

RELATIONSHIP BETWEEN LEADER-MEMBER EXCHANGE, JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT: THE MEDIATING EFFECT OF DISTRIBUTIVE JUSTICE

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Abstract

The aim of this study is to measure the relationship between leader-member exchange, job satisfaction and organizational commitment. The outcomes of Statistical Package for Social Science (SPSS) model analysis confirmed that distributive justice does act as an important mediator in the relationship between leader-member exchange, job satisfaction and organizational commitment. Furthermore, implications of this study to training practices and theory, methodological and conceptual limitations, as well as direction for future research are also discussed in this article.

Keywords: distributive justice, job satisfaction, leader-member exchange, organizational commitment

INTRODUCTION

Leader-member exchange is one important aspect of leadership studies where it refers to formal and/or informal exchange relationship between manager and subordinates over certain period of time within a particular unit or whole organization to achieve their organization objectives in an era of competitive and challenging environments (Hassan & Chandaran 2005; Wang et al. 2005). (Northouse 1997).

A review of the recent literature connecting to workplace leader-member exchange highlights that high quality relationship between managers and subordinates may give a significant impact on workplace justice especially distributive justice (Bhal & Ansari 2007; Tansky 1993; Hassan & Chandaran 2005). In an organizational behavior perspective, distributive justice is often referring to “perceived fairness of the results received by a person from the organization where the results can be distributed on an equal basis, or contributions and individual needs determine the reasonableness through comparison with others” (Prahast et al. 2015).

Interestingly, a careful observation of the successful organization reveals that relationship between leader-member exchange and distributive justice may lead to an enhanced work outcomes, especially job satisfaction (Hassan & Chandaran 2005; Bhal & Ansari 2007; Baron & Kenny 1986) and organizational commitment (Lee 2000; Bhal & Ansari 2007). Job satisfaction refers to individual’s attitude while working in an organization derived from feeling of satisfied of various factors such as leader, co-workers, pay, benefits and job procedures (Hassan & Chandaran 2005; Prahast et al. 2015). Organizational commitment is defined as individual’s attachment to an organization with considerable efforts and strong desire to remain in the organization (Cogliser et al. 2009; Dienesch &

Liden 1986; Scandura & Graen 1984). In the context of leadership of managers in the workplace, subordinates who perceived justice has been practices in resources available and rewards distribution will be more satisfied and committed in their works.

Within a workplace leader-member exchange model, many scholars think that leader-member exchange, distributive justice, job satisfaction and organizational commitment are different, but highly interconnected concepts. For example, the ability of leaders to appropriately implement high quality exchange with followers will strongly invoke their followers' feelings of distributive justice. As a result, it may lead to an enhanced job satisfaction (Hassan & Chandaran 2005; Bhal & Ansari 2007; Baron & Kenny 1986) and organizational commitment (Lee 2000; Bhal & Ansari 2007). Nevertheless, the nature of the relationship is significant, little is known about the mediating effect of distributive justice in leader-member exchange research literature. Thus, this situation inspires the researchers to fill in the gap of literature by quantifying the mediating effect of distributive justice in the relationship between leader-member exchange and work outcomes (i.e., job satisfaction and organizational commitment).

LITERATURE REVIEW

Relationship between Leader-Member Exchange and Distributive Justice

Leader-member exchange explains the relationship between managers and subordinates involves three important elements, 1) exchange of each other's motives, resources and attitudes to produce mutual role between them, 2) develop and maintain the mutual trust, loyalty and respects and 3) transform mutual commitment into organization's objectives accomplishment (Graen & Scandura 1987). With those three elements, it will produce high quality of relationship between managers and subordinates. The relationship between manager and subordinates has been proven to be important factor for distributive justice. (Karim 2011). In organizational context, if subordinates and manager are in good quality relationship in an organization, then they will perceive justice has been practices by managers in outcome allocation

Previous studies confirmed that leader-member exchange is a positive predictor of distributive justice studies based on few samples such as 154 multi-level managers in Malaysia voluntarily (Hassan & Chandaran 2005), a group of 75 non-union employees of Fortune 100 company (Tansky 1993), 106 employees of six public sector organizations situated in Quetta, Pakistan (Karim 2011).

Relationship Leader-Member Exchange, Distributive Justice and Work Outcomes

The mediating role of distributive justice in the leader-member exchange model gained strong support from the notion of distributive justice theory. First, Adam's (1965) equity theory mentions that employees' satisfaction could be justified when they retain they retain the balance between the inputs such as effort, loyalty and sacrifice to the organization and the rewards they received as returns. Second, Leventhal's (1976b) justice judgment model suggests the importance of allocation of outcomes must be justified with specific criteria and

well understood by the employees. Finally, Thibaut and Walker (1975)'s control theory stated that when employees tend to perceive justice when they are involved in decision making process, regardless of the outcomes whether favorable to themselves or not. The notion of justice theories promotes that fairness in outcome allocations as an important factor that motivate positive employees' behaviors.

For instances, several recent studies that were conducted using mediating effects model to examine distributive justice based on different organizational settings, such as perceptions of 295 IT professionals in India (Bhal & Ansari 2007), 154 employees of four Malaysian companies (Hassan & Chandaran 2005) and 250 employees served two Southern Virginia hotels (Lee 2000). Outcomes of these studies revealed that the ability of managers to practice high quality relationship with their subordinates had invoked subordinates' feelings of distributive justice. As a result, it could lead to higher job satisfaction (Hassan & Chandaran 2005; Bhal & Ansari 2007; Baron & Kenny 1986) and organizational commitment (Lee 2000; Bhal & Ansari 2007). Therefore, it was hypothesized that:

H1: Distributive justice positively mediates the relationship between leader-member exchange and job satisfaction.

H2: Distributive justice positively mediates the relationship between leader-member exchange and organizational commitment.

METHODOLOGY

This study applied a cross-sectional method which combine few steps; leadership research literatures exploration, in-depth interview, pilot study and actual survey for the purpose of data collection and analysis. According to (Creswell (2014) and Sekaran & Bougie (2015), by applying those procedures (literature exploration, in-depth interview, pilot study and actual survey) benefited this study in term of improving the inadequacy of single method and the capability of getting high quality data which accurate and less bias (Ismail, Guatleng, et al. 2009; Ismail, Girardi, et al. 2009; Ismail, Ibrahim, et al. 2009). First of all, based on leadership literatures, researcher prepared semi-structured interview questions for the scheduled in-depth interview. It covered four major issues: 1) features of leader-member exchange in leadership practice, 2) features of distributive justice, 3) features of job satisfaction and 4) features of organizational commitment. Second, in-depth interview was conducted for the researcher to find out the nature and characteristics of leadership style mainly from the leader-member relationship aspects, distributive justice, job satisfaction and organizational commitment, as well as the relationship between those variables involved in this research as being daily practiced in the organization. Thus, the information collected from the interview was properly recorded, categorized according to the research variables, and compared to the related literature review in order to obtain a clear understanding of the particular phenomena under study and put the research results in a proper context. This process which known as triangulated process with the outcomes of this process were used as a guideline to establish the content and format of survey questionnaires for a pilot study. Third, pilot study was conducted where views from respondents were used for the

verification of the format and content of questionnaires to be distributed for the actual survey. Finally, a back translation technique was used to translate the survey questionnaires into English and Malay Languages as to increase the validity and reliability of research findings of this study (Sekaran & Bougie 2015; Creswell 2014; Peng 2013).

The survey questionnaire was divided into five sections. First, leader-member exchange consisted of 13 items adapted from Dionne (2000). Second, distributive justice was measured by 7 items adapted from justice literature (Lee 2000). Third, job satisfaction's section listed 7 items adapted from Murray (1999). The fourth section was to measure organizational commitment based on 8 items adapted from Guchait (2007). All items are to be rated based on 7-item scale ranging from "strongly disagree/dissatisfied" (1) to "strongly agree/satisfied" (7). The questionnaires ended with demographic background questions and since this study was about measuring employees' attitude therefore information gathered will be used as the control variable for this study.

The unit analysis for this study is employees who served one municipal office in east Malaysia and the name of this office remains anonymous for some confidential reason. The researcher managed to obtain permission for conducting this study there and distributed survey questionnaires to 200 management and non-management employees based on probability sampling technique. Out of 200 respondents, 120 were identified as working questionnaires and further be analyzed by using inferential statistics. This number has met the minimum number rule for probability sampling technique.

Table 1: Respondents' Profile (N=120)

Characteristics	Sub-Profile	Frequency	Percentage
Gender	Male	65	54.2%
	Female	55	45.8%
Age	Below 20 years old	5	4.2%
	20 – 29 years old	53	44.2%
	30 – 39 years old	18	15.0%
	40 – 49 years old	29	24.2%
	50 – 59 years old	15	12.5%
	60 years old and above	0	0
Years of service	Less than 1 year	32	26.7%
	1 – 2 years	15	12.5%
	3 – 4 years	20	16.7%
	5 years and above	53	44.2%
Level of education	LCE/ SRP/ PMR	15	12.5%
	SPM	54	45.0%
	STPM	16	13.3%
	Diploma	27	22.5%
	Bachelor Degree	8	6.7%
	Others	0	0

Note:

STPM : Sijil Tinggi Persekolahan Malaysia/ Malaysian Higher School Certificate

SPM : Sijil Pelajaran Malaysia/ Malaysian Certificate of Education

All data were collected through questionnaire were analysed using a Statistical Package for Social Science (SPSS) version 20.0. The process begins with exploratory factor analysis to assess the validity and reliability of the measurement scale (Hair et al., 2006; Ismail et al., 2012; Nunnally & Bernstein, 1994). Factor analysis was done for all items representing the research variables followed by Kaiser- Mayer-Olkin Test (KMO), Bartlett's Test of Sphericity (BTS), eigenvalue, variance explained and Cronbach alpha (α).

RESULT

Table shows respondent profile, the majority of respondents were male (54.2%), ages between 20 to 29 years (44.2%) with 5 years or more working experience (44.2%) and holds Malaysian Certificate of Education (SPM) (45.2%).

Table shows the validity and reliability analysis results for all items. All items have scored the value of factor loading the value of Cronbach alpha more than 0.63 indicating that the acceptable standard of reliability has achieved (Nunnally & Bernstein 1994).

Table 2: The Validity and Reliability Analysis for the Measurement Scale

Variables	No. of items	Factor loadings	Alpha reliability
Leader-member exchange	6	0.39 – 0.68	0.84
Distributive justice	7	0.42 – 0.85	0.87
Job satisfaction	3	0.36 – 0.45	0.72
Organizational commitment	3	0.35 – 0.38	0.74

Table shows the results of descriptive statistics and Pearson correlation analysis for the variables. Mean value for all variables were ranged between from 5.44 to 5.54, signifying that the leader-member exchange, distributive justice, job satisfaction and organizational commitment are ranging from high (5.44) to highest level (5.54). The correlation coefficients for the relationship between independent variable (leader-member exchange), mediating variable (distributive justice) and dependent variable (i.e., job satisfaction and organizational commitment) were less than 0.9, indicating the data was not affected by serious collinearity (Hair et al. 2006).

Table 3: Descriptive Statistic and Pearson Correlation Analysis

Variable	Mean	Standard Deviation	Pearson Correlation			
			LMX	Distributive justice	Job satisfaction	Organizational Commitment
Leader-member exchange (LMX)	5.44	0.71	(1)			
Distributive justice	5.49	0.68	0.61(**)	(1)		
Job satisfaction	5.54	0.64	0.67(**)	0.61(**)	(1)	
Organizational commitment	5.54	0.6	0.62(**)	0.67(**)	0.64(**)	(1)

Note: **p<0.01

Table 4 shows the results of direct effect analysis. First, leader-member exchange significantly correlated with job satisfaction ($\beta = 0.655$, $p < 0.001$). Second, leader-member exchange was found also significantly correlated with organizational commitment ($\beta = 0.621$, $p < 0.001$). therefore, leader-member exchange is important antecedent for job satisfaction and organizational commitment in the organization.

Table 4: Results for Direct Effect Model Analysis

Independent Variables	Dependent Variable	
	Job satisfaction	Organizational commitment
Leader-member exchange	0.655	0.621
R	0.674	0.638
Adjusted R ²	0.431	0.38
F	19.000 ***	15.564***

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 5 displays the result for mediating model testing model. First, leader-member exchange and distributive justice were positively and significantly correlated with job satisfaction (($\beta = 0.318$, $p < 0.001$) where distributive justice is fully mediate the relationship between two variables. Second, leader-member exchange and distributive justice were positively and significantly correlated with organizational commitment ($\beta = 0.469$, $p < 0.001$) where distributive justice acts as the mediator in the studied organization.

Table 5: Results for Mediating Model Analysis

Variables	Dependent Variable (Organizational Commitment)	
Leader-member exchange	0.463	0.338
Distributive justice	0.318	0.469
R	0.719	0.737
Adjusted R ²	0.492	0.519
F	20.172 ***	22.405***

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

DISCUSSION AND IMPLICATION

The findings of this study exposed that distributive justice acts as a mediating variable in the relationship between leader-member exchange, job satisfaction and organizational commitment in the studied organization. In the organizational contexts, managers give priority on the relationship between them and subordinates because it is considered important in supporting the organization objectives accomplishment. Leader-member exchange is one aspect of leadership in which manager has to deal with in strategic human resource management in ensuring positive subordinates outcomes such as satisfaction and commitment. Therefore, the perception of fairness practice by managers on resources

allocation and rewards distribution within the organization could be as a mean to generate positive work outcomes such high commitment and satisfaction of the individuals in an organization.

This study provides three major contributions: theoretical contribution, robustness of research methodology and practical contribution. For the theoretical contribution, the results of this study expose an important finding which is distributive justice mediates the leader-member exchange on work outcomes (i.e., job satisfaction and organizational commitment). These findings are consistent with previous studies by Bhal & Ansari (2007), Hassan & Chandaran (2005) and Lee (2000). Concerning the robustness of research methodology, the survey questionnaire adapted for data collection in this study has confirmed the acceptable standards of the validity and reliability test. Therefore, it could benefit in getting the accurate and reliable research finding.

From the practical contribution perspective, the findings of this study may become the guideline for the managers to anticipate the effective mechanisms in term of relationship wise between all individuals in the organization as they contribute to the organization's success. In order to achieve it, there are two suggestions; first, the managers should have proper knowledge and training in order to practice good leader-member relationship because it could lead to better perception of justice from the subordinates towards the organization. Second, since perception on justice could also triggers other related fairness issues in the organization, therefore proper management with positive attribute and attitude from managers are very much expected to avoid any further problems.

CONCLUSION

This study tested a theoretical framework derived from the thorough reviews on leadership literature specifically on leader-member relationship in an organization. For measurement of scale purposes, the researcher believes that the validity and reliability standard requirements has been met satisfactorily. The results from hierarchical regression analysis confirm that distributive justice play the mediator role in the relationship between leader-member exchange and subordinate attitudinal outcomes (i.e., job satisfaction and organizational commitment within the context of the organization of this study. The findings of this study also found to support and broaden the previous literature particularly took place in Western and non-Western countries. In conclusion, the capability of managers to maintain quality leader-member relationship in running day-to-day operation will give impact to subordinates' satisfaction and commitment towards the organization. Therefore, this could lead to the success of the organization to achieve their objectives and targets in this new era of challenging and competing environment.

Nevertheless, this research must also acknowledge some limitation. First, this study employed cross-sectional research design where data gathered during the research were for one specific time within the period of study and did not include the development issue and causal correlation between the variable of this study. Second, this study focus on the leader-member relationship and did not include another important element of leadership such style

of leadership being adopted by the managers. Third, this study may not be generalized to other kind of organization since data was collected from one municipal council office only. Finally, the usage of probability sampling technique applied may also decrease the ability of generalization of the results of this study.

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