

Organizational Commitment: The Influence of Leader-Member Exchange on Employee Performance

Sopiah*

Universitas Negeri Malang
sopiah.fe@um.ac.id

Etta Mamang Sangadji

Universitas Wira Negara Pasuruan

Dediek T. Kurniawan

Universitas Negeri Malang

Elvia Nora

Universitas Negeri Malang

Abstract. This paper aims to investigate the direct and indirect influence of leader-member exchange on nurse performance through organizational commitment. By utilizing multi-stage sampling technique, there are 356 samples of nurses in East Java. The analysis technique used is path analysis. The result of the research proves that nurse performance is directly influenced by leader-member exchange. Organizational commitment acts as the partial mediator in the correlation between leader-member exchange and nurse performance. The practical and theoretical implications are presented in this paper.

Keywords: leader member exchange, Organizational commitment, Employee performance

INTRODUCTION

During the severe Covid-19 pandemic occurring in the whole world, including Indonesia, investigating hospital employee performance – both the medical and the non-medical ones is necessary and relevant. It is important to determine the hospital employee performance in the current pandemic condition since the great number of patients outnumbering the hospital capacity forces each employee in hospitals both medical employees (e.g., doctors, nurses, midwives, laboratory staffs, and etc.) and non-medical ones to work exceeding their own capability.

There are numerous factors influencing the improvement or degradation of the performance of employee (including nurses) being the important part of the medical employees in hospitals. Investigating nursery world is highly necessary since nurse profession represents wide and significant roles in health care, even more during the

current pandemic [1],[2],[3]. Based on previous studies, there are several factors influencing on the level of employee performance, namely: (1) leader-member exchange, supported by the result of the researches [4],[5], (2) organizational commitment, supported by the result of the researches [6],[7],[8], (3) talent management, (4) job involvement, (5) leadership effectiveness, and (6) organizational support. This research focuses on 2 variables, namely leader-member exchange and organizational commitment. (nurse) performance is influenced by leader-member exchange. Theoretical and practical experts also have reached the consensus that a good leader-member exchange contributes to the improvement of organization performance [9].

However, this research correlates leader-member exchange and organizational commitment with the individual/employee performance instead of the organizational/company performance. In particular, this research discusses the theme of leader-member exchange, organizational commitment, and the performance of nurses in East Java. Based on the literature review, this correlation has not been frequently investigated as a whole by other researchers, particularly the implementation of these variables in the context of the performance of hospital nurses in East Java, Indonesia.

According to the findings from several researches, it is proven that employee/nurse performance is influenced with the employee commitment to the organization. [6],[7],[8]. Based on the explanations above, the hypotheses formulated are as follows:

- H1: Nurse performance is significantly influenced by leader-member exchange.
- H2: Nurse performance is significantly influenced by organizational commitment.
- H3: Nurse organizational commitment is influenced by leader-member exchange.

H4: Organizational commitment serves as the mediating variable in the correlation between leader-member exchange and nurse performance.

The specific purpose of this research is to produce a model of nurse performance by investigating the antecedent factors influencing it both directly and indirectly. By producing the model of nurse performance and understanding its causal factors, this research is expected to make contributions for the policy makers of the hospitals in East Java, Indonesia, in order to aid them in making precise policies in improving nurse performance through the improvement of leader-member exchange and organizational commitment.

METHOD

Sample characteristics and data collection

The research sample consisted of 356 nurses of the hospitals in East Java, Indonesia, being 190 female nurses and 166 male nurses; mostly being a diploma graduate (81%); mostly being 20 – 40 years old (61%), mostly having 5 – 20 years of work experience; and mostly being married (68%). The data collection was conducted by using closed questionnaire with 5 alternative multiple choices (score 5 = highly agree – score 1 = highly disagree). The questionnaires were completely collected after the data were gathered for 6 months. The research framework model is illustrated Figure 1.

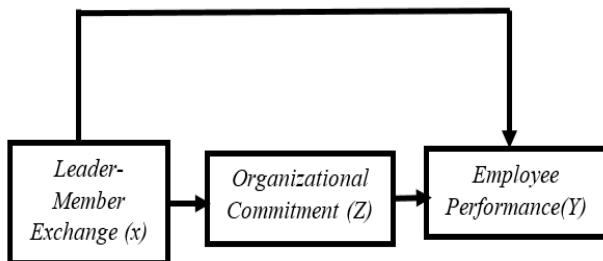


Figure 1: Research Framework

There are three variables in this research, namely leader-member exchange as the independent variable, organizational commitment as the mediating variable, and nurse performance as the dependent variable. All indicators of this research were adopted from several sources (namely: indicator of employee performance, indicator of leader-member exchange, and the indicator of organizational commitment [10],[11],[12]). The classic assumption tests (e. g. normality test, multicollinearity test, and heteroscedasticity test) were previously conducted before the path analysis.

RESULT & DISCUSSION

Based on Table 1, the first regression equation was formulated as follows:

$$Z = 0.314 X + 0.92$$

Based on the first regression equation, the obtained result was as follows:
 Coefficient $\beta X_1 = 0.314$ (31.4%); t significance = $0.000 < 0.005$. H1 was accepted. Organizational commitment is positively and significantly influenced by leader-member exchange.

Table 1. Path analysis result of the influence of X on Z

Model	Coefficients*				
	B	Std. Error	Beta	t	Sig.
1	(Constant) .691	.195		3.542	.000
	Leader-Member Exchange .792	.045	.314	10.611	.000

Dependent Variable: Organizational Commitment
 R: 0.414 or 41.4 %
 R Square: 0.384
 Adjusted R Square: 0.341

Table 2. Path analysis result of the influence of X and Z on Y

Model	Coefficients*				
	B	Std. Error	Beta	T	Sig.
	(Constant) .031	.164		.183	.855
	Leader-Member Exchange .425	.046	.324	10.625	.000
	Organizational Commitment .241	.052	.209	6.801	.000

Dependent Variable: Nurse Performance
 R: 0.538 or 53.8 %
 R Square: 0.503
 Adjusted R Square: 0.470

Based on Table 2, the second regression equation was formulated as follows:

$$Y = 0.324 X + 209 Z + 0.87$$

Based on the second regression equation, the obtained result was as follows:

- 1) H2: Nurse performance is significantly influenced by leader-member exchange was accepted because coefficient $\beta X = 0.32$ and t significance = $0.000 < 0.05$. H2 was accepted.
- 2) H3: Nurse performance is positively and significantly influenced by organizational commitment was accepted because coefficient $\beta Z = 0.209$ and t significance = $0.000 < 0.005$. H3 was accepted.
- 3) H4 testing was conducted through 2 ways:
 - a. The indirect influence of leader-member exchange (X) on nurse performance (Y) through organizational commitment (Z) or $(X \cdot Z \cdot Y) = 0.314 \cdot 0.209 = 0.06$. Thus, H4 was accepted.

Sobel test with t-count = 0.21 compared with t-table = 1.96; $0.21 < 1.96$. H4 was accepted.

Organizational commitment acted as the partial mediating variable. H4 was accepted.

Table 3. Summary of Results Analysis

Variables	Direct Impact	Indirect Effect	Total	Sig.	Decision
H1 LMX → OC	.314	-	.314	.000	accepted
H2 OC → NP	.209	-	.209	.000	accepted
H3 LMX → NP	.324	-	.324	.000	accepted
H4 LMX → OC → NP	.324	.06	.092		accepted

Note: LMX = Leader Member Exchange; OC= Organizational Commitment; NP = Nurse Performance

Leader Member Exchange and Organizational Commitment

Leader-member exchange has 3 dimensions: respect, obligation, and trust [11]. The descriptive statistical result showed the condition of leader-member exchange perceived by the nurses of hospitals in East Java was categorized as high. A good leader-member exchange is characterized as follows: (1) The leader understands the needs and/ problems of the nurses; (2) The leader recognizes and appreciates the potential of the nurses; (3) There is an alignment between the leader and the nurses; (4) The nurses understand the leader's expectation on their performance; (5) The leader is willing to assist the nurses in solving the workplace issues; (6) The leader trusts the nurses' capability in solving workplace issues; (7) The nurses trust the leader's performance; (7) There is an effective working relationship between the leader and the nurses.

The nurse commitment in the hospitals in East Java is categorized as high. A high nurse organizational commitment is characterized as follows: (1) There are the same values shared by the nurses and the organization; (2) The nurses are proud to be a part of the hospital; (3) The nurses are certain to be able to perform well in any section/division; (4) The nurses are loyal to the institution/hospital; (5) The leader is able to be the source of inspiration for the nurses.

The employee performance indicator s comprised adopted from work quality, work quantity, presence, time punctuality, and work effectiveness. The result showed that the nurse performance in the hospital is categorized as high because the nurses have high work quality, work quantity, time punctuality, and work effectiveness. The result of the research proved that the nurse commitment in hospital is influenced by leader-member exchange. It is in line with the result of another research [13].

Organizational Commitment and Job Performance

The result of the research proved that performance is influenced by the nurse organizational commitment. Nurse commitment on hospital is a form of nurse loyalty which is actively and dynamically involving the heart, feeling, soul, and body. Nurses are willing to devote all of their

capability, knowledge, and competence for the organization in order to be able to provide their best contributions for the organization's interests. The high nurse commitment has positive influence on the organization, for instance: optimization of nurse performance, low turnover rate, and low absence level [14]. Other results of the researches also supported the aforementioned statement [6],[7],[8],[15],[16]. Different opinion was stated by a research conducted a research in PT Telekomunikasi Indonesia (Malang branch). They proved that employee performance is not influenced by organizational commitment [17].

Leader-Member Exchange and Nurse Performance

Leader-member exchange is a model of a good two-way communication between the leader and the members aiming to achieve the goals of the organization effectively and efficiently by creating a harmonious, fine, and dynamic relationship between the two parties. An effective leadership will be realized if in the leadership process of the organization, there is a good relationship, a harmony among all components in an organization; between the leader and the employees, as well as between the employees and colleagues [4]. The quality of the relationship determines to which extent the leader fulfills the demand or expectation of the employees by involving the employees in allocating the resources (including autonomy, information, and opportunity to participate in the process of decision making) [18].

The result of the research proved that LMX and personal characteristics have positive influence on work attachment and employee performance. In the theoretical context, further research is expected to investigate the factors influencing work attachment and its impact on employee performance. Meanwhile, in the practical context, LMX becomes the main predictor of the implication of work attachment being important for the leader to improve work involvement in the effort of improving employee performance [4]. A research conducted implied that LMX is positively correlational with employee attachment and their job performance [5]. Another research proved that employee/nurse performance is influenced by LMX [13]. Implicitly, another research supports this research because the intention to leave an organization is influenced by LMX [19]. Before leaving the organization, an employee in general indicates worse/lower performance.

The Mediating Role of Organizational Commitment

The result of the research proved that nurse performance is influenced by LMX through organizational commitment. LMX and organizational commitment are both important and

contributing to the performance improvement of the nurses in East Java, Indonesia. A good communication between the leader and the employees (nurses) is an important aspect in maintaining and improving the effectiveness of the organization. LMX has both direct and indirect influence on employee performance and commitment through organizational culture [13]. Additionally, another research proved that LMX is directly and indirectly influential on OCB through organizational commitment and job satisfaction of the bank employees in Bali [20]. Another research proved that the correlation between LMX and performance is mediated by work resources and employee work attachment [18]. Furthermore, other research revealed that employee work attachment on organization (implicitly an organizational commitment) is a mediating variable between LMX on OCB, knowledge transfer, and employee innovative behavior [21].

CONCLUSION

Based on the result and discussion, it can be concluded that: the condition of leader-member exchange is categorized as high, the organizational commitment is categorized as high, and the nurse performance in the hospitals in East Java is categorized as high. Organizational commitment is influenced by leader-member exchange. The higher the nurse commitment on the organization is, the better and more harmonious the relationship between the leader and the nurses will be. Nurse performance is influenced by organizational commitment. The higher the nurse commitment on organization is, the higher the nurse performance will be. Organizational commitment acts as the partial mediating variable in the correlation between leader-member exchange and nurse performance. Based on the aforementioned findings, it is recommended for the policy makers of both public and private hospitals in East Java, Indonesia in general to pay more attention on leader-member exchange and organizational commitment. It is also recommended for the researchers in human resource management and/ organizational behavior interested to investigate nurse performance for investigating other variables except organizational commitment and leader-member exchange, for instance: organizational support, talent management, organizational justice, work involvement, and job satisfaction.

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