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The Influence of Leadership and Competence on Employee Performance in the Employees' Cooperative of PT. Indosat, Tbk., with Innovative Work Behavior as Mediation

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Abstract: In the dynamic landscape of rapid changes and fierce competition, Innovation Work Behavior (IWB), along with effective leadership and employee competence, plays a crucial role in ensuring the survival and growth of cooperatives. This research examines the influence of leadership and competence on employee performance within the Employees' Cooperative of PT. Indosat, Tbk., with innovative work behavior as a mediator. The study collected primary data using purposive sampling through a survey of 64 participants. Data analysis utilized the path analysis method to better understand the relationships between variables. The findings suggest that both leadership and competence significantly and directly impact Innovative Work Behavior (IWB). Furthermore, IWB directly enhances employee performance. Additionally, leadership and competence indirectly influence employee performance through their effect on IWB as a mediator.

Keyword: Innovative Work Behavior, Leadership, Competence, Performance.

INTRODUCTION

Cooperatives are democratically run business organizations with the primary goal of improving the welfare of their members and strengthening community economies. In Indonesia, cooperatives play a significant role in the economy; however, their contribution to the national GDP remains lower compared to other countries. Data from the Central Statistics Agency (BPS) indicates that cooperatives contribute approximately 5.5% to the national GDP, with cooperative growth averaging only around 2% in 2022.

Efforts to enhance the business climate for cooperatives by the government include streamlining permits, expanding access to capital, promoting innovation and technology adoption, and improving human resource quality. Increasing the capacity of cooperative management and fostering innovation skills are key targets outlined in Ministerial Regulation No. 5 of 2021 from the Ministry of Cooperatives and Small and Medium Enterprises.

One notable cooperative in Indonesia is the Employees' Cooperative of PT. Indosat, Tbk. Their business report over the past five years indicates an average growth rate of 4%.

However, this condition suggests that there are underlying factors that require further analysis. Consequently, this study aims to explore variables related to leadership, competence, innovative work behavior, and employee performance.

Leadership is the driving force behind organizational performance. Effective leaders not only achieve positive outcomes but also inspire and motivate others to surpass their perceived limits. Previous research on leadership has yielded varying results. For instance, Andani, Ni W. R., and I. M. A. Wibawa (2022) found that leadership positively influences employee innovative behavior, while Aditianto, Pramudio & Amir, Muhammad Taufiq (2022) reported that transformational leadership does not directly impact innovative work behavior.

Competence refers to the ability grounded in skills and knowledge, supported by work attitudes or behaviors, to perform tasks and duties in the workplace. Previous research by Eka Suhartini et al. (2024), Lestari, E., Alexandri, M.B., & Pragiwani, M. (2021), concluded that competence has a significant effect on employee performance. Meanwhile, research by Pardosi, P., Sumardi, S., & Dewi, A. R. S. (2022), and also research by Rosmaini, Rosmaini & Tanjung, Hasrudy. (2019), concluded that competence does not have a positive and significant effect on employee Performance.

Prior studies have shown that competence significantly affects innovative work behavior. Erwan & Yuliharsi (2024) concluded that competence plays a crucial role in driving innovative work behavior, while Hero, Laura-Maija (2017) emphasized the importance of individual competencies—such as knowledge, skills, and specific abilities—in fostering innovation.

Innovative work behavior refers to individual behavior aimed at introducing new and useful ideas, processes, products, or procedures within work, groups, or organizations to enhance performance and effectiveness. (De Jong, Hartog, 2010). Research on the impact of innovative work behavior has produced mixed findings. Yasa, Ni N. K. (2023) found that innovative behavior significantly influences employee performance, whereas Meidina, D. (2022) reported no direct impact of innovative work behavior on employee performance.

Several studies have explored innovative behavior, including the work of Jung, D. I., Chow, C., & Wu, A. (2003). Their research concluded that transformational leaders encourage employees to think creatively and innovatively. Employees who exhibit innovative behavior tend to contribute significantly to organizational performance improvement. Another study by Purnamaningtyas, S. D., & Rahardja, E. (2021) found that innovative behavior has a positive and significant impact on employee performance, mediating the influence of leadership on employee performance.

The results of those previous studies indicate the existence of a research gap. In this study, we aim to further investigate the influence of leadership and performance through innovative behavior as a mediating variable. The study was conducted at the Kopindosat cooperative involving 64 sample respondents, using the path analysis method to determine the relationship between independent variables, (leadership and competence) on the dependent variable (employee performance) through innovative work behavior as variable mediation.

METHOD

Based on the background and literature review above, this study aims to analyze the influence of leadership and competence on employee performance through innovative work behavior as a mediator.

The research model and hypotheses are as follows:

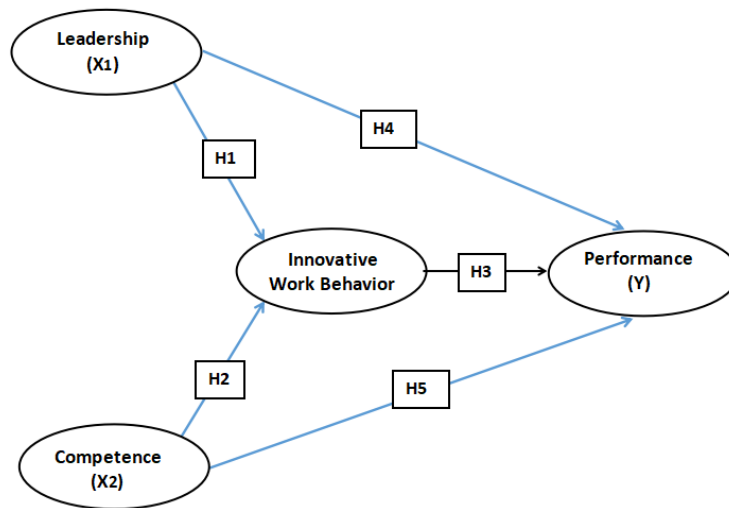


Figure 1. Research Model

Based on the research model above, the following hypotheses are formulated:

- H1: Leadership (X1) directly affects Innovative Work Behavior (M).
- H2: Competence (X2) directly affects Innovative Work Behavior (M).
- H3: Innovative Work Behavior (M) directly influences Performance (Y).
- H4: Leadership (X1) indirectly affects Performance (Y) through Innovative Work Behavior (M) as a mediator.
- H5: Competence (X2) indirectly affects Performance (Y) through Innovative Work Behavior (M) as a mediator.

RESULTS AND DISCUSSION

The characteristics of the respondents provide insights into their profiles based on tenure, educational level, and current positions when they received the questionnaire. The respondent profile data are summarized in the following table:

Table 1. Respondents' Education Level

Work Periods	Respondents	Percentage
S1	38	59%
S2	5	8%
D4	13	20%
High School	8	13%
Total	64	100%

Source: Data Processing 2024

Characteristic Respondents: Majority Educational Level are Bachelor’s (S1) and Master’s (S2).

Table 2. Work Periods

Work Periods	Respondents	Percentage
<5 years	20	31%
6 - 10 years	12	19%
11 - 15 years	8	13%
16 - 20 years	6	9%
> 20 years	18	28%
Total	64	100%

Source: Data Processing 2024

Characteristic Respondents: Majority respondent’s work periods above 10 years

Table 3. Respondents Job Position

Position	Respondents	Percentage
GM	8	13%
Manager	13	20%
Supervisor	15	23%
Staff	28	44%
Total	64	100%

Source: Data Processing 2024

Characteristic Respondents: Majority Job Position are Staff and Supervisor.

These characteristics indicate that the respondents have a good capacity to understand and respond to the questions posed in the questionnaire.

Data Validity Test

The validity test ensures that the interpretations and conclusions drawn from the measurements are accurate and reliable. Data are considered valid if the calculated r_count exceeds the r_table value. With degrees of freedom (df) equal to 62 (64 – 2) and a significance level of 0.05, the critical r value is 0.235. The test results are as follows:

Table 4. Validity Test Results

Variable	Indicator	R_count	R_Table	Validity
Leadership (X1)	X1.1	0,655	0,235	Valid
	X1.2	0,541	0,235	Valid
	X1.3	0,573	0,235	Valid
	X1.4	0,572	0,235	Valid
	X1.5	0,456	0,235	Valid
Competence (X2)	X2.1	0,507	0,235	Valid
	X2.2	0,493	0,235	Valid
	X2.3	0,550	0,235	Valid
	X2.4	0,522	0,235	Valid
	X2.5	0,485	0,235	Valid
Innovative Work Behavior (M)	M.1	0,787	0,235	Valid
	M.2	0,587	0,235	Valid
	M.3	0,656	0,235	Valid
	M.4	0,504	0,235	Valid
	M.5	0,620	0,235	Valid
	M.6	0,761	0,235	Valid
	M.7	0,709	0,235	Valid
	M.8	0,581	0,235	Valid
	M.9	0,755	0,235	Valid
	M.10	0,716	0,235	Valid
Performance (Y)	Y1	0,537	0,235	Valid
	Y2	0,536	0,235	Valid
	Y3	0,543	0,235	Valid
	Y4	0,630	0,235	Valid
	Y5	0,375	0,235	Valid

Source: Data Processing 2024

Based on Table 4, it can be concluded that all measured variable indicators are declared valid for use in research.

Data Reliability Test

The reliability test assesses the consistency or reliability of a questionnaire. Using Cronbach’s Alpha, values above 0.6 indicate adequate internal consistency for the questionnaire variables (Ghozali, 2007). The reliability test results are as follows:

Table 5. Reliability Test Result

Variable	Cronbach’s Alpha	Reliability
Leadership (X1)	0,842	Reliable
Competence (X2)	0.760	Reliable
Innovative Work Behavior (M)	0,887	Reliable
Performance (Y)	0,762	Reliable

Source: Data Processing 2024

Based on the table above, it is shown that the Cronbach's Alpha coefficient value is greater than 0.6, which indicates that the research variables used are reliable.

Path Analysis Test

To test the hypothesis model, a path analysis test was carried out to determine the relationship between variables. The results of testing substructure_1 and substructure_2 in the path analysis method of data processing using SPSS v27 obtained an empirical relationship and determine the relationship between variables.

Results of regression analysis sub-structure_1:

Table 6. Path Coefficients of Leadership and Competence on Innovative Work Behavior

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.597	4.436		1.487	.142
1 LEADERSHIP	.683	.135	.469	5.059	.000
COMPETENCE	.941	.205	.426	4.590	.000

a. Dependent Variable: INNOVATIVE WORK BEHAVIOR

Results of of regression analysis sub-structure_2:

Table 7. Path Coefficients of Leadership, Competence and Innovative Work Behavior on Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.758	2.314		1.624	.110
1 LEADERSHIP	-.254	.082	-.328	-3.079	.003
COMPETENCE	.279	.122	.237	2.288	.026
INNOVATIVE WORK BEHAVIOR	.392	.066	.736	5.969	.000

a. Dependent Variable: PERFORMANCE

The coefficient of determination (R-squared) values as follows:

Table 8. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Substructur_1	.724 ^a	.524	.509	2.81421
Substructur_2	.753 ^a	.566	.545	1.442

Source: Data Processing 2024

Based on Table 8, R-squared value of substructur_1 is 0.524 means that approximately 52.4% of the variability in the dependent variable, Innovation Work Behavior (M) can be explained by the independent variables Leadership (X₁) and Competence (X₂). The remaining 47.6% of the variability is not captured by this model.

R-squared value of substructur_2 is 0.566 means that approximately 56.6% of the variability in the dependent variable, Performance (Y), can be explained by the independent variables Leadership (X₁), Competence (X₂) and Innovation Work Behavior (M). The remaining 43.4% of the variability is not captured by this model.

The complete combined path analysis substructur_1 and substructur_2 model can be described as follows:

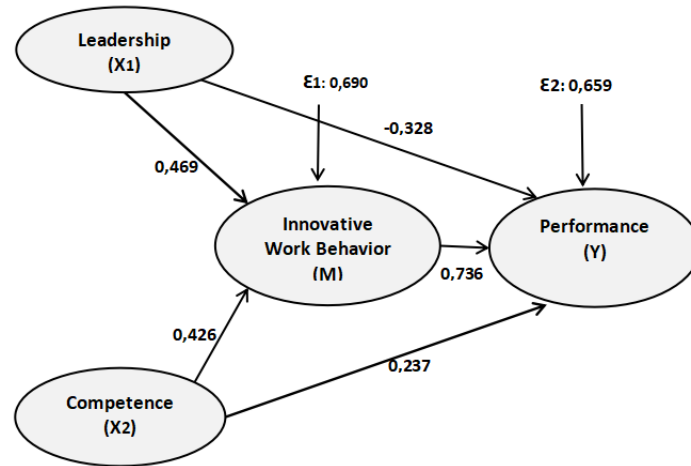


Figure 2. Coefficients Value of Research Model

The residual or prediction error (ε₁, ε₂) represent the difference between the actual observed values and the predicted values by the model. The prediction error is calculated using the formula $\epsilon = \sqrt{1 - R \text{ square}}$. The calculation results obtained the value of ε₁: 0.69 (R_square: 0,524) and ε₂: 0,659 (R_square: 0,566).

$$\epsilon_1 = \sqrt{1 - R}$$

$$\epsilon_1 = \sqrt{1 - (0,524)}$$

$$\epsilon_1 = \sqrt{0,476}$$

$$\epsilon_1 = 0,690$$

$$\epsilon_2 = \sqrt{1 - R}$$

$$\epsilon_2 = \sqrt{1 - (0,566)}$$

$$\epsilon_2 = \sqrt{0,434}$$

$$\epsilon_2 = 0,659$$

Discussion

Based on the results of the data processing above, the hypotheses testing results are as follows:

1. Effect of Leadership (X₁) on Innovative Work Behavior (M):

The significance value (Sig) for X₁ is 0.000, which is less than 0.005. Therefore, we reject the null hypothesis (H₀) and accept the alternative hypothesis (H_a). This implies a significant direct influence of leadership on innovative work behavior. The positive influence indicates that an increase in leadership factors will lead to an elevation in employees' innovative behavior. The results of this research analysis are align with the first hypothesis (H1).

2. Effect of Competence (X₂) on Innovative Work Behavior (M):

The significance value (Sig) for X₂ is 0.000, which is less than 0.005. Hence, we reject H₀ and accept H_a, indicating a significant direct influence of competence on innovative work behavior. This finding serves as valuable input for the Human Resources (HR)

function, suggesting that enhancing and developing employee competencies at Kopindosat can result in improved performance. The results of this research analysis are align with the second hypothesis (H2).

3. Effect of Innovative Work Behavior (M) on Performance (Y):

The significance value (Sig) for M is 0.000, which is less than 0.005. Thus, we reject H_0 and accept H_a , indicating a significant direct influence of innovative work behavior on performance. Higher innovative work behavior shown through the ability to explore opportunities, generate ideas, and implement them can improve overall employee performance. This aligns with the third hypothesis (H3).

4. Mediation Analysis: Leadership (X_1) on Performance (Y) via Innovative Work Behavior (M):

The direct influence coefficient of X_1 on Y is $(-0.328)^2 = 0.108$.

The indirect influence of X_1 on Y through M is calculated as $0.436 \times 0.736 = 0.320$. The total indirect influence is $0.108 + 0.320 = 0.756$. This indicates that the indirect effect (0.756) is greater than the direct effect (0.108). This confirms that Leadership (X_1) has a significant effect on Performance (Y) through the mediation of Innovative Work Behavior (M). The direct influence of leadership on performance shows a negative value, while if through mediation it has a positive effect, it means that effective leadership might not directly boost performance, but it sets the stage for employees to engage in innovative behaviors, which, in turn, positively impact their overall performance. The results of this research analysis are align with the fourth hypothesis (H4).

5. Mediation Analysis: Competence (X_2) on Performance (Y) via Innovative Work Behavior (M):

The direct influence coefficient of X_2 on Y is $(0.237)^2 = 0.056$.

The indirect influence of X_2 on Y through M is calculated as $0.426 \times 0.736 = 0.314$. The total indirect influence is $0.056 + 0.314 = 0.370$. This confirms that competence (X_2) significantly affects performance (Y) through the mediation of innovative work behavior (M). These findings can guide Kopindosat's management in aligning work programs and employee training, emphasizing the importance of competence's impact on performance through innovative work behavior. This conclusion is in line with the fifth hypothesis (H5).

CONCLUSION

1. Leadership has a direct and significant influence on innovative work behavior. Higher leadership factors enhance innovative work behavior among employees.
2. Competence directly and significantly affects innovative work behavior. Increased competence levels lead to greater innovative work behavior among employees.
3. Innovative work behavior has a direct and significant impact on performance. Higher levels of innovative work behavior correlate with better employee performance.
4. Although leadership significantly affects performance through innovative work behavior, the research results show a negative coefficient. This implies that increased leadership influence may decrease employee performance.
5. Competence significantly affects performance through innovative work behavior. Higher employee competence levels lead to improved performance via innovative work behavior.

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