

# Can Corporate Character Dimensions Act as Bridge between Leader-Member Exchange and Employee Organization Relationship: An Empirical Study of Indonesian Pharmaceutical Firms

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## ABSTRACT

In this modern era of technology and innovation, the employees begin to shape their corporate environment with unique enduring characters. The purpose of the given study is to investigate the role of leader-member exchange on employee organizational relationships while the employee's personality attributes are the mediating variables in relationship b/w leader-member exchange with employee organization relationship. The data has been collected from almost 447 front line employees of the pharmaceutical employees in Indonesia through a designed questionnaire. The analysis was done through two significant software such as AMOS & SPSS. Moreover, under the analysis, the two major analysis technique has been used such as SEM, CFA, and descriptive analysis techniques. The results and findings have been concluding that the leader-member exchange has an insignificant impact on employee organization relationship while all other hypotheses have accepted. The individual personality traits have a

significant and positive mediating role in the relationship between leader-member exchange and employee organization relationships. These findings have helped to understand that the given research is novel based and original because up till now no research work has been done to analyze the impact of leader-member exchange on employee relationships in the organization. Therefore, this study is special and original with this respect.

**Keywords:** Leader-member exchange, employee organizational relationship, personality characteristics.

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## INTRODUCTION

The perception of employees and customers, about any organization, impacts the reputation as well as their behavior towards that organization (Men & Sung, 2019). This is particularly important for the service businesses like pharmaceutical companies and the both factors are interdependent upon each other. The gaps between the dimensions of organizations and the perception of employees and customers results in crises to that organization (Byrne, Crossan, & Seijts, 2017). The models designed for the understanding of organizational reputation shows that perspectives and perception of

employees and potential customers are interlinked with each other (Men & Tsai, 2016). Every organization has a set of values that determine the character of that organization and this set of values is represented by the forms of communication used by the organization. The major dimensions of the corporate character are agreeableness, enterprise, ruthlessness and the competence (D. Yu, Xiao, & Bo, 2018). Following picture present the data related to unemployment in Indonesia which indicate the job scenario:

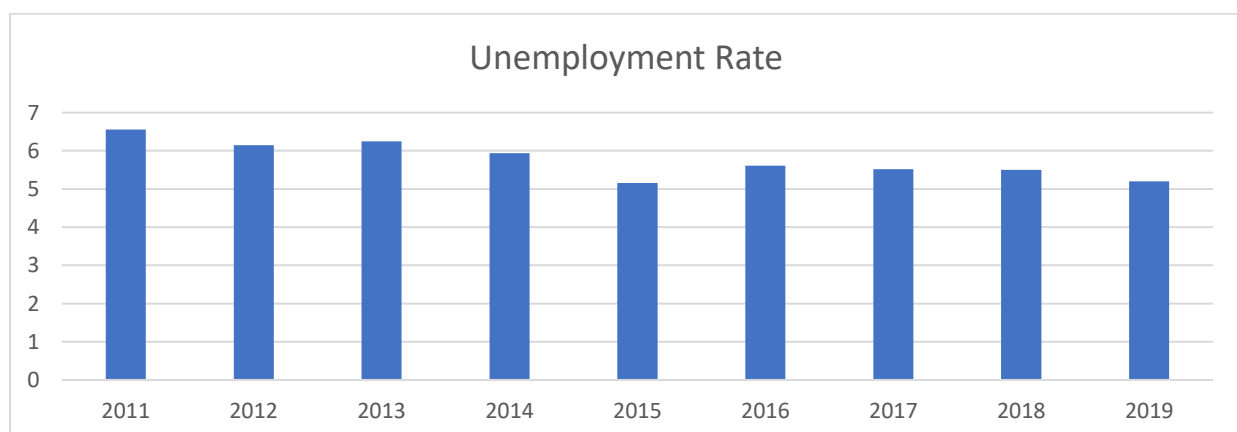


Figure 1: Unemployment Rate in Indonesia

The concept of corporate character is the factor that determines the repute of the organization. It shows the social responsibility of the organization and its trustworthiness (Schwepker & Good, 2017). The dimension of agreeableness shows the environment of the organization that is how much friendly, open and pleasant

environment is in an organization or the concern and support of employees for each other (Little, Gooty, & Williams, 2016). The effective communication in any organization helps the employees to have direct and straightforward behavior with the top management and effective communication between the employees and the

consumers (Gooty & Yammarino, 2013). Leader member exchange and the task performance have a significant and direct relationship with each other (Yukl, O'Donnell, & Taber, 2009). The role of communication between the leaders and the employees significantly affects the perception of stakeholders because the stakeholders not

only focuses on the performance of the firms but also view the consumer perspective about the organization and the participation of the firm in the satisfaction of employees (Kang & Sung, 2017). Below table present the job opportunities in Indonesia

Table 1: Job Opportunities Sector Wise

Year	Pharma	Insurance	Banking
2016	0.45	0.54	0.35
2017	0.42	0.51	0.39
2018	0.4	0.52	0.45
2019	0.43	0.5	0.48
2020 E	0.44	0.52	0.51
2021 E	0.48	0.54	0.5
2022 E	0.44	0.51	0.48

Employee organization relationship is equally important for the better performance of the organizations as that of leader member exchange relationship (Eldor & Vigoda-Gadot, 2017). The employee organization relationship is strengthened with the provision of friendly and supportive working environment (M.-C. Yu, Mai, Tsai, & Dai, 2018). Such an environment increases employee's engagement in the work with the provision of psychological empowerment and contract. Supportive organizational environment also encourages innovative, creative and efficient performance of the employees (Audenaert et al., 2018). This also strengthens the relationship of employees with the organization and will eventually promote competency. There is a significant lack of scientific information and empirical evidence on the relationship of corporate character dimensions with the leader member exchange and the employee organization relationship in the pharmaceutical industrial sector of Indonesia. Although a lot of research study has been conducted on the individual aspects but their combined relationship is still not studied effectively. The literature on the individual aspects of the study provided beneficial information regarding these factors and their significant impacts on the performance of firms.

Thus, the study will cover the literature gaps in this sector and also provide empirical evidence for the relationship of corporate character dimensions with the leader member exchange and the employee organization relationship. The research results will enable the top management to use the provided information practically in the pharmaceutical firms of Indonesia. The obtained information will also enable the firms to improve communication skills between the workers and consumers and also cover the communication gap between the senior management and the employees to improve the reputation of the firms.

The research study is unique in its aspect, as it is the first one to provide relationship of dimensions of corporate characters with the employee communications and relationship management of the customers with the customers. The findings of this study will provide evident information for the practical implications in the industrial sector. Research results will also show the impact of different dimensions that is the agreeableness, ruthlessness, competence and enterprises on the consumer and workers behavior and perception about the firm. The focus on the

communication between the workers and organizations and consumers and organization provide efficient information for the practical implications in the pharmaceutical companies of Indonesia.

Following are the identified research objectives for the study:

- 1- To investigate the relationship between the corporate character dimensions and the leader member exchange.
- 2- To investigate the relationship between the corporate character dimensions and the employee organization relationship.
- 3- To determine the independency of leader member exchange and employee organization relationship upon each other.
- 4- To determine the impact of corporate character dimensions on the interdependent relationship of leader member exchange and the employee organization relationship.

Furthermore, the next chapters of the study will cover literature review in the second chapter. The third chapter will explain the methodology used for conducting the research study. The third chapter will explain the results and discussion and the last chapter will provide conclusion to the study and also provide study authentication and limitations.

## LITERATURE REVIEW AND THEORETICAL BACKGROUND

Eisenberger, Huntington, Hutchison, and Sowa (1986) presented the organizational support theory. According to this theory the employees are accustomed to fostering perceptions regarding the degree to which organizations in general value the contributions made and are concerned about their wellbeing. (Eisenberger, Malone, & Presson, 2016; Eisenberger & Stinglhamber, 2011). The organizational support theory has been able to garner significant interest from academicians and professionals, probably due to its wide ranging applicability and understandability of various organizational and employee outcomes (Stinglhamber, Caesens, Clark, & Eisenberger, 2016). This theory views the employee-organization and employer-employee relationship from the employee's perspective, and views the construct with strong

associations found through various meta-analytic evaluations. The organizational support was found to have associations with commitment, satisfaction, leadership, supervisor and coworker relationships, organizational politics, developmental opportunities, intra-organizational knowledge frequency, work environment and related behaviors, psychological contracts, trust, role clarity and identification among others (Baran, Shanock, & Miller, 2012; Jin & McDonald, 2017; Kurtessis et al., 2017). The basic construct of the organizational support theory is the **employee's perceived organizational support** and it refers to the extent to which the organization and its agents **demonstrate attributes and concern for the employee's** professional and personal well-being (Baran et al., 2012).

A variety of factors can be used to explain the upsurge and practitioner-academician interest in this domain; it has been used to study various organizational outcomes like turnover, leadership, incivility, citizenship behavior, it has wide-ranging relevance across multiple occupational domains, Eisenberger et al. (1986) development of a reliable measurement scale, focused theoretical basis in different organizational situations and contexts (Eisenberger et al., 2016; Kurtessis et al., 2017; Nica, 2016; Vardaman et al., 2016). The OST draws some relevance from social exchange process as well (Vardaman et al., 2016). The perceived organizational support notion of employees commences a social exchange process in which employees feel obligated to reciprocate the actions of the organization, whether positive or negative. The OST through effects measured by the perceived organizational support, also aims to satisfy the socio-emotional and socio-motivational needs of employees that result in increased loyalty, commitment, wellbeing and a heightened desire in helping the organization in achieving its success (Liu, 2018). The environment of the business organizations is changing and is governed by the dynamism, globalization and technological evolutionary constructs of the market. However the changing employee perspectives about the workplace environment along with the increased significance of socially responsible and demonstration of strong character by the workplace has been affecting the employer organization relationships (Burke & Martin, 2016). The importance of company character i.e. the **company's reputation on the basis of its conduct** in the market as well as on the basis of relationships with internal stakeholders (Men & Sung, 2019). Corporate character is represented and characterized by organizational values represented through different types of relationships and communications with stakeholders (Burke & Martin, 2016; Men & Sung, 2019; Wilkins, 1989). This article is utilizing the OST theory to see the effects of leader member exchange on the employee-organization relationships with corporate character as a mediator.

#### Leader Member Exchange and Employee Organization Relationship

Leader-member exchange is one of the most widely used and influential leadership models present in the literature (Schermyly & Meyer, 2016). It has been used by researchers extensively to predict organizational and employee outcomes. The field of leadership is vast, however LMX has been used to predict the quality of relationships between leaders and followers (supervisor-supervisee). Introduced

in the 1970's, this concept was originally conceptualized as a vertical dyad linkage, i.e. a system that marginalizes the relationship between two individuals (Gardner, Karam, Tribble, & Cogliser, 2019; Gooty & Yammarino, 2013; Lee, Thomas, Martin, Guillaume, & Marstand, 2019). The basic idea behind this concept is that leaders through different types of exchanges maintain relationships with their followers and typically do not treat them uniformly. Leaders observe the needs of each follower and build relationships with each one as a consequence. LMX predict high organizational and performance outcomes (Qu, Janssen, & Shi, 2017). The LMX theory assumes that leaders have limited resources and are bound by time constraints, therefore they approach and allocate responsibilities to their followers in order to receive efficient performance (Anand et al., 2018). As a consequence leaders develop relationships built on the domains of reciprocity exchange and perceived organizational support (Audenaert, Vanderstraeten, & Buyens, 2017).

High quality relationships are formed by employees with their supervisors or leaders and are characterized by support, trust, information exchange, decision-making autonomy, procedural autonomy, creative freedom, reciprocal effect. The leader member exchange orientation can affect the perception of employees regarding their organizations as well. High quality relationships with leaders support positive perceptions regarding the employee-organization construct. High quality relationships in the LMX construct are built on the mutually influential transactions that create an apex of opportunities, creative development, and confidence and allow employees enough autonomy that they can voice their opinions (Audenaert et al., 2017). The second feature of quality exchanges is the development of trust, employees who trust their leaders are more likely to accept challenging (Gardner et al., 2019) and risk-oriented work tasks and behaviors that imparts knowledge, expertise, and developmental chances for employees, thereby increasing **the employee's perceptions about the organization** by allowing him/her to explore the creative abilities. Third feature includes the consideration of leaders towards their followers (Martin, Guillaume, Thomas, Lee, & Epitropaki, 2016). Leaders often provide tacit advices and suggestions to employees that is helpful in shaping the overall professional character of the employee. The fourth feature is that once employees are inculcated in the organization and become trusting of their leaders, the employee become advocates of the organization and everything it stands for. In combination the attributes of trust, responsiveness, consideration, information and development create a supportive work environment (Lee et al., 2019).

Organizational relationships with stakeholders-internal and external- are the most important intangible assets a company can process and use for its own prosperity (M.-C. Yu et al., 2018). Development of quality relationships is the epitome of excellence in this transformative and global era of business. Development of valuable relationships with different varied strategic approaches contribute in the development of superior financial performance and business success. **Work-life is a significant factor of people's life** (Men & Sung, 2019). The relationships formed with supervisors, coworkers and the time spent at work contributes towards either the mental stress or relief of employees. The relationship of employees with

organizations is built on the foundations of trust and a general exchange perspective (Schermuly & Meyer, 2016). Employees work hard in order to satisfy their obligations and fulfil the requirements of their jobs while organizations utilize the human talent in order to remain creative and successful. Of all the relationships maintained at the organization, the leader-member or supervisor-supervisee is of extreme importance. Supervisors guide and motivate their supervisees and impart wisdom on them, the employees view supervisors as agents or representatives of the organization and therefore put extreme stress on the treatment received (Gardner et al., 2019). Therefore, we can establish a potent relationship between leader-member exchange and employee-organization relationships.

H1: There is a significant relationship between leader-member exchange and employee-organization relationships.

#### The Mediating Effect of Corporate Character

The character of an organization is a multifaceted construct of human attributes that are commonly concomitant with an organization (Men & Sung, 2019). The organization can either be described as a pleasant, honest, virtuous person or as a selfish, rude, arrogant and impolite person. The values inculcated in the intra-organizational culture are what shapes the corporate culture as well. the character of a company is influenced by a number of factors; CEO behavior and attitude towards ethical intricacies, leadership style and behavior demonstrated in the organization, strategic management, people management, service management etc. one significant factor that has been found to constitute the corporate image and character is the intra-organizational communication. Stacks, Dodd, and Men (2013) posited that communication has to be done in a strategic, symmetrical and authentic way so that the organization is perceived to be credible. A visible, supportive, authentic, strategic, reliable, approachable and idiosyncratic communication channel in the organization builds a strong and enduring perception of the corporation's character. The corporate character construct is built on the dimensions of enterprise, agreeableness, competence and ruthlessness (Burke & Martin, 2016). The corporate character is an important mediating factor in the relationship between employee-organization and leader member exchange.

#### The Mediating Effect of Agreeableness

In the organizational culture literature agreeableness dimension of corporate culture accounts for the level of trustworthiness and societal responsibility of the company. This dimension is perceived to demonstrate warmth and

empathy oriented behaviors towards the employees and other stakeholders of the organization. An agreeable organization is open and forthcoming towards its employees and transcends values of empathy, concern, wellbeing and security towards the employees. The presence of agreeableness attribute in the organization and its agents (leaders) can help in developing a good employee-organization relationship. Therefore we propose the following supposed statement;

H2: There is a significant mediating effect of agreeableness upon the leader-member exchange and employee-organization relationship.

#### The Mediating Effect of Enterprise

The enterprise attribute of the construct accounts for the extraverted characteristics of human behavior embodied by the organization. The organization demonstrates characteristics of creativity and innovation. This attribute allows the employees to explore the complete range of their skills and therefore strengthens the relationships with supervisors as well as the organization itself. Therefore we propose the following supposed statement;

H3: There is a significant mediating effect of enterprise upon the leader-member exchange and employee-organization relationship.

#### The Mediating Effect of Competence

The competence attribute is concerned with the meticulousness, ambition and technological orientation demonstrated by the organization. The organization embodies the human attributes of reliability, conscientiousness, security and focus. This attribute allows the employees to attain their goals with a complete focus on the target and satisfies their ambition goals. Therefore we propose the following supposed statement;

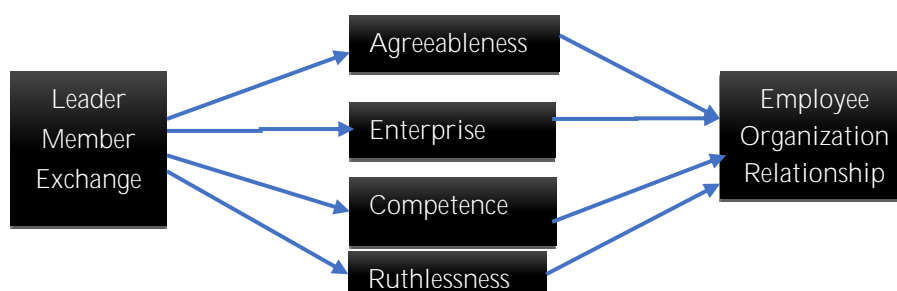
H4: There is a significant mediating effect of competence upon the leader-member exchange and employee-organization relationship.

#### The Mediating Effect of Ruthlessness

This attribute demonstrates a negative characteristic of the corporation. The controlling and dictatorial and oppressive characteristics of the human nature are embodied in the demonstration of this attribute. This characteristic can be a source of strain on the leader-member and employee-organization relationships as it is the demonstration of aggressiveness and ruthlessness to attain goals. Therefore we propose the following supposed statement;

H5: There is a significant mediating effect of ruthlessness upon the leader-member exchange and employee-organization relationship.

## RESEARCH MODEL



## METHODOLOGY

### Sample

The present study was conducted to observe the role of corporate character dimensions in developing a link between leader member exchange and employee organization relations in Indonesian Pharmaceutical firms. The researcher sent recruits to a pool of people who were working for Pharmaceutical companies located in Indonesia. These pharmacy employees that presented themselves available to take part in online survey via an online platform i.e. Amazon Mechanical Turk (MTurk) turned out to be working for companies like Daewoong Pharmaceutical Company Indonesia, Servier Indonesia, Astellas Pharma Indonesia, Takeda Indonesia, Bernofarm Indonesia, Simex Pharmaceutical Indonesia, and Meiji Indonesian Pharmaceutical Industries. The survey consisted of completing close-ended questionnaires. The questionnaire adapted Likert type scale from previous studies that have measured the concerned variables though in different context and have endorsed the validity and reliability of the presented scales. The researcher used selective purpose technique because the participants required were specifically meant to work in Indonesian firm that deals in pharmacy. An amount of one dollar was given to each respondent as compensation money for taking part in the survey. To make the quality of responses certain, the participants whose previous survey performances were rated above 90% (i.e. their HIT approval rate) by previous survey requesters, such participants were chosen. Based on the received individual responses, the total participants that responded to the recruitment were 352 individuals working for above mentioned Indonesian pharmacy companies. After discarding the responses of participants whose HIT approval rate were lower than 90%, the selected sample size turned out to be 328 employees of the previously mentioned pharmacy companies.

### Measures

The present study modified and made use of measuring tools suggested in past researches' literary context and data. To measure the key concepts of the research, the close-ended questions that the participants responded to were assessed via a Likert scale that had a 7-point range with 'strongly agree' and 'strongly disagree' at the polar opposites of the said scale.

For the sake of measuring the concerned variable i.e. leader member exchange, the researcher made use of twenty-item instrument that was adopted from a study conducted in 1999 by Hon and Grunig. Cronbach's alpha value of this measure i.e. greater than 0.7, implies the validity and reliability of the measure. To measure the concerned variables i.e. corporate character of agreeableness, enterprise, competence and ruthlessness, the present study adopted measuring items that were used in a study conducted by Davies et al. in 2004. Corporate character of agreeableness was measured using 12 items adopted from the study. Corporate character of enterprise was measured with nine items, competence corporate character was calculated with 8 and the corporate character of

ruthlessness was measured via 6 items. The past study supported the items' reliability with Cronbach's alpha values i.e. 0.9 for agreeableness and enterprise and 0.8 for competence and ruthlessness respectively. To measure the variable i.e. employee-organization relationship, the researcher administered twenty-item instrument that was acquired from a study conducted in 1999 by Hon and Grunig. This instrument made use of other measures like employee trust, mutual control, commitment, and lastly, satisfaction to measure the concerned variable. The reliability of these measures was implied by the study that showed the Cronbach's alpha values between 0.79 to 0.86

### Data Reduction and Data Analysis

Before undergoing major data analysis procedure, the study analyzed the data for any presence of univariate and multivariate outliers and identified any mistakes in the data e.g. incorrect data entry, missing values in data entry, uneven distribution of the concerned variables in the data etc. Thus, the research underwent process univariate procedure for eliminating such odds and confirmed the outliers' regularity.

In the present study, the researcher used two software that were used to analyze the research data. The software that the research used are SPSS and AMOS. The researcher put the data through various analysis procedures under the SPSS software. The descriptive analysis, reliability analysis and factor analysis of the data was done under this software. After undergoing such tests, the present study's data was detected of any presence of outliers that were present. Moreover, the analyses helped in identifying relationships between the concerned variables. These associations between the variables helped in the further analysis of the data. Moreover, the data went through confirmatory factor analysis, model fitness test and structure equation modelling under the second software i.e. AMOS. These analyses helped in endorsing the validity and reliability of the data. The analyses provided the researcher with the Cronbach's alpha value of the data, which, if greater than 0.7, determines the reliability of acquired data.

## DATA ANALYSIS AND INTERPRETATION

### Demographic Details

The study is having few objectives to fulfil, the very first aim of this study is to know about the impact of leader member exchange on employee organization relationship. This study took some mediators which are, agreeableness, enterprise, competence and ruthlessness. The purpose of this study is to know the mediating impact of these mediators between leader member exchange and employee organization relationship. The study took a total sample of 447 individuals, out of which 249 were males and 198 were females. The percentage of males was higher than the females in sample. Out of 447 individuals, 59 were under graduation, 226 were graduates, 124 had master's degree and 38 had some other degree. Out of 447 individuals, 106 were between 18 to 25 years of age, 139 were between 26 to 30 years of age, 134 were between 31 to 35 years of age and 68 were above 36 years of age or of 36 years in age.

Table 1: Descriptive statistics

N	Minimum	Maximum	Mean	Std. Deviation	Skewness
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	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
LeadMemEx	447	1.00	5.00	3.4120	1.14395	-.599	.115
Agre	447	1.00	5.00	3.4323	1.18086	-.634	.115
Ente	447	1.00	5.00	3.5088	1.14203	-.680	.115
Comp	447	1.00	5.00	3.5095	1.17963	-.650	.115
Ruth	447	1.00	5.00	3.5958	1.15333	-.521	.115
EmOrRea	447	1.00	5.00	3.5664	1.12303	-.653	.115
Valid N (listwise)	447						

The data in the above table is a representation of the stats of descriptive analysis done, it can be seen that there is no outlier in the given data, there is a defined sequence of all of the data and also the data represents every individual of the sample that was extracted from the population. It can be observed that the present data has all of the values lying

within the range of the values of 5 point Likert scale, these values are present in the limit and also the skewness is present from the values between -1 to +1, this shows that the data is valid and is also normal, no amount of abnormality or invalidity is present in the data.

Table 2: Factor Loading and Convergent Validity

	1	2	3	4	5	6	CR	AVE
LM1				.817			0.928	0.834
LM2				.804				
LM3				.814				
LM4				.819				
LM5				.791				
LM6				.783				
AG1	.850						0.909	0.901
AG2	.683							
AG3	.700							
AG4	.671							
AG5	.707							
AG6	.855							
AG7	.858							
AG8	.862							
AG9	.859							
AG10	.852							
AG11	.856							
AG12	.844							
EA1		.734					0.934	0.872
EA2		.756						
EA3		.767						
EA4		.785						
EA5		.770						
EA6		.767						
EA7		.754						
EA8		.780						
EA9		.758						
CO1			.813				0.916	0.895
CO2			.792					
CO3			.771					
CO4			.779					
CO5			.772					
CO6			.808					
CO7			.814					
CO8			.796					
RU1					.715		0.918	0.881
RU2					.726			
RU3					.720			
RU4					.687			
RU5					.738			
RU6					.737			
OR1						.746	0.941	0.860
OR2						.722		
OR3						.745		
OR4						.737		

The present table can be seen to be showing the values for convergent validity and the values for factor loadings as well. The factor loadings are all more than the amount of 0.7 and also this represents that the data can be forwarded for the purpose of further testing and analysis as well. The table also shows convergent validity more than a

percentage of seventy, and the value of AVE calculated and measured is also more than fifty percent. All of the measures are showing that the data is in a state of validity and is also in a state of high accuracy and authenticity for further future testing as well.

Discriminant Validity

Table 3: Discriminant Validity

	RU	LM	AG	EA	CO	ER
RU	0.938					
LM	0.636	0.913				
AG	0.680	0.606	0.949			
EA	0.727	0.693	0.714	0.934		
CO	0.752	0.596	0.677	0.690	0.946	
ER	0.761	0.616	0.667	0.688	0.711	0.927

The discriminant validity over here is shown in order to describe the level of discrimination that is present between the variables. The discrimination shows the impartiality and the validity of all of the variables individually which is very important to prove the factor set selected to be

authentic. The value for the discriminant validity. All variables are seen to be having maximum of the loading with their own selves and are also showing maximum discrimination from each other in the process if factor loading. The results are authentic and valid.

Confirmatory Factors Analysis and KMO

Table 4: Confirmatory Factors Analysis and KMO

CFA Indicators	CMIN/DF	GFI	IFI	CFI	RMSEA	KMO
Threshold Value	≤ 3	≥ 0.80	≥ 0.90	≥ 0.90	≤ 0.08	0.6 – 1.0
Observed Value	2.108	0.832	0.975	0.975	0.050	.982

Confirmatory factor analysis has a series of data having different kinds of standards set for different values, such as for CMIN it is 3 and the value obtained is 2.108, the value for GFI is set to be equal or more than 0.80, the value

obtained from the data is also 0.832, the values for IFI, CFI, RMSEA and KMO are also according to the standard set. The data from the sample is valid and good to proceed further.

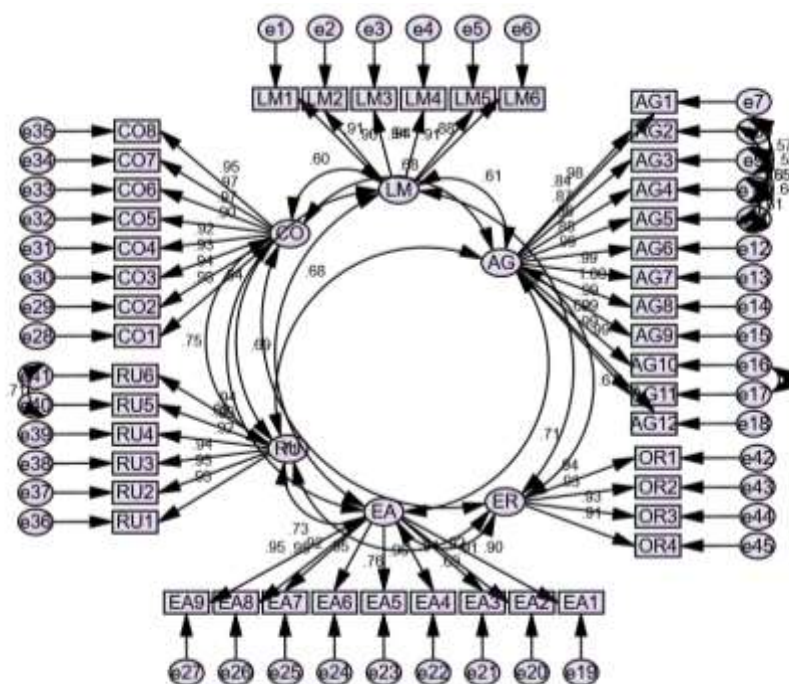


Figure 1: CFA

Structural Equation Medelling

Table 5: Structural Equation Modeling

	Path		Estimate	S.E.	P	Supposed statement
Agre	<---	LeadMemEx	.619	.038	.000	Accepted
Ente	<---	LeadMemEx	.676	.035	.000	Accepted
Comp	<---	LeadMemEx	.586	.040	.000	Accepted
Ruth	<---	LeadMemEx	.624	.037	.000	Accepted
EmOrRea	<---	LeadMemEx	.108	.053	.066	Rejected
EmOrRea	<---	Agre	.211	.034	.000	Accepted
EmOrRea	<---	Ente	.117	.038	.005	Accepted
EmOrRea	<---	Comp	.206	.033	.000	Accepted
EmOrRea	<---	Ruth	.358	.035	.000	Accepted

Table 5 of SEM provided above is showing the impacts of and relations of different variables, as in, of EOR and LEM that is insignificant because the P-value is more than 0.05. The mediating role of AGRE between LEM and EOR is significant due it is less p-value than 0.05. The mediating

effect of ENTR between LEM and EOR is also significant. The impact of COMPE between LEM and EOR is significant because its p-value is less than 0.05. The impact of RUTH between LEM and EOR is also significant.” Screenshot of the SEM is given below:

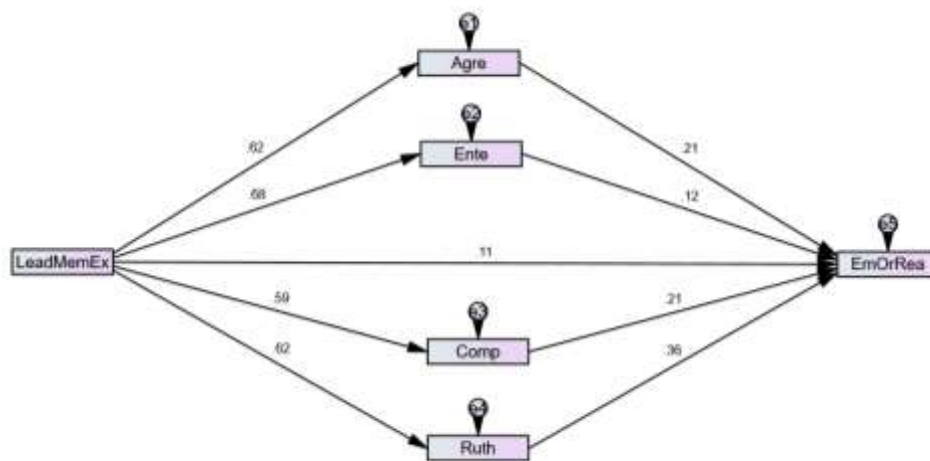


Figure 2: SEM

DISCUSSION AND CONCLUSION  
DISCUSSION

The reason of this study is to know about the impact of leader member exchange on employee organization relationship. This study took some mediators which are, agreeableness, enterprise, competence and ruthlessness. The purpose of this study is to know the mediating impact of these mediators between leader member exchange and employee organization relationship. This study presented different supposed statements, the very first supposed statement suggested by this study was “the impact of LEM on EOR is insignificant”. This supposed statement was rejected according to the study of (Dirgeyasa & Ansari, 2015). The next supposed statement was “the impact of AGRE between LEM and EOR is significant”. This supposed statement was accepted because the p-value of these variables was less than the 0.05 and according to the study of (Khadijah, Kamaluddin, & Salin, 2015). Next supposed statement presented by the study was “the relation of ENTE between LEM and EOR is significant” and this was accepted as well according to the study of (Kis-Katos & Sparrow, 2015). Next supposed statement was “the impact of COMP has significant between LEM and EOR, this supposed statement has been accepted according to

the study of (Plummer & Boyle, 2016). Another supposed statement presented by this study was that “RUTH has significantly mediated between LEM and EOR”. This supposed statement is accepted as per the less p-value form 0.05.

1 CONCLUSION

The major aim of this research is to examine the important impact of leader-member exchange on employee-organization relationship although the corporate character dimensions such as agreeableness, enterprise, competence, ruthlessness play a significant mediating role between them. The data have been collected from 447 individuals including both male and female. Moreover, the various tests have been conducted such as descriptive statistics, factor loading, and convergent validity, discriminant validity, confirmatory factors analysis and KMO, structural equation modeling. The corporate character dimensions have a positive effect on leader-member exchange. The dimensions such as ruthlessness, agreeableness, enterprise, competence have enhanced the relationship-based method to leadership and this relationship has focused on the dyadic relationship between followers and leaders of the pharmaceutical sectors of Indonesia. The employment



organization relationship has harmed the leader-member exchange as this relationship has not given benefit to the pharmaceutical sectors of Indonesia. The employment organization relationship has a positive effect on corporate character dimensions such as agreeableness, enterprise, competence, ruthlessness. The corporate character dimensions such as agreeableness, enterprise, competence, and ruthlessness have a positive effect on the construction of composite perceptions of employees and organizations in the pharmaceutical sectors of Indonesia. These determinants have built a strong relationship between employees and the pharmaceutical sectors of Indonesia.

#### Policy Implications

This research has provided the significant mediating roles of corporate character dimensions such as agreeableness, enterprise, competence, ruthlessness. These dimensions enhance the relationship between employees and the pharmaceutical sectors of Indonesia. This study has presented new dimensions of the corporate that acts as a bridge between employee organization relationship and leader-member exchange. These variables have provided benefits to the pharmaceutical firms of Indonesia. This study has built a positive relationship between employee and organization by the impacts of corporate character dimensions. The corporate character dimensions have given benefits in determining the effective character of the pharmaceutical firms of Indonesia except for the ruthlessness character. The leader-member exchange theory has given great benefit to the pharmaceutical sectors of Indonesia as this relation has enhanced the success of pharmaceutical sectors through the interaction between employees and managers.

#### LIMITATIONS

Every research has some limitations and this research also has some limitations. The first limitation is the use of corporate character dimension ruthlessness, the ruthless character (being selfish) should be evaded as it negatively affects the superiority of employee organization relationship. The second limitation of this research is that there are only four corporate character dimensions such as agreeableness, enterprise, competence, and ruthlessness. There should be more characters that further make a strong connection between leader-member exchange and employee organization relationships. The third limitation of this research is that this study has surveyed only the employees of the pharmaceutical firms of Indonesia. Future research should survey the employees of other sectors and other countries. The last limitation of this research is that the data has been collected from small sample size and there should be a large sample size.

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