EXPLORING THE ROLE OF LEADER MEMBER EXCHANGE ON JOB SATISFACTION AND EMPLOYEE PERFORMANCE: AN EMPIRICAL STUDY IN INDONESIAN MSMES

a M. Irwan Tahir, b Ani Martini, c Siti Yayuningsih, d Hendri Khuan, e Lilik Prasetyarini, f Jumintono, g Retnoning Ambarwati, h Sasonoko Tri Utomo

ABSTRACT

Purpose: The purpose of this study was to analyze the relationship between leader member exchange (LMX) and job satisfaction, analyze the relationship between leader member exchange (LMX) and employee performance, analyze the relationship between job satisfaction and significant employee performance.

Method: This research uses quantitative research methods. Quantitative research methods are used because in this study, the relationship between the variables to be studied has a causal relationship, to examine certain populations and samples, and aims to test the established hypotheses. The measurement scale in this study uses a Likert scale of 1 to 5 with categories namely strongly disagree, disagree, disagree, agree and strongly agree. With data collection techniques using online questionnaires. The analysis technique uses SEM (Structural Equation Modeling) with SmartPLS 3.0 software tools. Respondents in this study were 678 MSMEs owners in Indonesia who were determined by simple random sampling.

Result: The results of this study indicate that the leader member exchange (LMX) has a positive and significant effect on job satisfaction. The leader member exchange (LMX) has a positive and significant impact on the performance of MSMEs employees. Job satisfaction has a positive and significant effect on the performance of MSMEs employees. Based on the results of the research and discussion it is concluded that LMX has an effect on job satisfaction. Furthermore, LMX has a significant positive effect on job satisfaction and job satisfaction has a positive and significant effect on the performance of MSMEs employees.

Implication: MSMEs management can provide flexibility in completing tasks responsibly without feeling burdened, superiors must give confidence to subordinates that subordinates are able to...
complete their tasks so that subordinates will find their work very meaningful. As for maintaining employee performance from the application of empowerment by superiors, they must have trust in subordinates by giving freedom to subordinates to dare to make decisions quickly and precisely. The company builds a stronger corporate commitment so that employees feel more satisfied with their jobs. In maintaining employee performance by providing periodic training in dealing with future job demands

**Keywords:** leader member exchange (LMX), job satisfaction, employee performance, MSMEs, structural equation modeling, Indonesia.

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**EXPLORANDO O PAPEL DO INTERCÂMBIO DE MEMBROS LÍDERES EM SATISFAÇÃO PROFISSIONAL E DESEMPENHO DOS FUNCIONÁRIOS: UM ESTUDO EMPÍRICO EM MSMES INDONÉSIOS**

**RESUMO**

**Objetivo:** O objetivo deste estudo foi analisar a relação entre o intercâmbio de membros líderes (LMX) e a satisfação no trabalho, analisar a relação entre o intercâmbio de membros líderes (LMX) e o desempenho dos funcionários, analisar a relação entre a satisfação no trabalho e o desempenho significativo dos funcionários.

**Método:** Esta pesquisa utiliza métodos de pesquisa quantitativa. Métodos de pesquisa quantitativa são utilizados porque neste estudo, a relação entre as variáveis a serem estudadas tem relação causal, para examinar determinadas populações e amostras, e visa testar as hipóteses estabelecidas. A escala de medida neste estudo utiliza uma escala de Likert de 1 a 5 com categorias, ou seja, discordo, discordo, concordo e concordo fortemente. Com técnicas de coleta de dados usando questionários on-line. A técnica de análise usa SEM (Structural Equation Modeling) com ferramentas de software SmartPLS 3.0. Os entrevistados neste estudo foram 678 proprietários de MPMEs na Indonésia, que foram determinados por amostragem aleatória simples.

**Resultado:** Os resultados deste estudo indicam que o intercâmbio de membros líderes (LMX) tem um efeito positivo e significativo na satisfação no trabalho. O intercâmbio de membros líderes (LMX) tem um impacto positivo e significativo no desempenho dos trabalhadores das MPME. A satisfação no trabalho tem um efeito positivo e significativo no desempenho dos funcionários das MPME. Com base nos resultados da pesquisa e discussão conclui-se que o LMX tem um efeito na satisfação no trabalho. Além disso, o LMX tem um efeito positivo significativo na satisfação no trabalho e a satisfação no trabalho tem um efeito positivo e significativo no desempenho dos trabalhadores das MPME.

**Implicação:** O gerenciamento das MPMEs pode proporcionar flexibilidade na conclusão de tarefas de forma responsável, sem se sentir sobrecarregado, os superiores devem dar confiança aos subordinados para que eles sejam capazes de completar suas tarefas para que os subordinados achem seu trabalho muito significativo. Quanto a manter o desempenho dos funcionários a partir da aplicação do empoderamento por superiores, eles devem ter confiança nos subordinados, dando liberdade aos subordinados para ousar tomar decisões de forma rápida e precisa. A empresa constrói um compromisso corporativo mais forte para que os funcionários se sintam mais satisfeitos com seus trabalhos. Na manutenção do desempenho dos funcionários, fornecendo treinamento periódico para lidar com as demandas futuras do trabalho

**Palavras-chave:** intercâmbio de membros líderes (LMX), satisfação no trabalho, desempenho dos funcionários, MPMEs, modelagem de equações estruturais, Indonésia.
1 INTRODUCTION

According to Purwanto et al. (2023) Micro, Small and Medium Enterprises (MSMEs) are able to survive and continue to develop as providers of goods and services both at the national and international levels. According to Ramli (2010), the advantages of MSMEs in Indonesia are growing rapidly and making a major contribution to development. This can be seen from several indicators, namely the increasing number of MSMEs, employment, contribution to the Gross Domestic Product (GDP). This increase is of course due to the high creativity of MSME sector actors, the company's ability to choose strategies in marketing its products as well plays a very important role. According to Wibowo et al. (2020) Micro, Small and Medium Enterprises (MSMEs) are the backbone of a region's economy. According to Asbari et al. (2021); Khiong (2023) the advantages of MSMEs in Indonesia are growing rapidly and making a major contribution to development. This can be seen from several indicators, namely the increasing number of MSMEs, employment, contribution to the Gross Domestic Product (GDP). This increase is of course due to the high creativity of MSME actors, the company's ability to choose strategies in marketing its products also plays a very important role.

Based on the report of the World Economic Forum, it can be seen that the low quality of human resources will have an impact on the company's performance. According to Vizano et al. (2020) to face increasingly fierce competition in today's business world, companies really need a qualified workforce to produce dual-quality company performance in order to win the competition. As for creating a quality workforce, the role of a leader is needed, because leaders are people who influence their followers, so that they voluntarily carry out organizational goals. According to Wu et al. (2023); Kadiyono et al. (2020) define performance as the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Meanwhile, according to Purwanto et al. (2023); Wibowo et al. (2020); work quality can be measured from employee perceptions of the perfection of the skills and abilities of employees. Meanwhile, quantity can be measured through units, cycles, and work activities that can be completed. Good employee performance from each individual will not be separated from several factors that influence it. One of the factors that support employee performance is the Leader Member Exchange. According to Asif et al. (2023); Sunarsi et al. (2020) argued that if the interaction between superiors and subordinates is of high quality, then a superior will have a positive view of
his subordinates so that his subordinates will feel that superiors provide a lot of support and motivation so they will be more eager to improve their performance. Based on this, it can be concluded that improving performance can occur due to the high quality of the Leader Member Exchange (LMX). Besides being able to improve employee performance, good quality Leader Member Exchange (LMX) will also increase job satisfaction. In his research, Miner (1998) explained that the interaction between superiors and subordinates of high-quality Leader Member Exchange (LMX) will be able to have an impact such as increasing job satisfaction, productivity, and employee performance.

2 LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 LEADER MEMBER EXCHANGE

Wibowo et al. (2020) argues that the Leader Member Exchange (LMX) is a leader who creates two groups, namely in group and out group. Subordinates who have intense or close interactions with superiors can be included in the in group and subordinates who have low interaction are included in the out group. Subordinates with high in-group status will improve performance, reduce employee turnover in and out, job satisfaction with superiors will increase. According to Suardhita et al. (2020); Novitasari (2020); Sa’adah et al. (2022). The treatment given by superiors to their subordinates will also form the existence of two categories of subordinates, namely in group and out group Leader Member Exchange (LMX) which can also be shown in the close interaction between superiors and their subordinates which is able to indicate the existence of a Leader Member Exchange in an organization. Within an organization it is very possible that there are different close relationships between superiors and their subordinates, this level of closeness is called Leader Member Exchange (LMX). According to Vizano et al. (2020) Leader Member Exchange (LMX) is a relationship that influences between superiors and subordinates, superiors will give different styles of relationships to their subordinates individually. According to Purwanto et al. (2023) LMX measurement indicators, namely Coordination, Expression, Participation, and Freedom to Ask. Meanwhile Kadiyono et al. (2020); put forward the Leader Member Exchange (LMX) indicators as follows: 1) Affection, 2) Contribution, 3) Loyalty, and 4) Professional Respect. According to Purwanto et al. (2023); Wibowo et al. (2020); Vizano et al. (2020); Sunarsi et al. (2020) indicators for measuring Leader Member Exchange (LMX), namely: Respect is an attitude of mutual respect for one another. The relationship between superiors and
subordinates cannot be realized without the desire to be able to respect each other, namely Trust. Trust is an aspect in relationships that can continuously change, trust itself is the basis for building and maintaining interpersonal relationships. The third is the Obligation. Obligation is an interactive role meaning it must be carried out. The influence of obligations can develop into a working relationship between superiors and subordinates.

2.2 JOB SATISFACTION

Job satisfaction according to Haudi (2022); Popov et al. (2023)), namely attitudes that support feelings in employees and are related to work or working conditions. Feelings related to work that relate to other aspects such as effort, career development opportunities, relationships with other workers, job placement, and organizational structure. Meanwhile, feelings related to him such as age, health condition, ability and education. Meanwhile, another understanding of job satisfaction or job satisfaction according to Kreitner & Kinicki (2008), is an effective or emotional response to various aspects of work. Meanwhile, Desky (2020) explains that job satisfaction is a set of pleasant and unpleasant employee feelings. Indicators for measuring job satisfaction according to According Desky (2020); Popov et al. (2023) indicators of job satisfaction are satisfaction with the work itself, satisfaction with the quality of supervision, satisfaction with salary or wages, level of promotion opportunities and satisfaction with co-workers. According to Haudi et al. (2020), there are specific factors that are included in job satisfaction, namely the nature of work, supervision, current salary, promotion opportunities, and relationships with co-workers. Meanwhile, according to Purwanto et al. (2020); Desky (2020); Popov et al. (2023) indicators of job satisfaction are as follows: first The Work it Self, namely in this case where work provides interesting assignments, opportunities to learn and develop, and opportunities to accept responsibility. Second, the Payment System (Salary) is the amount of salary that is faced and the level that can be seen as something that is considered appropriate and reasonable by the company. Third, Promotion Opportunity It is a possibility to get better positions, status and skills in the company. Fourth, Attitude of Supervisor (Supervision) That is the supervisor's ability to provide technical direction and behavioral support. Next is CoWorker. The degree to which colleagues are technically savvy and a reliable workforce, and can provide social support.
2.3 EMPLOYEE PERFORMANCE

According to Popov et al. (2023) define performance, namely the work results in quality and quantity achieved by an employee to carry out tasks according to the responsibilities that have been given to him. According to Desky (2020); Haudi (2022) defines performance (work achievement) as a work result achieved by a person after completing the tasks given to him based on skills, experience, and beliefs and time. According to Purwanto et al. (2020) defines performance, namely regarding the results obtained and certain job functions or activities within a certain time limit. Research conducted by Gibson (1997) explains performance, namely the result of work listed based on an organizational intention such as quality and quantity. Quality of work can be assessed based on the responsibilities and initiatives possessed by employees in completing work, while the quantity of work can be assessed based on work achievement targets and timeliness in completing the work given. Quality of work as follows: completion of work according to procedures, thoroughness, skill, and acceptance of output. The quantity of work is as follows: work achievement, timeliness, and contribution. According to Haudi (2022); Popov et al. (2023) employee performance indicators are quality, quantity, timeliness, effectiveness, freedom and work commitment. According to Asbari et al. (2020) revealed employee performance indicators, namely quality, quantity, execution of tasks, responsibilities and number of attendance. Meanwhile, according to Purwanto et al. (2020) stated that an employee's performance can be measured through several indicators, including: the amount of work, quality of work, punctuality, attendance and ability to cooperate

2.4 THE EFFECT OF LMX ON JOB SATISFACTION

Research conducted by Vizano et al. (2020) shows the results that a good quality relationship between leaders and employees or Leader Member Exchange (LMX) will increase employee job satisfaction. The results of these studies are based on the quality of communication that is built between superiors, in this case supervisors and subordinates in the sales department. If employees have good relationship capabilities with their superiors, they tend to enjoy several privileges such as two-way trust, support and protection, effective relationships, attention, respect and self-recognition so that in addition to obtaining job satisfaction, they have more opportunities to try. and assist organizational development. According to Purwanto et al. (2023) When a manager can
improve the quality of relationships with his employees through maintaining a good work environment, respecting the emotions or feelings of others, creating feelings of confidence, making relationships open and effective, special attention, providing training, supporting employees, and transferring feelings confidence from managers to their employees, managers can hope to remove potential barriers to employee job satisfaction. According to Wibowo et al. (2020) When the external needs of employees are met, then there is a high-quality relationship between managers and employees, and it is likely that managers respect the efforts made by their employees, allocate responsibilities, and create job promotion opportunities. If the employee's internal needs are met, it is likely that the employee will get higher job satisfaction from his job.

**H1: Leader Member Exchange (LMX) has a positive and significant effect on job satisfaction.**

### 2.5 THE EFFECT OF LMX ON EMPLOYEE PERFORMANCE

According to Vizano et al. (2020); Kadiyono et al. (2020); states that the Leader Member Exchange (LMX) or interaction between leaders and subordinates will create two groups, namely in group and out group. that the leader creates two groups, namely in group and out group. Subordinates with high in-group status will improve performance, reduce employee turnover in and out, and job satisfaction with superiors will increase performance from time to time good communication is needed from leaders to employees. The relationship between superiors and employees must be maintained so that it will increase trust in one another when good communication will improve performance. According to Purwanto et al. (2023) defines the Leader Member Exchange as the dynamics of the relationship between superiors and subordinates that are multidimensional in nature, the manifestation of which involves four main dimensions, namely affection, contribution and loyalty. According to Wibowo et al. (2020) define performance as the success rate of an individual in carrying out their duties and responsibilities. Performance is a behavior or action that is relevant to organizational goals. The existence of positive interactions between leaders and subordinates in the organization will create synergy in each line, so that it will maximize the affection, contribution and loyalty of employees. This is one of the factors that affect performance from an organizational and psychological point of view, so that by creating a good Leader Member Exchange it will have an impact on creating increased performance.
**H2: Leader Member Exchange (LMX) is positive and significant on employee performance.**

2.6 THE EFFECT OF JOB SATISFACTION ON EMPLOYEE PERFORMANCE

Research conducted by Vizano et al. (2020) showed results that job satisfaction affects employee performance. The results of this study are based on the feelings of satisfaction felt by employees in the presence of superior support for subordinates so that subordinates will feel more comfortable in completing a job. life in the organization and will be a bad predictor if job satisfaction does not lead to increased performance. An indication of job satisfaction, usually associated with absenteeism and turnover rates, where these two things can lead to high costs for a place gather so that companies have other views regarding the economy to pay attention to job satisfaction which has an impact on performance. One way that can be done to obtain and maintain community satisfaction is to maintain and improve employee performance. Maintaining and improving employee performance so that they remain good is what government agencies always strive for. According to Muslih (2012) that job satisfaction is a factor that encourages employees to work harder and at the same time as motivation at work, it is very important for organizational managers to pay attention to employee job satisfaction in order to achieve organizational efficiency and effectiveness through satisfied and high-performing employees. According to Sunarsi et al.(2020); Kadiyono et al. (2020); states that there is a positive relationship between job satisfaction and performance, employees who achieve job satisfaction will work more actively, so they will achieve higher work results. The logical relationship between job satisfaction and employee performance is put forward by Vizano et al. (2020); Sunarsi et al. (2020) which states that satisfied employees will be able to improve performance and loyalty, an increase in job satisfaction of employees certainly has an impact on the performance shown.

**H3: Job satisfaction has a positive and significant effect on employee performance.**

2.7 CONCEPTUAL FRAMEWORK

Based on the theory and phenomena in the Introduction, the research hypotheses are as follows.
H1: Leader Member Exchange (LMX) has a positive and significant effect on job satisfaction.

H2: Leader Member Exchange (LMX) is positive and significant on employee performance.

H3: Job satisfaction has a positive and significant effect on employee performance.

3 METHOD

This research uses quantitative research methods. Quantitative research methods are used because in this study, the relationship between the variables to be studied has a causal relationship, to examine certain populations and samples, and aims to test the established hypotheses. The measurement scale in this study uses a Likert scale of 1 to 5 with categories namely strongly disagree, disagree, disagree, agree and strongly agree. With data collection techniques using online questionnaires. The analysis technique uses SEM (Structural Equation Modeling) with SmartPLS 3.0 software tools. Respondents in this study were 678 MSME owners who were determined by simple random sampling. Data analysis techniques use variable calculations based on variable operational definitions. After that, carry out validity tests, reliability tests, descriptive statistical analysis, and inferential statistical analysis with partial least squares (PLS), namely Outer Model Evaluation (convergent validity and composite reliability), Inner Model evaluation.
(R-square analysis, prediction relevance test, causality test with path coefficient estimation). Test the validity of the correlation value above 0.70 indicators are considered valid. However, at the research development stage, a loading scale of 0.50 to 0.60 is still acceptable. The reliability test in this study used internal consistency reliability measurement techniques by calculating two things, namely composite reliability and Cronbach alpha. If the value of composite reliability and Cronbach alpha above 0.70 the construct is declared reliable.

4 RESULT AND DISCUSSION

4.1 RESPONDENT PROFILE

Data collection in this study used a questionnaire method, namely as many as 190 questionnaires. The following describes the characteristics of each respondent based on education and years of service. The characteristics of respondents based on education showed that most employees had high school education, namely 87.5%. As for the characteristics of respondents based on age, it is known that most employees are aged <40 years as much as 76.9%.

4.2 CONVERGENT VALIDITY AND COMPOSITE RELIABILITY

If all outer loading is above 0.50, then the variables Leader Member Exchange, job satisfaction, and employee performance have good convergent validity. If the composite reliability value for all variables is greater than 0.70, then the variable model meets composite reliability.
4.3 RELIABILITY TEST RESULTS

Reliability test can be measured by looking at the value of composite reliability and cronbach's alpha. This research is testing reliability using Cronbach's alpha value because it is considered better in providing estimates consistency of an indicator.

Table 1. Reliability Testing

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader member exchange</td>
<td>0.823</td>
<td>0.898</td>
<td>0.832</td>
<td>0.623</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.809</td>
<td>0.843</td>
<td>0.865</td>
<td>0.623</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.887</td>
<td>0.812</td>
<td>0.843</td>
<td>0.624</td>
</tr>
</tbody>
</table>


Table 1. shows the results of the reliability test with the Cronbach's alpha value for each variable, which can be said to be valid or reliable. Variable to be valid or reliable if the Cronbach's alpha value is ≥ 0.6.

4.4 HYPOTHESIS TESTING

Hypothesis testing in this study was carried out by looking at the T-Statistics value and the P-Values value. The research hypothesis can be declared accepted if the P-Values <0.05.
4.5 CORRELATION OF LMX AND JOB SATISFACTION

Based on the results of structural equation modeling analysis, a p value of 0.000 is less than 0.050, so there is a significant relationship, Leader member exchange has positive and significant effect on job satisfaction. Mutual care and mutual respect for the needs of subordinates is evidenced by the ease and flexibility for subordinates to convey any problems they face related to work and are assisted in finding solutions to problems. If the subordinate's personal need for permission or leave has been met, then the subordinate will believe that his boss values his work. This will have an impact on employee job satisfaction. According to Hartika et al. (2023); Purwanto et al. (2021); Kurniawanto et al. (2022) employees will feel more valued in their work and feel more cared for by superiors. In addition, employees will easily express their grievances communication that exists between superiors and subordinates goes well. But this is not done by several superiors so that employees feel less attention regarding their personal needs. So that in the absence of a sense of mutual care, it has an impact on decreasing feelings of satisfaction in employees towards their work. According to Wang et al. (2023); Kadiyono et al. (2020); revealed that there are 3 dimensions of job satisfaction. First, job
satisfaction is an emotion that is a response to a work situation. This cannot be seen but can only be suspected, or this cannot be stated but will be reflected in the attitude of employees. Second, job satisfaction is expressed by obtaining results that are in accordance with, or even exceeding expectations, for example a person works as well as the employee can do and hopes to receive commensurate rewards or awards, and in fact by the company, he gets the salary as expected and by his superiors he get praise, because of that achievement, this employee feels satisfied at work. Third, job satisfaction is usually expressed in a person's attitude which is reflected in his behavior, for example employees will be more loyal, work well, be highly dedicated to the company, be orderly and comply with established rules and other positive attitudes. In a previous study conducted According to Akgunduz et al. (2023); Wibowo et al. (2020) found that the Leader Member Exchange has a significant effect on employee job satisfaction. Leader Member Exchange theory is defined as the dynamics of the multidimensional relationship between superiors and subordinates. According to Haudi et al.(2020); Asbari et al. (2020) Superiors can have close relationships with only a few of their subordinates, where the relationship is a high quality working relationship. But on the other hand, there are also superiors who have a distant working relationship with their subordinates which is a low quality relationship. A good working relationship between superiors and subordinates will lead to better feelings for each other, where this will create a feeling of comfort at work and satisfaction with the supervision carried out by superiors, so that it will have an impact on completing tasks better and will create a sense of satisfaction with the results of the work and work carried out, therefore the Leader Member Exchange if properly implemented is expected to be able to increase the sense of job satisfaction in each employee, thus, it will ultimately have an impact on achieving organizational goals as expected.

4.6 CORRELATION SATISFACTION AND PERFORMANCE

Based on the results of structural equation modeling analysis, a p value of 0.000 is less than 0.050, so there is a significant relationship, satisfaction has positive and significant effect on performance. Employees with a working period of under five years still tend to maintain their performance regardless of job satisfaction factors such as salary. Because they still want a higher position and work according to his wishes but hindered by a working period that is still early so that this desire cannot be achieved.
Meanwhile, employees with more than 15 years of service experience desire to improve career is felt to have been greatly reduced even though job satisfaction has been fulfilled especially in terms of salary. This is due to decreased motivation to be able to have a career at a higher career level because it will enter a period pension. This causes even though job satisfaction has been fulfilled, but job satisfaction is not a factor in increasing performance. There are other factors besides job satisfaction that will increase performance such as commitment or motivation factors. Research conducted by Sutoni et al. (2023); Kadiyono et al. (2020); The results show that job satisfaction affects employee performance. The results of this study are based on the feelings of satisfaction felt by employees in the presence of superior support for subordinates so that subordinates will feel more comfortable in completing a job. life in the organization and will be a bad predictor if job satisfaction does not lead to increased performance. Indications of job satisfaction are usually associated with absenteeism and turnover rates, where both of these can lead to high costs for a gathering place so that companies have other views regarding the economy to pay attention to job satisfaction which has an impact on performance. One way that can be done to obtain and maintain community satisfaction is to maintain and improve employee performance. According to Wibowo et al. (2020); Vizano et al.(2020) Maintaining and improving employee performance so that they remain good is what government agencies always strive for. According ;Desky (2020); Haudi (2022); Popov et al. (2023) that job satisfaction is a factor that encourages employees to work harder and at the same time as motivation at work, it is very important for organizational managers to pay attention to employee job satisfaction in order to achieve organizational efficiency and effectiveness through satisfied and high-performing employees.

4.7 CORRELATION LMX AND PERFORMANCE

Based on the results of structural equation modeling analysis, a p value of 0.000 is less than 0.050, so there is a significant relationship, Leader member exchange has positive and significant effect on performance. The achievement of the company's performance is supported by the achievement of performance per employee. And employee performance can be affected by the Leader Member Exchange. Company performance caused by good employee performance is not fully supported by a good relationship with their superiors. Because employee performance appraisal has been
structured by the company, such as fulfilling company targets, each employee works to fulfill the company's targets without really needing a good relationship with his boss. According to Haudi et al. (2020); Desky (2020); Haudi (2022); Popov et al. (2023) Good relations between superiors and subordinates are not too important. Because subordinates are aware of the busyness of their superiors because they have heavy responsibilities. But this does not make the performance of subordinates decrease. Because for subordinates the company's targets are very easy to achieve if the subordinates work according to the SOP (Standard Operating Procedure) of the company. But even though the Leader Member Exchange is not something that is deemed necessary to improve performance, but still the Leader Member Exchange is something that still needs to be maintained by superiors towards their subordinates. According to Wibowo et al. (2020); Vizano et al. (2020) define Leader Member Exchange as a multidimensional dynamic of superior and subordinate relationships, whose manifestation involves four main dimensions, namely affection, contribution, and loyalty. According to Sunarsi et al. (2020); Kadiyono et al. (2020); define performance as the success rate of an individual in carrying out their duties and responsibilities. Performance is a behavior or action that is relevant to organizational goals. The existence of positive interactions between leaders and subordinates in the organization will create synergy in each line, so that it will maximize the affection, contribution and loyalty of employees. This is one of the factors that affect performance from an organizational and psychological point of view, so that by creating a good Leader Member Exchange it will have an impact on creating increased performance. According to Vizano et al. (2020) states that Leader Member Exchange (LMX) or interaction between leaders and subordinates will create two groups, namely in group and out group. that the leader creates two groups, namely in group and out group. Subordinates with high in-group status will improve performance, reduce employee turnover in and out, and job satisfaction with superiors will increase performance from time to time good communication is needed from leaders to employees. The relationship between superiors and employees must be maintained so that it will increase trust in one another when good communication will improve performance.

5 CONCLUSION

Based on the results of the research and discussion it is concluded that LMX has an effect on job satisfaction. Furthermore, LMX has a significant positive effect on job
satisfaction and job satisfaction has an influence on employee performance. Some suggestions that can be given are that superiors can provide flexibility in completing tasks responsibly without feeling burdened, superiors must give confidence to subordinates that subordinates are able to complete their tasks so that subordinates will find their work very meaningful. As for maintaining employee performance from the application of empowerment by superiors, they must have trust in subordinates by giving freedom to subordinates to dare to make decisions quickly and precisely. The company builds a stronger corporate commitment so that employees feel more satisfied with their jobs. In maintaining employee performance by providing regular training in dealing with future job demands. Finally, future researchers are expected to be able to examine employee performance factors other than LMX and job satisfaction such as work environment, burnout, or company commitment.
REFERENCES


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