

# Employee-Organization Relationship and Organizational Citizenship Behaviour: The Roles of Organizational Identification and Leader-Member Exchange

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## ABSTRACT

Based on the social exchange theory and organizational identification theory, this study constructs a theoretical framework to explore the mediating mechanism and boundary conditions between employee-organization relationship and employees' organizational citizenship behaviour. Firstly, this paper proposes that organizational identification as a mediator variable affects the relationship between employee-organization relationship and organizational citizenship behaviour, and then points out that the leader-member exchange can positively moderate the relationship between employee-organization relationship and organizational identification. Based on the survey data of 405 employees, those above hypotheses are tested, and the results support the theoretical expectation of this study. The conclusion reveals the influence mechanism of employee-organization relationship on organizational citizenship behaviour, which has important theoretical significance. At the same time, it has practical guiding significance to effectively carry out employment relationship management and enhance organizational citizenship behaviour.

**Keywords:** *employee-organization relationship, organizational citizenship behaviour, organizational identification, leader-member exchange*

## 1. INTRODUCTION

As one of basic social relations, the relationship between employers and employees is very important to enterprises. In order to survive and develop in the fierce market competition, enterprises must effectively manage employees and establish a harmonious and win-win employment relationship with employees. As an indispensable part of employment relationship research, employee-organization relationship (EOR) based on employer perspective provides an important entry point for enriching employment relationship research. Employee-organization relationship has become one of the most important topics in the field of organizational behaviour.

Different types of employee-organization relations will bring different performance results to the organization and its employees (Tsui et al., 1997) [1]. As a major variable of employee performance, organizational citizenship behaviour (OCB) is of great significance to enterprise performance. Organizational citizenship behaviour is a kind of spontaneous employee behaviour, which is not subject to the formal work regulation, and these behaviours are not included in the traditional incentive mechanism of enterprises. Meanwhile, organizational citizenship behaviour can significantly improve

organizational performance. However, how does employee-organization relationship influence employees' organizational citizenship behaviour? The process is still one of the important propositions in employment relationship field.

Therefore, this study will explore how the employee-organization relationship affects employees' organizational citizenship behaviour. This study will examine the mediating role of organizational identification between employee organization relationship and organizational citizenship behaviour, and the moderating effect of leader-member exchange on the relationship of employee-organization relationship and organizational identification. At the same time, this study will also provide some suggestions for employee management.

## 2. THEORY AND HYPOTHESES

### 2.1. Employee-Organization Relationship and Organizational Citizenship Behaviour

According to Tsui et al. (1997) [1], employee-organization relationship is the social exchange relationship between the incentive of the organization and the contribution of the employee. Based on the incentive-contribution model,

according to the balance degree between the incentives given by the employer and the expected contribution of the employee, Tsui et al. (1997) [1] divided employee-organization relationship into four types based on these two dimensions: quasi-spot-contract, mutual investment, under investment and over investment (See Figure 1).

	Low contribution	High contribution
High incentives	over investment	mutual investment
Low incentives	quasi-spot-contract	under investment

**Figure 1.** Classification of EOR

A large number of studies have shown that when the organization has a good relationship with employees, it is helpful to improve employee performance. For the four types of employee-organization relationship, the salary and contribution to employees are different. Because the rewards and care given by organizations to employees are different, it will affect employees' organizational citizenship behaviour (Xia et al.,2020) [2]. Organizational citizenship behaviour refers to all kinds of spontaneous individual behaviours of employees that are not explicitly or directly recognized by the formal compensation system of the organization, but are beneficial to the operation performance of the organization as a whole.

For the quasi-spot-contract relationship, the incentive provided by the organization is relatively low, and the work requirements are correspondingly low. At this time, the relationship between employees and the organization belongs to the pure economic exchange relationship, and the level of organizational citizenship behaviour is low. For the mutual investment relationship and over investment relationship, organizations provide high-level incentives for employees, so that employees can trust the organization more, and generate a strong sense of social exchange, which induces organizational citizenship behaviour. For the under-investment relationship, when the salary offered by the organization is lower but the demands on the employees are higher, the employees feel that their efforts are not recognized, which will lead to the resistance to the work and the organizational citizenship behaviour. Therefore, it was predicted that:

H1: mutual investment relationship and over investment relationship have a positive impact on employees' organizational citizenship behaviour.

### **2.2. The Mediating Role of Organizational Identification**

Employee organizational identification refers to how employees perceive and experience their relationship with the organization where they work. It emphasizes the

integration of individual and organization and the sense of belonging to the organization (Mael and Ashforth, 1992) [3].

The formation of organizational identification is influenced by the employee-organization relationship. The study found that organizational identification increased when organizations provided more support and resources to their employees. In the four types of employee organizational relations, the resources and support provided by the organization to the employees are different. The Enterprise provides more resources in mutual investment and over investment relationship than quasi-spot-contract and under investment relationship. Therefore, it was predicted that:

H2: mutual investment relationship and over investment relationship have a positive impact on organizational identification.

Organizational identification is a kind of self-definition derived from organizational membership. This membership is the basis for personal and organizational congruence of values and emotional belonging (Zhang et al.,2018) [4]. Research has shown that organizational identity has a significant impact on both individual and group levels of positive psychology and behaviour, including effort, performance, engagement, information sharing, and coordinated action. When the employee's organizational identification is high, the employee will voluntarily accept the values of the organization and transform the organizational values into a part of his own value system. At the same time, employees' sense of belonging to the organization increases, blending organizational goals with personal goals and thinking of themselves as part of the organization. Therefore, employees are more inclined to make organizational citizenship behaviour which is beneficial to organizational interests.

According to the above analysis, in different types of employee-organization relationship, the organization provides different levels of resources and incentives to influence employees' organizational identification. Furthermore, organizational identification affects organizational citizenship behaviour of employees. We, therefore, proposed the following hypothesis:

H3: employee-organizational relationship influence employees' organizational citizenship behaviour through organizational identification.

### **2.3. The Moderating Role of Leader-Member Exchange**

Leader-member exchange (LMX) is defined as a high-quality exchange relationship between managers and subordinates based on reciprocity to enhance subordinates' initiative and output (Graen & Uhl-bien, 1995) [5]. Because the hierarchical relationship between direct leaders and employees is the closest in an organization, the leader member exchange relationship has become the most important and formal interpersonal relationship among the

numerous social networks of employees. Due to the limitation of time, resources and energy, it is difficult for leaders to treat subordinates equally. Leaders generally divide their subordinates into two types, one is "in group" and the other is "out group" (Liden et al., 1993) [6]. The "in group" employees can get more resources and opportunities from leaders or organizations, which makes it easier for the employee organization relationship to improve organizational identification. Based on the above analysis, this study proposed the following hypothesis:

H4: Leader member exchange plays a moderating role between employee organization relationship and organizational identification.

### 3. METHODS

#### 3.1. Sample

In this study, electronic questionnaires were distributed through the Internet. A total of 405 valid electronic questionnaires were collected. In terms of gender, there are 230 males, accounting for 56.8%. In terms of age, 186 people were under the age of 30, accounting for 45.9%, and 142 people aged 31-40, accounting for 35.1%. In terms of job categories, there are 320 ordinary employees, accounting for 79.0%, and 56 first-level managers, accounting for 13.8%.

#### 3.2. Measures

Employee-organization relationship (EOR). The scale of Tsui et al. (1997) [1] was used in this study. The scale has 27 items, including two dimensions, namely, the incentives given by the company to employees and the company's expectation of employees' contribution. Cronbach's  $\alpha$  of incentives was 0.86, and Cronbach's  $\alpha$  of contribution was 0.90.

Classification of EOR. According to the operation method of Wang et al. (2019) [7], in the process of data analysis, we created two dummy variables: mutual investment EOR (the value of mutual investment is 1, and the value of other three types is 0) and over investment EOR (the value of over investment is 1, and the value of other three types is 0). Because the results of quasi-spot contract type and under investment type are very consistent, they are merged into the third type.

Organizational identification. In this paper, the scale of Mael & Ashforth (1992) [3] was selected. There are six items in this scale, such as "when someone criticizes your company, it feels like personal abuse". Cronbach's  $\alpha$  was 0.96.

Leader-member exchange. The scale of Liden et al. (1993) [6] was used in this study. There are six items in the scale, such as "I can count on my supervisor to 'bail me out,' even at his or her own expense, when I really need it". Cronbach's  $\alpha$  was 0.91.

Organizational citizenship behaviour. Following the usage of Farh et al. (2007) [8], this study adopted a short form scale with 9 items, such as "I often start working in the company before it's time to go to work". Cronbach's  $\alpha$  was 0.85.

## 4. RESULTS

### 4.1. Validity Analysis

In this study, confirmatory factor analysis was used to test the discriminant validity among variables. In this study, four-factor models (organizational identification, LMX, OCB and EOR), three-factor model (organizational identification, OCB and EOR + LMX), two-factor model (organizational identification + LMX + EOR, OCB) and single factor model were established. The results showed that the four-factor model fitted well ( $\chi^2/df = 2.887$ , GFI = 0.90, CFI = 0.89, IFI = 0.91, NFI = 0.94, RMSE = 0.092), and better than the other three factor models. This result shows that the research variables have good discriminant validity.

### 4.2. Correlation Analysis

In this study, we tested the correlation among the research variables, namely organizational identification, leader-member exchange, organizational citizenship behavior and employee-organization relationship. The results of correlation analysis showed that there was a significant positive correlation between employee organization relationship and organizational identification, leader-member exchange and organizational citizenship behavior ( $r = 0.380$ ,  $P < 0.001$ ;  $r = 0.361$ ,  $P < 0.001$ ;  $r = 0.236$ ,  $P < 0.001$ ). Organizational identity was positively correlated with organizational citizenship behavior ( $r = 0.596$ ,  $P < 0.001$ ). Organizational identity was positively correlated with leader-member exchange ( $r = 0.457$ ,  $P < 0.001$ ). This shows that there are close relationships among organizational identification, LMX, OCB and EOR, which lays a good foundation for further testing the relationship between them.

### 4.3. Hypothesis Test

In this study, hierarchical regression was used to test the mediating effect and moderating effect. The results of the regression analysis are shown in Table 1.

According to model 1, both mutual investment EOR ( $\beta = 0.256$ ,  $P < 0.001$ ) and over investment EOR ( $\beta = 0.365$ ,  $P < 0.001$ ) have positive effect on OCB. Hypothesis 1 is supported. According to model 2, both mutual investment EOR ( $\beta = 0.230$ ,  $P < 0.001$ ) and over investment EOR ( $\beta = 0.339$ ,  $P < 0.001$ ) have positive effect on organizational identification. Hypothesis 2 is supported.

According to model 3, after adding mediating variables, mutual investment EOR and over investment EOR still have significant positive effects on OCB, but the coefficients decrease. At the same time, mediating variable, organizational identification, has a significant positive impact on OCB ( $\beta = 0.356, P < 0.001$ ). Organizational identification plays a partial mediating role between over investment and mutual investment employee organization relationship and organizational citizenship behaviour. Hypothesis 3 is supported.

Before testing the moderating effect, the interaction between the independent variable (mutual investment EOR, over investment EOR) and the moderator (LMX) is standardized. According to model 5, the interaction between mutual investment EOR and over investment EOR and LMX had significant positive impact on organizational identification ( $\beta = 0.151, P < 0.001$ ;  $\beta = 0.103, P < 0.001$ ). LMX plays a moderating role between employee organization relationship and organizational identification. Hypothesis 4 is supported.

**Table 1.** Results of hypothesis test

	OCB		organizational identification		
	Model 1	Model 3	Model 2	Model 4	Model 5
mutual investment EOR	0.256***	0.136**	0.230***	0.186***	0.136***
over investment EOR	0.365***	0.202**	0.339***	0.274***	0.186**
organizational identification		0.356**			
LMX				0.239***	0.206**
mutual investment* LMX					0.151***
over investment* LMX					0.103***
R <sup>2</sup>	0.136***	0.174***	0.193***	0.270***	0.367***

## 5. CONCLUSION AND DISCUSSION

### 5.1. Theoretical Implications

Employee-organization relationship and organizational citizenship behaviour. This study finds that both mutual investment relationship and over investment relationship have positive impact on employee organizational citizenship behaviour (H1). Furthermore, the influence of over investment employee-organization relationship on organizational citizenship behaviour is stronger than that of mutual investment. This conclusion is the same as that of Xia et al. (2020) [2]. The essence of employee-organizational relationship is the exchange relationship between employees and organizations. When there is more social exchange relationship between employees and organizations than economic exchange relationship, organizational citizenship behaviour is more likely to occur. This study further verified the previous conclusions on the relationship between employee-organization relationship and employee organizational citizenship behaviour.

The mediating role of organizational identification. The mechanism of employee-organization relationship on organizational citizenship behaviour has always been an important topic in employment relationship field. This study confirms that mutual investment relationship and over investment relationship have positive impact on organizational identification (H2), and organizational identification plays a partial mediating role between over investment and mutual investment employee organization relationship and organizational citizenship behaviour (H3). This study explores the transmission mechanism between employee-organization relationship and organizational

citizenship behaviour, which helps to better understand the mechanism of employee-organization relationship, and also verifies the importance of organizational identification in employee performance management.

The moderating role of leader-member exchange. This study confirms that leader-member exchange plays a moderating role between employee-organization relationship and organizational identification (H4). Employees will face two important relationships in the enterprise: the relationship between employee and organization, and the relationship between employee and leader. As an important variable to describe the relationship between employee and leader, leader-member exchange has a significant contextual effect on employee-organization relationship. When the quality of leader-member exchange is high, the effect of employee-organization relationship on organizational citizenship behaviour is more obvious. In this study, the two relationships within the organization are integrated to enrich the research conclusions in employee-organization relationship and leader-member exchange.

### 5.2. Practical Implications

First of all, this study provides suggestions for the employment relationship management in enterprise. As the conclusion of this study shows, mutual investment relationship and over investment relationship have positive impact on employee organizational citizenship behaviour, and the influence of over investment employee organization relationship on organizational citizenship behaviour is stronger than that of mutual investment. Therefore, if employee organizational citizenship behaviour is particularly important to organizational performance, enterprises should strive to establish mutual investment relationship or over investment relationship

with employees, especially over investment relationship. Specifically, enterprises should give their employees abundant and competitive resources and opportunities. When the incentive is large enough, even if the enterprise does not make detailed regulations on employee contribution, it can also obtain employees' active organizational citizenship behaviour.

Secondly, enterprises should strive to enhance the organizational identification of employees. According to the characteristics of departments and positions, enterprises should take effective measures to strengthen and shape the organizational identification of employees, so as to form an integration of employees and organizations. According to the conclusion of this study, establishing mutual investment relationship and over investment relationship with employees is helpful to enhance organizational identification. In addition, the construction of corporate culture also helps to enhance organizational identification. In order to effectively enhance the organizational identification of employees, employee motivation should take into account salary, emotion and career development.

Finally, enterprises should guide managers to establish high-quality relationship with their subordinates. The results show that high quality leader-member exchange can enhance the positive effect of employee-organization relationship on organizational identification. Therefore, high quality leader-member exchange is helpful to enhance the positive role of employee-organization relationship, improve organizational identification and organizational citizenship behaviour. It should be noted that high quality leader-member exchange should adhere to the principle of fairness and avoid the negative impact of flattery.

## ACKNOWLEDGMENT

This work was supported by the Youth Fund for Humanities and Social Sciences Research from Ministry of Education of the PRC (18YJC630067), Social Science Foundation Project of Jilin Province in 2019 (2019C47), Research Project of JiLin Association for Higher Education (JGJX2020C56), and Social Science Foundation Project of Jilin Province in 2020 (2020J62).

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