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THE IMPACTS OF LEADER–MEMBER EXCHANGE, PSYCHOLOGICAL CAPITAL, AND JOB CRAFTING ON INNOVATIVE BEHAVIOR: EVIDENCE FROM THE PUBLIC SECTOR

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Abstract. *The public sector has begun to recruit employees with outstanding psychological capital (PsyCap) as a way to improve performance, expecting them to find unusual ways to correct errors in service delivery and redesign work processes. This study aims to examine the effect of leader–member exchange (LMX) and PsyCap on job crafting and innovative behavior, respectively. In addition, the effect of job crafting as a mediator between the interactions of LMX, innovative behavior, and PsyCap was also analyzed. This study surveyed 105 entry-level employees from a government office in Indonesia, and analyzed the data using Partial Least Squares. The results show that PsyCap has a positive and significant effect on job crafting and innovative behavior. LMX does not significantly affect either job crafting or innovative behavior; thus, job crafting does not have a significant mediatory effect. The limitations of this study include the fact that it was conducted in the governmental sector of a country, and the framing of LMX and PsyCap as the drivers of job crafting and innovative behavior. This study also suggests ways for the governmental sector to enhance the innovative behavior of their employees by focusing not only on personal resources but also on high-quality relationships with supervisors.*

Keywords: *innovative behavior, job crafting, leader–member exchange, psychological capital, government*

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1. Introduction

Since the 1980s, many researchers have studied innovation as a crucial element that stimulates an organization's effectiveness in dealing with its environment (Van de Ven 1986; Woodman, Sawyer, and Griggin 1993). An unpredictable environment – reflected in uncertain economic conditions, increased global competition, and the changing expectations of consumers – further forces organizations, including those of a public nature, to generate innovation as an existential resource for their own success (Schermuly, Meyer, and Dammer 2013). Among different levels of innovation, the innovative behavior of employees is a cornerstone of organizational innovation (Janssen, Van de Vliert, and West 2004) that involves opportunity exploration, generativity, formative investigation, championing, and application (Kleysen and Street 2001). It also involves the simultaneous exploration of issues, development, and the communication of ideas, as well as the implementation of solutions that meet the organization's practical and efficient goals.

Some researchers have suggested that innovative behavior might emerge from an individual in a circumstance that accommodates the complex interaction between a social work context and an employee's intrinsic motivation (Zhou 2003). Leader–member exchange (LMX) may capture and facilitate such behavior (Anderson, Potonik, and Zhou 2014), as it focuses on the dyadic relationship between supervisors and their respective subordinates (Wilson, Sin, and Conlon 2010). Such a relationship depicts the aforementioned interaction, with the supervisor serving as the social work context and the presence of the subordinate's intrinsic motivation to interact with their respective supervisors. LMX further contends that if employees are trusted by their respective supervisor, they will be given autonomy in carrying out their work, and hence they are more likely to contribute ideas to the organization and devote their time and energy to identifying and resolving problems (Volmer, Spurk, and Niessen 2012). Moreover, a good dyadic relationship empirically reinforces the innovation process of refining, promoting, and implementing ideas while seeking feedback regularly (Scott and Bruce 1994). Similarly, Kim and Koo (2017) found that LMX generates an employee's positive perception of their work environment – a perception which lays the foundation for innovative behavior. However, in one study, where 19.6% of the 240 respondents were employees in government and public services, Schermuly, Meyer, and Dämmer (2013) found no significant relationship between LMX and innovative behavior. The study presented in this paper involved solely government employees, in order to further explore the nature of such a relationship in the context of an exclusively public organization.

Additionally, innovation is a very complicated process that involves uncertainty, knowledge transfer, and teamwork (Scott and Bruce 1994). Generating innovation requires employees' willingness to propose and/or implement new ideas, as well as to develop new products, processes, and procedures to improve their performance, work unit, and/or organization. Yuan and Woodman (2010) found that employees were more innovative when they anticipated that such behavior would benefit their work. In reality, this

willingness cannot emerge unless employees have conviction in their ability to innovate, and have the capacity to "bounce back" from adversity and to overcome challenging, unpredictable, risky, often frustrating outcomes and immense psychological pressures (Hsu and Chen 2017). This willingness will also not emerge if employees are not optimistic and hopeful that such innovation can lead to better performance. Employees such as those discussed above demonstrate high motivation, and function professionally and ethically at work (Avey, Nimnicht, and Pigeon 2010; Luthans et al. 2007; Luthans, Youssef, and Avolio 2007). These high levels of motivation, professionalism, and ethics characterize psychological capital – in short, those who can generate innovation are those who possess psychological capital. However, previous studies have not paid sufficient attention to this relationship, and thus examining it in detail is one objective of this study. When considered together, studying both LMX exchange and psychological empowerment can also clarify the motivational mechanisms that lead to the innovative behavior of employees (Schermuly, Meyer, and Dammer 2013), and enrich our comprehension regarding innovative behavior at the micro-individual level.

Moreover, to enrich the unexplored context regarding employees autonomously changing their working methods, this study delineates and empirically tests the mediative effect of job crafting. Job crafting is an approach which entails the proactive behavior of employees in changing and reshaping the tasks or relationships that make up their job in order to keep it challenging, motivating, and healthy (Kim et al. 2018). This approach views employees as potentially active job designers capable of making job-related innovation which impacts their performance (Guan and Frenkel, 2018). Recent studies have shown that job crafting results in increased levels of work engagement, creativity, and job performance (Demerouti, Bakker, and Gevers 2015; Slemp and Vella-Brodrick 2014; Van Wingerden, Derks, and Bakker 2017). In addition, Tims, Bakker, and Derks (2012) found that a proactive personality positively affected job crafting. Employees with proactive personalities also tend to be active in managing their relationships with supervisors, and ultimately experience greater job satisfaction than their less proactive coworkers (Li, Liang, and Crant 2010). In other words, they are willing to take the initiative to explore and exploit whenever opportunities are presented to them. Those who take the initiative are those who have efficacy, resilience, hope, and optimism regarding such opportunities – a list of traits which characterize psychological capital (Avey, Nimnicht, and Pigeon 2010; Luthans et al. 2007; Luthans, Youssef, and Avolio 2007). Psychological capital may thus be positively related to job crafting. Meanwhile, employees will not take the initiative if they do not receive support from their immediate superior. This support can be in the form of tangible resources and/or professional help. The immediate supervisor will not provide such support to their subordinates unless they have a quality relationship with them (Sparrowe, Soetjipto, and Kraimer 2006). LMX may, therefore, also be positively related to job crafting. Despite the theoretical plausibility of job crafting as a mediator between LMX, psychological capital, and innovative behavior, there has been a lack of empirical examination of such a mediation process, and this study thus aims to address this absence. This objective complements and contributes to the existing literature, enriching the present understanding of job crafting which is still in its infancy (Wang, Demerouti, and Le Blanc 2017).

In summary, this study attempts to fill gaps in the scholarly understanding of the relationship between positive organizational behavior (including job crafting) and innovative behavior, along with analyzing the predicted role of LMX as a supplemental support mechanism. It analyzes the effects of LMX and psychological capital on job crafting and the innovative behavior of employees, respectively. In addition, this research also examines the mediative effects of job crafting on the relationship between LMX and the innovative behavior of employees, and on the relationship between psychological capital and the innovative behavior of employees. This study took place in a government institution with a number of unique roles. Unlike other government institutions that concern a specific sector – for example, energy, health, or finance – this government institution serves the various needs of the president, from daily activities to policymaking, including coordination with multiple stakeholders. It could be said, therefore, that the effectiveness of this institution determines the president's success in running the country. Consequently, the institution's employees have complicated and demanding tasks. To continuously improve their performance, they must be innovative in carrying out their roles and in dealing with unexpected issues. On the other hand, as a part of the government, this institution has a hierarchical structure (Shepsle 2019), and must follow the relevant rules, procedures, and regulations (Fernandez and Moldogaziev 2012). This institution is hence rigid, and suffers from inertia. It is then interesting to understand how innovative behavior is developed and enhanced in an inflexible organization such as this.

2. Literature Review

2.1. Innovative Behavior

West and Farr (1989), two prominent researchers who are widely known for their study of innovation, defined innovative behavior as an individual's intention to create, introduce, and apply new ideas aimed at improving work relations and work processes that eventually enhance the productivity of the organization. From this perspective, the stages of innovation that individuals must go through begin with problem recognition, then move to the generation of ideas or solutions, then involve seeking sponsorship or endorsement, and finally end with the implementation of the initial solution (Scott and Bruce 1994). The key to initiating the innovation process, then, is essentially the generation of an idea – and to generate ideas, creativity is needed. In other words, creativity is a prerequisite for innovative behavior (West 2002).

LMX depicts the quality of the relationship between a leader and their immediate subordinates (Nugroho, Hendrawidjaja, and Soetjipto 2020; Sparrowe, Soetjipto, and Kraimer 2006). Higher relationship quality is indicated by more support, help, and/or resources exchanged between two parties (Wang et al. 2015). Through social exchange, leaders can offer relational support or resources to facilitate an employee's proactive attempts to bring positive change or novel ideas (creativity) and innovative behavior to their workplace (Carnevale et al. 2017). Time flexibility and work freedom are crucial factors for the generation of new ideas. Furthermore, emotional support from a leader

helps subordinates in implementing their ideas, especially in risky situations (Schermuly, Meyer, and Dämmer 2013). In line with the above discussions, this study hypothesizes the following:

Hypothesis 1 (H1): Quality of leader–member exchange will be positively related to the innovative behavior of an employee.

Numerous researchers have divided the factors that influence innovative behavior into three levels: individual, workgroup, and organization (Randall 2005; West 2001). At the individual level, as previously discussed, creativity is an essential factor in developing innovative behavior (Avey et al. 2012; West 2002). Creativity is characterized by an individual's proactivity, self-confidence, originality, motivation, and cognitive ability (Anderson, De Dreu, and Nijstad 2004). An abundance of these traits is often referred to as a positive psychological state. The aim of positive psychology is to begin to catalyze a change in focus from preoccupation only with repairing the worst things in life to also building positive qualities (Seligman and Csikszentmihalyi 2014). Over time, this positive psychology has developed into and become psychological capital, which is a personal resource that can improve an individual's performance in an organization (Luthans et al. 2010). Psychological capital consists of: (i) self-efficacy (the self-confidence to take on and succeed at a challenging task); (ii) optimism (the desire to be successful now and in the future); (iii) hope (diligence towards goals and, if required, the capacity to make uncommon life decisions in order to succeed); and (iv) resilience (the capability to bounce back and present a never-give-up attitude when faced by problems and impediment) (Luthans, Youssef, and Avolio 2007).

Psychological capital not only promotes an employee's creativity, but is also relevant to the implementation of ideas (Hsu and Chen 2017). Other research has also found that the many dimensions of psychological capital influence innovative behavior in different ways, such as: high self-efficacy being associated with the tendency of an employee to undertake challenging tasks (Bandura 2012); resilience being correlated with an employee's persistence in the implementation of innovative behavior; and hope and optimism relating to positive expectations in the accomplishment of an innovative task (Michael, Hou, and Fan 2011). Consequently, the following hypothesis is proposed:

Hypothesis 2 (H2): Psychological capital will be positively related to the innovative behavior of an employee.

2. Job Crafting

Job crafting involves the possibility of an employee to take a self-starting approach to their work and to proactively mobilize their own job resources to stay engaged in the task given to them, in order to improve both person-job fit and work motivation (Radstaak and Hennes 2017). It relates to the active actions of employees in re-composing and redefining their job – whether physically (by modifying its task boundaries), cognitively (by modifying its mental boundaries), or relationally (by modifying its social boundaries) (Wrzesniewski and Dutton 2001). Other researchers have identified job crafting through the JD-R model approach (Bakker and Demerouti 2007), through which job crafting was

seen a way to balance the demands and resources of an employee's job with their personal abilities and needs (Tims and Bakker 2010). This is achieved by increasing job resources, increasing job demands (so that demands are considered challenging), or decreasing job demands (by receiving help and support from both supervisors and colleagues).

Looking at its full scope, job crafting requires the proactive behavior of employees in mobilizing their job resources, seeking help and support from their supervisor and colleagues, and modifying their job boundaries to create more a favorable working environment. Job crafting, however, may be difficult to perform when employees do not have the efficacy to perform it nor the resilience to cope with adversities. Job crafting may also be difficult to perform when employees are not hopeful or optimistic regarding its effectiveness. These dimensions of psychological capital tend to be invested, demonstrated, and expressed through actions that lead employees to modify their working conditions to be favorable for them (Hobfoll 2011a, 2011b; Luthans and Youssef 2004). Another correlation between psychological capital and job crafting can be found in research by Xanthopoulou, Bakker, Demerouti, and Schaufeli (2009), and Tims, Bakker, and Derks (2014). For these reasons, this study formulates another hypothesis as follows:

Hypothesis 3 (H3): Psychological capital will be positively related to job crafting.

In addition to their psychological capital, employees may still need help, support, and resources from their immediate supervisor in order to craft their job. As explained above, this can help employees to balance the demands and resources of their job with their personal abilities and needs (Tims and Bakker, 2010) by increasing job resources and decreasing job demands. This assistance is made possible when employees have a high-quality relationship with their respective leader (Carnevale et al. 2017). A good relationship then engages employees in their work, and motivates them to demonstrate proactive behavior (Li 2015) – two fundamental conditions for job crafting. In addition, a good relationship leads to employees having freedom in the method of their work – including the freedom, that they have been given by their respective leader, to craft their job (Volmer, Spurk, and Niessen 2012). Additionally, employees who have high-quality LMX always have direct access to their leader in case they need advice on how to craft their job as effectively and efficiently as possible (Berg, Wrzesniewski, and Dutton 2010). Correspondingly, this study hypothesizes that:

Hypothesis 4 (H4): Leader–member exchange will be positively related to job crafting.

Employees who are avid job crafters have both balanced job resources and job demands. Such resources are crucial for them to create, introduce, and apply new ideas aimed at improving work relations and work processes that eventually enhance the productivity of the organization (West and Farr 1989), while such demands provide challenges to create, introduce, and apply those ideas (Tims and Bakker 2010). In other words, the availability of balanced job resources and job demands may foster employees' motivation and their commitment to pursuing innovation (Demerouti, Baker, and Gevers 2015). In addition, as resources and demands increase, employees feel more energetic and enthusiastic in introducing new methods, and in modifying how they conduct their work as part of implementing new ideas within their organization. The more they are energetic and enthusiastic, the more they demonstrate innovative behavior (Afsar,

Masood, and Umrani 2019). As well as requiring innovative behavior, job crafting itself fosters innovative behavior, as re-composing and re-defining a job is a creative process that results in improved work relations, better work processes, and enhanced productivity. Based on these discussions, the following hypothesis is presented:

Hypothesis 5 (H5): Job crafting will be positively related to the innovative behavior of an employee.

As consequences of H3, H4, and H5, two further hypotheses follow:

Hypothesis 6 (H6): Job crafting mediates the effect of leader–member exchange on innovative work behavior.

Hypothesis 7 (H7): Job crafting mediates the effect of psychological capital on innovative work behavior.

Figure 1 depicts all of the hypotheses examined in this study.

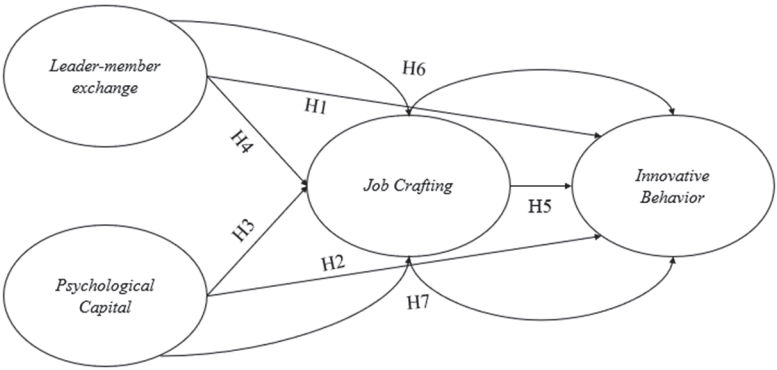

Figure 1. *Research model*

3. Methodology

1. Data Collection

A set of questionnaires was distributed via an online portal to ease the process of data gathering, with anonymity and confidentiality being assured and emphasized. This sampling method was used to limit the distribution of the survey, which targeted employees with a maximum of two years' experience working at a government institution with the crucial function of serving the president directly. These employees were targeted because they are at the frontline of such an institution. Their roles involve dealing with the fundamental detail of complicated and demanding tasks. Despite strict procedures, rules, and regulations, they have to be innovative in solving day-to-day problems. The respondents were also largely young adults who possessed a familiarity with technology (Deal, Altman, and Rogelberg 2010; Hershatter and Epstein 2010) that could support and help them in their innovation.

Respondents were first sent a message via social media with a link to the online survey which invited them to participate. It took approximately 10–15 minutes to complete the survey, with 115 targeted employees being invited to participate. As a precaution, to ensure that only targeted employees participated in the survey, a preliminary question was used. As such, only 111 employees eventually completed the questionnaire. Of the responses returned, 6 were considered invalid, thereby resulting in the use of 105 valid responses for this study (a 91.3% effective response rate). Among the respondents, there were more females (64%) than males (36%), while the age of participants ranged from 22–32 years old, with the majority being 25–27 (49%). All of the participants had higher education degrees, the majority had stopped after undergraduate study (75%), and the rest had associate degrees (14%) or master's degrees (10%)

2. Measures

The variables tested in the hypothesis were measured on a five-point Likert scale (1 – *strongly disagree* – to 5 – *strongly agree*). The details of the measurement of each variable follows.

Innovative Behavior

Innovative behavior was measured using Kleysen and Street's (2001) questionnaire. This is a 14-item self-rated questionnaire regarding the innovative behavior of employees in their work setting. Kleysen and Street found that the Cronbach alpha of this measure is 0.945.

Leader–Member Exchange (LMX)

LMX was measured using the self-assessment scale developed by Liden and Maslyn (1998). This 12-item scale can estimate the quality of the relationship between subordinates and superiors in four dimensions: affect, loyalty, contribution, and professional respect. The internal consistency of this measure is 0.770.

Psychological capital

To assess the psychological capital of respondents, a short version of the psychological capital questionnaire (PSQ) developed by Luthans et al. (2007) was used. This version consisted of 12 items, with a Cronbach alpha between 0.850 to 0.930 – similar values to those of the full-version of the PSQ (León-Pérez, Antino, and León-Rubio 2016). There were four dimensions of the PSQ that were assessed: hope, resilience, optimism, and self-efficacy.

Job Crafting

The questionnaire developed by Tim, Bakker, and Derks (2012) to measure job crafting using the JD-R approach was used. A 21-item construct was divided into four dimen-

sions: increasing structural job resources, decreasing hindersome job demands, increasing social job resources, and increasing challenging job demands. The Cronbach alphas of each dimension were above 0.70, and ranged from 0.750 to 0.820.

4. Analysis and Discussion

4. 1. Analysis

This study used partial least-square structural equation modeling (PLS-SEM) to analyze the data. Although PLS-SEM is not considered the primary choice for the statistical method used in this research, the PLS-SEM method is appealing as it enables the estimation of complex models with many constructs, indicator variables, and structural paths without imposing distributional assumptions on the data (Hair et al. 2019). There were two stages of data analysis. The first stage involved evaluating the validity and reliability of each measurement. Validity was evaluated using the standardized factor loading (SFL) of each indicator. If the SFL was ≥ 0.70, the indicator was considered valid and was hence retained (Hair et al. 2019). The SFL of indicators ranged from 0.60 to 0.93, which meant that some of the indicators were discarded to achieve the desired calculation. Whether or not to drop an indicator was carefully considered, as Hair et al. (2017) suggested that an SFL ranging from 0.40 to 0.70 could still be retained as long as it increased the average variance extracted (AVE). Eight items were dropped, consisting of one item from the measurement of LMX, one item from the measurement of PSQ, and six items from the measurement of job crafting. Reliability was evaluated by calculating Cronbach's alpha and construct reliability (CR). The only consideration was that CR was ³ 0.70, as CR was considered reliable – unlike Cronbach's alpha which is a less precise measure of reliability and differs from CR as items are unweighted (Hair et al. 2019). CR ranged from 0.80 to 0.94. Next, the AVE was evaluated to addresses the convergent validity of each construct measure. An AVE of ≥0.50 was acceptable, indicating that the construct explained at least 50% of the variance of its items (Hair et al. 2019). The results ranged from 0.55 to 0.86, and thus all met the criterion of being ≥0.50. In general, the evaluations of validity and reliability upheld the model.

The second stage involved evaluating the structural model and thus the proposed hypotheses. Table 1 shows the coefficient and *t*-value of each hypothesis. A hypothesis was accepted or supported if its *t*-value ≥ 1.96 or £−1.96. Of the seven hypotheses, four were accepted. This means that psychological capital positively and significantly affected both innovative behavior and job crafting (H2 and H3 were supported), while LMX had no significant effect on either innovative behavior or job crafting (H1 and H4 were not supported). Job crafting, however, both positively and significantly affected innovative behavior (H5 was supported). As a consequence of support for H2, H3, and H5, H7 was also supported. To test the mediative effect of job crafting, it is necessary to compare its direct and the indirect effects (Hair at al. 2017). The result of this comparison is that job crafting partially mediates psychological capital and innovative behavior, and Table 1 shows that its direct effect is stronger than its indirect effect (0.392>0.257). As a consequence of no

support for H1 and H4, H6 was not supported. This means that there is no significant empirical evidence for the LMX-job crafting-innovative behavior link.

Table 1. *The effect of LMX and psychological capital via job crafting*

	Coefficient	*t*-value
Direct effect		
H1: LMX à Innovative Behavior	−0.094	1.353
H2: Psychological Capital à Innovative Behavior	0.392***	3.734
H3: Psychological Capital à Job Crafting	0.572***	8.680
H4: LMX à Job Crafting	0.145	1.538
H5: Job Crafting àInnovative Behavior	0.448***	4.757
Indirect effect		
H6: LMX à Job Crafting à Innovative Behavior	0.065	1.492
H7: Psychological Capital à Job Crafting à Innovative Behavior	0.257***	4.231
Notes: *$p < 0.05$; ** $p < 0.01$; *** $p < 0.001$		

2. Discussion

The purpose of this study is to increase our understanding of the predictors of innovative behavior in the workplace. More specifically, this study aimed to enhance our comprehension of internal (psychological capital) and social (LMX and job crafting) resources as predictors of innovative behavior, and of job crafting as a mediator connecting LMX and psychological capital with innovative behavior. As it transpires, this study finds that both internal (psychological capital) and social (job crafting) resources matter with regard to innovative behavior. These findings are consistent with the findings of Sameer (2018) and Wojtczuk-Tureks (2012): that psychological capital relates to innovative behavior. Dimensions of psychological capital can be partially related to dimensions of innovative behavior. The exploration of problems, the investigation of problems, and the generation of ideas can, for example, be related to efficacy, optimism, and hope. To explore and investigate problems and to generate ideas require the efficacy of employees, but these things also require employees to have hope and optimism toward the future. Meanwhile, resiliency helps employees in championing and implementing ideas. These last two steps present employees with many difficulties, such as rejection from colleagues, challenges from supervisors, and a large amount of trial and error; thus the ability to "bounce back" and not easily give up are crucial for employees to succeed.

The findings mentioned above are also consistent with those of Demerouti, Baker, and Gevers (2015), who suggested that a balance between a job's resources and demands may foster employees' motivation and commitment to pursuing innovation. In addition, these findings show that job crafting – involving the re-composition and re-definition of a job – is a creative process that leads employees to the first stage of innovative behav-

ior. This stage involves exploring and investigating whether there are any problems in an employee's job that impede them from carrying it out effectively and efficiently, and generating ideas to solve or overcome these problems to improve their job's effectiveness and efficiency. Job crafting could also lead employees to championing and implementing stages of innovative behavior, where they convince their superiors of their ideas for improvement so that those ideas can be successfully implemented.

Furthermore, this study finds that psychological capital significantly and positively affects job crafting. This finding enriches our understanding of job crafting as a creative process and an example of proactive conduct, highlighting the fact that it requires efficacy: to increase a job's social and structural resources; to increase a job's challenging demands; and to decrease a job's hindersome demands to align it with an employee's internal capability and resources. This finding also enlightens us as to the idea that the processes of increasing a job's social and structural resources, increasing it's challenging demands, and decreasing it's hindersome demands are not always as smooth as expected, and thus require employees to be resilient in overcoming possible obstacles and rejections. In addition, this finding also highlights the need for employees to have hope and optimism that job crafting will succeed and improve their performance in order to be able to see this process through until its conclusion. Referring to the literature, this finding is consistent with those of Xanthopoulou et al. (2009) and Tims, Bakker, and Derks (2014) – that psychological capital is positively correlated to job crafting.

To define the mediative effect of job crafting, Hair et al. (2017) suggested comparing the direct and indirect effects of psychological capital on innovative behavior. The findings of this study show that job crafting is a partial mediator for psychological capital and innovative behavior. This is because the (direct) effect of psychological capital on innovative behavior is still significant. Such a direct effect is also stronger than the indirect effect via job crafting ($0.392 > 0.572 \times 0.448 = 0.256$), which indicates the strength of psychological capital in directly driving young-adult frontline governmental employees to exhibit innovative behavior despite working in a rigid hierarchical organization. The indirect effect via job crafting actually further adds to that strength, yielding a total effect of $0.392 + 0.256 = 0.648$. This behavior can help to ease the inertia of the governmental institution. Having psychological capital may therefore be crucial for young adults who work in frontline positions to spark innovation in public organizations.

It is noteworthy that all of the hypotheses that related to LMX were not accepted, in contrast to the previous literature regarding the benefits of having a high-quality LMX. This kind of exchange provides employees with an abundance of help, support, and resources to, for instance, craft their job and behave innovatively. This finding may be due to the prevalence of young adults as respondents. This age group is known to have unique characteristics (Gardner and Eng 2005), such as the capability to perform tasks effectively and efficiently, and high levels of confidence (Lancaster and Stillman 2002) that make them less dependent on their immediate supervisor. Additionally, these young adults were positioned at the bottom of a hierarchy, meaning that their direct superior was only one level above them – still a relatively low position. Consequently, this superior was not able to offer significant help, support, or resources to their subordinates that might

enable them to craft their job and/or to behave innovatively. Moreover, job crafting and innovative behavior require the willingness of subordinates to involve their immediate supervisor by first proposing ideas. These findings demonstrate that such a willingness might not exist, perhaps because voicing those ideas might raise concerns related to the hierarchical relationships that employees have with their immediate supervisors. In a public organization, a supervisor is highly respected when they effectively maintain the status quo, and thus they focus less on encouraging the innovative behavior of their subordinates (Park and Jo 2018).

5. Conclusion and Implications

Overall, the fact that, in the proposed model, value exchange was only proved in the links between psychological capital and innovative behavior and psychological capital and job crafting, means that an employee's own resources of internal psychology or positive attitude are a crucial predictor of positive work-related behavior. Moreover, in this organization the quality of the relationship between supervisor and subordinate seemed to not have reached a "mature" stage, which may explain the insignificance of relationships found in the concept of leader–member exchange. Lastly, people may use job crafting for reasons other than psychological capital and leader–member exchange, and at different times, because no mediative effect was found on innovative behavior.

This paper contributes to the wider literature in a number of specific ways. First, we examined the importance of the social and internal resources targeted at innovative workplace behavior, thus giving an organization the potential to enhance innovative behavior in the work environment. Second, using the job crafting theory formed in the middle of this research model, we acknowledged the triggers and benefits of job crafting, which should be encouraged in organizations in order to achieve positive change. Despite the notion that job crafting is argued as bringing positive impact, our study found a unique phenomenon – that job crafting triggered less of an effect between psychological capital and innovative behavior. This may broaden previous studies regarding the existence of empirical evidence on job crafting – that not only does job crafting lead to affirmative action, but it also comes with negative results depending on the environment. Third, we tested our suggested framework in a developing country (Indonesia), which significantly differs from previous studies that have mostly been conducted in western or developed countries. This circumstance deepens the current understanding of leader–member exchange, psychological capital, job crafting, and innovative behavior, as it is presented in a different culture with attributes unique to Asian countries.

There were some limitations of this study. First, the proposed model was applied to only one element of the public sector in Indonesia, and thus cannot be generalized to represent the condition of the public sector across government. Second, the respondents of this study were all subordinates with limited working experience. Third, the use of self-reporting is a potential limitation, as it may result in bias, although this should not represent a significant limitation. In line with the suggestion of Conway and Lance (2010), self-reporting is ideal for assessing psychological concepts discussed in private events,

needs, or perceived job characteristics and methods. As a result of these limitations, we suggest that future research: (i) involves more respondents across multiple aspects of the public sector, to have a broader view of public sector working environments; and (ii) uses alternative variables to supplement and cross-validate our findings concerning the mediative effect of job crafting between leader–member exchange and innovative behavior.

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