



# THE EFFECTS OF NARCISSISTIC LEADERSHIP ON EMPLOYEE JOB SATISFACTION WITH LEADER MEMBER EXCHANGE MEDIATION

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## ABSTRACT

This study aims to determine: firstly the influence of narcissistic leadership on job satisfaction, secondly the influence of narcissistic leadership on member exchange, thirdly the influence of leader member exchange on job satisfaction, and fourthly the effect of narcissistic leadership on job satisfaction that is mediated by leader member exchange. The population in this study were employees of PT Asuransi Jasa Indonesia (Persero) with a sample of 80 respondents taken by random sampling technique. The research method used in this study is path analysis. The results obtained: (1) Narcissistic leadership influences employee job satisfaction. (2) Narcissistic leadership influences LMX. (3) LMX affects employee job satisfaction. (4) Narcissistic leadership has a direct influence on employee job satisfaction through LMX.

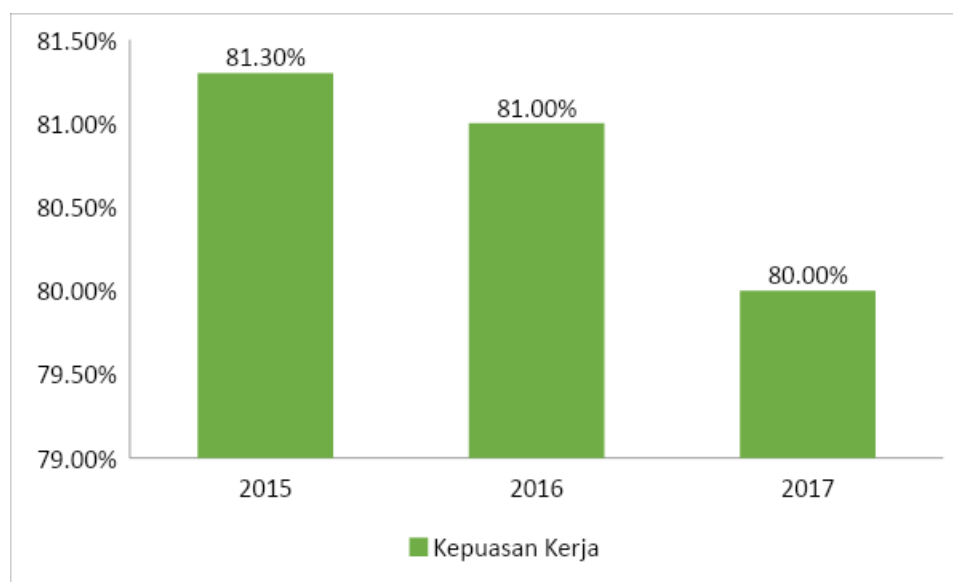
## KeyWords

Narcissistic Leadership, Leader Member Exchange, Employee Job Satisfaction, Path Analysis.

## INTRODUCTION

In facing global competition, human resources are the most important asset in a company because of their role as subjects of implementing policies and operational activities of the company. Changes in the increasingly complex and competitive organizational environment require each organization and company to be more responsive to be able to survive and continue to grow. To support this organizational change, it is necessary to change individuals. The process of aligning organizational change with individual change is not easy. Leadership is an important factor in giving direction to employees, so the leadership needed is a leadership that can empower employees and foster self-confidence of employees in carrying out their respective duties. The results of Suprpta's research (2015) show that there is a positive and significant influence between leadership on job satisfaction. The influence between leadership and job satisfaction is also evidenced by Bushra (2011), Ghafoor (2011) in their research which proves that leadership has a strong influence on job satisfaction.

According to Milyati (2011), job satisfaction is a pleasant and loving attitude towards work done, or job satisfaction is a sense or feeling felt by employees in viewing and carrying out their work. Factors that significantly affect employee job satisfaction are factors related to the work itself, to working conditions, to the leadership, to coworkers, to supervision, to promotion and to salary. The following are the results of a job satisfaction survey of PT Asuransi Jasa Indonesia Persero employees:



**Figure 1.1. Employee Job Satisfaction Diagram of Asuransi Jasindo**

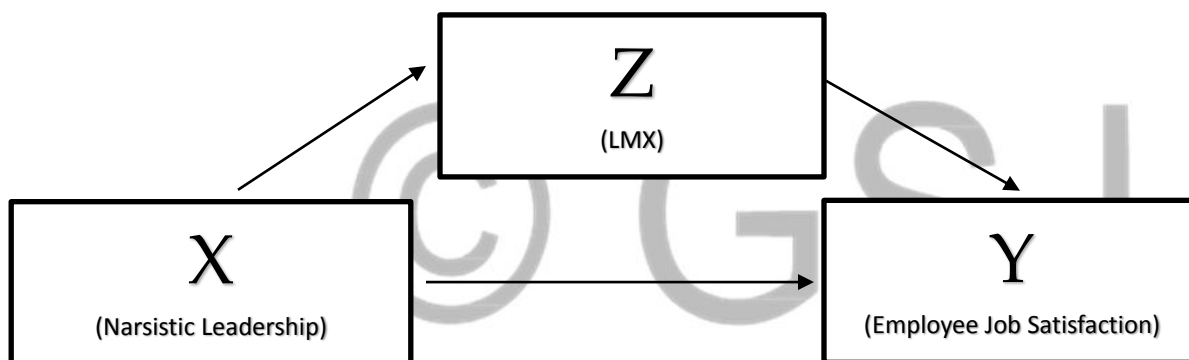
Source: Annual Report of Asuransi Jasindo (2015-2017)

In relation to the employee job satisfaction surveys above, an interesting variable to be examined is leadership. One of the tough challenges often faced by a leader is how he can move his subordinates to always want and willing to exert his best abilities for the benefit of his organization. When someone is inclined to narcissism, various personality characteristics have been linked to narcissistic. According to Morf & Rhodewalt (2001), narcissism is something dynamic, socially defining with two key elements namely excessive positivity and high self-views, in addition of self-regulation strategies to maintain and enhance a positive outlook. Every organization must be aware of narcissism that can lead to organizational failure (Maccoby, 2004). Appreciation for the degree of equality among all employees held by all members of the company, or also the values of the relationship between leaders and sub-

ordinates who are not discriminatory in this case is the quality of the relationship between superiors and subordinates. According to Bokhi (2014), LMX is a positive two-way relationship between leaders and members aimed at increasing organizational success. According to Bokhi's research (2014), there is a positive direct effect of LMX on job satisfaction. This research is also supported by the results of this study supported by the theory put forward by George (2012) that in a two-way relationship between leaders and subordinates, each of them has a substantial influence on one another.

## METHODS

This research was conducted at PT Asuransi Jasa Indonesia (Persero), a type of research on the influence of narcissistic leadership on employee job satisfaction mediated by LMX using descriptive-correlational methods. According to Sugiyono (2011), descriptive method is a research method conducted to determine the existence of an independent variable, either only on one or more variables (independent variables) without making comparisons and looking for the relationship of that variable with other variables. In this case, the researcher determines the variable relationship with the research design as follows:



In this study, primary data were obtained from distributing questionnaires to the employees of the Central Office of PT Asuransi Jasa Indonesia (Persero). Researchers took a sample of 80 employees using random sampling techniques. This research uses the Likert Scale, according to Sugiyono (2012), research instruments that use the Likert Scale can be made in the form of a checklist or multiple choices.

Data analysis used in this research is to use a descriptive method with a quantitative approach; a method that describes the real situation systematically, factually and accurately about narcissistic leadership. Software used in the study was analyzed using SmartPLS version 3.2.7.

## RESULTS AND DISCUSSION

Characteristics description of the respondents consisted of gender, age and position as follows:

**Table I: Respondents Data based on Gender**

Gender	Frequency	Percentage of
Men	44	55.0%
Female	36	45.0%
<b>Total</b>	<b>80</b>	<b>100.0%</b>

Based on the table above, it is known that of the 80 employees of PT Asuransi Jasa Indonesia (Persero) who served in the central office involved in this study were majority males with 55.0% of the sample.

**Table II: Respondents Data based on Age**

Age	Frequency	Percentage
20-30 Years	31	38.8%
31-40 Years	31	38.8%
41-50 Years	18	22.5%
<b>Total</b>	<b>80</b>	<b>100.0%</b>

Based on the table above, it is known that from 80 employees of PT Asuransi Jasa Indonesia (Persero) who served at the central office involved in this study were mostly (75%) aged 20-40 years.

**Table III: Respondents Data based on Position**

Position	Frequency	Percentage
Execution	18	22.5%
Staff	43	53.8%
Specialist	12	15.0%
Manager	7	8.8%
<b>Total</b>	<b>80</b>	<b>100.0%</b>

Based on the table above, it is known that of the 80 employees of PT Asuransi Jasa Indonesia (Persero) who served in the central office involved in this research were mostly are in the staff position.

Testing the direct influence hypothesis is used to test whether there is a direct influence of exogenous variables on endogenous variables. The test criteria state that if the path coefficient is positive and the value of p value (one way)  $\leq$  level of significance ( $\alpha = 5\%$ ) then the positive and significant influence of exogenous variables on endogenous variables existed. Hypothesis testing results can be known through the following table:

**Table IV: Analysis Results of Direct Hypothesis Testing**

Exogenous	Endogenous	Path Coefficient	T Statistics	P Values	P Value (1 way)
Narcissistic Leadership	Leader Member Exchange	0.319	3,413	0,001	0,000
Narcissistic Leadership	Job Satisfaction	0.757	12.32	0,000	0,000
Leader Member Exchange	Job Satisfaction	0.147	2.365	0.018	0.009

Based on the summary of the table of hypothesis testing above, the results can be explained as follows:

**1. The influence of narcissistic leadership on leader member exchange**

The effect of narcissistic leadership on leader member exchange produces a path coefficient of 0.319 with a p value (one way) of 0.001. The test results show that the path coefficient is positive and the value of p value (one way)  $<$  level of significance ( $\alpha = 5\%$ ). This means that there is a positive and significant influence of narcissistic leadership on leader member exchange.

This is in line with previous research by Baars (2015) that showed that there is the influence of narcissistic leaders on psychological well-being (job satisfaction, work-related anxiety, work-related depression and emotional exhaustion) from their followers as a result of the overall lower quality of the relationship of subordinate with its superiors.

Therefore, Hypothesis 1: Narcissistic Leadership has positive effect on Leader-Member Exchange.

**2. The effect of narcissistic leadership on job satisfaction**

The effect of narcissistic leadership on job satisfaction produces a path coefficient of 0.757 with a p value (one way) of 0,000. The test results show that the path coefficient is positive and the value of p value (one way)  $<$  level of significance ( $\alpha = 5\%$ ). This means that there is a positive and significant influence of narcissistic leadership on job satisfaction.

This is in line with previous research by Abbas (2015), revealing that narcissism is low among participants and generally shows more job satisfaction, in addition with employees get pleasure through supervision and opportunities for progress are offered in their workplaces as factors of their job satisfaction.

Based on the explanation above, Hypothesis 2: Narcissistic Leadership has a positive effect on Employee Job Satisfaction.

**3. The influence of leader member exchange on job satisfaction**

The effect of leader member exchange on job satisfaction produces a path coefficient of 0.147 with a p value (one way) of 0.009. The test results show that the path coefficient is positive and the value of p value (one way)  $<$  level of significance ( $\alpha = 5\%$ ). This means that there is a positive and significant influence of leader member exchange on job satisfaction.

The explanation above is in line with research by Berrin, (2007) showing that there is a positive relationship between LMX and stronger job satisfaction.

Therefore, Hypothesis 3: Leader Member Exchange (LMX) has a positive effect on Employee Job Satisfaction.

Testing the indirect effect hypothesis is carried out with the aim to test whether there is an indirect influence of exogenous variables on endogenous variables through mediating variables. The test criteria state that if the path coefficient is positive and the value of p value (one way)  $\leq$  level of significance ( $\alpha = 5\%$ ) then it is stated that there is a positive and significant influence of exogenous variables on endogenous variables through mediating variables. The results of hypothesis testing indirect effect can be summarized in the following table:

**Table V: Results of Indirect Hypothesis Testing Analysis**

Exogenous	Mediation	Endogenous	Indirect Coef.	T Statistics	P Values	P Value (1 way)
Narcissistic Leadership	Leader Member Exchange	Job Satisfaction	0.047	1,761	0.079	0.039

Based on the test listed in the table above it can be explained as follows:

#### **The effect of narcissistic leadership on job satisfaction through leader member exchange**

The effect of narcissistic leadership on job satisfaction through leader member exchange produces a path coefficient of 0.047 with a p value (one way) of 0.039. The test results show that the path coefficient is positive and the value of p value (one way)  $<$  level of significance ( $\alpha = 5\%$ ). This means that there is a positive and significant influence of narcissistic leadership on job satisfaction through leader member exchange.

These results are in line with Baars' (2015) research showing that there is a positive influence of narcissistic leaders on job satisfaction through Leader Member Exchange (LMX) as a result of the overall lower quality of subordinate-boss relations.

Therefore, Hypothesis 4: Leader Member Exchange (LMX) can significantly mediate the influence of Narcissistic Leadership on Job Satisfaction.

## **CONCLUSIONS AND SUGGESTIONS**

Based on the results of the analysis and discussion that has been carried out on the effect of narcissistic leadership on job satisfaction mediated by LMX at PT Asuransi Jasa Indonesia (Persero), the following conclusions can be drawn:

1. Narcissistic leadership has a positive effect on Leader Member Exchange, a narcissistic leader will influence the quality of good relationship between superiors and subordinates.
2. Narcissistic leadership has a positive effect on employee job satisfaction. Narcissistic leaders will increase employee job satisfaction
3. Leader Member Exchange (LMX) has a positive effect on employee job satisfaction, the better the quality of the relationship between leaders and employees will increase employee job satisfaction.
4. Leader Member Exchange (LMX) can significantly mediate the influence of Narcissistic Leadership on Job Satisfaction. Narcissistic leaders can influence the quality of relationships between superiors and subordinates so that it will have an impact on employee job satisfaction.

From the results of research that has been done, suggestions that can be given as input for interested parties are as fol-

lows:

1. For Employees of PT Asuransi Jasa Indonesia

In order to improve job satisfaction, employees need to be able to adapt to pressures and work pressures, especially from the perspective of each leader in delegating work as well as the character of each different leader, the quality of the relationship between leaders and subordinates, and organizational support are priorities in establishing cooperation in an organization to the company's progress.

2. For the management of PT Asuransi Jasa Indonesia

Leaders in an organization need to evaluate each action taken, as well as the procedures for communicating with employees, especially the character of each different leader, as one of the measurement in creating relationship quality for job satisfaction.

3. For further research

- a. The results of this study are expected to be one source of support, especially for research related to narcissistic leadership where one of the factors of management success is the nature or behavior of the leader itself in working together in an organization.
- b. The nature of narcissism can be a constructive factor and needs to be investigated further by adding a lot
- c. Further research can measure productivity in relation to the role of the leader especially the narcissism of the leader in the scope of an organization.

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