



## The Mediating Role of Work Engagement on the Influence of Leader-Member Exchange on Innovative Work Behavior (Study at PT. Bali Super Host)

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### ABSTRACT

An example of innovative work behavior would include coming up with, pitching, and executing new ideas on purpose within a job, group, or organization in order to generate profit. The purpose of this research is to examine the connection between leader-member interchange and creative actions on the job and to provide light on the mediating function of work attachment. The PT. Bali Super Host was the site of the research. A total of 366 persons make up the study's population. Using the Slovin methodology for sample determination, 191 personnel were used in the study. Surveys and one-on-one conversations were used to gather data. Statistical methods such as descriptive and inferential statistics are employed for the analysis. A Structural Equation Model (SEM) with the Partial Least Square (PLS) technique was used to analyze the data together with the SmartPLS 3.0 software. Employee engagement and creative behavior on the job are positively and significantly correlated with leader-member exchange, according to research. The connection between leader-member conversations and innovative behaviors on the job is mediated by an individual's degree of job dedication. Organizations should thoroughly focus on implementing leader-member interactions and work engagement if they want to foster innovative work habits among their employees.

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## 1. INTRODUCTION

A company's ability to manage innovation determines its competitiveness and survival [1]. In the face of corporate unpredictability, changing market conditions, and the need to sustain a competitive advantage, only creative and inventive organizations will emerge victorious [2]. So, in this tech-driven world, every business requires innovation to stay ahead of the competition. People are the most valuable and significant asset of every organization, whether it's a small business, government agency, or non-profit. Human resources (HR) refers to these productive individuals who push the organization forward. Research in a number of fields has shown that strong human resources and interpersonal skills can help businesses and nations gain an edge in their respective markets [3]. According to [4], employees' innovative work behavior is crucial to a company's success in today's fast-paced business environment.

The headquarters of PT. Bali Super Host is located at Jl. Cok Rai Puduk No. 184, Mas Village, Ubud District, Gianyar Regency, Bali, and the company provides property management services. PT. Bali Super Host oversees 210 individual villas. The strong demand for lodging services among tourists means that the company must constantly seek out innovative ways to work if it wants to keep up with the competition and keep providing high-quality services. That year, 483 individuals worked for PT. Bali Super Host. Preliminary survey data from 8 PT. Bali Super Host employees revealed an exceptionally high level of innovative work behavior among PT. Bali Super Host staff, with an average score of 2.7 [5]. Section 2. One hundred workers at PT. Bali Super Host were surveyed about their inventive behavior, and the results showed an average of 2.8 (Appendix 3).

The issues that arise with these employees include a lack of interest in improving things that aren't directly related to their job, a reluctance to seek out new ways of working, a lack of initiative in finding solutions to problems, and an inability to inspire company enthusiasm for innovative ideas. The results demonstrate that the staff of PT. Bali Super Host has been less than ideal when it comes to implementing new ideas at work. [6] According to Fatonah, in order for an organization to grow, its employees must exhibit innovative work behavior. When individuals consistently bring new ideas to the table at work, they are involved in innovative work behavior [7]. These ideas have the potential to impact the longevity of the firm. People with high levels of creativity are resilient; they keep going even when others tell them they're wrong, and they never stop thinking of new methods to solve problems. [8]. An organization's ability to foster creative problem-solving among its employees is critical to its success in the long run. Research on creative actions in the workplace mostly makes use of social exchange theory. People work now in the hopes of reaping benefits later on, according to the social exchange theory that emerged from the study of social structure. Workers are more likely to act creatively when they believe there is fairness in the firm, according to this notion [9].

A common cause of company failure is leaders' failure to inspire innovative behavior among employees, which prevents the full potential and advantages of innovation from being fully realized [10]. Companies have started to give some serious consideration to the factors that impact innovative behavior in the workplace since it is now a key component for firms to gain a competitive edge [11]. The leader-member exchange theory is said to be able to inspire creative actions from workers [12]. According to Atitumpong's [13] research, leader-member exchange is a predictor of creative actions in the workplace. Encouraging people to actively participate in innovative work depends on the dynamics of the connection between firm executives and employees.

## **2. METHOD**

An informal associative study with the aim of establishing a connection between numerous factors, this study took a quantitative approach to its design. This study aims to elucidate the missing pieces of the puzzle by investigating the connections between leader-member exchange, work engagement, innovative work behavior, and the mediating role of the latter in the former. In order to assess statistical data and test the research hypothesis, this study used a quantitative approach. Jl. Cok Rai Puduk No. 184, Mas, Ubud District, Gianyar Regency, Bali is the location of PT. Bali Super Host, where this research is situated. This site was selected since the pre-survey (Appendix 2) indicated that PT. Bali Super Host staff members have not demonstrated creative approaches to their job. The anticipated duration of this research is four months, beginning in September 2023 and ending in January 2024..

Participants in this study must be full-time workers at PT. Bali Super Host who meets the minimum requirement of six months' service. In order for the study's findings to shed light on the connection between leader-member exchange, innovative work behavior, and work engagement, it is necessary to select a minimum of six months of employment. This is due to the fact that at PT. Bali Super Host, every employee is responsible for conducting their own first performance evaluation.

Research populations are defined as sets of things or people with shared traits that allow for more generalizable analysis and interpretation of data [14]. Three hundred sixty-six individuals working with PT. Bali Super Host for a minimum of six months made up of the population of this research. Data or information that characterizes the nature or features of a population can be derived from samples, which are subsets of that population chosen according to predetermined criteria [14]. The researchers in this study used simple random sampling as a method of probability sampling. The goal of simple random sampling is to select a subset of a population at random, independent of any preexisting stratification within that group [15]. The number of respondents is determined using the Slovin formula in this study. A formula that can be used to determine the sample size that is believed to be representative of the full population is the Slovin formula, as stated by Sugiyono [15].

$$n = \frac{N}{1+Ne^2}$$

Description:

n = minimum sample

N – population sample

e = percentage of tolerance limit (5% or 0.05)

Based on the formula above, the sample to be taken in this study can be known through the following calculation:

$$n = \frac{366}{1+366(0,05)^2} = 191$$

By using the formula above, with a population of 366 people, the error rate used is 5%, it can be seen that the sample to be studied is 191 people. The instruments in this study were tested to meet the criteria and scientific norms of empirical research, namely validity and reliability. This research makes use of two methods for analyzing data: descriptive statistics and inferential statistics with the help of Structural Equation Modeling (SEM).

### **3. RESULTS AND DISCUSSION**

PT. Bali Super Host is a property management company located at Jl. Cok Rai Pudak No.184, Desa Mas, Ubud District, Gianyar Regency, Bali. PT. Bali Super Host has the brand name PT. Bali Super Host, founded in 2021 by a team of passionate hospitality experts with a vision to provide an unmatched villa experience on the Island of the Gods. Currently, PT. Bali Super Host is a global property management company with 210 villas in Bali, managed by an employee consisting of 483 dedicated professionals. PT. Bali Super Host has welcomed more than 300,000 guests and continues to expand its reach. PT. Bali Super Host's operations are heavily influenced by the principles of sustainable tourism and respect for local culture. Embodying the philosophy of Tri Hita Karana Indonesia, PT. Bali Super Host strives for harmony with God, fellow human beings, and with nature. Having experienced rapid growth since its inception, PT. Bali Super Host has now emerged as a leading player in the non-traditional accommodation sector. PT. Bali Super Host expands new horizons globally, maintaining high standards of service and commitment to creating unique experiences. PT. Bali Super Host is actively seeking talented individuals who share the same passion to join PT. Bali Super Host.

#### **3.1. Respondent Characteristics**

The characteristics of respondents in this study include gender, age, last education, length of service, and position. The majority of respondents were male, which was 161 people (84.29 percent), while females were 30 people (15.71 percent). In terms of age, the largest number of respondents were in the 26-33 years range, which was 88 people (46.07 percent), followed by respondents aged 18-25 years as many as 53 people (27.75 percent), 34-41 years as many as 31 people (16.23 percent), and 42-52 years as many as 19 people (9.95 percent). Based on the last education, the majority of respondents

had a high school/vocational high school education, which was 106 people (55.50 percent), followed by a Diploma as many as 68 people (35.60 percent), a Bachelor's degree as many as 15 people (7.85 percent), and a Master's degree as many as 2 people (1.05 percent). Based on the length of service, the majority of respondents have a working period of 1-2 years as many as 89 people (46.60 percent), followed by <1 year as many as 43 people (22.51 percent), and 3-4 years as many as 59 people (30.89 percent). In terms of position, the majority of respondents are in the operations department as many as 170 people (89.00 percent), followed by sales & marketing as many as 10 people (5.24 percent), accounting as many as 7 people (3.66 percent), and 2 people each (1.05 percent) in the legal and human resources departments. Thus, the majority of respondents in this study were male employees aged 26-33 years, with high school/vocational high school education, with a working period of 1-2 years, and working in the operations department.

### **3.2. Results of Descriptive Statistical Analysis**

#### **3.2.1 Description of Innovative Work Behavior Variable (Y)**

The statement with the highest score is "I often ask myself how things related to work can be improved" indicating that respondents tend to often reflect and look for ways to improve aspects related to work. This indicates a high level of reflection and critical thinking towards their work. While the statement with the lowest is "I often contribute to the implementation of new ideas." indicating that direct involvement in the implementation of new ideas is still relatively lower. This means that although employees often think about improvements, their involvement in implementing these ideas is not as intensive as their thinking. That most people in our survey think that employees display innovative behavior when they consistently seek ways to do a better job by challenging established practices and thinking critically about how they affect the work at hand.

#### **3.2.2 Description of Leader-Member Exchange Variable (X)**

The statement with the highest score is "I carry out my obligations at work" indicating that respondents strongly agree or feel capable of carrying out their obligations in their work well. The statement with the lowest average is "I trust my coworkers in my work". which indicates a lower level of trust in coworkers compared to other aspects of the job. This indicates that although respondents feel that their responsibilities in their work are carried out well, the level of trust between coworkers needs to be improved. What this means is that most people who took part in this survey saw the presence of duties performed by employees as evidence of leader-member interchange.

#### **3.2.3 Description of Work Engagement Variable (Z)**

The statement with the highest score is "I am proud of the work I have" indicating that employees feel proud of the work they have, indicating a high level of pride in their work. The statement with the lowest average is "I feel happy when I work intensely" indicating that employees feel less pleasure when working with high intensity, although the value is still relatively positive. This indicates that although pride in work is high, high work intensity does not always provide the same satisfaction. This indicates that the majority of respondents in this study assessed that work engagement is indicated by the sense of pride that employees have for the work they do.

### **3.3 Hypothesis results**

What follows is an explanation of the relationship between the study's dependent variables and the independent factors.

#### **1. How Leader-Member Exchange Impacts Employee Engagement on the Job.**

In this study, the first hypothesis (H1) asserts that there is a positive and significant influence of leader-member exchange on work engagement. The positive path coefficient value, 0.646, with a t-

statistic of 12.818 > t-table of 1.97266 and p-values of 0.000 < 0.05, may be observed in Table 5.11. This study's results support H1, which suggests that there is a positive and significant effect of leader-member interchange on work engagement at PT. Bali Super Host.

Employees' commitment to their jobs and the level of confidence in their bosses have in them both had significant impacts on the leader-member exchange at PT. Bali Super Host. Leaders at PT. Bali Super Host has established positive relationships with their staff, which has helped build a strong sense of respect and admiration for them. Work engagement among PT. Bali Super Host personnel is high when workers enjoy interacting with their boss. This points to the importance of leader-member exchange in boosting employee engagement at work.

## 2. How Leader-Member Exchange Affects Creative Work Practices In this study

The second hypothesis (H2) asserts that there is a positive and significant influence of leader-member exchange on innovative work behavior. The positive path coefficient value of 0.593 with a t-statistic of 11.482 > t-table of 1.97266 and p-values of 0.000 < 0.05 may be observed in Table 5.11. Based on the findings, we may accept H2 and conclude that leader-member interchange significantly and positively impacts innovative work behavior at PT. Bali Super Host. Employees at PT. Bali Super Host has a positive impression of their leader as someone they can trust and respect, which fosters an environment where everyone works together to get the job done. A strong correlation between creative problem-solving on the job and the characteristics of an effective leader-member exchange. Workers at PT. Bali Super Host that gets along well with their boss generally comes up with novel solutions to problems and is open to implementing new ideas within the company.

## 3. How Investing in One's Work Affects Creative Activity on the Job.

Work engagement positively and influences innovative work behavior, according to the third hypothesis (H3) of this study. The positive path coefficient value of 0.244 with a t-statistic of 3.080 > t-table of 1.97266 and p-values of 0.002 < 0.05 may be observed in Table 5.11. This study's results support H3, which suggests that employees' levels of engagement at work significantly impact their propensity to be creative on the job at PT. Bali Super Host.

Vigor for PT. Bali Super Host employees has a high influence on work engagement and idea championing has a high influence on innovative work behavior. PT. Bali Super Host employees who feel like working when they wake up in the morning, feel full of energy at work, are always persistent even when work is not going well, and feel strong and enthusiastic can have a high influence on employee work engagement. When PT. Bali Super Host employees feel engaged in their work, it can trigger the emergence of emotional bonds between employees and their company so that it can increase innovative work behavior at PT. Bali Super Host. As a result, it's clear that job engagement is a key factor in fostering creative actions on the job. Employees who have high work engagement often have strong intrinsic motivation. Employees feel enthusiastic and excited about the work they do, which encourages employees to find new and better ways to complete the work given. This means that employees with high work engagement tend to have high work enthusiasm and dedication so that they tend to show more innovative work behavior in completing a job. Work engagement also improves the quality of communication and collaboration between teams. Engaged employees tend to be more communicative and willing to share ideas with coworkers where this collaboration often results in creative thinking and innovative solutions.

### 3.4 Mediation Effect Test

Work engagement can partially moderate the influence of leader-member exchange on innovative work behavior, according to data from the mediation effect test results. Workers at PT are more invested

in their job and more likely to come up with creative solutions to problems when there is stronger leader-member exchange. Super Host Bali.

Employee efforts have a significant impact on the mediating role of work engagement in the relationship between leader-member interchange and creative actions on the job. Leaders can boost morale and productivity in the workplace by fostering strong relationships with their employees through leader-member exchanges. When employees see their leaders as nice people and have fun working with them, they are more likely to enjoy coming to work each day. Super Host Bali. When workers are happy and invested in what they do for a living, they are more likely to think outside the box and come up with novel solutions to problems. This, in turn, boosts innovation and creativity at PT. Bali Super Host, which benefits the company as a whole.

Supportive working conditions, including good relationships with leaders, will increase employee engagement which then facilitates an employee's innovative behavior [16]. Leader-member exchange shows that leaders who treat employees in a fair and supportive manner will see improvements in various work outcomes, including work engagement and innovative behavior [17]. Being creative, exploring, and applying new ideas to improve work processes, goods, or services is an example of innovative work behavior. Staff members are more invested in their work when they have positive relationships with their bosses, which may inspire them to think beyond the box [18]. This study's findings corroborate those of Mulligan [19], who found that an engaged workforce is an indicator of productive leader-member exchange, which in turn fosters creativity. Additional evidence that work engagement promotes leader-member interchange towards innovative work behavior comes from the work of Agarwal [20], which corroborates the findings of the present study. Kurniawan [21] also discovered that work engagement mediates the influence of leader-member interchange on innovative work behavior, which is consistent with our results. This suggests that a high level of leader-member exchange fosters positive relationships between leaders and employees, which in turn motivates employees to a greater extent to complete assigned tasks. Employees tend to have a stronger work engagement so that they want to dedicate themselves to the company which will ultimately show more innovative employee work behavior.

#### **4. CONCLUSION**

When leaders and employees at PT. Bali Super Host interacts, it boosts morale and productivity. Employees are more likely to put in extra effort when there is more communication between leaders and members of the team. The innovative work behavior of PT. Bali Super Host employees are positively and significantly impacted by leader-member exchange. In other words, creative actions taken by workers are associated with higher levels of leader-member exchange.

At PT. Bali Super Host, employee engagement positively and significantly affects their innovative work behavior. This means that employees with high work engagement tend to have more innovative work behavior. Work engagement partially mediates the effect of leader-member exchange on employee innovative work behavior at PT. Bali Super Host. This means that high leader-member exchange tends to create a good relationship between employees and leaders so that employees will be more motivated to contribute more to the work given. Employees tend to have a stronger work engagement so that they want to dedicate themselves to the company which will ultimately show more innovative employee work behavior.

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