Loyalty to Supervisor, Loyalty to Organization and Job Satisfaction: 
——An Empirical Study on Small and Medium-Size Enterprises

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Abstract: Using a sample of 360 employees in 14 small and medium-size enterprises, this paper discusses how loyalty to supervisor affects job satisfaction, especially the mediation process of loyalty to organization. Multiple regression analysis results are as follows: (a) loyalty to supervisor is positively related to job satisfaction; (b) loyalty to supervisor is positively related to loyalty to organization; (c) loyalty to organization partially mediated the relationship between loyalty to supervisor and job satisfaction.

Keywords: Loyalty to supervisor, loyalty to organization, job satisfaction

1 Introduction

Over the past two decades, loyalty in organization has emerged as one of the most popular topics in organizational behavior research. There has been increasing attention to the study of loyalty to supervisor as an important predictor for employee outcomes (e.g. Hunt and Morgan, 1994; Chen, 2001; Cheng et al., 2003). The underlying assumption behind this recent line of research is that because a supervisor acts as an agent of the organization, and loyalty to supervisor is most likely influence employee behavior (Becker et a., 1996). However, we still do not fully understand how loyalty to supervisor affects employee outcomes such as job satisfaction. Furthermore, early studies have not empirically tested the influence of loyalty in small and medium-size enterprises. For example, Cheng (1995) reported that in family-owned business, Taiwanese bosses used loyalty as a key criterion to classify subordinates into in-group vs. out-group members. Many Chinese subordinates, to varying degree, still feel obliged to be loyalty to their supervisor.

Therefore, based on the study of Hunt and Morgan (1994), we propose that loyalty to organization is the key mediating concept for explaining the effect of loyalty to supervisor on job satisfaction and we use the sample of employees in small and medium-size enterprises to test the hypothesis.

2 Theory and hypothesis

2.1 Loyalty to supervisor and job satisfaction

The concept of loyalty to supervisor comes from the study of commitment to supervisor. Chen et al., (1998) refined the construct of commitment to supervisor by extending its dimensionality. They used loyalty to supervisor to replace commitment to supervisor according to the Chinese culture. And many studies also suggest that in Chinese culture, the concept of loyalty to the supervisor goes beyond identification with supervisor and internalization of the supervisor’s value compared to the concept of commitment to supervisor (Chen et al., 2002). For example, Cheng (1995) described loyalty to the boss as accepting the boss’s goals/values, being faithful, willing to exert extra effort, and demonstrating unreserved dedication. Therefore, based on a study conducted in a Chinese setting, Chen et al., (1998) suggested that loyalty to supervisor is composed of five dimensions:(1) dedication; (2) effort; (3) following supervisor; (4) identification with supervisor; (5) internalization. Following Chen et al.’s (1998) suggestion, we use these five dimensions to measure loyalty to supervisor.

Previous studies have suggested that as one of the foci of commitment, loyalty to supervisor may have a unique impact on employee outcomes, such as employees’ in-role and extra-role performance. In light of such finding, it can be further proposed that loyalty to supervisor may influence other employee outcomes, such as job satisfaction. Furthermore, employee attitudes are developed through interaction with other people (e.g. supervisors) within the context of the work environment (Salanich and Pfeffer, 1978; Naumann, 1993). This argument may offer another explanation that loyalty to supervisor will influence employees’ job satisfaction. According to the definition of loyalty to supervisor, if a subordinate feel loyalty to his supervisor, he will share similar values with supervisor, thus he is psychologically attached to the supervisor (Chen et al., 1998). When interacting with this particular supervisor, the subordinate will be more satisfied with the working experience. Thus, we propose the following hypotheses

H1: Loyalty to supervisor is positively related to job satisfaction.

2.2 Loyalty to supervisor and loyalty to
organization

Organizational commitment is defined as the psychological attachment of employees to their organizations. In Western countries, organizational commitment refers to employees’ loyalty to organization. Thus, we use loyalty to organization to replace organizational commitment.

Organizational commitment has been found to be related positively to a variety of desirable work outcomes including employee job satisfaction, motivation and performance, and negatively related to absenteeism and turnover (Mathieu & Zajac, 1990). However, these studies typically have only focused on organizational commitment while they have not investigated the effects of different foci of commitment. Just as Reichers (1985) suggested, the general concepts of organizational commitment might be best understood as a collection of commitments. She argued that employees could experience several different kinds of commitment to the goals and values of multiple groups within the organization. Thus, it is important not only to understand the simple organizational commitment but also the foci of commitment. Using the multi-foci commitment approach, Becker (1992) provided support for reconceptualizing employee attachment as a multiple-foci phenomenon. He demonstrated employees' foci of commitment (e.g., commitment to top management, supervisor, and workgroups) account for unique variances in job satisfaction, intention to quit, and prosocial organizational behaviors above and beyond the variance of commitment to organization.

Although the concept of loyalty to supervisor was developed from the study of loyalty to organization, we suggest that loyalty to supervisor will be positively related to loyalty to organization in Chinese culture. Acting as an agent of the organization, the supervisor often interacts with employees on a daily basis, who enacts the formal and informal procedures of organized activities and, most importantly, serves as an administrator of rewards to subordinates (Farh, Podsakoff, & Organ, 1990). In such organization context in China, we content that loyalty to supervisor will lead to loyalty to organization. Thus, we propose the following hypotheses.

H2: Loyalty to supervisor is positively related to loyalty to organization.

2.3 Mediating influence of loyalty to organization

Based on the principle of compatibility perspective, Becker and Billing (1993) suggested that commitments toward global foci are more strongly related to organization-relevant outcomes whereas commitments to local foci are more strongly related to leader or coworker-relevant outcomes. Their study classified outcome variables into two categories: (a) global outcomes (organization-relevant), including overall satisfaction, intent to quit, and overall prosocial organizational behavior, and (b) local outcomes (leader-relevant), including satisfaction with supervisor and coworkers, and prosocial behavior directed toward the supervisor and coworkers. In this sense, job satisfaction is a global outcome so that loyalty to organization (commitments toward global foci) will have stronger affection on it.

Reanalyzing data from Becker's study (1992), Hunt and Morgan (1994) illustrated that loyalty to organization is a key mediating concept: loyalty to organization directly influences the organizational outcomes, and foci-specific commitments influence those outcomes only by way of their influences on loyalty to organization. Thus, we propose the following hypotheses.

H3: loyalty to organization mediates the relationship between loyalty to supervisor and job satisfaction.

3 Method

3.1 Sample

Participants in the current study were employees from 14 small and medium-size enterprises located in 3 major cities in Guangdong province. All of these companies have been set up for more than 24 months, and the number of employee is above 50. Companies are dispersed in manufacturing, service, and distribution industries. In our sample of 360 subordinates, 51.7 percent were male. 53.1 percent of the subordinates’ age is between 20 and 30, and 22.2 percent subordinates were between 30 and 40. Among them, 17.8 percent had a college education level or above.

3.2 Measures

Loyalty to supervisor. Loyalty to supervisor (LS) was measured by the 17-item scale with five dimensions developed by Chen et al. (1998). A confirmatory factor analysis (CFA) using LISREL 8.12a program was conducted to test the LS scale. The chi-square statistics for the five-factor model of this scale was significant ($X^2=383.89; df=114; p<0.01$). The goodness of fit index (GFI) was 0.97, and non-normed fit index (NNFI) or Tucker-Lewis goodness of fit index (TLI) was 0.96. These results suggest that the data fit the five-factor model well. The coefficient alpha for the five dimensions, i.e. dedication, effort, following supervisor, identification, and internalization were 0.79, 0.87, 0.84, 0.75, 0.75. The coefficient alpha for the 17-item scale was 0.93.

Loyalty to organization. Loyalty to organization (LO) was measured using the 7-item scale with two dimensions developed by Jiang et al. (2006). The alpha coefficients for the two dimensions, i.e. identification and internalization were 0.75, 0.76. The coefficient alpha for the 7-item scale was 0.84.
Job satisfaction. Job satisfaction (JS) was measured by the 5-item scale developed by Bacharach, Bamberger and Conley (1991). The alpha coefficient for the 5-item scale was 0.87.

The above three variables were measured on a five-point scale (1=“strongly disagree and 7=strongly agree). Both LS and LO scales were originally in Chinese. JS scale was originally in English, and translated into Chinese by a standard procedure of translation and back-translation (Brislin, 1980).

Subordinate demographics. Five demographic attributes were measured and used as control variables in the regression analysis. Age, education, and tenure were measured by number of years. Gender was codes with 1 designating men and 0 designating women. Position was code with 1 for non-supervisor, 2 for first-line supervisor, 3 for middle manager, and 4 for top manager.

4 Results

A three-step process of analysis was employed to test our hypotheses. In the first step, we conducted a confirmatory factor analysis (CFA) to verify the distinctiveness of the study variables by LISREL 8.5 (Jöreskog & Sörbom, 2001). We compared the fit of our hypothesized model to other nested plausible alternative models. In the second step, we report the means, standard deviations, coefficient alphas, and zero-order correlations for all study variables. Finally, according to Baron and Kenny’s (1986) recommended conditions for establishing mediation, we used regression analysis to test our Hypotheses.

The confirmatory factor analysis results show that the three-factor model had a better fit than the two-factor model and one-factor model($\chi^2$/df=4.50, RMSEA=0.09, CFI=0.96, NNFI=0.95). The results suggested that Loyalty to supervisor, Loyalty to organization and Job Satisfaction were distinctive constructs.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>LS</td>
<td>3.22</td>
<td>0.75</td>
<td>(0.93)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LO</td>
<td>3.32</td>
<td>0.86</td>
<td>0.55**</td>
<td>(0.84)</td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>3.08</td>
<td>0.98</td>
<td>0.41**</td>
<td>0.60**</td>
<td>(0.87)</td>
</tr>
</tbody>
</table>

*P < 0.05, **P < 0.01; Reliability coefficients for the scales are in parentheses along the diagonal.

Multiple regression analysis results shown that loyalty to supervisor was significantly related to job Satisfaction ($\beta= 0.467, p< 0.01$) and loyalty to organization ($\beta= 0.537, p< 0.01$), thus, Hypothesis 1 and Hypothesis 2 was supported. Moreover, loyalty to supervisor was significantly related to job Satisfaction ($\beta= 0.178, p< 0.01$) when loyalty to organization and the demographic characteristics were controlled for. Thus, loyalty to organization partially mediated the relationship between loyalty to supervisor and job satisfaction. Thus, Hypothesis 3 was partially supported.

5 Discussion

This study attempts to empirically examine the Hypothesis about the mediation role of loyalty to organization in the relationship between loyalty to supervisor and employees’ job satisfaction. Consisting with
the previous research of Hunt and Morgan (1994), our results affirm that loyalty to organization partially mediated loyalty to supervisor’s influence on job satisfaction. The implication of our findings is that although loyalty to supervisor has a strong effect on employee outcomes (Becker et al., 1996; Chen, 2001), loyalty to organization seem to be more important for some global outcomes (organization-relevant) such as overall satisfaction. In the future, we should further compare the effect of loyalty to supervisor and loyalty to organization on other global outcomes including intention to quit, and overall prosocial organizational behavior.

This study has several limitations. First, the data collected are cross-sectional and we did not examine the dynamic processes between organization, supervisors, and employees, so alternative explanations for observed results may exist. Future study should consider a longitudinal design. Second, our sample was limited in Guangdong province, future studies are still needed to examine whether our finding can be replicated or extended outside or in other organizational context.

References