



Leader–member exchange and empowerment: Direct and interactive effects on job satisfaction, turnover intentions, and performance

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ABSTRACT

This study examined the moderating impact of empowerment on the relationships between leader–member exchange (LMX) quality and the self-rated outcomes of job satisfaction and turnover intentions, as well as the supervisor-rated outcomes of job performance and organizational citizenship behaviors. Two samples, with 244 and 158 employees respectively, were used to test our hypotheses. Our results provided evidence that in general, empowerment moderates the relationships between LMX and job outcomes. These findings are important as previous research has only tested these variables as independent predictors, but our results suggest the relationships these constructs have with important consequences are dependent on both variables. Practical implications and directions for future research are offered.

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1. The interactive effects of leader–member exchange and empowerment on job satisfaction, turnover intentions, and performance

The quality of relationships between supervisors and subordinates, often studied via leader–member exchange (LMX) theory, has been the focus of considerable research attention (e.g., Graen, 2004; Graen & Uhl-Bien, 1995). The results of this research have shown LMX to be positively related to desired outcomes including increased job performance (Gerstner & Day, 1997; Schriesheim, Castro, & Cogliser, 1999), contextual performance (e.g. Ilies, Nahrgang, & Morgeson, 2007), motivation (Tierney, Farmer, & Graen, 1999), job satisfaction (Gerstner & Day, 1997; Epitropaki & Martin, 2005), and organizational commitment (Martin, Thomas, Charles, Epitropaki, & McNamara, 2005; Schriesheim et al., 1999). The preponderance of empirical evidence surrounding the quality of the supervisor–subordinate relationship has led researchers to conclude that this relationship is one of the most important an employee has (Liden, Sparrowe, & Wayne, 1997), and potentially one of the most important predictors of workplace outcomes (Manzoni & Barsoux, 2002).

Similar to LMX, empowerment programs at work have also received considerable attention from academics and practitioners alike. Psychological empowerment (Spreitzer, 1995), describes the increase in task motivation through the influence of four cognitions: meaning, competence, impact, and self-determination. These cognitions reflect employees' orientation toward their jobs and have been associated with positive results (e.g., Spreitzer, 1995; Spreitzer, Kizilos, & Nason, 1997).

Thus, empirical evidence has found both LMX and empowerment to be positively related to important organizational behaviors. Further, although early behavioral studies of leadership found that effective leaders empowered employees to make job-

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related decisions (Likert, 1961), empowerment and LMX are fundamentally different constructs. LMX describes the quality of the supervisor–subordinate relationship, with qualities varying from low to high (e.g., Liden, Erdogan, Wayne, & Sparrowe, 2006), whereas empowerment relates to employee motivation towards work. As it would seem that studies including LMX and empowerment would be common, surprisingly, few research efforts have examined these constructs in the same study (e.g., Liden, Wayne, & Sparrowe, 2000). In one of the few studies that examined these constructs, Liden et al. (2000) found that although both constructs independently predicted employee behavioral consequences, research was needed that examined the interactive effects of these constructs. Additionally, previous researchers have called for studies investigating moderators of the LMX–outcome relationships (Schriesheim et al., 1999). It remains unclear in the literature if LMX and empowerment act independently, jointly, or competitively in their relation to critical employee behaviors.

As such, this study sets out to examine the moderating impact of empowerment on the relationships between LMX and the outcomes of job satisfaction, turnover intentions, job performance, and organizational citizenship behaviors (OCBs). We do so by first theoretically developing our interaction hypotheses. Second, we use two samples to empirically test our hypotheses, and in the process provide evidence related to the generalizability and/or boundary conditions of our results.

2. Leader–member exchange

The quality of relationships between supervisors and subordinates is often studied via LMX theory. With its roots in role theory (e.g., Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964) and social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005; Homans, 1958), the LMX model suggests that supervisors form differential relationships with their subordinates. These relationships range in quality from high to low. Subordinates in high quality exchanges have relationships with their supervisors characterized by emotional support and trust (Dienesch & Liden, 1986). The benefits of high quality LMX relationships are numerous, including preferential treatment, increased job-related communication, differential allocation of formal and informal rewards, ample access to supervisors, and increased performance-related feedback (e.g., Dienesch & Liden, 1986; Elicker, Levy, & Hall, 2006; Graen & Uhl-Bien, 1995). Conversely, subordinates in low quality LMX relationships often experience the exact opposite; supervisors provide limited emotional support and trust and the subordinates receive few, if any, benefits outside the employment contract (Dienesch & Liden, 1986; Gerstner & Day, 1997).

These advantages for high quality LMX subordinates, which can be explained by social exchange theory, are likely to be related to positive outcomes. More explicitly, high quality relationships are associated with subordinates receiving increased access, communication, and rewards (Dienesch & Liden, 1986), all of which are related to elevated job satisfaction and performance (in the forms of task and contextual performance), and decreased turnover intentions (Gerstner & Day, 1997). However, we believe that the positive impact of LMX on job outcomes is most salient depending upon employee feelings of empowerment. In particular, we suggest that those who are less empowered will benefit more from high quality LMX relationships. Thus, in the next section we will explain the empowerment construct and how empowerment moderates LMX–outcome relationships.

3. Empowerment

As previously mentioned, empowerment in the workplace has been a popular idea for managers to implement and academics to study. At its core, psychological empowerment relates to cognitions about one's work (Spreitzer, 1995). One of the theoretical foundations for predictions related to empowerment can be found in the job characteristics theory (JCT) (Hackman & Oldham, 1976). JCT suggests that the specific characteristics of an employee's job, skill variety, task identity, task significance, autonomy, and job feedback form an individual's motivating potential score, which predicts three critical psychological states, experienced meaningfulness of work, experienced responsibility for outcomes, and knowledge of results (e.g., Hackman & Oldham, 1976). Thus, the characteristics of the job act as a motivator to perform, and employees are empowered and feel satisfied with their jobs when they perform (Champoux, 1991). From the JCT perspective, psychological empowerment links the critical psychological states. In general, when employees perceive high levels of empowerment, they are motivated towards their jobs and are likely to experience positive accompanying consequences (e.g., Spreitzer et al., 1997). We suggest that the feelings associated with empowerment will not only be directly associated with job outcomes, as has been shown in previous research, but also moderates relationships between LMX and outcomes. It is this moderating effect that we are interested in and will discuss in the following section.

3.1. The moderating effect of empowerment on LMX–outcome relationships

The extant literature has established that LMX quality (Gerstner & Day, 1997) and empowerment (e.g., Seibert, Silver, & Randolph, 2004) are both positively associated with desired outcomes. However, little is known about how these variables interact. In particular, does the absence or presence of empowerment on the job make the relationships between LMX and job outcomes stronger or weaker? We suggest that the established relationships between LMX and the consequences of job satisfaction, turnover intentions, job performance, and OCBs are strongest when empowerment is lowest, as employees are not motivated by the jobs. Thus, our study may help to specify the situations when LMX has either a greater or lesser impact on job outcomes. This next step in furthering the LMX and empowerment research stream is important as previous researchers have called for examinations of the interactions of these variables and how they affect organizational consequences. Liden et al. (2000) examined these variables in the same study, although not their interactive effects, and called for future studies on “the integration of empowerment with interpersonal relationships” (p. 414) in understanding individual consequences.

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