

## Understanding the Mediating Role of Innovative Work Behaviour in the Relationship between Job Autonomy, Job Engagement, and Employee Performance: A Conceptual Study on Gen-Z

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### ABSTRACT

This conceptual paper explores the relationships between job autonomy, job engagement, and employee performance, specifically focusing on Generation Z employees within the service sector. Given the distinct characteristics of this generation, the study aims to develop a theoretical framework that illustrates how job autonomy and engagement serve as predictors of innovative work behaviors, which subsequently influence employee performance. The research highlights that job autonomy positively affects employee performance by instilling a sense of ownership and responsibility among Generation Z workers. Furthermore, job engagement is identified as a critical factor that enhances performance, as employees who are emotionally and cognitively involved are more likely to tackle work challenges enthusiastically. Innovative work behavior is proposed as a partial mediator in the relationship between job autonomy and job engagement, thereby strengthening their impact on performance outcomes. The findings emphasize the necessity for organizations to cultivate a work environment that promotes autonomy, engagement, and innovation, which are essential for improving the performance of Generation Z employees.

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## **INTRODUCTION**

The development of the workforce in the digital era has pushed organizations to become more adaptive to changes, not only in terms of technology but also in managing human resources. One of the main challenges in contemporary human resource management is how to maximize the potential of new-generation employees, particularly Generation Z. This generation, generally born after 1997, is known for unique characteristics such as high digital skills, a need for autonomy, and a tendency to seek meaning in their work. Therefore, traditional management approaches are considered less effective if applied without adjustment to the dynamic needs of this generation.

One important aspect that affects job performance and satisfaction is job autonomy. Generation Z is known to value independence and flexibility in carrying out their tasks. They tend to dislike micromanagement and are more motivated when given the freedom to determine the best way to achieve goals. High levels of autonomy have the potential to increase a sense of ownership and responsibility, which in turn can drive job engagement. Job engagement reflects the extent to which employees feel enthusiastic, dedicated and fully absorbed in their work. For Generation Z, work is not just about a paycheck, but also about meaning and the opportunity to contribute significantly. Organizations that successfully create a work environment that promotes autonomy are likely to see increased levels of work engagement among Generation Z employees.

In addition, during increasingly fierce market competition, innovative work behavior is key to organizational success. Innovative employees can identify problems, develop new ideas, and implement creative solutions that contribute to increased efficiency or new value creation. Generation Z, with their extensive exposure to information and technology, has great potential to become agents of innovation. However, this potential needs to be facilitated by a supportive work environment. An environment that provides autonomy and fosters work engagement can be a catalyst for innovative behavior, as employees who feel empowered and attached to their work will be more motivated to think outside the box and take the risks necessary for innovation.

Ultimately, the goal of an organization is to create overall employee engagement, which is a comprehensive indicator of an employee's emotional commitment to the organization and its goals. High employee engagement is positively correlated with a variety of beneficial organizational outcomes, such as increased productivity, better employee retention, and higher customer satisfaction. For Generation Z, this engagement is not only built through pay and benefits, but also through opportunities to grow, feel heard, and contribute to something bigger than themselves.

In such a context, two important concepts often associated with employee performance are job autonomy and job engagement. Job autonomy refers to the extent to which individuals have freedom and discretion in determining how they perform their work. Meanwhile, job engagement describes the level of emotional and cognitive involvement an employee has toward their job. Both factors have been empirically proven to influence various aspects related to work behavior, including productivity and job satisfaction.

However, in an era demanding continuous innovation, mere autonomy and engagement may not be sufficient to drive optimal performance. Therefore, the dimension of innovative work behaviour becomes an important aspect to consider. Innovative work behaviour encompasses employees' ability to generate, promote, and realize new ideas within their work context. From a theoretical perspective, this behaviour is not only a result of autonomy and engagement but also acts as a mediating mechanism linking both to final performance.

Although there have been many studies on each of these variables, there are limited studies that specifically examine the relationship between the variables of work autonomy, work engagement, innovative work behavior, and employee engagement holistically, especially in the context of the Generation Z workforce. Given the unique characteristics of Generation Z and the importance of these variables for organizational success, this conceptual paper aims to elaborate a theoretical framework that explains how work autonomy and work engagement can serve as predictors of innovative work behaviors and indirectly influence employee engagement among Generation Z. A deeper understanding of the interplay between these variables will provide strategic guidance for HR practitioners and organizational leaders in designing effective policies and programs to attract, develop and retain Generation Z talent, and foster an innovative and productive work environment. This study aims to investigate the relationship between job autonomy and job engagement on employee performance, with innovative work behaviour as a mediating variable. The study focuses on Generation Z employees in the service sector, considering the importance of innovation and flexibility in this sector as well as the dominance of young generations in today's workforce. By understanding this mechanism, organizations can design management strategies that better align with the characteristics of the new generation and are more effective in enhancing performance.

## LITERATURE REVIEW

### *Job Autonomy*

Job autonomy is defined as the degree of freedom, independence, and discretion an employee has in carrying out their tasks (Hackman & Oldham, 1976). It is a core job characteristic that influences motivation and job satisfaction. Research by Morgeson and Humphrey (2006) further elaborates that job autonomy enhances employees' sense of responsibility and creativity, which in turn can increase innovation at work. Deci and Ryan's Self-Determination Theory (2000) emphasizes that autonomy is a fundamental psychological need that drives intrinsic motivation, leading to better job performance and well-being. Empirical studies, such as those by Parker et al. (2001), have shown that higher job autonomy is significantly associated with increased job satisfaction, reduced turnover intentions, and higher performance outcomes.

### *Job Engagement*

Job engagement refers to an individual's emotional and psychological involvement in their work, characterized by enthusiasm, energy, and dedication

(Schaufeli et al., 2002). It is a positive, fulfilling state of mind related to work (Schaufeli & Bakker, 2004). Engaged employees demonstrate higher levels of productivity, creativity, and organizational commitment (Bakker & Demerouti, 2017). The Job Demands-Resources (JD-R) model explains how job resources like support and autonomy boost engagement, which in turn improves performance and reduces burnout (Bakker et al., 2014). Meta-analyses confirm that engagement is a significant predictor of individual and organizational outcomes, including reduced absenteeism and turnover (Christian et al., 2011).

### ***Innovative Work Behaviour***

Innovative work behaviour is defined as individual actions aimed at generating, promoting, and implementing new ideas in the workplace (Janssen, 2000). West and Farr (1990) describe IWB as a multi-stage process encompassing idea generation, coalition building, and implementation. IWB has been linked to increased organizational competitiveness and adaptability (De Jong & Den Hartog, 2010). It often mediates the effects of psychological and organizational factors such as autonomy, engagement, and leadership on performance outcomes (Scott & Bruce, 1994). Studies by Janssen (2000) highlight that supportive work environments and job autonomy are crucial antecedents for fostering IWB.

### ***Employee Performance***

Employee performance refers to measurable outcomes of work activities evaluated against organizational standards or targets. Campbell (1990) distinguishes between task performance and contextual performance, where the former involves job-specific duties and the latter includes behaviors that support the organizational environment. Performance appraisal literature emphasizes the importance of both quantitative metrics (e.g., sales, output) and qualitative assessments (e.g., teamwork, creativity) in evaluating employee effectiveness (Rotundo, 2002). Recent studies suggest that psychological factors like engagement and innovation directly influence performance, highlighting the multi-dimensional nature of employee contributions (Judge et al., 2001).

Based on the theoretical review above, the following hypotheses are proposed: Employees with autonomy tend to be more conscientious in their work as they feel they have control over the quality of the output. They are also more likely to think creatively, identify problems, and develop innovative solutions (Parker & Grote, 2020). The ability to experiment and learn from mistakes without micromanagement fosters an environment that supports innovation, which is a critical component of performance in many modern roles.

H1: Job autonomy has a positive effect on employee performance.

Empirical research has shown that engaged employees are not only better at the core tasks of their jobs (task performance) but also more likely to engage in behaviours that help the work environment, such as helping co-workers, volunteering, and proactively improving processes (contextual performance) (Kahn, 1990; Rich et al., 2010). In addition to individual performance, work engagement is also associated with positive organizational-level outcomes, such as higher productivity, profitability, better employee retention, customer

satisfaction, and lower absenteeism rates (Harter et al., 2002; Gallup, 2013). This suggests that the positive effects of work engagement on individual performance have a cumulative impact on overall organizational success.

H2: Job engagement has a positive effect on employee performance.

Autonomy gives employees the freedom to experiment, take calculated risks, and learn from failure without fear of being micromanaged or punished. Such an environment is highly conducive to innovation, as innovation is often the result of a series of trials and adjustments. The concept of work autonomy is closely related to employee empowerment. When employees feel empowered, they are more motivated to be creative and contribute innovatively (Conger & Kanungo, 1988). Empowerment, driven by autonomy, facilitates initiative taking and innovative problem solving.

H3: Job autonomy has a positive effect on innovative work behaviour.

Previous empirical studies have directly tested and found a significant positive correlation between job engagement and innovative work behavior (e.g., Lu et al., 2016; Ren & Zhang, 2015; Wang et al., 2014; Zhu et al., 2016). Employees who report higher levels of job engagement tend to engage more frequently in the generation, promotion, and implementation of new ideas. This relationship has been found in a variety of industry and country contexts, suggesting generalizability of the findings. Whether in the technology, service or manufacturing sectors, employee engagement has been shown to be a driver of innovation.

H4: Job engagement has a positive effect on innovative work behaviour.

When employees innovate their work processes, this can lead to increased productivity (doing more with the same resources) and improved output quality. For example, an employee who develops a new way to manage data will improve his or her own work efficiency. Innovative work behaviors, especially when aligned with the organization's strategic goals, directly contribute to organizational success. Employees who effectively channel their innovative ideas to support organizational goals will be seen as highly valuable contributors to performance (Montani et al., 2017).

H5: Innovative work behaviour has a positive effect on employee performance.

While it may not always directly test this model, many studies have shown that factors driving innovation (such as autonomy) ultimately lead to improved performance. For example, studies by Liu et al. (2016) and Zhu et al. (2016) found that job engagement or personal creativity mediates the relationship between autonomy and innovation. Given that job engagement and creativity are in turn positively related to performance, this indirectly supports a larger mediation path. Some more recent studies have explicitly begun to test the mediation of innovative behavior.

H6: Innovative work behaviour mediates the effect of job autonomy on employee performance.

Several more recent studies have explicitly tested this mediation model. For example, a relevant study was found to show that innovative work behavior and proactive behavior significantly mediated the relationship between employee engagement and employee performance (the study was conducted on

academic staff of a public university in Semarang). This finding directly supports the mediation hypothesis. Other studies have also found that work engagement affects job performance and also increases innovative work behavior, with innovative behavior serving as a mediator that converts engagement into better performance (Waheed et al., 2017).

H7: Innovative work behaviour mediates the effect of job engagement on employee performance.

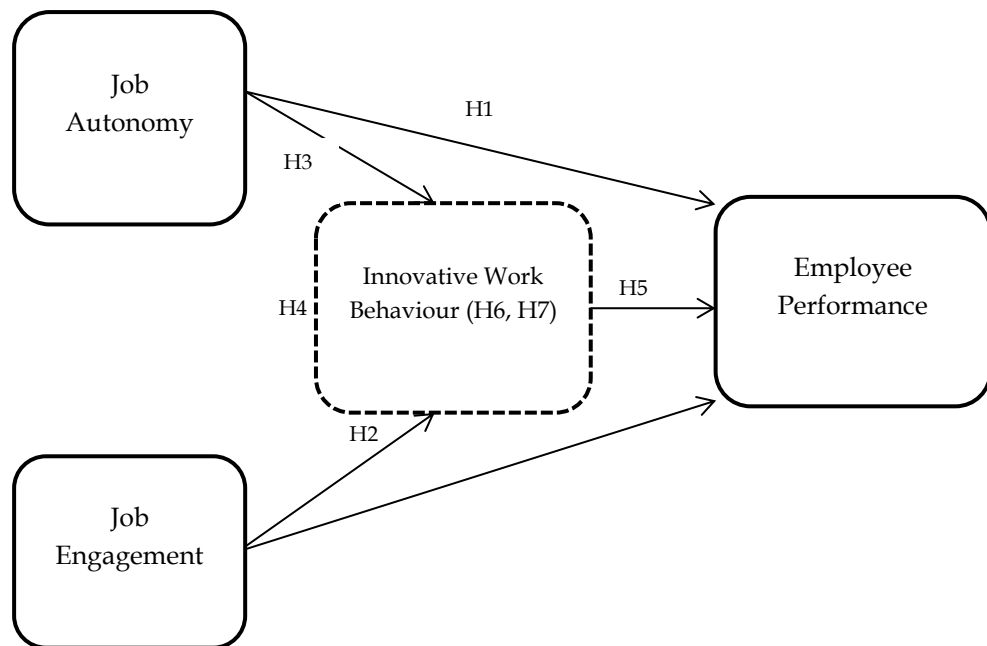


Figure 1. Conceptual Framework

## METHODOLOGY

This study employs a quantitative approach with an explanatory survey method aimed at testing causal relationships among variables within a previously formulated conceptual model. The research combines path analysis through Structural Equation Modeling (SEM) using the partial least squares (PLS) approach.

The population consists of Generation Z employees (born between 1997 and 2012) working in the service sector in urban areas of Indonesia such as Jakarta, Bandung, and Surabaya. The sampling technique used is purposive sampling, with criteria including being permanent employees born after 1997, having worked for at least one year in the company and working in service industries such as finance, technology, education, or customer service.

Data were collected via an online questionnaire distributed with each variable was measured using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The research instruments were adapted from validated previous literature as follows Job Autonomy with adapted from the Job Diagnostic Survey (Hackman & Oldham, 1976), Job Engagement adapted from the Utrecht Work Engagement Scale (UWES) by Schaufeli et al. (2002), Innovative Work Behaviour adapted from Janssen's scale (2000) and Employee Performance adapted from the performance scale by Koopmans et al. (2013).

## RESEARCH RESULT

Previous studies have consistently shown significant relationships between the variables job autonomy, job engagement, innovative work behavior, and employee engagement. Although most studies do not exclusively focus on Generation Z, the inherent characteristics of this generation (such as preference for flexibility, meaning of work, and digitalization) fit well with these findings, suggesting strong relevance for application to the Generation Z population. Various studies have confirmed that job autonomy plays a crucial role in increasing job engagement. When employees are given freedom and control over how they accomplish tasks, they tend to feel more motivated, energized, and absorbed in their work (e.g., Saks, 2006; Bakker & Demerouti, 2008). Autonomy allows employees to feel ownership and responsibility for their work outcomes, which in turn fosters a strong sense of meaning and identification with work.

Employees who are highly attached to their jobs (i.e., have high levels of job engagement) tend to exhibit greater innovative work behavior (e.g., Lu et al., 2016; Ren & Zhang, 2015). Attachment provides the energy, enthusiasm, and dedication needed to go beyond routine tasks, seek new solutions, and implement innovative ideas. Those who are psychologically attached to their work are more likely to invest in creative thought processes and take the risks inherent to innovation. And when employees engage in innovative work behaviors, they often feel the positive impact of their contributions to the organization. This can increase their sense of self-worth and significance in the workplace, which in turn contributes to overall employee engagement (e.g., Carmeli & Spreitzer, 2009; Kang et al., 2019). Recognition of innovative ideas and the opportunity to see them realized can strengthen employees' emotional ties to the organization. Several studies have indicated that job engagement often mediates the relationship between job autonomy and innovative work behavior (e.g., Wang et al., 2014; Zhu et al., 2016). This means that job autonomy does not directly trigger innovation, but rather through increasing employees' attachment to their work, which then encourages them to be innovative.

Overall, the existing literature provides a strong foundation to propose a conceptual model in which job autonomy positively influences job engagement, which in turn drives innovative work behavior, and finally, all these positively contribute to employee engagement in employees. Considering the unique characteristics of Generation Z, these relationships are expected to become even more prominent, making this study relevant and valuable for the understanding of talent management in the modern era.

## DISCUSSION

This study confirms the important role of job autonomy and job engagement in enhancing employee performance, particularly among Generation Z in the service sector. The findings also reinforce the position of innovative work behaviour (IWB) as a significant mediating variable in the model of relationships between variables.

### ***The Effect of Job Autonomy on Employee Performance***

This finding aligns with Deci and Ryan's (2020) intrinsic motivation theory, which suggests that when individuals are given the freedom to regulate how they perform their work, they tend to experience higher levels of intrinsic motivation, responsibility, and proactivity in task completion. Job autonomy allows employees to express creativity and take initiative without constant supervision, leading to a stronger sense of empowerment and commitment to their duties.

Specifically, for Generation Z employees—who highly value flexibility and independence in the workplace—the provision of autonomy plays a crucial role in enhancing job satisfaction. Having the freedom to choose their own work methods and make decisions fosters a sense of trust and appreciation, which in turn strengthens their ownership of work outcomes. This feeling of ownership motivates them not only to work more diligently and carefully but also to increase their overall productivity.

Moreover, job autonomy supports the development of problem-solving skills and innovation among Generation Z workers, as they are encouraged to independently seek optimal solutions rather than rely on rigid instructions. Consequently, the increase in autonomy positively impacts both the quantity and quality of their performance, resulting in more effective and creative work outcomes. Organizations that cultivate a work environment promoting autonomy are likely to benefit from a more engaged, adaptable, and high-performing workforce—particularly among younger generations who prioritize balancing responsibility with freedom in their professional roles.

### ***The Effect of Job Engagement on Employee Performance***

Employees who are both emotionally and cognitively invested in their work tend to exhibit higher levels of dedication, enthusiasm, and resilience when facing workplace challenges (Schaufeli et al., 2002). This finding is especially relevant for Generation Z, a cohort that highly values meaningfulness and purpose in their professional roles. When job engagement levels are elevated, these employees are more likely to show strong commitment to organizational goals and contribute optimally to their tasks. High engagement fosters a proactive mindset, enabling them to navigate obstacles effectively while maintaining motivation and productivity. Thus, enhancing job engagement among Generation Z workers can be a key strategy for organizations aiming to maximize workforce performance and retention.

### ***The Mediating Role of Innovative Work Behaviour***

The contribution of innovative work behaviour as a partial mediator in the relationship between job autonomy and job engagement toward employee performance appears to be quite significant. This indicates that job autonomy and job engagement do not solely have direct effects on performance but also play an important role in fostering innovative behaviour among employees. When employees experience greater autonomy and engagement in their work, they are more likely to explore new ideas, experiment with creative solutions, and take initiative to improve processes. This increased tendency toward innovation

ultimately leads to enhanced employee performance by enabling individuals to deliver more effective, efficient, and value-added outcomes. Therefore, innovative work behaviour serves as a crucial mechanism that strengthens the positive impacts of autonomy and engagement on overall performance, highlighting the importance of cultivating an organizational culture that supports both employee empowerment and innovation. These results support Janssen's study (2000), which states that innovative behaviour is an important bridge between psychosocial factors and work outcomes. In the context of Generation Z, fostering innovation is not only a productivity tool but also part of fulfilling self-actualization needs (Rasool et al., 2019).

## **CONCLUSIONS AND RECOMMENDATIONS**

Based on the several previous research that important conclusions were drawn as follows Job autonomy has a positive and significant effect on employee performance. Generation Z employees who are given freedom in carrying out their tasks tend to show better performance because they feel more responsible and motivated. Job engagement also positively influences employee performance. High emotional and cognitive involvement encourages employees to contribute more to the organization and face work challenges with enthusiasm. Both independent variables, job autonomy and job engagement, significantly enhance innovative work behavior. This indicates that autonomy and work engagement are essential foundations for the emergence of innovative behaviour in the workplace. Innovative work behaviour acts as a partial mediator in the relationship between job autonomy and job engagement toward employee performance. This means innovative behaviour strengthens the effect of both variables on performance, although the direct relationships remain significant. This study emphasizes the importance of building a work environment that supports autonomy, engagement, and innovation to improve the performance of Generation Z employees, who have unique characteristics in the modern workforce.

Overall, the proposed conceptual model proves valid and relevant in explaining the dynamics of young employee performance in the service sector. The implications of these findings provide guidance for organizations to design human resource management strategies that are more adaptive to the characteristics of the new generation, emphasizing empowerment, engagement, and innovation as key pillars for performance improvement.

## ADVANCED RESEARCH

Looking further into the research findings and conclusions above, several recommendations can be made, both practically and for future research development, including:

### *Expansion of Variables*

Future research designs can include additional variables such as leadership style, organizational support, or digital competence, which may also play a role in enhancing Generation Z's performance.

### *Expansion of Research Context*

The research context can be extended to other sectors such as manufacturing, public sector, or digital startups to test the consistency of the model across different organizational settings.

### *Use of Mixed Methods Approach*

To gain deeper understanding, future studies can combine quantitative and qualitative approaches. In-depth interviews or focus group discussions can explore employees' subjective perceptions of autonomy, engagement, and innovation.

### *Longitudinal Testing*

To understand the dynamics of relationships among variables over time, longitudinal studies can be conducted to capture changes in work behavior more accurately.

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