

THE INFLUENCE OF LEADER MEMBER EXCHANGE AND WORK AUTONOMY IN IMPROVING EMPLOYEE PERFORMANCE WITH INNOVATIVE WORK BEHAVIOR AS A MEDIATING VARIABLE AT PT JASA RAHARJA BALI

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#### Abstract

PT Jasa Raharja is one of the State-Owned Enterprises (BUMN) that has a strategic role in providing basic protection to the community related to traffic accidents. Currently, PT Jasa Raharja focuses on efforts to improve and enhance services to the community by making various innovations. This study aims to analyze the effect of leader-member exchange on employee performance with innovative behavior as a mediating variable at PT Jasa Raharja in Bali. Data collection was carried out using a questionnaire to 51 respondents who were employees at PT Jasa Raharja in Bali. Hypothesis testing is done using inferential analysis using Partial Least Squares (PLS). The results showed that Leader-Member exchange has an insignificant effect on employee performance but a positive and significant effect on employee innovative behavior. Work autonomy has a positive and significant effect on employee performance and also on innovative behavior. Innovative behavior has a positive and significant effect on employee performance. Innovative behavior is not able to mediate the effect of leader-member exchange on employee performance, but is able to mediate the effect of work autonomy on employee performance partially.

**Keywords**: Leader-Member Exchange, Work Autonomy, Innovative Behavior, Employee Performance

### INTRODUCTION

PT Jasa Raharja is one of the State-Owned Enterprises (BUMN) that has a strategic role in providing basic protection to the community related to traffic accidents. As the person in charge of implementing the policy of providing compensation for victims of traffic accidents, the company must optimize its implementation and be able to provide socialization to the public about the rights of victims related to accident compensation guarantees (Halisa & Fatchurrohman, 2023). In addition, the company is also required to produce its best performance through the profits generated. Currently, PT Jasa Raharja focuses on efforts to improve and enhance services to the community by making various innovations.

Based on its annual report, it is explained that employees are the central entity of the company. However, the company has experienced a decline in performance as measured using Jasa Raharja's Key Performance Indicators (KPIs). KPIs are prepared based on the Letter of the Secretary of the Ministry of SOEs No. S-08/S.MBU/2013 dated January 16, 2013, concerning Submission of Guidelines for Determining KPIs and Criteria for Superior Performance Assessment in State-Owned Enterprises. It also happens at PT Jasa Raharja Bali Branch, especially in the field of Administrative Staff Tk I and Administrative Staff Tk II Samsat, who have the task of collecting data related to motor vehicle Samsat to analyze and evaluate the results of work and the realization of mandatory dues and mandatory contributions. In addition, the level of collectability from the receipt of mandatory







fees and mandatory income from 51 existing counters decreased by 15 counters. It is required by management so that staff can develop strategies to improve their performance in order to increase company revenue.

Effective human resource management (HRM) is increasingly important to achieve a competitive advantage that contributes to the survival and success of the company, regardless of the size and structure of the organization (Khoshnaw & Alavi, 2020). Based on the resource-based view theory, human resources in an organization are often viewed as assets, not just capital (Dharmanegara et al., 2016). Performance is a measurable result produced by an individual when carrying out a given task, influenced by skills, experience, dedication, and time invested (Jufrizen et al., 2023). In order to achieve maximum performance, there are several factors that influence it, including leadership factors and work design (Kasmir, 2016: 189).

According to Anggreni et al. (2018), the achievement of the goals of a company, both private and state-owned or public sector, depends on the ability and expertise of leaders in carrying out company functions, in marketing, production, finance, administration, and personnel aspects. The relationship that occurs between superiors and subordinates is the most important factor known as leader-member exchange (LMX). LMX is an important aspect of organizational life that affects changes in behavioral outcomes (Jufrizen et al., 2023). Employees with high-quality LMX relationships can do well because of the extra support provided by leaders, including resources and opportunities (Obeng et al., 2021). In the end, quality LMX will encourage employees to improve their performance (Sutoni, 2023). Research by Obeng et al. (2021), Rizky et al. (2023), Jufrizen et al. (2023), Latifoglu et al. (2023), and Sutoni (2023) stated that LMX has a significant positive effect on performance. However, the research of Ionescu & Iliescu (2021) concluded that LMX cannot always be associated with the highest work results of employee performance.

Recent studies have shown that the role of leaders is necessary to initiate proactive attitudes from employees in the form of innovation and to overcome complex problems in the innovation process (Lee et al., 2021). Competent leadership can minimize, even eliminate, barriers that exist in organizations (Sarmawa, 2019). Many exchange processes that occur between leaders and employees with high-quality relationships have a greater likelihood that employees will show innovative behavior (Mascareño et al., 2020). Proactive employees exchanging more information with their leaders will increase employee confidence and creativity (Latifoglu et al., 2023). High-quality LMX relationships may provide access to valuable resources and support, such as time and information that can assist in making the transition from creativity to innovation (Mascareño et al., 2020). A number of research results, such as Latifoglu et al. (2020), Nguyen (2020), Zuberi & Khattak (2021), Ismail (2022), and Latifoglu et al. (2023), concluded that LMX has a positive and significant effect on innovative behavior.

According to Afandi (2021: 86), ability is a factor that determines performance; in this case, it is related to the performance of independence from work autonomy. Khoshnaw & Alavi (2020) state that work autonomy is a factor that also affects performance. Work autonomy is the exercise of authority, power, and decision-making by employees under their control (Khoshnaw & Alavi, 2020). Autonomy is an important work resource that can improve job performance. The existence of work autonomy is also said to help alleviate work conflicts because the more autonomous a job is, the easier it will be for employees to organize and be flexible in managing and carrying out work (Saputra, 2021). Several studies, including Khoshnaw, S., & Alavi, H. (2020), Saputra (2021), Shahzad (2022), and Juyumaya et al. (2024), concluded that work autonomy has a positive and significant impact on performance. In contrast to the conclusions expressed by Sørlie et al. (2022), who found that work autonomy had no significant impact on performance.







Job autonomy also refers to an employee's view of freedom in carrying out their role at work. It involves the ability to explore opportunities, take responsibility for their work, and exercise discretion in determining task features and job design (Syarif & Purnamawati, 2024). It will encourage employees to take a crucial role, as shown by innovative behavior. Employees who enjoy freedom in the decision-making process, take responsibility for tasks, and play an important role in strengthening workplace performance (Khoshnaw & Alavi, 2020). A number of previous studies, such as Lee et al. (2021), Triatmoko & Yuniawan (2023), Rattini (2023), Syarif & Purnamawati (2024), and Frate & Bido (2024) concluded that work autonomy has a positive and significant effect on innovative behavior.

According to Domi et al. (2020), innovative behavior also affects performance. Innovative behavior functions in order to support employees to enjoy their work, which includes exploring new opportunities and ideas, implementing new ideas, and applying new knowledge to achieve improved personal or business performance (Triatmoko & Yuniawan, 2023). According to Rosyiana (2019: 31), innovative behavior affects performance because this behavior is beneficial for team performance and can encourage someone to bring up their innovative ideas in their work group. As explained in Mascareño et al.'s (2020) research, the final stage of the journey to innovation is needed for influence and legitimacy to convince stakeholders to push ideas forward. Research by Hadi et al. (2020), Yumhi (2021), Nguon (2023), Sutoni (2023), and Balkar (2024) also concluded that innovative behavior has a positive and significant influence on performance.

In this case, examining the role of employee innovative behavior to explain the role of LMX and work autonomy to strengthen employee performance, especially in state-owned companies, will contribute to the literature by filling existing gaps. Based on the phenomenon of these problems, the research topic is entitled "The Effect of Leader-Member Exchange and Work Autonomy in Improving Employee Performance with Innovative Work Behavior as a Mediating Variable at PT Jasa Raharja Bali Branch".

Employee Performance. According to Rivai (2014: 309), performance is the real behavior that each person displays as a work achievement produced by employees in their role in the company. Meanwhile, Wirawan's opinion (2015: 5) explains performance as the output produced by the functions or indicators of a job or a profession within a certain time. Another opinion, according to Mangkunegara (2021: 67), states that performance is the result of an employee's work in quality and quantity that has been achieved by employees in carrying out their duties according to their functions with the responsibilities given to them. Based on some of these definitions, it can be explained that performance is the result of the work of an employee.

Employee performance indicators in this study refer to the opinions of Sutoni (2023) and Latifoglu et al. (2023), which are explained as follows:

- a. The quantity of results is the ability of employees to achieve predetermined targets.
- b. The quality of results is the ability of employees to provide services according to the SOP.
- c. Timeliness of results is the ability of employees to complete work on time.
- d. Involvement is the willingness of employees to be involved in organizational activities.
- e. Independence, namely the ability of employees to find solutions when facing a problem.

Leader-Member Exchange. LMX is an interpersonal relationship between leaders and subordinates consisting of two groups, namely Ingroup exchanges, also known as high-quality relationships, which allow leaders and subordinates to enhance partnerships through interpenetration, mutual trust, respect, and shared sentiments (Rizky et al., 2023). According to Wibowo & Sutanto (2013: 2), LMX focuses on the reciprocal (two-way) relationship between the leader and each of his followers, which is an exchange relationship that aims to increase







organizational success by creating a positive relationship between the leader and his followers. Robbins & Judge (2013: 377) define leader-member exchange as the creation of groups (in-group members) by leaders, subordinates with group status to obtain higher performance appraisals, lower turnover, and better job satisfaction than out-group members.

The LMX indicators in this study refer to the opinions of Latifoglu et al. (2023) and Jufrizen et al. (2023), which are explained as follows:

- a. Helping to solve problems, namely, the willingness of leaders to help solve problems in employee work
- b. Saving employees, namely, the willingness of leaders to save employees at their own risk.
- c. Respect, namely, employees understand their position with respect for their superiors
- d. Trust, namely, employee confidence in the ability of their leaders
- e. Defense, namely, the employee's willingness to defend the leader's decision.

Job Autonomy. According to Robbins (2012: 46), autonomy is a level at which work provides substantial freedom, independence, and discretion in scheduling work and determining the procedures used to complete work. Employee autonomy is also mentioned as the level at which work provides substantial freedom, independence, and discretion to individuals in scheduling work and determining the procedures to be used in carrying it out (Khoshnaw & Alavi, 2020). Job autonomy can be interpreted as the authority given by the leadership to employees to organize and carry out their work, and overcome the problems that exist in it. The extent to which employees can decide for themselves how their tasks will be carried out, including time control and autonomy methods, is a situational work resource that facilitates task and contextual performance through various motivational mechanisms such as increased work engagement, commitment, and development (Sørlie et al., 2022).

The indicators of work autonomy in this study refer to the opinions of Ramadhani & Indawati (2021) and Syarif & Purnamawati (2024), which are explained as follows:

- a. Work methods are when employees are given the freedom to determine the right work method
- b. Work scheduling is the freedom of employees to set their work schedules
- c. Work criteria are the freedom given to utilize organizational resources
- d. Decision is the freedom given by employees to make decisions in carrying out work procedures
- e. Work priorities, namely, the freedom given by employees to determine work priorities

Innovative Behavior. According to Rosyiana (2019: 55), innovation is an individual action or behavior that is born from new ideas to improve a product and service through a planned program with the objectives to be achieved. The realization of an innovation in the organization is when workers are involved in innovative work behavior. Another opinion by Messman & Mulder (2011) innovation shows a way to overcome problems or improve the status quo with the production of new products or processes that may be useful and then developed and applied in certain work contexts. So that innovative work behavior exists to produce innovation. Innovative work behavior is often associated with creativity.

The indicators of innovative behavior in this study refer to the opinions of Hadi et al. (2020) and Frate & Bido (2024), which are explained as follows:

- a. Exploration of ideas, namely the ability of employees to find opportunities
- b. Idea generation, namely the ability of employees to create new strategies
- c. Idea championing, namely, the ability of employees to seek support in realizing innovation
- d. Idea promotion, namely, employees are given the opportunity to explore the ideas generated
- e. Implementing ideas is the courage to implement the idea into the usual work process.







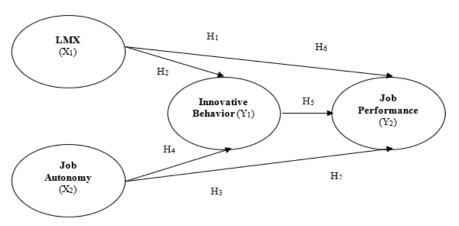


Figure 1. Research Framework

# Research Hypothesis.

- H1: LMX has a significant positive effect on employee performance
- H2: LMX has a significant positive effect on innovative behavior
- H3: Job autonomy has a significant positive effect on employee performance
- H4: Job autonomy has a significant positive effect on innovative behavior
- H5: Innovative behavior has a significant positive effect on employee performance
- H6: Innovative behavior mediates the effect of LMX on employee performance
- H7: Innovation behavior mediates the effect of job autonomy on employee performance

#### **METHODS**

This research was conducted at PT Jasa Raharja Bali Branch with the Head Office on Jalan Hayam Wuruk No.202, Dusun Tanjung Bungkak Kaja, Sumerta Kelod Village, Denpasar, Bali 80239. The population in this study was employees at PT Jasa Raharja Bali Branch, totaling 52 employees. Based on the phenomenon that occurred, the sample in this study was determined using a saturated sample, namely, all employees were sampled. The data collection method used is the survey method using a questionnaire. Statement items are measured on a Likert scale using five numbers from 1 (strongly disagree) to 5 (strongly agree). The data analysis technique used is inferential analysis to analyze the relationship between the variables studied in this study, namely LMX, work autonomy, innovative behavior, and employee performance.

#### **RESULT AND DISCUSSION**

**Validity and Reliability Test.** The validity test results are shown in Table 1, which shows that the item values generated by the research constructs have met the standard value of convergent validity because the loading factor value is greater than 0.5 after removing indicators X1.2 and X2.6 Thus it can be concluded that the 18 construct indicators used in the study can be said to be valid.

Table 1. Validity Test Results

|      |                                | Job<br>Performance | Leader-<br>Member<br>Exchange | Job<br>Autonomy | Innovative<br>Behavior |
|------|--------------------------------|--------------------|-------------------------------|-----------------|------------------------|
| X1.1 | Help solve problems            |                    | 0.751                         |                 |                        |
| X1.3 | Respect the leader's position. |                    | 0.819                         |                 |                        |





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| X1.4 | Believe in the leader's ability.                     |       | 0.880 |       |       |
|------|--|-------|-------|-------|-------|
| X1.5 | Willing to defend the leader's decision              |       | 0.757 |       |       |
| X2.1 | Freedom to determine work methods                    |       |       | 0.822 |       |
| X2.3 | Freedom to utilize organizational resources          |       |       | 0.812 |       |
| X2.4 | Freedom to make decisions                            |       |       | 0.830 |       |
| X2.5 | Freedom to determine work priorities                 |       |       | 0.895 |       |
| Y1.1 | Able to find opportunities for better strategies     |       |       |       | 0.927 |
| Y1.2 | Able to create work strategies                       |       |       |       | 0.897 |
| Y1.3 | Able to seek support to realize innovation           |       |       |       | 0.863 |
| Y1.4 | Able to re-explore ideas generated                   |       |       |       | 0.888 |
| Y1.5 | Dare to implement new ideas into work processes      |       |       |       | 0.837 |
| Y2.1 | Able to achieve predetermined targets                | 0.704 |       |       |       |
| Y2.2 | Able to provide services according to SOP            | 0.781 |       |       |       |
| Y2.3 | Able to complete work on time                        | 0.852 |       |       |       |
| Y2.4 | Willing to be involved in various company activities | 0.856 |       |       |       |
| Y2.5 | Able to find solutions when facing problems          | 0.801 |       |       |       |

The reliability test results in Table 2 show the Cronbach's Alpha value. The results show that the CR value of each construct is equal to or above 0.6. It means that all indicators consistently reflect the same latent construct.

Table 2. Reliability Test Result

| Variable               | Cronbach's Alpha |
|------------------------|------------------|
| Job Performance        | 0,858            |
| Leader-Member Exchange | 0,815            |
| Job Autonomy           | 0,861            |
| Innovative Behavior    | 0,929            |

**Hypothesis Test.** The results of the path and significance testing are shown in Table 3. The first test shows that leader-member exchange on employee performance has a p-value of 0.101> 0.05. It shows that leader-member exchange has no significant effect on employee performance, so the first hypothesis is rejected. The second test of leader-member exchange on innovative behavior has a p-value of 0.020 < 0.05. It shows that leader-member exchange has a positive and significant effect on innovative behavior, so the second hypothesis is accepted. Furthermore, work autonomy on employee performance has a p-value of 0.017 < 0.05. It shows that work autonomy has a positive and significant effect on employee performance, so the third hypothesis is accepted. Other results related







to the relationship of work autonomy to innovative behavior have a p-value of 0.005 < 0.05. It shows that work autonomy has a positive and significant effect on innovative behavior, so the fourth hypothesis is accepted. In addition, the relationship between innovative behavior and employee performance has a p-value of 0.000 < 0.05. It shows that work autonomy has a positive and significant effect on innovative behavior, so the fifth hypothesis is accepted. Tested separately, the effect of leader-member exchange and employee performance through innovative behavior has a p value of 0.077 > 0.05, which means it is not significant, while the effect of leader-member exchange on employee performance directly has a p value of 0.005 < 0.05, which means it is significant. It means that innovative behavior is not able to mediate the effect of leader-member exchange on employee performance. At the same time, the effect of work autonomy and employee performance through innovative behavior has a p value of 0.0.12 < 0.05, which means significant or able to mediate, while the effect of work autonomy on employee performance directly has a p value of 0.000 < 0.05, which means significant. It means that innovative behavior is able to mediate the effect of work autonomy on employee performance partially.

The R2 value of employee performance is 0.810, meaning that leader-member exchange, work autonomy, and innovative behavior can explain variations in employee performance by 81.0 percent, while the rest is explained by variations in other variables outside the research model. In innovative behavior, the R-Square obtained is 0.596, which means that leader-member exchange and work autonomy can explain variations in innovative behavior by 59.6 percent, while the rest is influenced by other constructs that are not analyzed in the estimation model. Based on the calculation of Q2, a value of 0.923 is obtained, which means that the model is included in the strong model criteria, meaning that the estimation model built in this study has a strong level of predictive accuracy.

Table 3. Hypothesis Test Results

| Table 5. Hypothesis Test Results                                |                     |         |                      |  |  |
|---|---------------------|---------|----------------------|--|--|
| Construct   | Path<br>Coefficient | P value | Description          |  |  |
| Leader Member Exchange -> Job Performance                       | 0.230               | 0.101   | Not significant      |  |  |
| Leader Member Exchange -> Innovative Behavior                   | 0.374               | 0.020   | Significant          |  |  |
| Job Autonomy -> Job Performance                                 | 0.324               | 0.017   | Significant          |  |  |
| Job Autonomy -> Innovative Behavior                             | 0.460               | 0.005   | Significant          |  |  |
| Innovative Behavior -> Employee Performance                     | 0.443               | 0.000   | Significant          |  |  |
| Leader Member Exchange -> Innovative Behavior-> Job Performance | 0.165               | 0.077   | Not mediating        |  |  |
| Job Autonomy-> Innovative Behavior-> Job Performance            | 0.204               | 0.012   | Partial<br>Mediation |  |  |

R<sup>2</sup> Job Performance: 0,810 R<sup>2</sup> Innovative Behavior: 0,596

Q2: 0,924

The Effect of Leader-Member Exchange on Employee Performance at PT Jasa Raharja in Bali. Based on the results of the analysis, it was found that leader-member exchange did not have a significant effect on employee performance. It indicates that the better the implementation of leader-member exchange at PT Jasa Raharja in Bali, to improve employee performance will improve significantly.

Based on the average respondents' answers, it is known that although the average value of leader-member exchange is in the very good category (4.41), crucial indicators in LMX, such as the This open-access article is distributed under a







leader's willingness to bear risks for employees and the willingness of employees to defend the leader's decisions, scored below average. It indicates that the emotional closeness and mutual trust between leaders and subordinates have not been strongly developed. On the other hand, employee performance indicators show that the highest achievement comes from procedural aspects, namely the ability to provide services by SOPs.

It causes the insignificant effect of the quality of the relationship between members and leaders, proxied by LMX, on the resulting employee performance. In addition, it is known that the measure of employee performance in this case is the performance of measurable tasks by their respective tasks, so that employees will continue to do their duties according to their obligations. It can also be caused by a power distance that is too far, reflecting the imbalance of power between leaders and subordinates, where leaders are considered to have full authority and employees are only executors, resulting in only one-way communication, employees are reluctant to ask questions, provide input, or build equal relationships with superiors.

In this situation, employees are accustomed to obeying orders without discussion and consider the leader to be in a much higher position in terms of status, so that the quality of the ideal LMX relationship, which is characterized by trust, mutual respect, and open communication, cannot be formed optimally. As a result, although the leader-subordinate relationship structure exists, the relationship is formal and transactional, not relational. It means that performance achievement has been driven by a structured and standardized work system, not by interpersonal relationship factors with the leader.

This result supports Ionescu & Iliescu's (2021) research, which concluded that LMX cannot always be associated with the highest work outcomes of employee performance. This result is not in line with the research of Obeng et al. (2021), Rizky et al. (2023), Jufrizen et al. (2023), Latifoglu et al. (2023), and Sutoni (2023), who concluded that LMX has a positive and significant effect on employee performance.

The Effect of Leader-Member Exchange on Employee Innovative Behavior at PT Jasa Raharja in Bali. Based on the results of the analysis, it is found that leader-member exchange has a positive and significant effect on employee innovative behavior. It indicates that the better the implementation of leader-member exchange at PT Jasa Raharja in Bali, the more it can increase employee innovative behavior.

Based on the respondents' answers, it is known that the relationship between leaders and subordinates is in the very good category, with an average score of 4.41, so that the relationship between leaders and employees can create a work atmosphere that supports openness, mutual trust, and psychological safety in conveying ideas. The LMX indicator that has the highest score, namely, respecting the leader because he is aware of the position that reflects respect and acceptance of the leader's authority, which can be the basis for creating constructive two-way communication. This condition facilitates employees to be more courageous in expressing new ideas and thinking creatively, as seen from the innovative behavior score, which is also high (4.47), especially in the indicator of being able to re-explore the ideas generated. The existence of a positive relationship with the leader causes employees to feel more motivated to produce innovations because of the perception that their ideas will be accepted and supported. Therefore, the quality of good relationships with leaders is one of the important factors that encourage the emergence of innovative behavior in the work environment.

This is in line with the research of Latifoglu et al. (2020), Nguyen (2020), Zuberi & Khattak (2021), Ismail (2022), and Latifoglu et al. (2023), which concluded that LMX has a positive and significant effect on innovative behavior.







The Effect of Work Autonomy on Employee Performance at PT Jasa Raharja in Bali. Based on the results of the analysis, it is found that work autonomy has a positive and significant effect on employee performance. It indicates that the better the implementation of work autonomy at PT Jasa Raharja in Bali, the better employee performance can be improved.

Based on respondents' answers, it shows that work autonomy is rated very well by employees, with an average score of 4.37. Employees feel they are given freedom in carrying out their duties, especially in determining the most appropriate work method, which is the indicator with the highest score. The provision of autonomy allows employees to adjust the way of working to their respective abilities and work styles, thereby increasing efficiency and effectiveness in completing work. This freedom encourages a sense of responsibility and ownership of work, which directly impacts performance achievement. It is reflected in the very high employee performance score (4.56), with the most dominant indicator being the ability to provide services according to standard operating procedures (SOPs). Therefore, the higher the level of autonomy felt by employees, the greater the contribution to improving performance, because they can work more independently, proactively, and responsibly in completing their tasks.

It is in line with the research of Khoshnaw & Alavi (2020), Saputra (2021), Shahzad (2022), Sørlie et al. (2022), and Juyumaya et al. (2024), who concluded that work autonomy has a positive and significant impact on improving employee performance. That supervisor support has a significant positive effect on employee performance.

The Effect of Work Autonomy on Employee Innovative Behavior at PT Jasa Raharja in Bali. Based on the results of the analysis, it is found that work autonomy has a positive and significant effect on employee innovative behavior. It indicates that the better the implementation of work autonomy at PT Jasa Raharja in Bali, the more it can increase employee innovative behavior.

Based on the respondents' answers, it is known that work autonomy is in the very good category with an average score of 4.37. Giving freedom to employees, especially in determining the right work method, is the indicator with the highest score and reflects that employees feel trusted to make decisions in carrying out their work. This sense of trust and freedom creates a more flexible work environment that is conducive to creativity and initiative. Employees who feel they have control over how they work will be more encouraged to try new approaches, explore new ideas, and not be afraid to take risks in finding solutions. It is in line with the average value of innovative behavior, which is also high (4.47), especially in the indicator of being able to re-explore the ideas generated. With enough autonomy, employees have room to think critically and innovatively without feeling restricted by overly rigid work rules.

This result is in line with the research of Lee et al. (2021), Triatmoko & Yuniawan (2023), Rattini (2023), Syarif & Purnamawati (2024), and Frate & Bido (2024), who concluded that work autonomy has a positive and significant effect on innovative behavior.

The Effect of Innovative Behavior on Employee Performance at PT Jasa Raharja in Bali. Based on the results of the analysis, it was found that innovative behavior has a positive and significant effect on employee performance. It indicates that the higher the innovative behavior of employees at PT Jasa Raharja in Bali, the better the performance produced by employees.

Based on the respondents' answers, it is known that the average score of innovative behavior is in the very good category, which is 4.47. Employees feel able to re-explore the ideas they have generated, which is the indicator with the highest score. The ability to generate and develop new ideas allows employees to find more efficient ways of working, overcome operational obstacles, and provide added value in carrying out tasks. It correlates with the high employee performance score (4.56), especially in the indicator of service according to SOP, which can be a concrete result of the







innovation process in improving work procedures or techniques. Thus, innovative behavior is one of the important keys in achieving optimal performance, because it allows employees to continue to adapt, innovate, and provide solutions in facing work challenges.

These results are in line with the research of Hadi et al. (2020), Yumhi (2021), Nguon (2023), Sutoni (2023), and Balkar (2024), mentioning a significant positive relationship between innovative behavior and performance.

The Role of Innovative Behavior Mediating the Effect of Leader-Member Exchange on Performance at PT Jasa Raharja in Bali. Based on the results of the analysis of the mediating role of leader-member exchange on employee performance through innovative behavior, it is found that innovative behavior is unable to act as a mediating variable. It means that the relationship between leaders and subordinates has not been able to fully provide maximum work results through the innovation path, because the innovation process itself has not run optimally in the organization.

Based on the results of descriptive analysis, it can be explained that although employees show high innovative behavior, there are still obstacles in implementing these ideas into concrete actions that have a direct impact on performance. One indicator of the cause is that employees are still less able to seek support to realize innovation. It indicates that although employees have creative ideas, they still experience difficulties in accessing the resources, managerial support, or collaboration needed to implement these innovations effectively. Thus, the contribution of innovative behavior is not strong enough to bridge the influence of LMX on performance improvement.

This result is not in accordance with the research of Obeng et al. (2021), Rizky et al. (2023), Latifoglu et al. (2020), Nguyen (2020), and Balkar (2024), which suggests that innovative behavior has an important role in the LMX and performance relationship.

The Role of Innovative Behavior Mediating the Effect of Work Autonomy at PT Jasa Raharja Bali Branch in Denpasar.

Based on the results of the analysis of the mediating role of work autonomy on employee performance through innovative behavior, it is found that innovative behavior is able to act as a partial mediating variable. It means that work autonomy has a direct influence on employee performance, but part of the influence is also passed on through increasing employee innovative behavior.

This finding shows that the higher the level of autonomy given to employees, such as freedom in determining work methods, setting schedules, and setting priorities, the greater the opportunity for employees to think creatively and generate new ideas. Based on respondents' answers, the highest indicator of work autonomy is freedom in determining work methods, and the ability to reexplore ideas that have been generated. In this context, the work freedom felt by employees creates a psychological space that allows them to take initiative, try new approaches, and improve work processes, which ultimately has a positive impact on performance. It has an impact on innovative behavior that can bridge the relationship between work autonomy and performance, where part of the influence of autonomy on performance is channeled through encouraging employees to innovate in carrying out their tasks.

These results are in accordance with research by Khoshnaw & Alavi (2020), Saputra (2021), Lee et al. (2021), Triatmoko & Yuniawan (2023), and Nguon (2023) that innovative behavior has an important role in the relationship between work autonomy and performance.

## **CONCLUSION**

PT Jasa Raharja is one of the State-Owned Enterprises (BUMN) that has a strategic role in providing basic protection to the community related to traffic accidents. Currently, PT Jasa Raharja







focuses on efforts to improve and enhance services to the community by making various innovations. This study aims to analyze the effect of leader-member exchange on employee performance with innovative behavior as a mediating variable at PT. Jasa Raharja in Bali.

The results found that Leader-Member Exchange has an insignificant effect on the performance of employees of PT Jasa Raharja in Bali. It means that the better leader-member exchange is not able to improve performance. Leader-member exchange has a positive and significant effect on the innovative behavior of employees of PT Jasa Raharja in Bali. It means that the better leader-member exchange will increase innovative behavior. Work autonomy has a positive and significant effect on the performance of employees of PT Jasa Raharja in Bali. It means that better work autonomy will improve the resulting performance. Work autonomy has a positive and significant effect on the innovative behavior of employees of PT Jasa Raharja in Bali. It means that better work autonomy will increase innovative behavior. Innovative behavior has a positive and significant effect on the performance of employees of PT Jasa Raharja in Bali. It means that increasing innovative behavior will improve employee performance. Innovative behavior is unable to mediate the effect of leader-member exchange on employee performance of PT Jasa Raharja in Bali. It means that innovative behavior is not an effective link between LMX and employee performance at PT Jasa Raharja in Bali. Innovative behavior can partially mediate the effect of work autonomy on the performance of employees of PT Jasa Raharja in Bali. Part of the effect of work autonomy on employee performance can be explained by innovative behavior.

To improve employee performance, management is expected to improve the quality of the relationship between leaders and employees more thoroughly, by increasing the willingness to save employees at their own risk through leadership development programs, coaching activities, open communication, and the creation of a mutually supportive work environment, to create a strong reciprocal relationship between leaders and subordinates. Management is also expected to provide freedom to set work schedules and freedom to determine work priorities by implementing a more flexible work system, such as providing output-based work policies or implementing certain flexibility in working hours. In addition, leaders can be trained to provide greater flexibility to employees in organizing the order of tasks, accompanied by monitoring and strategic direction, so that employees can still manage their time and priorities effectively without sacrificing company targets. In addition, management needs to pay more attention to employees' ability to seek support to realize innovation by creating an innovation assistance system, such as the establishment of idea forums, coaching sessions with managers, or special units that facilitate internal innovation.

In addition, companies can provide resources such as small budgets (innovation funds) and dedicated time for employees to develop and test new ideas for real implementation. Management should encourage employees to strive to achieve work targets and find solutions to problems by providing training in problem-solving skills, time management, and effective work planning. An achievement-based reward system can also be an additional motivation for employees to set personal targets and increase their resilience in facing work challenges.

The limitation of this study is the limited generalizability of research results in other industries, because the unique characteristics of other industries can change the set of factors that affect employee performance. So that future research is expected to expand the scope of respondents to other regions or industries, so that the research results are more generalized. In addition, a combination of qualitative methods, such as interviews, can provide a deeper understanding. Other factors, such as competence or organizational climate, can be investigated to see their influence on employee performance.







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