

The Interactive Effects of Organization Based Self-Esteem and Leader Member Exchange on Organizational Citizenship Behavior

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Abstract

The aim of current research is to explore the interactive effect of Organization Based Self Esteem (OBSE) and leader member exchange (LMX) on organizational citizenship behavior (OCB) from employees' point of view. We propose that high perceptions of Organization Based Self Esteem will act as a moderator in relationship of leader member exchange (LMX) and organizational citizenship behavior (OCB) such that this positive relationship will be stronger in case of high organization based self-esteem.

We tested our hypothesized model with a sample of 353 employees working in the banking sector of Pakistan. Data was analyzed using SPSS 20 and the data analysis techniques comprised of descriptive statistics, bivariate correlation, hierarchical regression analysis followed by interaction plots for confirming moderation hypothesis.

Results demonstrated that Organization Based Self Esteem (OBSE) moderates the bond among leader member exchange (LMX) and organizational citizenship behavior (OCB) and in the proposed direction. On the basis of the above findings we conclude that the association between leader member exchange (LMX) and organizational citizenship behavior (OCB) is more strengthened under high levels of Organization Based Self Esteem lending support for our proposed hypothesis. At the end of research future directions, limitation of study and practical implications of research are discussed.

Key Words: Organization Based Self-Esteem (OBSE), Social Exchange Theory, Leader Member Exchange (LMX), Organizational Citizenship Behavior (OCB).

Introduction

The theory of Leader-member exchange (LMX) has been a prominent approach to understanding leadership ever since its inception in 1970s. Based on role theory and social exchange theory, LMX theory emphasizes the role-making process during the leader-member interaction, the supervisor's differentiation among subordinates, and the formation of in-groups and out-groups in the vertical dyadic relationship. At the heart of LMX theory is a relational

view of leadership, and a closer attention to the role of subordinates in leadership (House & Aditya, 1997). This relational view of leadership is echoed by a recent conceptual development in the leadership literature that emphasizes the role of followership. It is argued that subordinates may demonstrate an array of proactive behaviors that influence leader–member interactions, and more research is needed to examine how subordinates approach their role as followers in the vertical dyad (e.g., Carsten, Uhl-Bien, West, Patera, & McGregor, 2010; Howell & Shamir, 2005). This led us to explore the impact of LMX on OCB and organization based self-esteem.

Research Problem, Objectives and Plan

Today's business world is highly competitive and dynamic and service oriented firms have to encounter huge pressures of good performance as well as retention of loyal and dedicated employees is appearing as important aspect of their strategies. Research clearly depicts that loyalty and dedication qualities are higher in individuals who imitate organizational citizenship behavior. Organ (1988) labeled organizational citizenship behavior as a discretionary, unsanctioned and voluntary behavior of individuals which is regarded as positive and is highly beneficial for the organizations. Kashif, Khan & Rafi (2011) argued that OCB can be very instrumental in creating cooperative and effective work environments necessary for high performance.

Organization based self-esteem is the perception of worth an individual feels inside the firm about him/herself. Lanford & Hal (1997) described it as the extent to which an individual feels him/herself to be an important part of the firm and can always contribute to its high performance and is essential for the organization. We believe that employees who feel themselves to be essential for organization are more likely to involve in extra role behaviors such as OCBs. Such employees will be more favorable and enhance the organizational functioning when he perceives high quality exchanges from his immediate boss or supervisor (Wat & Shaffer; 2005).

The predictors of OCB are well-known and very extensive. And also past research contends LMX to be an important predictor of organization based self-esteem (Kim, O'Neill & Cho; 2010) but our research deviates from this contention and proposes that in presence of organization based self-esteem along in high quality exchange relationships would promote the sense of reciprocating by reflecting higher OCBs.

The first contribution of present research is that it is aimed at looking the exchange relationship in the presence of organization based self-esteem. Secondly, we integrate the literatures on Leader member exchange; organization based self-esteem (OBSE) and citizenship behaviors. Lastly, we examine the moderation of organization based self-esteem (OBSE) in relationship of LMX and OCB.

We expect that LMX, as a form of work relationship influential to important contingencies at work will result in high OCB and this relationship would be strengthened for the individuals with high OBSE. An understanding of such contexts and mechanisms is important, because it offers insight into the important role leader–member quality relationships play in subordinate outcomes and inform leadership practices aimed at improving workplace effectiveness.

Literature review

Leader Member Exchange

The basic tenant of LMX theory revolves around the fact that supervisors in organizations tend to develop unique and diverse connections with their subordinates thus either making them part of in-group or categorizing them as out-groups, this distinctive behavior is also termed as LMX differentiation (Liden, Erdogan, Wayne & Sparrowe; 2006). Bahl (2006) argued these varying interactions between supervisor and their subordinates as leader member exchange.

Organizational Citizenship Behavior

OCB has been area of interest in research from last 20 years. As explained above organizational citizenship behavior comprises of actions and behaviors not formal part of job but are influential and can act to enhance business firms' competitiveness and long run success (Oguz; 2010). Bolino and Turnley (2003) took a different perspective of OCBs and defined it as the proficiency of the firm to extract such positive voluntary behaviors of employees which are not needed to complete formal job.

Organization Based Self Esteem

Organization based self-esteem as explained above is individual's perception of self-worth for organizational effectiveness. Based on the work and philosophy of Cooper Smith's (1967); Pierce, Gardner, Cummings, and Dunham (1989) advanced the notion of OBSE as the extent of individual's conviction on his competency and worth for the organization (Royle, 2009). OBSE reflects the self-appraisal of an individual's competences and his worth being part of the firm (Pierce et al, 1989). Thus individuals with high levels of organization-based self-esteem tend to consider themselves as effective, important and beneficial for their organization.

Developing the research model and Hypotheses

Leader Member Exchange and Organizational Citizenship Behavior

During course of work life supervisors on the basis of their LMX differentiation develop and hold different kinds of exchanges among employees. Extant research is available that examines the impact of LMX on OCB (Kim et al., 2010). Kim, O'Neill and Cho (2010) advocated that low quality exchange among the leader and subordinate and cause resentment and hatred among the workers that might influence OCB negatively, on the other hand individuals with better exchanges possess low levels of disliking and envy which thus influences OCB positively (Oguz, 2010).

Also, Asgari, Silong, Ahmad and Sama (2008), studied the underlying mechanisms explained by LMX in relationship of transformational leadership and OCB and found that LMX is a mediator in bond of transformational leadership and OCB. Numerous studies have been conducted to establish this link, (e.g. Cropanzano and Mitchell; 2005, Hui et al., 1999; Ilies et al., 2007; Masterson et al., 2000; Setton et al., 1996; and Wayne et al., 1997; Asgari et al., 2008). Based on social exchange theory this existing research clearly establishes positive direct association among LMX and OCB (Asgari et al., 2008). We thus hypothesize that:

Hypothesis 1: *“Leader Member Exchange will be positively related to Organizational Citizenship Behavior”.*

Moderating Role of Organization Based Self Esteem on Leader Member Exchange and Organizational citizenship behavior

The notion of Organization Based Self Esteem (OBSE) is expressed as employee's viewpoints about his/her competencies and contributions towards organizational success (Pierce, Gardner, Cummings and Dunham, 1989). The individuals who possess greater level of OBSE take themselves as instrumental for their organizational success. Besides if such individuals are taken as in-groups the their valuation of self-esteem will boost their effectiveness. If such employees fall within in-group members of the leaders then their self-esteem will further enhances their perceptions of being valuable. Graen & Scandura (1987) contended that individuals feel obliged to return the positive decision from organization by reciprocating their relationship exchanges. The superiority of this exchange forecasts the upshots of the employees (Bhal; 2006).

This will impose a sense of reciprocity in return. And they will try to do well for the organization in return of the importance they receive from organization and their bosses resulting in higher organizational citizenship behaviors. The boss's attitude towards employees also shapes the OBSE by increasing or decreasing its level. The employees who perceive themselves to be part of in-groups will reflect high quality of interaction among leader and member (LMX) and thus can increase the organization based self-esteem and as a consequence of this interaction reflect higher OCBs.

Thus we claim that employees, possessing higher OBSE treat themselves as an imperative component of the firm. And believe that their presence can surely bring difference in firm by going extra mile and simultaneously considering themselves to be in-group and reflecting OCBs. Wat & Shaffer (2005) claimed that the employee's attitude towards work will be more positive if he perceives that his supervisor is treats him with justice. On the basis of these facts we believe that individuals who perceive themselves to be well-treated by their bosses and supervisors will be more likely to return it by going extra mile for the firm and depicting OCBs (Chen, Aryee, & Lee; 2005). It can be contended that high quality LMX is likely to increase the level of OCBs and if that employees possess higher OBSE then this relationship would be even more strengthened.

Employees in organizations always tend to reciprocate their helping colleagues in some way (Adams, 1965; Blau, 1964). From the social exchange perspective the positive emotions of the workers in workplace are reflected through OCBs (Ishak and Alam; 2009). Thus we argue that OBSE will moderate the association of LMX and OCB such that high levels of OBSE will be instrumental in high quality LMX thus resulting in multiplier effect of OCB. Existing literature on LMX and OCB requires further clarification and explanation by exploring probable contextual factors present in this relationship (Kim, O'Neill & Cho; 2010). On the contentions of above weaknesses and inconsistencies of the literature we propose and test the interactive effects of OBSE in the relationship of LMX and OCB. Thus we propose:

Hypothesis 2: Organization Based Self Esteem (OBSE) will moderate the relationship between Leader Member Exchange (LMX) and Organizational Citizenship Behavior (OCB).

Method

Samples and Procedures

The study has a cross sectional design. Banking sector from Rawalpindi and Islamabad were chosen to collect the data for current study. The executives and managerial staff of different banks such as Meezan, Bank Alfalah etc. were chosen for data collection in the

survey. Five hundred and fifty (550) questionnaires were distributed, among which 360 questionnaires were retrieved but 353 usable questionnaires were acquired.

Convenience sampling technique (snowball sampling) was employed. The respondents were assured of complete anonymity and confidentiality of the results, as results were to be reported on general aggregate basis. Total experience may be associated with the organizational citizenship behavior. Being continuous variable it was directly controlled.

Measures

Organizational Citizenship Behavior (OCB) is tapped is adopting the instrument of Smith, Organ and Near (1983) consisting of 16 items and its reliability is found to be .90. Responses are measured by applying likert scale ranging from 1 = Never and 7= Always. Sample questions include “Helps others who have heavy workloads, “Volunteers for things that are not required” and “Orients new people even though it is not required”.

OrganizationBased Self Esteem (OBSE) is captured by adopting 10 item instrument of Pierce et al. (1989) and the response were tapped on 5 point likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Sample question is “I count around here”. The reliability is found to be .90.

Leader Member Exchange (LMX) is tapped by Liden and Maslyn (1998) 12 item inventory with .89 reliability. Responses were tapped on 5- point likert scale ranging from 1= strongly disagree to 5= strongly agree. Statements for example include “I like my supervisor very much as a person” and “My supervisor is a lot of fun to work with”.

Data Analyses and Results

Descriptives

The descriptive statistics include means and standard deviations of the constructs. The mean for OBSE is 3.84 (SD = .71), LMX is 3.73 (SD = .67) and for OCB is 5.11 (SD = 0.96).

Correlation Results

We conducted bivariate correlation test to figure out different relationships among the constructs themselves and the demographic factors. Correlations were significant at $p < .05$ and $p < .01$ (2- tailed). The outcomes of the test reflect that none of the demography is associated to OCB, LMX and OBSE except total experience. The results also show that OCB is significantly and positively related to LMX ($r = .57, p < .01$) and OBSE ($r = .55, p < .01$). Thus, we can contend that LMX and OBSE are positive and strong predictors of OCB.

Hypothesis testing

With the aim to investigate the hypotheses 1 and 2, we applied the hierarchical regression techniques suggested by Baron and Kenny (1986). They proposed the existence of moderation if the interaction term entered in third step shows significance.

Leader Member Exchange and Organizational Citizenship Behavior:

The outcomes of the regression test reflects that LMX is significantly and positively related to OCB ($\Delta R^2 = .33; \beta = .82, p < .001$) which was proposed in hypotheses 1. The findings are in proposed direction, thus proving hypothesis 1 to be true.

Table 1: Regression Results for direct impact of LMX on OCB

Predictors	B	R ²	ΔR ²
Step 1 : Controls	.02	.00	
Step 2:			
LMX	.82***	.33***	.33***

Note: N =353;Controls: Total Experience; *p <.05, **p <.01, ***p <.001

Organization Based Self Esteem (OBSE) as a Moderator between Leader Member Exchange (LMX) and Organizational Citizenship Behavior (OCB)

Hypothesis 2 suggested that organization based self-esteem will act as a moderator in LMX and OCB. The upshots show that when Organization based self-esteem and LMX interaction term was entered in the equation as in third step, the product term became significant reflecting OBSE as a moderator between LMX and OCB at (p < .001, with $\beta = .20$, $R^2 = .44$ and $\Delta R^2 = .02$) thus accepting hypothesis 2. The findings of moderation analysis are illustrated in table 2.

Table 2: Regression analysis depicting the moderating impact of Organization based self-esteem among leader member exchange and organizational citizenship behavior.

Predictors	B	R ²	ΔR ²
Step 1: Controls		.00	
Step 2: LMX		.42***	
OBSE			
Step 3: Product Term			
LMX * OBSE	.20***	.44***	.02***

Note: N =353;Control Variable: Total Tenure *p <.05, **p <.01, ***p <.001

These results suggest that OBSE is a strong moderator of LMX and OCB association. In simple words, we can say that, individuals who possess high quality LMX will depict higher levels of OCB, in presence of high organization based self-esteem levels.

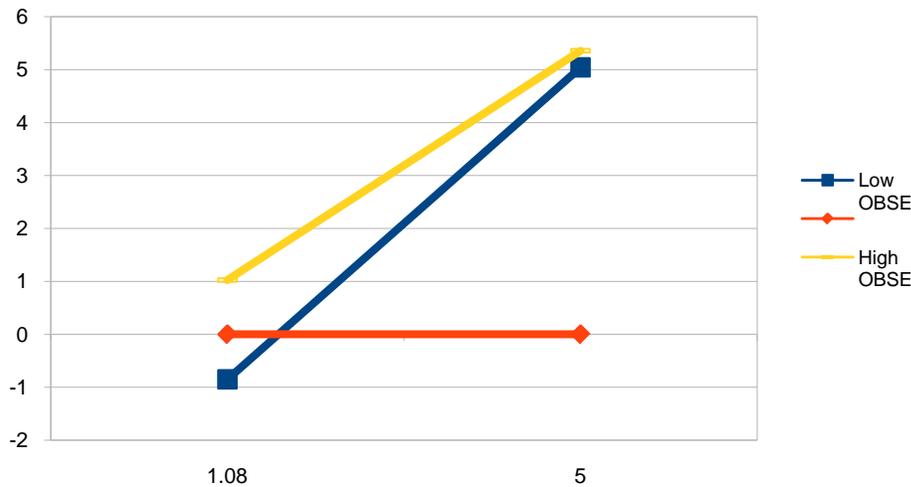


Figure 1: The interactive effects of OBSE on LMX and OCB.

Figure 1 depicts a significant interaction plot. As proposed, the positive bond in LMX and OCB is moderated by high and low organization based self-esteem levels. So hypothesis 2 is accepted for moderation of OBSE between LMX and OCB.

Discussions and Conclusion

In this research we examined the relationships among subordinate perceptions about LMX,OBSE and OCB relationships. All the proposed relationships are firmly held in proposed directions.

First hypothesis of our research is that LMX and OCB are positively associated. Past literature also establishes the same association between the two constructs. Previous researches also proved an existence of a relationship between the two variables. For example, O’Neill and Cho (2010) proved positive association among LMX and OCB. Our research findings thus further affirm the existing research findings. It can thus be stated that high LMX quality will promote the employees’ OCB in organizations.

Our second research hypothesis states that OBSE moderates the bond between LMX and OCB. The results show the confirmation of this contention thus reflecting OBSE to be an important moderator in explaining the relationship of LMX and OCB.

Limitations and Future Directions:

Though this research is one of the studies exploring organization based self-esteem with LMX and OCB, it has few limitations as well. Our research design is limited by the use of cross-sectional data,which precludes determination of direction of causality. Thus future research should incorporate longitudinal research designs to establish causality of our tested model. Second limitation is of sampling technique, we incorporated convenience sampling technique which prohibits generalization of our findings to whole banking sector. Another limitation of our research design is that no data were collected from leaders. The data being collected from a single source, the follower, also causes concern for common method biases. Although our analyses indicate that common method biases did not appear to be a serious concern in this

research, we thus urge future research to be based on multi source data i.e. from both leaders and followers.

Theoretical and Managerial implication

Recent research on leadership has recognized the proactive role of subordinates in the leadership process. Some have suggested that leadership is a relationship that is co-produced by those who lead and those who are led (Carsten et al., 2010; Howell & Shamir, 2005). However, most leadership research has mainly focused on the influence of leaders on subordinates (Gooty et al., 2010). Because subordinates are an integral part of the relationship, their personalities, values, motivations, and interpersonal styles may also influence leadership effectiveness. It is thus important to understand how subordinates may shape leader-member interactions and leadership outcomes (Carsten et al., 2010). Our research contributes to this endeavor with an examination of how Organization based self-esteem of subordinate is associated not only with LMX, but also with performance such as OCB

This study has practical implications for managers who wish to build high-quality relationships with their subordinates. Because leaders must frequently lean on subordinates with whom they have strong relationships for support and resource exchanges, it is important for leaders to understand factors that hinder the effective formation of quality leader-member relationships. Also if the employee's organization based self-esteem is increased, he will be more motivated to provide voluntary services to the organization and indulge in the activities which are indirectly beneficial for the organization such as helping other employees and taking part in the activities which are not part of his job description, in short his organizational citizenship behavior will increase. Thus this research paves the path for the managers in analyzing the part of organization based self-esteem in enhancing the organization citizenship behavior of employees.

On the basis of above findings it can thus be established that LMX is positively associated with OCB. It was found that organization based self-esteem strongly moderates LMX and OCB relationship thus future studies should explore other contextual factors for increasing explanatory power of leader member exchange theory.

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