The Link Between Leader-Member Exchange, Organizational Citizenship Behavior and Job Satisfaction: A Case Study on Local Government

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Abstract
Being the lowest level of government after Federal and State governments, local governments are considered as the managers of urban environment due to their multifarious services functions which drives the economic growth and social development of a particular district. The heterogeneous services provided are constantly being reviewed and appraised by the public where statistics from Public Complaint Bureau showed worrying numbers with high number of complaints being recorded for four consecutive years ending 2012. Hence, the goal of this study is to analyse the impact of leader-member exchange (LMX) and organizational citizenship behaviour (OCB) on job satisfaction using 212 respondents from local governments’ employees in east coast Malaysia. The findings showed that LMX and OCB were predictors towards job satisfaction with LMX being the strongest predictor compared to OCB. Mean differences on job satisfaction, LMX and OCB according to selected demographic variables revealed significant mean differences were noted in service group for LMX and dyadic tenure for OCB. Based on these findings, nurturing quality relationship and promoting the occurrence of OCB among local government employees are warranted as empirical evidence proved that they are important ingredients in provoking employees’ job satisfaction.

Keywords: Organizational Citizenship Behaviour, Job Satisfaction, Leader-Member Exchange, Local Government, Malaysia
1. Introduction
Local government refers to the third level of government structure in Malaysia after the federal and state government. Local government is set apart from the central and state administration and differentiated from other public agencies by their multifarious service functions, financial autonomous, limited area of jurisdiction. Working alongside with the private sector, the public in general and other government agencies, local government is the subordinate unit to the state and federal governments which link the public interest relationship between the tiers (Norris 1980). Local government, in general, is under the authority of the state government and the power of decision-making is transferred to local government to administer within its designated area. It is further divided into three categories: city council for city centers, municipal council for larger towns and district council for small urban town. Each local government is conferred with wide power under Local Government Act 1976, Street, Drainage and Building Act 1974 and Town and Country Planning Act 1976 where local government is the local planning authority where they approve and control all planning and development applications within its area. Besides that, it has the power to collect taxes in form of assessment and to provide basic amenities aimed at the upkeep of the local community. Being the lowest in the government hierarchy and managers of urban environment, their interactions with the public touch almost every aspect of the society needs. Thus, their performance have been continuously monitored by the public and it is evident that the level of service provided by local government has yet to achieve the satisfactory level based on statistics compiled by Public Complaint Bureau (PCB). Further investigation from PCB’s annual reports showed that local government consistently garnered the highest number of complaints four years in the row from 2009 to 2012. As a service organization, local governments’ ability to respond effectively to the changing needs of the environment, for example the complaints by the public, is a key factor in ensuring a nation’s sustainable development, growth and global competitiveness (Kandan and Ibrahim 2007). Therefore, in order to response to the outcry of the public for improvement, accountability and transparency in service delivery and quality, the management need to look into the element of job satisfaction of its most valuable asset namely the human capital.

Satisfaction of employees towards their jobs is considered one of the main factors for the success and survival of an organization. Prompting the willingness of employees to exhibit OCB and fostering quality supervisor-subordinate relationship (LMX) are among the essential ingredients in heightening the level of employee’s job satisfaction as evidence by past researches on these linkages separately (Stringer 2006; Fatimah et al. 2011; Cheng & Wu 2012; Songbo et al. 2013; Lee et al. 2013). Since the level of dissatisfaction by the public towards local government services are worrying and to overcome the limitations of previous studies on job satisfaction, this study makes an attempt using a comprehensive approach in investigating the employees’ perceptions of LMX and OCB on their job satisfaction using local governments located in east coast Malaysia as the case study.
2. Literature Review

2.1 Job Satisfaction

In an organization context, besides having many roles to perform and objectives to achieve, maintaining a satisfied workforce is an important agenda because satisfied employees are more willing to put more efforts towards work, to uplift the organization image and are be able to produce many favourable outcomes to support the organizational goals. Thus, this important attitudinal variable although has been extensively researched, will continue to be a popular topic for future studies.

Job satisfaction as defined by Hopkins (1983) as the fulfillment or gratification of certain needs that are associated with one’s work. The most popular definition on job satisfaction was advocated by Locke (1976) who described job satisfaction as a pleasure of positive emotional state resulting from the appraisal of one’s job experience. This definition consists of both cognitive (an appraisal of one’s job) and affective (emotional state) elements, denoting the degree to which individual feel positive or negative about their jobs. Conceptually, it also indicates the degree to which the expectation in someone’s psychological contract being fulfilled (Avery et al. 1989).

Social exchange theory (Blau 1964) and the norm of reciprocity (Gouldner 1960) have been repeatedly used to describe and explain motivations behind employees’ behaviors and attitudes. This theory involves a series of interactions that are interdependent, contingent on the actions of the other partner in the social relationship and generate obligations (Cropanzo and Mitchell 2005). Job satisfaction can be categorized as intrinsic which originates from within the individual and has psychological value while extrinsic is beyond employees control and originates from the environment (Weiss et al. 1967). As the importance of this attitudinal behavior cannot be denied as satisfied workforce is the key to get better performance and to achieve organizational goals, it will be useful to examine the possible interactions between OCB and LMX towards job satisfaction among local government employees working in east coast Malaysia.

2.2 Relationship between LMX and Job Satisfaction

Grounded on social exchange theory and role theory, LMX is defined as work-related exchanges through which leaders develop exchange relationships of a distinct quality with each of the subordinates leading to the development of relatively stable relationship that range from lower (out-group) to higher (in-group) quality exchanges (Graen and Scandura 1987). In circumstances where subordinates experiencing lack of motivations at work, due to job monotonous for example, LMX relationship with the leaders becomes even more critical for success (Harris et al. 2009). LMX as defined by Liden and Maslyn (1998) consists of four dimensions namely affect (mutual affection members of the dyad have for each other based on interpersonal attraction), contribution (perception of the current level of work-oriented activity each member of the dyad puts forth), loyalty (expression of social support among each member of the dyad) and professional respect (perception of each member of the dyad has built a reputation of work-related activity).
Several studies have found a significant relationship between LMX and job satisfaction both in Western and Asian cultures (see Kocoglu et al. 2014; Songbo et al. 2013; Cheng and Wu 2012; Stringer 2006). Based on study by Stringer (2006) on firefighters in southeastern region of United States, the higher level of mutual respect, trust and obligation (in-group) that exists between the dyad will increase the level of job satisfaction due to intrinsic and extrinsic rewards being experienced by the employees. While in a recent study by Kocoglu et al. (2014) among government employees working in one of largest municipality in Istanbul, Turkey revealed that LMX has a strong direct effect on job satisfaction and interestingly workload was found as a partial mediator in the relationship between LMX and job satisfaction. Another similar study in a municipal organization in Turkey by Bölükbaşı and Çakmur (2009) asserted that LMX relationship has an important effect on job satisfaction.

Focusing on Chinese culture, Songbo et al. (2013) on the other hand found that LMX and job satisfaction have the ability to reduce the unethical behavior among 249 employees working in different companies in China. The same result prevailed in Cheng and Wu (2012) study among Chinese manufacturing firms where LMX has positive association towards job satisfaction and both these variables have the capacity to reduce employees’ intention to leave and increase employees’ commitment level. As suggested by Zhong et al. (2003), more empirical evidence were needed to support the LMX – job satisfaction relationship in every culture background where Pillai et al. (1999) found LMX did not influence employees’ job satisfaction. Based on the above discussion and to support that LMX and job satisfaction is positively associated in Malaysian culture which is characterized by power distance, relationship-oriented and collectivism (Che Su et al. 2014; Abdullah 1996) the following hypothesis is proposed:

H1: LMX is positively related to job satisfaction.

2.3 Relationship between OCB and Job Satisfaction

OCB can be defined as a behaviour that goes beyond the formal requirement of the job and is beneficial to the organization (Spector, 2006). OCB has been suggested to facilitate organizational functioning due to its ability to lubricate the social machinery in prompting employees to go beyond the contractual employment obligations that are not explicitly required by job descriptions and not directly recognized by formal reward system (Organ, 1988). According to Williams and Anderson (1991), when employees participated in elements of OCB, this participation led employees to have positive feelings about their jobs and felt proud of their affiliation with the organization and these feelings and contributions led to employees’ job satisfaction.

Many empirical evidences have supported the effect of OCB on job satisfaction. Empirical evidences from Malaysia have indicated the positive effect of OCB on job satisfaction where Khalid and Ali (2005) affirmed that altruism and conscientiousness dimensions of OCB may improve employees’ satisfaction. A recent study among secondary school teachers in Selangor, Malaysia proved that the existence of a positive relationship between OCB and job satisfaction (r = 0.464, p < 0.05) and altruism and civic virtue dimensions of OCB were positively related to
job satisfaction (Fatimah et al. 2011). While in Korean context, Lee et al. (2013) supported that exhibiting OCB would have a positive effect on job satisfaction based on a large sample of 1,100 employees from 30 companies in Korea National Industrial Complex. A study by Feather and Rauter (2004) also supported the proposition that the attitude of employees’ who voluntarily work beyond their duty and have the intention to stay would lead to employees’ satisfaction. Chen et al. (1998), on the other hand, found that an employee may withhold OCB due to frustration with certain aspects of the job, and if the feeling of dissatisfaction continues, the employee may build up an intention to quit and ultimately leave the organization. Due to scarcity of empirical study on local government employees and to take into account the Malaysia culture which is different from the Western culture, the following hypothesis is proposed:

H2: OCB is positively related to job satisfaction.

The respondents’ demographic were an important factor in analyzing local governments employees’ job satisfaction. There were mixed responses from past studies on the effect demographic factors such as gender, age, service category, dyadic tenure and organizational seniority (Kocoglu et al. 2014; Sapie 2012; Songbo et al. 2013, Sharifah Noraida et al. 2010). As local government is an important service oriented government agency with main focus to serve the residents within its jurisdiction and labour intensive in nature, the demographic profile namely age, gender, service group, dyadic tenure and organizational seniority were investigated on LMX, OCB and job satisfaction variables.

3. Methodology
The sample consisted of 212 employees working in six local governments in east coast Malaysia which comprises of the states of Pahang, Terengganu and Kelantan. Two local governments from each state were selected as the sample population. Disproportionate random sampling was used since the number of Professional and Administrative group (top level management) was much smaller compared to Support I and Support II group (low to middle level management). A survey method was used where data were collected by means of printed questionnaires. The questionnaires contained four parts; three parts for variables under investigation and one for demographical information. Job satisfaction was measured using the short version of Minnesota Job Satisfaction consisting of 20 items; LMX was investigated using the scale by Liden and Maslyn (1998) with 12 items and lastly OCB was measured by using scale developed Podsakoff et al. (1990) with 22 items. The scales originated from the West have been translated to Malay language in view of the local government employees are predominantly Malays and majority of them from low to middle level management. Responses to these items were based on 5-point Likert scales from 1 (strongly disagree) to 5 (strongly agree). All of these variables were measured as a latent construct.

Demographic data consisted of gender, supervisor’s gender, age, state, service group, dyadic tenure with present supervisor and organizational seniority were collected from these respondents. In the sample, almost equal respondents were represented in each of these states (Pahang, Kelantan and Terengganu) with 53.3% of the respondents were female and 46.7%
were male. In contrast, these respondents were majority under the supervision of a male supervisor (72.2%) compared to female supervisor of 27.8%. Majority of these respondents can be categorized as new batch where 54.7% were aged below 36 years with low level management (Support II) and middle level management (Support I) dominating the service group. In terms of organizational seniority, 27% of these respondents have been in the same organization for more than 16 years reaffirming the succession of a new generation of employees. Due to job rotation being exercised in these local governments to further enhance their multitasking skills and work experience, 67% of these respondents have been reporting to their current supervisor for a tenure less than 5 years.

4. Research results
4.1 Common Method Bias
As the data collected were from the same respondents, common method bias could not be ruled out. Harman’s one-factor test as suggested by Podsakoff et al. (2003) was carried out where all items of variables of interest were entered together into a factor analysis and the results were examined based on un-rotated factor solution. Common method bias was deemed to be in existence when only one factor or first factor explained over 40% variability. In this study, all of the items – 12 items under LMX scale, 22 items under OCB scale and 20 items under job satisfaction were included in a principal component analysis. The analysis on un-rotated factor solution showed that there were 13 factors emerged explaining a total 68.38% of the variance with the first factor explained 29.09% of variability well below the threshold of 40%. Thus, this indicated that this study did not suffer from same source bias and common method bias was ruled out.

4.2 Descriptive Statistics & Normality Test

Mean scores, standard deviations, reliabilities, and intercorrelations of the study variables are provided in Table 1. Overall, respondents have moderate level of agreements towards all variables of interest with results indicating above their respective midpoints based on five-point scale. This implied that these respondents agreed that they have a moderate quality LMX relation, moderate level of OCB being exhibited and as well as moderate level of job satisfaction. Correlations among variables were significant with both LMX and OCB reported strong positive correlations to job satisfaction at $r = 0.66$, $p < 0.01$ and $r = 0.61$, $p < 0.01$ respectively while the association between LMX and OCB reported a moderate positive significant at $r = 0.54$, $p < 0.01$. On the whole, these results have demonstrated acceptable levels of correlation and were distinct variables as none of the correlations were above 0.9 (Tabachnick and Fidell 2007). Hence, the positive associations among the variables of interest provided initial support for the study hypothesis.

Factor analysis was conducted and total variance being explained by job satisfaction, LMX and OCB were 40.37%, 49.80% and 31.64% respectively with all items carried factor loadings of above 0.3 (Hair et al. 2010). As for internal reliabilities, all variables were well above the minimum acceptable reliability of 0.7 as suggested by Sekaran and Bougie (2010). Meeting the assumptions underpinning the use of regression was conducted and results indicated that the
data has met normality, linearity and homoscedasticity as well as multicollinearity tests, hence, no violations were detected.

Table 1: Description statistics, correlations and reliability of all variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 LMX</td>
<td>3.80</td>
<td>0.60</td>
<td></td>
<td>(0.91)</td>
<td></td>
</tr>
<tr>
<td>2 OCB</td>
<td>3.77</td>
<td>0.45</td>
<td>0.54*</td>
<td>(0.89)</td>
<td>*</td>
</tr>
<tr>
<td>3 Job satisfaction</td>
<td>3.77</td>
<td>0.50</td>
<td>0.66*</td>
<td>0.61*</td>
<td>(0.92)</td>
</tr>
</tbody>
</table>

Note: N = 212, ** p < 0.01, Cronbach alpha coefficient were given diagonally

4.3 Hypotheses Testing

Multiple regression analysis techniques were used to test hypotheses 1 and 2 as shown in Table 2. Results of the multiple regression showed that the overall model was significant (F = 39.39, p < 0.001) with R^2 = 0.522 indicating that 52.2% of variance in job satisfaction were explained by LMX and OCB variables. Examination of the regression coefficients revealed that LMX was significant with positive association with job satisfaction (Beta = 0.45, t = 6.60, p < 0.001). The coefficient for OCB was also significant having a positive association with job satisfaction (Beta = 0.38, p < 0.001). Thus, Hypothesis 1 and 2 were accepted with LMX being the strongest predictor to job satisfaction (Beta = 0.45) compared to OCB (Beta = 0.38). These results indicated that the higher quality relationship being established between the dyad and higher the OCB level being exhibited by subordinates, the subordinates’ job satisfaction will correspondingly increased.

Table 2: Multiple Regressions

<table>
<thead>
<tr>
<th>Dependent</th>
<th>Independent</th>
<th>Beta</th>
<th>t-value</th>
<th>Adjusted R^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>LMX</td>
<td>0.45</td>
<td>7.94***</td>
<td>0.522</td>
</tr>
<tr>
<td></td>
<td>OCB</td>
<td>0.38</td>
<td>6.60***</td>
<td>(F = 39.39, p &lt; 0.001)</td>
</tr>
</tbody>
</table>

N = 212, p*** < 0.001

4.4 Analysis of LMX, OCB and Job Satisfaction according to Demographic Variables

A summary of the results on mean differences on OCB, LMX and job satisfaction according to demographic profile was tabulated in Table 3. It was noted that none of the demographic has significant mean difference on job satisfaction while significant mean differences were only
noted in LMX for service group (F = 3.11, p < 0.05) and OCB for dyadic tenure (F = 4.86, p < 0.05).

Post hoc analysis on mean difference of LMX on service group revealed Support II (lower level staff) has higher mean = 3.92, SD = 0.52 compared to Support I (middle level staff) at mean = 3.69, SD = 0.67. This was perhaps Support II staff has developed a closer relationship with his/her immediate supervisor in Support I category due to frequent interactions in work-related tasks. These frequent interactions have made the lower level staff felt that his/her immediate supervisor has been supportive, mutual trust established, enjoyed greater emotional support, better communication and access to information. The good relationship established perhaps help subordinates to get more challenging and autonomous job as well as to enhance the level of self-efficacy which accounts for an appealing job (Cheng and Wu 2012). The significant impact was only found in service group for LMX where this difference was also noted by Sharifah Noraida et al (2010) in her study on organizational commitment among civil servants in east coast Malaysia. Furthermore, quality relationship has made these low level staff to be more attached to their supervisors rather than the organization.

On the other hand, the interactions between middle level staff and their immediate supervisor being the top management (Professional and Administrative category) were not that frequent compared to the interactions between Support II and Support I staff. This could perhaps that the top management, due to small in number, were seldom in the office due to their work nature and supervising a larger team causing this top management staff to change their behavior to be more autocratic to get things done which may cause the quality relations between leaders and subordinates to deteriorate. This result was consistent with that of Nur Qurratul Aini et al. (2012) based on employees in plantation industry where larger workgroup size, LMX effect was decreasing.

Post hoc analysis on mean difference of OCB on dyadic tenure showed that subordinates working with their current supervisors for a period exceeding 21 years recorded a lower mean = 3.18, SD = 0.56 compared to those in 16 to 20 years category at mean = 4.08, SD = 0.31. The possible explanation for the low mean difference was that those in 21 years bracket are approaching their retirement age and usually taking a “back-seat” attitude where the possibility for promotion is limited even though they exhibit elements in OCB like altruism, civic virtue or conscientiousness. On other hand, employees in the 16 to 20 years bracket reported a higher mean difference perhaps due to by exhibiting OCB and having the requisite work qualification and experience would increase their chance to be noted by their supervisors. Based on the notion of social exchange theory and norm of reciprocity, management do take some form of OCB into consideration in evaluating the employees overall performance (Organ 1988).
Table 3: Summary of Demographic Analysis according to demographic profile

<table>
<thead>
<tr>
<th>Variable</th>
<th>Gender</th>
<th>Age</th>
<th>Service Group</th>
<th>Dyadic Tenure</th>
<th>Organizational Seniority</th>
</tr>
</thead>
<tbody>
<tr>
<td>LMX</td>
<td>X</td>
<td>X</td>
<td>v</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>OCB</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>v</td>
<td>X</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

5. DISCUSSION AND CONCLUSION
This study was designed to examine the levels of LMX and OCB among local governments employees’ working in east coast of Malaysia. Findings of this study lend support to the notion of reciprocity and social exchange theory (Blau, 1964) that LMX and OCB were capable to exert significant influence towards increment of job satisfaction based on multiple regression analysis. The degree of influence indicated LMX was a significant predictor to job satisfaction \( r = 0.45, p < 0.001 \) which was in congruent with that of the recent empirical evidences by Kocoglu et al. 2014; Songo et al. 2013; Cheng and Wu 2012. Furthermore, this finding reaffirmed the Malaysian culture which is high on power distance compared to Western countries. This implies that employees in Malaysian working culture accept that power in organization is distributed unequally and thus contributes to segregated relationship between different levels of employees within Malaysian organization as asserted by Faizuniah et al. (2011).

The impact of OCB on job satisfaction was also found to be significant at \( r = 0.38, p < 0.001 \) which was slightly lower than that of LMX. This finding was consistent with the results found by other researches in Malaysian context by Khalid and Ali (2005) and Fatimah et al. (2011). This finding was also in support to the Malaysian culture of collectivism where social interaction among members in the organization and working together as a team are vital in creating agreement among members which can foster OCB and translate this effect into increase in employees’ job satisfaction. Thus, local government management should not ignore the fact that OCB is an imperative avenue to increase operational efficiency and consequently job satisfaction as empirical evidences have indicated that OCB can be implemented at a relatively low cost (Organ, 1988). Local governments in general are faced with constraints especially financial and human resource and by fostering OCB among their employees; the local government will be able to reduce the high level of public complaints to a more manageable level.

In this study, demographic variables (age, gender, service group, dyadic tenure and organizational seniority) were found to have insignificant impact on job satisfaction. Significant mean difference was noted in service group for LMX where lower level staff experiencing quality relationship with the immediate supervisor (middle level staff). As for OCB, mean
difference was noted only in dyadic tenure where the longer a subordinate working with the present supervisor, the level of OCB decreases.

Hence, these findings provided support that LMX and OCB were two important ingredients that must be continuously fostered and enriched among the members in local government context so as to achieve satisfaction among staff. Employees are the most valuable assets that an organization can acquire, thus, inspiring their satisfaction level can lead to their active participation towards smooth operational activities such as sharing on their knowledge, experience, ideas, creativity and innovations. All of these can be tapped and applied by management which can contribute towards reducing level of complaints and instill the public confidence that local government is indeed an important agency that can drive the social and economic activities for a particular district.

References


