The Effect of Leader-Member Exchange on Work Engagement and Job Satisfaction in Indonesian The Task Force for National Road Implementation Region III (Bali)

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ABSTRACT: The purpose of this study is to analyze the effect of leader member exchange on work engagement and job satisfaction. The population of this research are employees who work in The Task Force for National Road Implementation Region III (Bali) with a sample of 87 employees. The data collection method was carried out by survey and interview and analysis using path analysis. The results show that leader member exchange has a significant positive effect on job satisfaction, leader member exchange has a significant positive effect on work engagement, work engagement has a significant positive effect on job satisfaction, work engagement plays a role in mediating the effect of leader member exchange on job satisfaction.

Keywords: Leader Member Exchange, Work Engagement, Job Satisfaction.

I. INTRODUCTION

The era of technological advancement today, companies are faced with several challenges, including public demands for better governance and good services. HR management is inseparable from an attitude towards a leader to supervise an employee, the role of a leader must require a very good relationship with subordinates (Gutama et al., 2015). The Indonesian Task Force for National Road Implementation Region III (Bali) is one of the government agencies engaged in infrastructure. It is committed to providing good service in building, supervising and maintaining existing infrastructure. Bali, which is known as a tourism area, must have well-maintained road infrastructure to increase added value to the quality of tourism in Bali. It is also an institution implementing the construction of large road and bridge projects (lighthouses) in Bali such as the Dewa Ruci Underpass, Ngurah Rai Underpass, Mengwi Shortcut.

Job satisfaction and work engagement are important things that an organization must pay attention to. The problems that occur in The Task Force for National Road Implementation Region III (Bali) based on interviews with 5 respondents, there are still employees who have less job satisfaction due to lack of opportunities for promotion. Employees say that even though they have worked properly and have been working for a long time but they still have not yet received a promotion, promotion itself is one important factor in supporting job satisfaction. Respondents also said that they get burnout because the deadline for a project are given in short period of time, so it makes them work in rush and the output would be less optimal. This also has an impact on slightly reducing employees' pleasure at work affecting job satisfaction that felt by the employees. The problem with work engagement occurs when there is additional work-task. Due to over amount of workload at one time, employees feel less enthusiastic about carrying out the work. The problem with the exchange member leader is that employees feel that their leaders are lack at trusting their subordinates.

Astuti et al. (2016) stated that no matter how high the employee's work engagement is, if the leader does not provide motivation and does not provide proper behavior, it will be possible to reduce employee performance which has an impact on employee job satisfaction. Job satisfaction is a very important thing that must be instilled in an employee (Rachman & Dewanto, 2016). Job satisfaction is a positive attitude and self-suitability of an employee to a condition and job situation. An employee who feels satisfaction with work will be able to speak positively about the company, employees will try to give more of a good performance to the company and produce good work performance. Employees who have work engagement are reflected through positive attitudes and feelings that can be seen from their enthusiasm in completing tasks and facing challenges related to work, pride and enthusiasm for their work (Prilestari. & Purba, 2019). An engaged employee will be able to create a source of his own work in obtaining a work achievement (Wulandari & Ratnaningsih, 2016). If an employee feels engaged in the company, an employee will look more satisfied with the job and have a commitment to the company and be able to give extra efforts to the progress of the company.
Leader member exchange describes a leader who forms high-quality relationships, with trust, interest and high respect with a group of subordinates. A high LMX is marked by the exchange of information resources from leaders to subordinates, support, mutual trust, wages, and good efforts (Tan & Susanto, 2017). Leader member exchange is an interaction between a leader and his subordinates, so this requires good communication. Tan & Susanto (2017) state that high LMX is positively related to satisfaction with superiors and overall job satisfaction. Orgambidez-Ramos & de Almeida (2017) state that work engagement will increase job satisfaction. Ali et al. (2018) stated that employees involved in high-quality LMX relationships tend to reciprocate treatment by showing positive changes and can increase job satisfaction. Radstaak & Hennes (2017) provide an illustration that the good quality of exchange relationships between leaders and subordinates will affect employee work engagement.

II. HYPOTHESIS DEVELOPMENT

Based on Putri & Wibawa (2020), “Leader-member exchange theory (LMX) is a relationship-based theory of leadership dyads, LMX theory rests on the assumption that leaders influence employees in their group (members) through the quality of the relationships they develop”. Job satisfaction is defined as a positive attitude based on the results of an evaluation of what is expected to be obtained through the efforts made in carrying out a job with the results or rewards received (Sahyoni & Supartha, 2020). Work engagement is a person’s physical, cognitive and affective attitude related to the workplace and shows that employees will perform tasks that exceed the job desk. LMX describes different exchange relationships from time to time between leaders and subordinates who have reciprocal influence between leaders and members.

Shaikh et al (2019) show that a good LMX relationship between the leader and subordinates makes satisfaction higher because the leader provides support to subordinates so that employees are more satisfied with their work. Employees involved in high-quality LMX relationships tend to respond to this treatment by showing positive changes that can increase job satisfaction (Ali et al., 2018). Job satisfaction is the impact of the good relationship between the leader and subordinates. Leader member exchanges can increase employee job satisfaction because employees get more trust and care from their leaders (Alshamrani, 2017). High-quality leader-subordinate interactions have an impact, among others, increasing job satisfaction. In high-quality interactions, the leader will have a positive view of his subordinates so that his subordinates will feel that they are given a lot of support and motivation (Sukoco et al., 2020). Flickinger et al. (2016) state that exchange member leaders have a significant positive effect on job satisfaction.

H1: Leader member exchange (LMX) has a significant positive effect on job satisfaction.

Leader member exchanges affect work engagement, this is because the level of employee engagement is influenced by the quality of the exchange relationship between leaders and subordinates. The high quality of LMX makes employees receive a lot of support from their leaders and there is open communication from leaders and subordinates so that it will increase employee engagement in doing work (Dewi et al., 2019). Prilestari. & Purba (2019) state that a high LMX can increase employee work engagement. A high LMX relationship can help employees to be engaged in their work (Kim & Koo, 2017). Leaders who are able to build high-quality relationships with employees have the possibility to increase employee work engagement (Radstaak & Hennes, 2017). Permatasari & Suhariadi (2019) show that leader member exchanges have a significant positive influence on work engagement.

H2: Leader member exchange (LMX) has a significant positive effect on work engagement.

Orgambidez-Ramos & de Almeida (2017) state that when an employee is engaged, the employee will have meaning and meaning at work so that the employee will provide good performance and will increase job satisfaction. When an employee feels engaged in the company, the employee will feel satisfied and committed to the company, it will increase stay behavior and will encourage job satisfaction. This is in line with John & Pant (2018) which states that a high level of work engagement contributes to increasing job satisfaction. Work engagement is related to positive energy at work, so it tends to produce positive results, namely job satisfaction (Cahyati & Qomariyah, 2019). Employees who are engaged in their work will make employees satisfied with their work, which can be seen from the employees becoming more like work and enjoying work, this condition encourages employees to do work until the job is fully completed, which shows their willingness to put in extra effort (Rachman & Dewanto, 2016). Vorina et al. (2017) state that “work engagement has a significant positive effect on job satisfaction.”

H3: Work engagement has a significant positive effect on job satisfaction.

The quality of the leader-subordinate exchange will increase job satisfaction (Soleimani & Einolahzadeh, 2017). Employees who have good leader member exchange qualities with their leaders make employees more engaged in their work. Employees who have a sense of engaged, will make the employee provide good performance and will increase job satisfaction (Orgambidez-Ramos & de Almeida, 2017). Leader member exchange has a big role in job satisfaction and job satisfaction itself depending on employee work engagement, when employees are in high quality LMX employees will be more engaged so as to provide...
positive changes that affect job satisfaction (Ali et al., 2018). Leader member exchange has a positive effect on job satisfaction and work engagement has an effect on job satisfaction (Aggarwal et al., 2020). Leaders who maintain high-quality LMX relationships will create a culture of engagement at work so as to increase job satisfaction (Patnaik & Dubey, 2019).

H4: Work Engagement plays a role in mediating the influence of the Leader Member Exchange (LMX) on Job Satisfaction.

III. METHODS

This research uses a quantitative-associative-causal approach. This research was conducted at The Task Force for National Road Implementation Region III (Bali). The population in this study were all employees who worked at The Task Force for National Road Implementation Region III (Bali) with a sample of 87 employees. Data were collected using survey and interviews, and then the data get analyzed by path analysis.

Sub-structural Equations I

\[ M = \alpha + \beta 2X + e1 \]

Sub-structural Equations II

\[ Y = \alpha + \beta 1X + \beta 3M + e2 \]

Description:

\( \alpha \) = Constant

\( Y \) = Job Satisfaction

\( X \) = Leader member exchange

\( M \) = Work engagement

\( \beta 1, \beta 2, \beta 3 \) = Variable regression coefficient

IV. RESULTS AND DISCUSSION

In terms of respondent characteristics, male respondents dominate with the number of 72 people (82.8%). Respondents aged 31-40 dominate with 31 people (35.6%). respondents who have a Bachelor's degree dominate with 57.5% or 50 people. Respondents with a working period between 6-10 years dominate among the others with a percentage of 47.1 percent or as many as 41 people.

Leader member exchange overall has a score of 4.17 out of 5. The highest score is on the statement "I respect the competence of my leader" with a score of 4.34 out of 5. The lowest score is in the statement "Leader defends me when I admit mistakes. me "with a score of 3.98 out of 5. Work engagement has a score of 4.18 out of 5. The highest score is on the statement "I always work optimally in completing work" with a score of 4.31 out of 5. The lowest score is in the statement “I feel like time flies by at work” with a score of 4.06. Job satisfaction has a score of 4.19 out of 5. The highest score is on the statement "I have the opportunity to get a promotion" with a score of 3.95 out of 5.

Table 1. Result of Path Analysis 1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized-Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>6,323</td>
<td>1,720</td>
<td>3,677</td>
<td>0,000</td>
</tr>
<tr>
<td>Leader Member Exchange</td>
<td>0,563</td>
<td>0,051</td>
<td>0,766</td>
<td>10,969</td>
</tr>
<tr>
<td>R Square</td>
<td>0,586</td>
<td>120,319</td>
<td>0,000</td>
<td></td>
</tr>
<tr>
<td>F Statistic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig F-test</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed, 2020

\[ M = 6,323 + 0,563 X + e1 \]

The regression coefficient value on the leader member exchange variable has a positive value with a significance value on the t test of less than 0.05. This means that the leader member exchange variable has a significant positive effect on the work engagement variable. Referring to the table that the value of the R square is 0.586, it means that 58.6 percent of the work engagement variable is influenced by variations in leader member exchanges, and 41.4 percent is explained by other factors.
Table 2. Result of Path Analysis 2

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.207</td>
<td>1.200</td>
<td>0.173</td>
<td>0.863</td>
</tr>
<tr>
<td>Leader Member Exchange</td>
<td>0.465</td>
<td>0.052</td>
<td>0.700</td>
<td>9.007</td>
</tr>
<tr>
<td>Work Engagement</td>
<td>0.208</td>
<td>0.070</td>
<td>0.230</td>
<td>2.961</td>
</tr>
<tr>
<td>R Square</td>
<td>0.790</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F Statistic</td>
<td>157,891</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig F-test</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed, 2020

Y = 0.207 + 0.465 X + 0.208 M + ε₁

The value of the regression coefficient on the independent variable has a positive value with a significance value on the t test of less than 0.05. This shows that all exogenous variables have a significant positive effect on endogenous variables. The value of the R square is 0.790, meaning that 79.0 percent of the job satisfaction variable is influenced by variations in leader member exchange and work engagement, and 21.0 percent is explained by other factors.

Based on the calculation of the effect of error (Pe₁), the result of the effect of error (Pe₂) is 0.810 and the effect of error (Pe2) is 0.613. The result of the total determination value (R₂m) of 0.753 means that 75.3 percent of variations in job satisfaction are influenced by variations in leader member exchange and work engagement, while the remaining 24.7 percent is explained by other factors not included in the model.

Table 3. Direct Effect, Indirect Effect, Total Effect

<table>
<thead>
<tr>
<th>Variable</th>
<th>Direct Effect</th>
<th>Indirect Effect Through Work Engagement (M) (β2 x β3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>X → M</td>
<td>0.766</td>
<td>-</td>
<td>0.766</td>
</tr>
<tr>
<td>X → Y</td>
<td>0.700</td>
<td>0.176</td>
<td>0.876</td>
</tr>
<tr>
<td>M → Y</td>
<td>0.230</td>
<td>-</td>
<td>0.230</td>
</tr>
</tbody>
</table>

Source: Data processed, 2020

The direct effect of the leader member exchange on work engagement is 0.766. The direct effect of the leader member exchange on job satisfaction is valued at 0.700. The direct effect of work engagement on job satisfaction is 0.230. This means that the job satisfaction variable is more influenced by leader member exchange than work engagement. Meanwhile, the indirect effect of the exchange member leader on job satisfaction through work engagement is 0.176. So that the overall effect of the leader member exchange on job satisfaction through work engagement is 0.876. This means that the total influence of the leader member exchange is greater on job satisfaction through work engagement, than the direct influence of the leader member exchange on job satisfaction without going through the work engagement variable. In the calculation of the sobel test, the Z value is 3.204> 1.96. This means that work engagement has a significant positive effect in mediating the influence of leader member exchange on job satisfaction. In the VAF calculation, it is found that the value is 20.1 percent, which is more than 20 percent, meaning that there is an effect that mediates or it can be said that work engagement is a partial mediator.

Referring to the results of the analysis, the influence of the leader member exchange on job satisfaction obtained a significance value of 0.000 <0.05 with a beta coefficient value of 0.700 which has a positive value so that H1 acceptance. This means that the leader member exchange has a significant positive effect on job satisfaction. High leader member exchange is marked by the exchange of information resources from leaders to subordinates, support, mutual trust, wages, and good efforts (Tan & Susanto, 2017). Ali et al. (2018) states that employees who are involved in high-quality LMX relationships tend to respond to this treatment by showing positive changes and can increase job satisfaction. Job satisfaction is the impact of the good relationship between the leader and subordinates. Leader member exchanges can increase employee job satisfaction because employees get more trust and care from their leaders (Alshamrani, 2017). Flickinger et al. (2016) state that exchange member leader has a significant positive effect on job satisfaction

Referring to the results of the analysis, the influence of the leader member exchange on work engagement has a significance value of 0.000 <0.05 with a beta coefficient value of 0.766 which has a positive value so that H2 acceptance. This means that the leader member exchange has a significant positive effect on work engagement. Leader member exchanges affect work engagement, this is because the level of employee engagement is influenced by the quality of the exchange relationship between leaders and subordinates. The high quality of LMX makes employees receive a lot of support from their leaders and there is open communication from leaders and subordinates so that it will increase employee engagement in doing work
(Dewi et al., 2019), Prilestari, & Purba (2019) state that a high LMX can increase employee work engagement. A high LMX relationship can help employees to be engaged in their work (Kim & Koo, 2017). Leaders who are able to build high-quality relationships with employees have the possibility to increase employee work engagement (Radstaak & Hennes, 2017). Wulandari & Ratnaningsih (2016) and Permatasari & Suhardi (2019) show that leader member exchanges have a significant positive influence on work engagement.

Referring to the results of the analysis, the effect of work engagement on job satisfaction has a significance value of 0.004 < 0.05 with a beta coefficient value of 0.230 which has a positive value so that the acceptance of H3. This means that work engagement has a significant positive effect on job satisfaction. Orgambídez-Ramos & de Almeida (2017) state that when an employee is engaged, the employee will have meaning and meaning at work so that the employee will provide good performance and will increase job satisfaction. When an employee feels engaged in the company, the employee will feel satisfied and committed to the company, it will increase stay behavior and will encourage job satisfaction. This is in line with John & Pant (2018) which states that a high level of work engagement contributes to increasing job satisfaction. Work engagement is related to positive energy at work, so it tends to produce positive results, namely job satisfaction (Cahyati & Qomariyah, 2019). Employees who are engaged in their work will make employees satisfied with their work, which can be seen from the employees becoming more like work and enjoying work, this condition encourages employees to do work until the job is fully completed, which shows their willingness to put in extra effort (Rachman & Dewanto, 2016). Vorina et al. (2017), and Rai & Maheshwari (2020) state that work engagement has a significant positive effect on job satisfaction.

Referring to the single test calculation, the Z value is 3.204 > 1.96. This means that work engagement has a positive and significant effect as a mediation between leader member exchanges on job satisfaction. Referring to the VAF calculation, it is found that the value is 20.1 percent and exceeds the value of 20 percent, meaning that there is an effect that mediates or it can be said that work engagement is a partial mediator. The quality of the leader-member exchange will increase job satisfaction (Soleimani & Einolahzadeh, 2017). Breevaart et al. (2015) stated that employees who have good leader member exchange qualities with their leaders make employees more engaged in their work. Orgambídez-Ramos & de Almeida (2017) state that when an engaged employee, the employee will provide good performance and will increase job satisfaction. Ali et al. (2018) leader member exchange has a big role in job satisfaction and job satisfaction itself depends on employee work engagement, when employees are in high quality LMX employees will be more engaged so as to provide positive changes that affect job satisfaction. This is in line with Putnaik & Dubey (2019), leaders who maintain high-quality LMX relationships create a culture of engagement that can increase job satisfaction.

V. CONCLUSION

Leader member exchange has a significant positive effect on employee job satisfaction at The Task Force for National Road Implementation Region III (Bali), leader member exchange has a significant positive effect on employee engagement at The Task Force for National Road Implementation Region III (Bali), Work engagement has a significant positive effect on employee job satisfaction at The Task Force for National Road Implementation Region III (Bali), and work engagement plays a role in mediating the influence of leader member exchange on employee job satisfaction in The Task Force for National Road Implementation Region III (Bali).

Management should be able to provide rewards if employees provide good performance and agencies can also provide training to employees to be able to improve the competence and skills of employees in mastering their field of work so that they can guarantee the employee’s career path in the future. Management can create working conditions and work environments such as by providing good equipment such as computers that can run well. Management can also improve working conditions by creating and creating existing social relationships in the form of good and pleasant communication relationships with fellow colleagues or with leaders and by adjusting the room temperature not too cold or hot so that employees become more comfortable and happy to be at home, office and can work well. Leaders can optimize and improve communication relationships with their subordinates that are better than just work relations by holding gatherings with employees outside of working hours and by understanding the problems, complaints and potentials of their subordinates and can solve problems within the company. Leaders should also be able to provide more support and trust to their employees so that employees can feel close to the leader so that employees feel that they have the support and trust of the leader and make employees more enthusiastic, comfortable and enthusiastic about working without making mistakes.

For the next research, it is expected to increase the number of variables that can affect job satisfaction, and can expand the scope of research such as adding other research locations or can also change the research location so that it is not focused on a research location and adding more samples to provide more general results.
REFERENCES


