

Leader-member exchange and firm survival: evidence from tourism businesses in Thailand

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Keywords

Leader-Member Exchange, Organizational Creativity, Organizational Innovation, Organizational Learning, Firm Survival

Abstract

The purpose of this study had two folds. Firstly, the study examined the relationship between leader-member exchange (including work-oriented activity, mutual affection, interpersonal faithfulness and professional respect), organizational creativity, organizational innovation, organizational learning and firm survival. Secondly, the study examined organizational learning moderate effect between leader-member exchange and organizational creativity. The samples selected were 178 tourism businesses in Thailand. The results found that only the interpersonal faithfulness and professional respect will cause organizational creativity and innovation. Organizational learning to make mutual affection resulted in more creativity, but work-oriented activity, interpersonal faithfulness, and professional respect had no effect on organizational creativity. Furthermore, organizational creativity resulted in organizational innovation and firm survival. Further research should be conducted in this issue, with other businesses in the service sector; such as hotel firms, to explain these relationships and to gain more generalization.

1. Introduction

The organizational operations currently used to manage vary depending on the environment which is characterized by rapid changes and competition increases (Hitt et al., 2000). The survival of an organization under a changing environment requires creating a distinctive administration, as well as new products or services following the cooperation of members within the business. This makes each of these businesses form different relationships which are important for the leaders and are key indicators of success or failure (Kaiser, Hogan, and Craig, 2008). Leader-member exchange issue is presented to explain the differences in the relationship between the parties when concerning leaders and subordinates (Dansereau, Graen, and Haga, 1975). These relationships require a leader with the ability to create an atmosphere to encourage participation on the creativity of employees for survival of the organization under the restrictions.

Creativity and innovation are important for all organizations today. Creativity and innovation are central and relevant and have been of very much interest in organization research (Wyer et al. 2010). The creativity of an organization is formed by employees who have creative ideas that will lead to an innovation, while innovation in the organization is based on innovative new ideas that arise from the creation by an employee (Shalley et al., 2004). These are based on resources, management practices, organizational motivation, expertise, intrinsic motivation and creativity skills (Amabile 1983). Thus, leader-member exchange is a relationship between leaders and employees to motivate employees to be associated with creativity and innovation as well.

Previous research studied the issues involving leader-member exchange found in a variety of situations. However, it was found that there is little research on issues related to the creativity and innovation that affect the survival of the organization, especially in tourism firms. Tourism firms are businesses that have to increase tourists continuously; as a result, businesses need to have a response, development, making unique products and creative innovative for satisfaction, good quality of tourists (Bardolet & Sheldon, 2008) and have a successful operation. From the above, it is interesting that research has linked the leader-member exchange with organizational creativity and organizational innovation when concerning the survival of a business.

The purpose of this study has two folds. First, the study examines the relationship between leader-member exchange, organizational creativity, organizational innovation, organizational learning and firm survival. Second, the study examines organizational learning moderate effect between leader-member exchange and organizational creativity. In order to help us fully understand the concepts, this study has determined the research question: (1) How does leader-member exchange including work-oriented activity, mutual affection, interpersonal faithfulness and professional respect affect organizational creativity? (2) How does organizational creativity affect organizational innovation? (3) How does organizational innovation affect firm survival? (4) How does leader-member exchange - including four dimensions - affect organizational innovation? (5) How does organizational creativity affect firm survival? (6) How does organizational learning moderate the relationship between leader-member exchange and organizational creativity?

This study was conducted as follows; The first section is a presentation about the literature review to determine the hypotheses that are associated with leader-member exchange, organizational creativity, organizational innovation, organizational learning and firm survival. The second section presents the methods of the research, the consistency of the sample selection, the data collection, the measurements, and statistics used for this study. The third section presents the results analysis of the study and a discussion of the results generated from this study. The final section is a summary of the study, the limitations and interesting suggestions for future research.

2. Literature Reviews and Hypotheses Development

This study describes the relevant theories and concepts in the study of the links between leader-member exchange, organizational creativity, organizational innovation, organizational learning and firm survival. All the hypotheses offered in the study expect a positive impact. Thus, the concept and the model were presented to the relationship of the construct shown in Figure 1. as below:

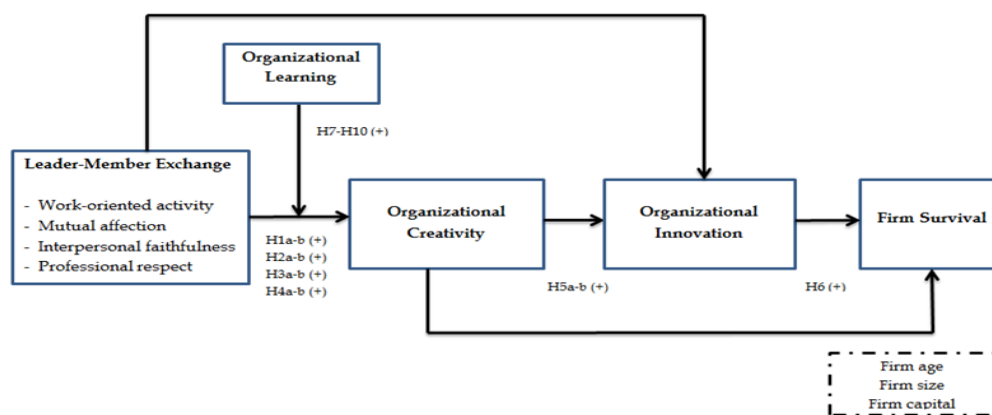


Figure 1: Model of Leader- Member Exchange and Firm Survival

2.1 Leader- Member Exchange

Leader-member exchange (LMX) is defined as the quality of the relationship of collaboration work between the leader and the subordinates (Dansereau et al., 1975). Leader-member exchange according to social exchange theory is explained as the development of relations between supervisor and members (Dienesch & Liden, 1986). The exchange between the supervisor and members is associated with the development of a different kind of relationship or exchange with a subordinate. These relationships on the basis of a contract of employment with the characteristics caused by the trust, respect, links and influence interdependence (Liden and Maslyn, 1998). These relations will contribute to the success of organizations by increased workers, management efficiency, and improved coordination. Thus, the social exchange theory can be a useful mechanism for understanding the increase in the relationship to interpersonal that supports and motivates employees to have more creativity, which results in organization creativity and organization

innovation. The relationship between the leader and the employee is based on a form of coexistence between the people, the ability of the subordinates and the ability to inter depend (Yukl, 2006). For this study, leader-member exchange has four dimensions as described below:

Work-oriented activity

Work-oriented activity refers to the activities of each member brought to the shared goal of the dyad who demonstrates perception of the number, direction and quality (Dienesch and Liden, 1986). This is an important role of behavior in relation to the work of subordinates on developing leader-member exchange. The employees, who are in a relationship high leader-member exchange, will be recognized as being competent and dependent. Focus can be put on changes and improvement whilst serving together, to have the resources and a relationship with work and support the interpersonal to make meaningful progress on duty (Gu, Tang and Jiang, 2015). According to the research of Volmer et al. (2012) leader-member exchange creates positive relationships that are relevant to employees who have creative ideas about jobs that expected activity in the work caused some creative ideas for their work.

Furthermore, leader-member exchange is also associated with innovation. According to Yuan and Woodman (2010) who study empirical research about innovation found that work with the need to pursue innovation must be quality, having good relations between supervisors and staff resulted in the innovation being supported by the organization, all have a significant influence on the results of innovation and performance. The relevance of these can lead to the following hypothesis:

Hypothesis 1: Work-oriented activity is positively related to (a) organizational creativity and (b) organizational innovation.

Mutual affection

Mutual affection refers to the common feelings shared between supervisors and members on the basis of attraction between individuals, more than work or the value of their expertise (Dienesch and Liden, 1986). The interactions between individuals of high quality will increase positive effects, because they add a great sense of the person, competency, and autonomy (Quinn and Dutton, 2005). Likewise, the view of the feeling in cooperation among diverse membership, employees with a high relationship of leader-member exchange will feel that they are under the support of a psychological atmosphere, thus, obtaining a good dependence from supervisors by participating in discretionary processes and innovation in work (Volmer et al., 2012). During previous research studies in view of the service, Wilson (2010) found that employees who have a strong and positive relationship with the supervisor would cause the employee to more focus on access to resources such as knowledge, value data and the instructions of the supervisor and to focus more on duties that will be an opportunity to convert to their creativity. This study expects good feelings and a good relationship between employee and the supervisor to lead to the improved creativity of the organization. These suggestions lead to the following hypothesis:

Hypothesis 2: Mutual affection is positively related to (a) organizational creativity and (b) organizational innovation.

Interpersonal faithfulness

Interpersonal faithfulness is defined as the extent to which the leader and members openly support the actions and characteristics of the dyad (Dienesch and Liden, 1986) where there is support towards a common goal and a willingness to defend the actions of other members of the dyad. Loyalty is demonstrated openly and it is supported, which builds trust in a relationship. When loyalty and trust are occurring in the work environment, employees are more likely to have increased creativity and innovation (Isaksen and Laver, 2002) within organizations. Trust that employees receive from their leader, gives the employee the possibility to give priority to their responsibilities, especially those employees who are highly correlated in leader-member exchange. These employees who receive high trust are thus given the opportunity and are more likely to

demonstrate high creativity. In addition to this, employees with low leader-member exchange have limited creativity and their level of performance is impacted (Martinaityte and Sacramento, 2013). This shows that trust can influence creativity and performance directly. The reason above expects interpersonal faithfulness, and having a greater relationship between supervisors and employees when related to trust to stimulate the creativity of the employee which builds innovation, both technical and administrative, for greater performance. These suggestions lead to the following hypothesis:

Hypothesis 3: Interpersonal faithfulness is positively related to (a) organizational creativity and (b) organizational innovation.

Professional respect

Professional respect refers to the reflection of the manner of the capabilities or the career of an individual who has been acknowledged into an organization. An awareness of the individual members of the dyad who have established a reputation inside or outside the organization and shown excellence in their work creates professional respect (Dienesch and Liden, 1986). Employees who have expertise in their field feature self-efficacy and display a belief in their own capabilities when considering the feelings, thoughts, motivation. According to Walumbwa and Hartnell (2011) employees who have a good relationship and exchange of common values with the supervisors tend to support the belief in their own ability to contribute to their own performance in relation to their capacity of creative and innovative behavior. Likewise, employees who have leader-member exchange will more likely demonstrate innovative behavior, which affects the high expectation operation, that means employees are highly correlated with the supervisors to give them the confidence to display innovative behavior to become more affective to the evaluation, and make organizations have increased innovation (Yuan and Woodman, 2010).

Furthermore, Scott and Bruce (1994) suggest that the relationship between supervisors and employees has significant positive involvement in innovative behavior, which shows the professionals in part of the contribution that cause such a relationship (Scott and Bruce, 1998). This reason above expects that professional respect will result in a creative employee, because they believe in their ability for greater performance by receiving support from supervisors and converting to innovative behavior. These suggestions lead to the following hypothesis:

Hypothesis 4: Professional respect is positively related to (a) organizational creativity and (b) organizational innovation.

2.2 Organizational creativity

Organizational creativity is defined as "...the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working together in a complex social system" (Woodman et al. 1993, p. 293). The challenge for companies is to create organizations that allow activities to perform effectively, while creativity and innovation creates opportunities for growth (Van Dijk and Van den Ende, 2002) and enables greater performance. Employees who are creative individuals have the chance to make new products, have discovered a new method or a new collection that is associated with the task (Gumusluoglu and Ilsev, 2009). The thing that has to differ substantially from what already exists is derived from creativity; this must contain expertise, creative-thinking skill, and intrinsic task motivation which are the first steps of the creativity that will lead to innovation of the organization (Amabile Teresa M., 1997). Some researchers suggest that the valuable insight that an individual uses to develop creative ideas, such as ideas that may be derived from many different unknown sources to find a better or a unique way to contribute to the new improved operation (Mumford, M.D., 2000). Employees have reconstructed first ideas before they finally found the right solution for the existing problems during the trial. This process demonstrates the innovative ideas generated, and finally, it relates to one thing that has a specific identity to an organization (Hsiao and Chou, 2004). The iteration or re-evaluation of such

development is that it enables organizations to increase efficiency in operations and cause a new concept that is appropriate (Galanakis et al., 2000). These are the results of an innovative organization, by describing the attributes of risk-taking that seek solution by trial and error (Khedhaouria and Ribiere, 2013). Furthermore, the research and development is associated with the determination to distribute resources on idea generation and product development of the organization (Alves et al., 2007). According to Shalley et al. (2004), employees who have the creativity to build and take advantage of ideas about products, practices or processes will help to create more effective organization. Thus, creativity is a source of new ideas which comes from individuals (Redmond et al., 1993) and employees who have creativity. That is the raw material necessary for the innovation of organizations (Oldham and Cummings, 1996). Companies can then respond to customers needs and survive under strongly competitive conditions.

From the previous research, Sarooghi, Libaers and Burkemper (2015) have conducted a study on the relationship between creativity and innovation by the determining factors of the environment in the organization and cultural factors as a stimulus to these relationships. The results found that there is a strong relationship between creativity and innovation, and that the corporate environment and cultural factors are as a stimulus between the relations as well. Meanwhile, the research of Sung and Choi (2012) found that the impact of knowledge management teams with creativity affects the financial performance of organizations. They found that the utility knowledge of the team will cause a positive relationship with the creative team and the creativity that is related to financial performance as well. These studies showed that creativity could affect innovation and better performance of organizations. Thus, these suggestions lead to the following hypothesis:

Hypothesis 5: Organizational creativity is positively related to (a) organizational innovation and (b) firm survival.

2.3 Organizational innovation

The wide variety of research studies on organizational innovation have shown that innovation is necessary for the survival of an organization (Cavusgil et al., 2003) and the performance of organizations. According to the definition of organizational innovation, the concept refers to the ideas that are new and useful to the organization, with the use of appropriate technical and administrative processes, which help companies create new businesses or enter into new markets and to offer products or services successfully (Amabile, 1983, 1997; Ibarra, 1993). Therefore, organizational innovation is associated with creation and implementation of a management practice, process, structure or technique that is new and is intended to further organizational goals (Birkinshaw et al., 2008). This kind of innovation that can be classified into several types (Han et al., 1998), but the kind of innovation that can be most effective is technical innovation and administrative innovation (Vijande and Gonzalez, 2007). Technical innovation is related to products, services, technologies and production processes, which would mean the introduction of new products or services, the appropriate updating of existing ones (OECD, 2005), as well as investment in technology systems that are used to gather ideas, and recognize new opportunities and benefits (Laforet & Tann, 2006). Meanwhile, administrative innovation means organizational structure and administrative process which refers to a process that is capable of new managerial and working methods and practice that contributes to the overall operations of the company (Laforet & Tann, 2006; Damanpour & Evan, 1984). The previous research in the study of Irwin et al. (1998) found the positive influence of technological innovations on organizational performance. Likewise, Morale, Montes and Jover (2007) conducted a study about effect of personal mastery on organizational performance, through organizational learning and organizational innovation, which found that personal mastery, organizational learning and organizational innovation positively influence on organizational performance. These studies demonstrate that organizational innovation is basically what creates greater performances of organizations. These suggestions lead to the following hypothesis:

Hypothesis 6: Organizational innovation is positively related to firm survival.**2.4 Moderating effect of Organizational Learning**

Organizational learning is defined as the development of new knowledge or insights that are important to influence behavior (Slater and Narver, 1995). These activities involve information acquisition, information dissemination and shared interpretation. Meanwhile, the organizational learning takes place when relevant awareness and recognition systems that are exchanged by members of the organization (Schulz, 2001) and the companies have a need for innovation which also requires learning the system effectively. The one thing that makes the adoption of innovation is creative ideas that might create a product, service, idea or new process (Woodman et al, 1993). These reasons can be said that the organizational learning can stimulate mutual relations within the organization to bring creativity and innovation into the organization. These suggestions lead to the following hypotheses:

Hypothesis 7: Organizational Learning positively moderates the relationships between work-oriented activity and organizational creativity.

Hypothesis 8: Organizational Learning positively moderates the relationships between mutual affection and organizational creativity.

Hypothesis 9: Organizational Learning positively moderates the relationships between interpersonal faithfulness and organizational creativity.

Hypothesis 10: Organizational Learning positively moderates the relationships between professional respect and organizational creativity.

3. Research Methods**3.1 Sample selection and data collection procedure**

The population of this study is tourism businesses in Thailand. The tourism firm is a business that provides a service while improving steadily, as well as a business group that will have to respond and develop a unique and creative innovation in order to respond to the satisfaction of customers, so the tourism firm is relevant for this study. The data collection method was a questionnaire, the key participants in this study were chief executive officers, executive directors and managing partners. The data collection for this study is selected from Intelligence Center: Tourism Authority of Thailand (<http://marketingdatabase.tat.or.th>) in December, 2014. The initial sample of 872 tourism businesses produced 178 completed sample surveys, the response rate was approximately 20.41%. This response rate is greater than 20% which is thought as acceptable (Aaker, Kumar and Day, 2001). Moreover, there were also non-response bias tests used for testing the difference between early and late responses, according to the recommendation of Armstrong and Overton (1977). These found that there are no significant differences between the two groups, which represent no problem for the study.

For this study, a questionnaire was developed into six sections. The first section asked about the general information of the respondents; such as gender, age, status, education level, past experience, salary and current position. The second section asked about the general information of the tourism firm; such as business type, form of tourism firm, type of service, number of employees, their capital and time period for operation and revenue. The third was concerned with four dimensions of leader-member exchange. The other parts asked about organizational creativity, the organizational innovation, the organizational learning and firm survival. The final section provided an open-ended question for opinions and suggestions.

3.2 Measurements

In this study, all constructs were measured on a multi item scale. Each variable was measured using a five point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), which can be explained by the measurement of parameters consisting of dependent, independent, mediating, moderating and control variables as detailed below:

Independent Variables

Work-oriented activity (WA) is measured by a four-item scale, and is defined as the activities that each member brought to the shared goal of dyad and looks at who demonstrated perception of the number, direction and quality. This scale measure is adapted from Graen and Uhl-Bien's (1995).

Mutual affection (MA) is measured by a four-item scale, and is defined as common sense between supervisors and the members on the basis of attraction between individuals, more than work or the value of their expertise. This scale measure is adapted from Graen and Uhl-Bien's (1995).

Interpersonal faithfulness (IF) is measured by a four-item scale, and is defined as the extent to which the leader and members openly support the actions and characteristics of the dyad where support toward a common goal is concerned. This scale measure is adapted from Graen and Uhl-Bien's (1995).

Professional respect (PR) is measured by a four-item scale, and is defined as the reflection of the manner of the capabilities of the career of an individual who has been acknowledged. Individual members of the dyad who have established a reputation inside or outside the organization and shown excellence in their work will gain professional respect. This scale measure is adapted from Graen and Uhl-Bien's (1995).

Consequence Variables

Organizational creativity (OC) is measured by a sixteen-item scale, and is defined as the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working together in a complex social system. This scale measure is adapted from Zhou and George's (2001); Baer and Oldham (2006).

Organizational innovation (OI) is measured by an eight-item scale, and can be defined as a concept that is novel and useful to the organization, and the use of appropriate technical and administrative processes, which help companies create new businesses or enter into new markets and to offer products or services successfully. This scale measure is adapted from Demanpour (1991); Ibarra's (1993).

Firm survival (FS) is measured by a four-item scale, and is defined as the increasing high income from operation and satisfactory performance in the past, which is set to continue to both the present and to extend to the future. The measures consist of both financial and non-financial outcomes. This scale measure is adapted from Persson (2004).

Moderating Variable

Organizational Learning (OL) is measured by a four-item scale, and is defined as the development of new knowledge or insights that are important factors that will influence behavior and activities. Organizational learning involves information acquisition, information dissemination and shared interpretation. This scale measure is adapted from Hung et al. (2011).

Control variables use firm size, firm capital and firm age for this study. Firm size is measured by the number of employees in the organization. Firm capital is measured by the number of funds that the organization holds and firm age is measured by the length of the operation of the organization.

3.3 Methods

This study examined the reliability and the validity precision of the construct on all the variables. The first essential analysis uses factor analysis to explore the relationships with many items, and determines to reduce to the small number of sets factor. The analysis was performed on each set of items separately by the all factor loading that has between 0.784 - 0.945. These factor loadings have values greater than 0.4 and the significance statistics has suggested that the factor loadings should not be less than 0.4 (Nunnally and Berstein, 1994). The second measurement of reliability is determined by the Cronbach's Alpha which suggested that there should be greater than 0.7 according to Nunnally and Berstein (1994). In this study, there is the overall Cronbach Alpha between 0.843 - 0.945. Therefore, the study has the reliability and validity measurement that is

appropriate to bring these data to examine the hypotheses tested as well. As shown the analysis in the Table 1.

Items	Factor Loadings	Cronbach's Alpha
Work-oriented activity (WA)	0.820-0.901	0.874
Mutual affection (MA)	0.843-0.885	0.887
Interpersonal faithfulness (IF)	0.816-0.869	0.864
Professional respect (PR)	0.784-0.876	0.843
Organizational creativity (OC)	0.823-0.906	0.945
Organizational innovation (OI)	0.945-0.945	0.905
Organizational learning (OL)	0.838-0.903	0.905
Firm survival (FS)	0.828-0.893	0.868

Table 1: Results of measure validation

This study used the ordinary least squares (OLS) analysis to test the hypothesis. Because all of the variables in the study are not the nominal and categorical data, the method is appropriate for testing. The equation models were used for statistical analysis and expressed as follows:

$$\begin{aligned} \text{Equation 1: } OC &= \beta_{01} + \beta_1 WA + \beta_2 MA + \beta_3 IF + \beta_4 PR + \beta_5 FA + \beta_6 FSI + \beta_7 FC + \varepsilon_1 \\ \text{Equation 2: } OC &= \beta_{02} + \beta_8 WA + \beta_9 MA + \beta_{10} IF + \beta_{11} PR + \beta_{12} OL + \beta_{13} (WA * OL) + \\ &\beta_{14} (MA * OL) + \beta_{15} (IF * OL) + \beta_{16} (PR * OL) + \beta_{17} FA + \beta_{18} FSI + \\ &\beta_{19} FC + \varepsilon_2 \\ \text{Equation 3: } OI &= \beta_{03} + \beta_{20} WA + \beta_{21} MA + \beta_{22} IF + \beta_{23} PR + \beta_{24} FA + \beta_{25} FSI + \beta_{26} FC + \varepsilon_3 \\ \text{Equation 4: } OI &= \beta_{04} + \beta_{27} OC + \beta_{28} FA + \beta_{29} FSI + \beta_{30} FC + \varepsilon_4 \\ \text{Equation 5: } FA &= \beta_{05} + \beta_{31} OC + \beta_{32} FA + \beta_{33} FSI + \beta_{34} FC + \varepsilon_5 \\ \text{Equation 6: } FA &= \beta_{06} + \beta_{35} OI + \beta_{36} FA + \beta_{37} FSI + \beta_{38} FC + \varepsilon_6 \end{aligned}$$

4. Results and Discussion

Table 2 displays the descriptive statistics and correlation matrix of all variables. With respect to potential problems relating to multicollinearity, all correlation coefficients of independent variables and variance inflation factors (VIF's) were used to provide information on the extent to which non-orthogonality among independent variables inflates standard errors. The VIFs of the study between 1.057 to 4.546, which is well below the suggestion of 10 according to Hair, Black, Babin and Anderson (2010) who suggested that independent variables are not correlated with other variables. Thus, this study does not have a significant multicollinearity problem.

Variables	WA	MA	IF	PR	OC	OI	OL	FS	FSI	FC	FA
Mean	4.117	4.142	4.119	4.159	4.121	4.107	4.115	3.910			
S.D.	0.655	0.661	0.626	0.588	0.553	0.571	0.674	0.713			
WA											
MA	.792**										
IF	.689**	.795**									
PR	.634**	.753**	.754**								
OC	.588**	.658**	.685**	.773**							
OI	.555**	.613**	.661**	.697**	.875**						
OL	.522**	.550**	.653**	.662**	.793**	.792**					
FS	.463**	.363**	.487**	.457**	.521**	.535**	.534**				
FSI	-.027	-.045	-.097	-.101	-.042	-.033	-.024	-.055			
FC	.018	.010	.140	.023	.089	.033	.116	.061	.164*		
FA	.069	-.017	.076	.046	.048	.048	.019	.090	.008	.061	

**p<0.01 *p<0.05

Table 2: Descriptive statistics and correlation matrix

The statistical analysis is to test the relationship in dimensions of leader-member exchange, organizational creativity, and organizational innovation that influences firm survival. Moreover, organizational learning is a moderating effect on the relationship between leader-member exchange and organizational creativity. The results in Table 3 show that work-oriented activities are not significantly related to both organizational creativity and organizational innovation. Thus, **hypotheses 1a and 1b are not supported**. Likewise, mutual affection is also not significantly related to both organizational creativity and organizational innovation. Thus, **hypotheses 2a and 2b are not**

supported. Interpersonal faithfulness is positively related to organizational creativity and organizational innovation ($\beta_3 = 0.174$, $p < 0.05$; $\beta_{22} = 0.288$, $p < 0.01$) Thus, **hypotheses 3a and 3b are supported.** Professional respect is positively related to the organizational creativity ($\beta_4 = 0.573$, $p < 0.01$). Similarly, there are also positively related to organizational innovation ($\beta_{23} = 0.439$, $p < 0.01$). Thus, **hypotheses 4a and 4b are supported.** The results of this analysis suggest that the expertise that is followed by the development and research has shown to continue contributing and working on the assigned responsibility. However, if the supervisor fails to reciprocate by contributing their inputs, these results in employees are not stimulated to be innovative. The changes will be a high trust result in loyalty, which makes it very possible that the employees will lead to greater innovativeness (Lee Jean, 2007). The organizational creativity is positively related to organizational innovation ($\beta_{27} = 0.879$, $p < 0.01$) and firm survival ($\beta_{31} = 0.515$, $p < 0.01$). Likewise, the organizational innovation is positively related to firm survival ($\beta_{35} = 0.529$, $p < 0.01$). The results of this analysis are consistent with previous research which has suggested that innovation is bringing the use of new ideas into an organization, while creativity is the ability to generate ideas that benefit them (Amabile, 1983). Thus, **hypotheses 5a, 5b and hypothesis 6 are supported.**

Independent	Dependent					
	Model 1 OC	Model 2 OC	Model 3 OI	Model 4 OI	Model 5 FA	Model 6 FS
WA	0.093 (0.078)	0.000 (0.068)	0.095 (0.088)			
MA	0.015 (0.100)	0.161* (0.083)	-0.019 (0.112)			
IF	0.174** (0.088)	-0.047 (0.072)	0.288*** (0.098)			
PR	0.573*** (0.077)	0.381*** (0.065)	0.439*** (0.087)			
OC				0.879*** (0.037)	0.515*** (0.065)	
OI						0.529*** (0.064)
OL		0.480*** (0.055)				
WA*OL		-0.009 (0.050)				
MA*OL		0.373*** (0.084)				
IF*OL		-0.173** (0.084)				
PR*OL		-0.096 (0.071)				
FSI	0.146 (0.246)	0.044 (0.197)	0.236 (0.276)	0.064 (0.191)	-0.190 (0.337)	-0.239 (0.333)
FA	-0.002 (0.095)	0.032 (0.075)	-0.181 (0.368)	0.017 (0.074)	0.129 (0.130)	0.124 (0.128)
FC	0.300 (0.329)	0.154 (0.262)	0.000 (0.108)	-0.321 (0.252)	0.121 (0.444)	0.324 (0.437)
Adjust R ²	0.614	0.763	0.516	0.762	0.261	0.277

* $p < .1$, ** $p < .05$, *** $p < .01$, ^aBata coefficients with standard errors in parenthesis

Table 3: Results of Regression analysis ^a

The moderating effect of organizational learning has a relationship with work-oriented activity and organizational creativity. This found that organizational learning has only a moderating effect on the relationship between mutual affection and organizational creativity ($\beta_{14} = 0.373$, $p < 0.01$). In contrast, interpersonal faithfulness that has organizational learning moderates the relationship with organizational creativity and is significant, but negative relationships have the opposite effect. Meanwhile, work-oriented activity and professional respect that has organizational learning moderate relationship with organizational creativity is not significant. Thus, **hypothesis 8 is supported, but hypotheses 7, 9 and 10 are not supported.**

5. Contributions and Directions for Future Research

5.1 Theoretical Contribution and Directions for Future Research

This study focused on describing the increasing understanding of the dimensions of leader-member exchange relationship to organizational creativity and organizational innovation that enables organizations to survive. The results of this study confirm the social exchange theory that is relevant in explaining such a relationship. The theory explains the resources available in the organization, especially human resource with a variety of functions for the operation and the interaction between leaders and employees. These relationships are encouraged to motivate and encourage the adoption capabilities and to create new ideas for the implementation and management of the organization and convert to innovation. Furthermore, these relationships can create a competitive advantage and can survive under a harsh competitive environment. The suggestion may be made to use interview techniques in addition to questionnaires to confirm results. In addition to this, the study of other business in the service sector such as hotel firms for explaining these relationships and more generalization can be suggested.

5.2 Managerial Contribution

This study can interest executives and managers who will need to consider the survival of their firm when focusing on the issue of leader-member exchange, when concerning creativity of the organization leading to innovation for its implementation. Firstly, the interpersonal faithfulness and professional respect which are the dimensions of leader-member exchange strongly influence on organizational creativity and organizational innovation, this means that executives and managers should focus on the respect of professionals and support employees who are expert's in the operation. Especially on the issues of organizational creativity that involves organizational innovation for operation, it is important to help ensure the ability to create the survival of their firm. Second, executives should pay more attention and encourage employees to be creative and to provide something new and unique that will help ensure the effectiveness of the operation. Third, the executives should support the learning that will enhance the relationship of leader-member exchange, especially on the issues of mutual affection. In order to stimulate employee's creativity, these are the new concepts of operation which can be used to create a greater innovation and survival firm.

6. Conclusion

The purpose of this study had two folds. First, the study examined the relationship between leader-member exchange (including work-oriented activity, mutual affection, interpersonal faithfulness and professional respect), organizational creativity, organizational innovation, organizational learning and firm survival. Second, the study examined organizational learning moderate effect between leader-member exchange and organizational creativity. The samples selected were 178 tourism businesses in Thailand. The results found that interpersonal faithfulness and professional respect will cause organizational creativity and innovation, but when they are stimulated by organizational learning to make only mutual affection results in more creativity. In contrast, the stimulation of organizational learning to make interpersonal faithfulness and professional respect does not affect organizational creativity. In addition, organizational creativity influences organizational innovation and firm survival. Further research should include interview techniques in addition to this study to receive more reliable results. Furthermore, further research should be conducted into other businesses in the service sector, such as hotel firms for explaining these relationships and more generalization.

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