Article

THE INFLUENCE OF LEADER MEMBER EXCHANGE AND ORGANIZATIONAL CULTURE ON WORK PRODUCTIVITY

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Abstract: This research is examine the effect of leader-member exchange and organizational culture on productivity, with object at Kunika Furniture. The furniture industry is a sector that has the potential to be developed because it is supported by the availability of natural resources in Indonesia. Because of its innovative products, the furniture industry is able to compete on a global scale. There has been a significant shift in the aspect of people's household spending, from what was originally for entertainment, tourism or transportation, to the need to organize and renovate homes, making the furniture industry play an important role in improving the performance of the manufacturing sector and the national economy. The Minister of Industry considers several main issues that need to be faced by the domestic furniture and handicraft industry. One of the main issues is technology and human resources. The method used is quantitative descriptive analysis by collecting data using a questionnaire with a Likert scale measurement. Data testing was carried out using SPSS application. The results show that the leader-member exchange variable partially has a positive effect on productivity by 31.6%, while the organizational culture variable partially has a positive effect on productivity by 49.8, and the two variables simultaneously affect productivity by 62.9%, while another 37.1% is influenced by other variables outside of this study.

Keywords: Leader-member exchange, organizational culture, productivity

1 Introduction

Selective competition in the market as a result of the rapid growth of the current business environment results in companies having to operate more effectively and efficiently. Two key components that influence the success of a job include human resources and supporting infrastructure or work facilities. Due to increasingly fierce competition, many companies are beginning to understand the importance of having human resources with high quality, integrity and dedication to be able to handle tasks and problems that will grow wider and more complex. The quality of human resources can be evaluated based on worker output or productivity.

Human resources that are needed in the current era are human resources that are fast, adaptive, and responsive to change [1]. Meanwhile, one of the factors that influence increased productivity is the
relationship between subordinates and company leaders [2]. Leader-member exchange is a theory that explains the multifaceted relationship between superiors and subordinates which is characterized by respect for each other's knowledge and abilities, devotion to each other, and mutual liking between people, this theory is often called the theory of member-leader exchange [3].

Besides Leader-member exchange, one important factor in increasing productivity is the organizational culture factor. Several previous studies have proven that organizational culture has a positive effect on work productivity [4] [5] [6]. When organizational culture is strengthened, employee productivity will also increase. Organizational culture is one way to develop superior human resources through aspects of changing attitudes and behavior that aspire to be able to adapt to problems that will be faced in the future.

1.1 Furniture Industry

The furniture industry is a sector that has the potential to be developed because it is supported by the availability of natural resources in Indonesia. Because of its innovative products, the furniture industry is able to compete on a global scale. The Indonesian Minister of Industry (Menperin) said that in the first quarter of 2021, the performance of the furniture industry was able to rise and grow positively by 8.04% after experiencing a decline of 7.28% in the same period the previous year due to the impact of the emergence of the Covid-19 pandemic. To further boost productivity and competitiveness, the Ministry of Industry continues to maintain the availability of raw materials and encourage furniture industry players to actively innovate. The following is data on the development of the Indonesian furniture industry's GDP from 2016 to 2021 [7].

![Figure 1. Furniture Industry GDP Development in 2016-2021](image)

Source: Central Bureau of Statistics

According to the Minister of Industry, one of the factors that boosted sales of furniture products during the pandemic was a significant shift in aspects of people's household spending, from what was originally for entertainment, tourism or transportation, to the need to organize and renovate homes. The furniture industry has an important role in improving the performance of the manufacturing sector and the national economy. This can be seen from the achievement of the
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export value of national furniture products which will exceed USD 2.5 billion in 2021, up 33% compared to the previous year. A number of studies show that the furniture industry has the opportunity to fill the global market, one of the results of a study by the Center for Industrial Studies (CSIL) estimates that global furniture consumption in 2022 will grow by 3.9%. The results of this study are reinforced by the Consumer Market Outlook issued by Statista which estimates that the global furniture industry revenue will increase consistently from USD 1.3 trillion (in 2020) to USD 1.6 trillion in 2025 [8].

In this study, the authors chose a furniture company called Kunika Furniture. Kunika Furniture is a furniture company domiciled in Klaten, Central Java. Demographic similarity is one of the considerations the authors chose to make this company a research object that demographic similarity has an important role in LMX theory because the duration for getting to know each other between leaders and followers takes a long enough [9]. This company is a type of NGO (Non-Governmental Organization) business that produces furniture made from Perhutani teak wood. This company has 50 employees, puts forward the motto "Karya dari Desa" where the motto is in accordance with the place of production and the people who produce the products they sell. This company provides ready-to-buy goods (ready stock) as well as goods that can be customized according to the buyer's design wishes. This company has produced more than 300 types of furniture designs for homes, cafes, restaurants and hotels.

Table 1. Sales Amount Kunika Furniture

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>200</td>
</tr>
<tr>
<td>2021</td>
<td>180</td>
</tr>
<tr>
<td>2022</td>
<td>205</td>
</tr>
</tbody>
</table>

Source: Kunika Furniture

This number continues to increase in line with the development of the tourism sector which has begun to revive after the pandemic. The company continues to strive to produce superior quality products so that consumers will repurchase their products and aims to make Kunika Furniture's name even more known. To produce products that have superior quality, quality resources are needed. To produce quality resources requires an environment with good quality in terms of social and physical. Based on the background of the problems that have been described, it shows that the need for aspects to support the productivity of human resources in order to produce quality goods, so that in this study the authors took the title "The Effect of Leader-Member Exchange and Organizational Culture on Work Productivity". This research was conducted at Kunika Furniture which is located at Ngentak, Sajen, Trucuk District, Klaten Regency, Central Java 57467.

1.2 Problems

Considering the background that has been described, the important topics that become the formulation of the problem in this study are as follows:

1. Does leader-member exchange affect employee productivity?
2. Does organizational culture affect employee productivity?
3. Does leader-member exchange and organizational culture simultaneously affect employee productivity?
2. Literature

2.1 Leader-member exchange

Leader-member exchange is a theory that explains the multifaceted relationship between superiors and subordinates and is characterized by feelings of loyalty or fidelity, mutual respect for knowledge and abilities, and liking for fellow team members [3]. To foster good communication and pleasant interpersonal interactions between leaders and subordinates, a company must have a leader-member exchange dimension or leader-member exchange. According to the LMX theory, leaders will form two groups, namely in-group and out-group. Within the in-group, employees who fall into this category are seen as trustworthy, loyal, and capable of taking on responsibilities outside of their jobs and job specifications. Leaders will see employees who are in this category as someone who is competent and trustworthy. As a consequence of this, employees with in-group status will have superior performance, lower turnover rates, and greater job satisfaction [10]. Employees with in-group status will receive greater power, benefits, and consideration than employees with out-group status. Whereas in the Out-group, employees who are in this category work only based on job descriptions and do not do business beyond their job desk responsibilities. Employees who are in out-group status will be involved in more formal relationships and interactions with leaders. This kind of relationship is classified in the category of low-quality exchange.

Liden and Maslyn share 4 dimensions of LMX [3]:

1) Affect

Affect refers to the intimacy of the relationship between superiors and subordinates. This intimacy does not consider social status. Employee-management relationships, employee-leader relationships, and relationships between employees can all influence interactions.

2) Contribution

The contribution dimension is the perception of task-oriented activities at a certain level between leaders and employees to achieve common goals. The amount of work and information that an employee produces can be used to measure the level of contribution. High quality of contribution causes employees to be more eager to sacrifice for managers, fellow employees and the company. The quality of LMX relationships improves as employee contributions increase.

3) Loyalty

Loyalty is a concept of how leaders and employees consistently support each other’s behavior and moral character. Leaders tend to give job responsibilities to employees with high loyalty. The performance of a company is influenced by the sustainability of LMX which requires the loyalty of employees and company leaders.

4) Professional Respect

Respect or admiration for work that has been completed by others is referred to as professional respect. Admiration can be based on thoughts of wanting to be like that person or because of the accomplishments they have had.
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2.2 Organizational Culture
Organizational culture refers to the norms, values, assumptions, beliefs, philosophies and habits that are regularly developed by the founders or leaders and members of the organization. Organizational culture is a habit that lasts a long time and is applied in work activities as one of the drivers to improve the quality of employees [11]. Organizational Culture is disseminated and taught to new members, and applied in the daily activities of the organization to influence the mindset, attitudes and behavior of members when creating products, providing services to customers, and achieving organizational goals [12].

An organizational environment with a strong organizational culture will inspire employees to grow, learn, and develop to become better versions of themselves. If employees work in well-managed organizations, they will foster higher motivation and satisfaction [13]. Organizational culture can be understood as a set of organizational game rules used by human resources to carry out their duties while still upholding organizational values. Organizational culture includes ideas, actions, and conversations that are learned and passed on from one generation to the next, sometimes described as patterns of human behavior that are integrated within the organization [14]. From the above theories, it can be concluded that organizational culture is a dynamic idea that continues to evolve within the organization, must be evaluated periodically to create a better culture that is suitable for all parties. A good and strong organizational culture within a company can create a healthy work environment that encourages employee productivity.

2.3 Work Productivity
The concept of productivity level can be understood from two perspectives, namely the personal perspective of the employee and the perspective of the organization. On the personal aspect examines productivity in relation to personality traits which are reflected as a mental attitude and one's efforts to improve the quality of life. On the organizational aspect, productivity relates to the technical relationship between input and output. Work productivity is the ability to get the maximum benefit from the available facilities and infrastructure by producing optimal output and input [15].

A person's mental attitude influences how productive they are at work, this is reflected in their way of thinking which always tries to improve what already exists so as to produce better output [16]. According to Damri (2017) confirms that the level of productivity produces perceptions that every employee at work has the potential or impact on creating problems in the business, consequently employee productivity needs to be managed effectively to prevent a decrease in productivity. Employees are the company's most valuable resource, and because they play a key role in organizational development, there is no doubt that it will have a bad impact on business if they are not productive at work. Productivity is an interdisciplinary effort to setting goals, planning, and using productive methods to optimize human resources effectively while maintaining superior quality [17].

Based on the definition of work productivity above, it can be concluded that work productivity is the ratio of output to overall satisfaction that can be achieved through the performance provided by the workforce in accordance with the company's goals. Work productivity does not only compare output and input, but also takes into account employee attitudes and behavior, because not all productivity can be measured through output and input.
3. Methods

3.1 Operasionalisasi Variabel

Operational variables as everything used by researchers in research to study so that information about this is obtained then conclusions are drawn [18]. The independent variable or independent variable or variable X is a variable that influences or causes changes in other variables [18]. Independent variables are variables that are selected and measured by the researcher to see how the variable relates to the symptoms being investigated. Leader-member exchange and organizational culture are the independent variables in this study, leader-member exchange as X1 and organizational culture as X2. The dependent variable or dependent variable or Y variable is an output, criterion, or consequence variable [18]. The dependent variable is a variable that is caused or influenced by the independent variable. The dependent variable or the dependent variable of this study is Productivity.

The LMX variable uses the Affect, Loyalty, Contribution and Professional respect dimensions [3]. Meanwhile, the Organizational Culture variable uses the dimensions of Self-Awareness, Aggressiveness, Performance, Personality, Team Orientation [19]. Furthermore, the Work Productivity Variable uses the dimensions of Work Quantity, Work Quality and Timeliness [20].

3.2 Population and Sample

The population of this research is 50 employees of Kunika Furniture. The sample is a representation of the number and characteristics possessed by the population [18]. The sample is a component or representative of the population being investigated. In this study, to determine the number of samples, researchers used the convenience sampling method. Convenience Sampling is known as a strategy for collecting sample units according to the preferences of the researcher. Convenience Sampling is a method of determining the sample by selecting samples freely according to the will of the researcher [18]. Using the Slovin formula, the number of respondents selected was 44 respondents.

3.3 Method of collecting data

To collect all the data needed in this study, researchers used a number of technical methods including:

1) Questionnaire

Questionnaires are a list of questions used to collect information from respondents in the form of written responses [18]. Questionnaires were distributed to 44 samples of Kunika Furniture employees. This questionnaire contains 34 questions which are divided into 10 questions regarding Leader-member exchange, 14 questions regarding organizational culture, and the last 10 items contains questions regarding work productivity. The questionnaire uses 5 alternative answers based on a Likert scale.

2) Variable Measurement

Variable measurement is done through a questionnaire using a Likert Scale. The Likert scale is used as a scale for measuring the level of attitudes, beliefs, and respondents' perceptions of the questions asked about social phenomena [18]. Likert Scale contains five levels of preference for answers that can be chosen by respondents [18].

The data needed for this writing is obtained from:
4. Results

4.1. Characteristics of Respondents

The characteristics of the respondents can be used to explain the identity of the respondents according to the research sample studied [21]. The purpose of the characteristics of the respondents is to convey an overview of the samples used in this study. The characteristics of the respondents in this study are as follows:

4.1.1. Characteristics of Respondents Based on Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency (person)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>41</td>
<td>93.2%</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>6.8%</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.1.2. Characteristics of Respondents by Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency (Person)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-30 Years</td>
<td>25</td>
<td>56.8%</td>
</tr>
<tr>
<td>31-40 Years</td>
<td>13</td>
<td>29.5%</td>
</tr>
<tr>
<td>41-50 Years</td>
<td>6</td>
<td>13.6%</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.1.3. Characteristics of Respondents Based on Last Education

<table>
<thead>
<tr>
<th>Last Education</th>
<th>Frequency (Person)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School</td>
<td>39</td>
<td>88.6%</td>
</tr>
<tr>
<td>Diploma 1-3</td>
<td>1</td>
<td>2.3%</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>4</td>
<td>9.1%</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.1.4. Characteristics of Respondents Based on Employment Status

Table 5. Characteristics of Respondents Based on Employment Status

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Frequency (Person)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Employee</td>
<td>43</td>
<td>97.7%</td>
</tr>
<tr>
<td>Temporary Employee</td>
<td>1</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.1.5. Characteristics of Respondents Based on Salary

Table 6. Characteristics of Respondents Based on Salary

<table>
<thead>
<tr>
<th>Salary</th>
<th>Frequency (Person)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; Rp 1.000.000</td>
<td>1</td>
<td>2.3%</td>
</tr>
<tr>
<td>Rp 1.000.000 – Rp 3.000.000</td>
<td>2</td>
<td>4.5%</td>
</tr>
<tr>
<td>Rp 3.100.000 – Rp 6.000.000</td>
<td>41</td>
<td>93.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Based on the partial test results in the table above it can be concluded:

1) The effect of the leader-member exchange variable on productivity

The results of the partial test between the leader-member exchange variable and the productivity variable show that the resulting significance value is 0.032 (smaller than 0.05) and produces a t-count value of 2.218 greater than t table 1.681 which means that the leader-member exchange variable has influence on productivity variables.

2) The influence of organizational culture variables on productivity

The results of the partial test between organizational culture variables and productivity variables show that the significance value produces a value of 0.000 (smaller than 0.05) and produces a t-count value of 4.541 greater than t table 1.681 which means that organizational culture variables have an influence on productivity variables.

4.2. Simultaneous Test (Test F)

The Simultaneous Test aims to determine whether each independent variable simultaneously influences the dependent variable. In this test, it will be seen the magnitude of the significance value and the f-count value. Simultaneous test in this study using the SPSS application. The test results can be seen in the following table:

Table 7. Simultaneous Test Results (Test F)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Significance</th>
<th>f-count</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader-member exchange &amp; Organizational Culture</td>
<td>0.000</td>
<td>37.470</td>
<td>Influential</td>
</tr>
</tbody>
</table>

Through the table above it can be seen that the resulting significance value is 0.000 less than 0.05 and the resulting f-count value is 37.470 greater than f-table 3.220 which means that the variable leader-member exchange and organizational culture simultaneously have an influence on productivity variable.
4.3. Coefficient of Determination (R^2)

This test is conducted to see how much influence the independent variables simultaneously have on the dependent variable. This test was carried out using the SPSS application. The test results can be seen in the following table:

<table>
<thead>
<tr>
<th>Adjusted R Square</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.629</td>
<td>Influence as much 62.90%</td>
</tr>
</tbody>
</table>

Based on the test results in the table above, it can be concluded that the variable leader-member exchange and organizational culture simultaneously affect work productivity by 62.90%. While 37.1% is influenced by variables outside of this study such as wage/salary variables, incentives, work motivation, work environment, and other factors.

5. Discussion

From the tests that have been carried out by researchers regarding the effect of leader-member exchange and organizational culture on the productivity of Kunika Furniture employees, it can be concluded that leader-member exchange and organizational culture have an effect on productivity both partially and simultaneously.

1) The effect of the leader-member exchange variable on productivity

The results of the partial test between the leader-member exchange variable and the productivity variable show that the resulting significance value is 0.032 (smaller than 0.05) which means that the Leader-member exchange indicators such as affection, loyalty, contribution, and mutual respect between superiors and subordinates have a significant effect on employee productivity.

2) The influence of organizational culture variables on productivity

The results of the partial test between organizational culture variables and productivity variables show that the significance value produces a value of 0.000 (smaller than 0.05) and produces a t-count value of 4.541 greater than t table 1.681 which means that organizational culture variables have an influence on productivity variables and organizational culture variable indicators such as self-awareness, aggressiveness, performance, personality, and team orientation greatly influence employee productivity.

3) The influence of leader-member exchange and organizational culture on productivity

Seen through the results of the coefficient of determination test, the variable leader-member exchange and organizational culture simultaneously have an influence of 62.9%. This shows that the two variables have a considerable influence on employee productivity. If these two variables are increased to the highest level, employee productivity can also reach the highest level. Based on the test results in the table above, it can be concluded that the variable leader-member exchange and organizational culture simultaneously affect work productivity by 62.90%. While the another 37.1% is influenced by variables outside of this study such as wage/salary variables, incentives, work motivation, work environment, and other factors.
6. Conclusion and Recommendations

From the tests that have been carried out by researchers regarding the effect of leader-member exchange and organizational culture on the productivity of Kunika Furniture employees, it can be concluded that leader-member exchange and organizational culture have an effect on productivity both partially and simultaneously. Partially each variable has a different effect, for the leader-member exchange variable it has an influence of 31.6%, and for organizational culture variables it has an effect of 49.8% on productivity. Meanwhile, simultaneously the variable leader-member exchange and organizational culture have an effect of 62.9% on the total productivity of 37.1% influenced by other variables outside the variables of this study.

Here are some recommendations:

1) Theoretically

For researchers who are interested in conducting research with the theme of leader-member exchange, they can consider adding other variables outside of this research, considering that there are still 37% of other factors that influence leader-member exchange that are interesting to study. In addition to replacing the object with a company that is larger and has a more hierarchical and complex managerial structure. Tests on other industries need to be carried out as well as a measurement of the tenure of togetherness between subordinates and superiors.

2) Practically

For Kunika Furniture company: a. Improving communication and collaboration between employees so as to minimize misunderstandings between employees. b. Create a flexible work system so that employees can adjust when they have to work without wasting time waiting for other divisions to complete their work


Conflicts of Interest: The authors declare no conflict of interest.

References

