., Mubarak, N., Khan, J., Nauman, M., & Riaz, A. (2023). Impact of Leader-Member Exchange on Innovative Work Behavior of Information Technology Project Employees; Role of Employee Engagement and Self-Efficacy. *Employee Responsibilities and Rights Journal*, 35(4), 581–599. <https://doi.org/10.1007/s10672-022-09429-y>
- Naritasari, N., Surwanti, A., & Qamari, I. N. (2023). Empathetic Leadership, Innovative Work Behavior and Health Protocol Culture as Determinants of Employee Performance in Government Organizations. *Journal of Governance and Public Policy*, 10(3), 303–316. <https://doi.org/10.18196/jgpp.v10i3.18031>
- Naz, S. (2019). Role of Work Engagement and Job Performance in an LMX Environment. *Market Forces*, 14(2).
- Nisar, M., & Mustari, N. (n.d.). PENGARUH BUDAYA ORGANISASI TERHADAP KINERJA PEGAWAI DINAS KEPENDUDUKAN DAN PENCATATAN SIPIL KABUPATEN WAJO. <https://journal.unismuh.ac.id/index.php/kimap/index>
- Parama Puspita Sari, D., & Kistyanto, A. (2020). PENGARUH LEADER MEMBER EXCHANGE TERHADAP KINERJA KARYAWAN YANG DIMEDIASI OLEH INNOVATIVE WORK BEHAVIOR (STUDI PADA PT. TASPEN PERSERO) CABANG UTAMA SURABAYA. 4(2).
- Park, S., & Jo, S. J. (2018). The impact of proactivity, leader-member exchange, and climate for innovation on innovative behavior in the Korean government sector. *Leadership & Organization Development Journal*, 39(1), 130–149.
- Pramita, C., & Eko Soetjipto, B. (2023). The Influence of POS and Fringe Benefits on Employee Performance with OCB Mediating Variable. THE INFLUENCE OF POS AND FRINGE BENEFITS ON EMPLOYEE PERFORMANCE WITH OCB MEDIATING VARIABLE under a Creative Commons Attribution-NonCommercial 4.0 International License (CC BY-NC 4.0). *Jurnal Ekonomi*, 12, 2023. <http://ejournal.seaninstitute.or.id/index.php/Ekonomi>
- Rakasiwi, D. G., Susila, I., & Nugroho, S. P. (2023). PENGARUH LEADER-MEMBER EXCHANGE TERHADAP JOB PERFORMANCE DENGAN EMPLOYEE ENGAGEMENT DAN INNOVATION BEHAVIOR SEBAGAI VARIABEL MEDIASI. *JURSIMA*, 10(3), 357–372.
- Ratnasari, D., & Wulansari, N. A. (2019). Management Analysis Journal Effect of Leader Member Exchange on Innovative Work Behaviour through Work Engagement as a Mediation. *Management Analysis Journal*, 8(2). <http://maj.unnes.ac.id>
- Ryan, R. M., & Deci, E. L. (2022). Self-Determination Theory. In *Encyclopedia of Quality of Life and Well-Being Research* (pp. 1–7). Springer International Publishing. https://doi.org/10.1007/978-3-319-69909-7_2630-2

- Senthilkumar, M. (2002). *THE MEASUREMENT OF ENGAGEMENT AND BURNOUT: A TWO SAMPLE CONFIRMATORY FACTOR ANALYTIC APPROACH*.
- Syarifuddin, S., Prasetyo, R. F., Afrizayanti, & Abdullah, A. A. (2022). Employee Opinion: Studi Deskriptif tentang Keterikatan, Kepuasan dan Komitmen Kerja Pegawai BPJS Kesehatan. *Jurnal Jaminan Kesehatan Nasional*, 2(1). <https://doi.org/10.53756/jjkn.v2i1.53>
- Tsay, C. H. H., Lin, T. C., Yoon, J., & Huang, C. C. (2014). Knowledge withholding intentions in teams: The roles of normative conformity, affective bonding, rational choice and social cognition. *Decision Support Systems*, 67, 53–65. <https://doi.org/10.1016/j.dss.2014.08.003>
- Vuong, B. N. (2023). The influence of servant leadership on job performance through innovative work behavior: does public service motivation matter? *Asia Pacific Journal of Public Administration*, 45(3), 295–315.
- Wayne, S. J., Shore, L. M., & Liden, R. C. (1997). Perceived organizational support and leader-member exchange: a social exchange perspective. *Academy of Management Journal*, 40(1).
- Winarno, A., & Zulaikah. (2021). The influence of administrative literacy on employee's performance on the perspective of gender among local government administration staff. In *Community Empowerment through Research, Innovation and Open Access* (pp. 87–92). Routledge. <https://doi.org/10.1201/9781003189206-17>
- Xie, Z., Wu, N., Yue, T., Jie, J., Hou, G., & Fu, A. (2020). How Leader-Member Exchange Affects Creative Performance: An Examination From the Perspective of Self-Determination Theory. *Frontiers in Psychology*, 11. <https://doi.org/10.3389/fpsyg.2020.573793>
- Yukl, G. A., & Becker, W. S. (2006). Effective Empowerment in Organizations. *Organization Management Journal*, 3(3), 210–231. <https://doi.org/10.1057/omj.2006.20>