Research Paper Management

The Moderation Effect of Lmx Between Followership Power and Leadership Effectiveness in Trade Companies

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ABSTRACT

In this paper, we comparative discuss the moderation effect of LMX between the relationship of followership power and leadership effectiveness by analyzing the data of 192 pairs of mutually evaluated questionnaires between managers and subordinates. The finding suggests that there are direct positive effects on relationship from both VFP and CFP to leadership effectiveness. And there are positive moderation effects of LMX on the relations above.

KEYWORDS followership power, LMX, leadership effectiveness

INTRODUCTION

The theory of followership power has drawn the attention of academia because of the counter-effect of followers to leaders and the contribution of followership power to leadership effectiveness. Scholars have studied followership power for decades. There are already numerous findings about followership and one of the most important issues in this field is the relationship between followership power, Leader-member Exchange (LMX) and leadership effectiveness. However, there is no finding to discuss their relations. In this paper, we use empirical method to discuss the difference of the relationship between followership power and leadership effectiveness under the moderation effect of LMX.

Analysis of relationship between followership power and leadership effectiveness

The followership power is not only the theme of leadership theory but also the focus of followership studies. Cao (2013) used grounded theory and disclosed that there are two kinds of followership power in Chinese context. One is voluntary followership power (VFP), which emerges when two of the relevant have identical object and emotional attraction. The other one is compulsive followership power (CFP), which manifests by follower under the authority of leader and pressure of environment. Therefore, we define followership power as the dynamic behavior of follower in his interaction power of leadership and organizational environment under the influence of leadership power.

Leadership effectiveness is a broad concept with various understandings. The most significant definition is which describes leadership effectiveness as the degree of success after a group carried out its basis assignment. When it comes to the measurement, Wang (2012) took the group members' attitude (satisfaction, affective commitment) and behavior (assignment performance, organizational behavior) as the indicators of leadership effectiveness in unit analysis of effectiveness. He indicated that they are important variable in the field of organization management, turning out to have significant influence on organizational development. Therefore, we use assignment performance, satisfaction, affective commitment and organizational behavior as indicators here.

Moreover, followership theory shows that the relationship between followership and leadership effectiveness is mutual. Kelly (1992) hold that leadership effectiveness is a mutual function with followership power in certain organizational environment. Cao (2013) proposed that voluntary follow is a spontaneous behavior to achieve the common goal while compulsive follow is an act bowing to pressure. Different attitudes would render various behaviors and results. Consequently, we propose the hypotheses below.

H1: VFP has a significantly positive effect on assignment performance.

H2: VFP has a significantly positive effect on job satisfaction.

H3: VFP has a significantly positive effect on affective commitment.

H4: VFP has a significantly positive effect on organizational behavior.

H5: CFP has a weaker positive effect on assignment performance.

H6: CFP has a negative effect on job satisfaction.

H7: CFP has a negative effect on affective commitment.

H8: CFP has a weaker positive effect on organizational behavior.

Analysis of moderation effect of LMX

LMZ is a theory on interpersonal exchange. Graen (1975) stated that there is informal and stable social exchange process between leaders of all levels and their subordinates in every organization, which always emerges by means of vertical dyad linkage.

The study of Schriesheim (1998) indicated that leaders would endow their subordinates with more power and autonomy to complete challenging task in high-quality exchange. By improving authorization, it will not only improve the organizational identification and efficacy but also stimulate them to support their leaders to achieve organizational goal with more enthusiasm. Therefore, LMX is not only the orientation but also the motivation of work. So, we put forward the hypotheses below.

H1': LMX has positive moderation effect in the relationship between VFP and assignment performance.

H2': LMX has positive moderation effect in the relationship between VFP and job satisfaction.

H3': LMX has positive moderation effect in the relationship between VFP and affective commitment.

H4': LMX has positive moderation effect in the relationship between VFP and organizational behavior.

H5': LMX has a negative moderation effect in the relationship between CFP and assignment performance.

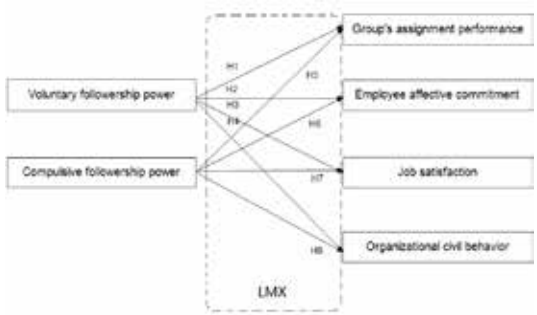
H6': LMX has a negative moderation effect in the relationship between CFP and job satisfaction.

H7': LMX has a negative moderation effect in the relationship between CFP and affective commitment.

H8': LMX has a negative moderation effect in the relationship between CFP and organizational behavior.

Study framework
Thus, we focus on the moderation effect of LMX on the relationship between followership power and leadership effectiveness. The study framework is shown in Fig. 1.

Fig.1 Study framework



Study measurement
As far as followership power is concerned, we consult and shorten the scale of Cao (2012), having separately 3 items in the scale of VFP and that of CFP. When it comes to LMX, we refer to the famous LMX-7 scale and transform it into three items. Moreover, we adopt the scale of Bono (2003) to measure job satisfaction, the scale of Williams (1991) to measure organizational behavior and assignment performance and the scale of Meyer (1991) to measure affective commitment. We use Likert's five-level scale to measure all the items.

Study subject
We use paired comment method here and investigate managers and subordinates separately. Among them, managers evaluate two kinds of followership power of their subordinates, when employees give scores about the leadership effectiveness and LMX items. In order to ensure the quality, we asked, sent out questionnaires and instructed the respondents in person and took them back in ten minutes, avoiding to be noticed about our intention of this survey.

The sample of this study comes from several trade companies in Guangdong. We sent out 400 questionnaires in total, half of which are sent to managers and subordinates separately. We receive 194 questionnaires from managers and 196 from subordinates. After excluding some questionnaires with problems, such as having at least three missing values, eight successive identical answers or obvious random answers, we matched the remained questionnaires in pairs and got 192 pairs available.

Reliability and validity examination
First of all, we have examined the reliability of empirical measurement model. The CR and AVE value is calculated by AMOS software. All the Cronbach's alpha values are above 0.7 in this paper, which means the reliability examination is passed. Moreover, almost all the AVE values of the concepts are over 0.5 and all the CR values are higher than 0.7, meaning that the convergent validity is high.

Furthermore, we use AVE values to examine the discrimination validity. In this study, nearly all AVE values of the concepts are greater than the square of the standardized correlation coefficients of others. It indicates that the discrimination validity of every concept is great.

Analysis method
In this paper, we use hierarchical regression analysis of SPSS to discuss the direct effect of two kinds of followership power to four indicators of leadership effectiveness, and then we examine the moderation effect of LMX in these relations.

Direct effect analysis
Seeing from the tables bellow, we know that all the regression coefficients is positive and significant (P<0.01). So H1, H2, H3, H4 are proved. And then we discover than the positive effects of CFP to assignment performance (0.605) and employee affective commitment (0.751) is weaker than those of VFP with 0.623 and 1.048. Therefore, H5 and H6 are also supported. However, the regression coefficients of CFP to job satisfaction and organizational behavior are positive, which means that H7 and H8 are false.

Moderation effect analysis
As is shown in the tables, LMX has positive moderation effects on the relations from VFP to assignment performance (0.484) and employee affective commitment (1.418), but the effect is not significant when it applies to job satisfaction (p>0.05) and not positive to organizational behavior (-0.491). So H1'and H2" is proved while H3' fails. Furthermore, the moderation effects on the relations from CFP to four indicators of leadership effectiveness are positive (0.734, 1.408, 0.823 and 0.131), but the effect to organizational behavior is not significant (P>0.05). That is to say, H5', H6', H7' and H8' are not supportive.

Table1. Results about VFP

Assignment performance	Step1	Step2	Step3
VFP	0.623**	0.273**	0.249**
LMX		0.772**	0.788**
VFP*LMX			0.484**
R2	0.449	0.755	0.764
ΔR2	0.449**	0.306**	0.01**
Affective commitment	Step1	Step2	Step3
VFP	1.048**	0.77**	0.7**
LMX		0.612**	0.658**
VFP*LMX			1.418**
R2	0.531	0.612	0.646
ΔR2	0.531**	0.081**	0.034**
Job satisfaction	Step1	Step2	Step3
VFP	0.781**	0.494**	0.484**
LMX		0.629**	0.637**
VFP*LMX			0.222
R2	0.411	0.529	0.531
ΔR2	0.411**	0.119**	0.001
Organizational behavior	Step1	Step2	Step3
VFP	0.488**	0.276**	0.301**
LMX		0.466**	0.45**
VFP*LMX			-0.491**
R2	0.336	0.472	0.484
ΔR2	0.336**	0.136**	0.012**

**** P value is less than 0.01.**

Tabel-2 Results about CFP

Assignment performance	Step1	Step2	Step3
CFP	0.605**	0.226**	0.275**
LMX		0.813**	0.832**
VFP*LMX			0.734**
R2	0.384	0.734	0.766
ΔR2	0.384**	0.35**	0.032**
Affective commitment	Step1	Step2	Step3
CFP	0.751**	0.302**	0.395**
LMX		0.964**	1.001**
VFP*LMX			1.408**
R2	0.246	0.45	0.498
ΔR2	0.246**	0.204**	0.048**
Job satisfaction	Step1	Step2	Step3
CFP	0.74**	0.413**	0.467**
LMX		0.702**	0.724**
VFP*LMX			0.823**
R2	0.337	0.489	0.513
ΔR2	0.337**	0.153**	0.023**
Organizational behavior	Step1	Step2	Step3
CFP	0.586**	0.401**	0.409**
LMX		0.397**	0.401**
VFP*LMX			0.131
R2	0.441	0.543	0.544
ΔR2	0.441**	0.102**	0.001

**** P value is less than 0.01.**

Discussion

In this paper, we collect the date through 192 pairs of questionnaire from both the managers and employees mutual evaluation, and then conduct the statistical analysis. The conclusion of the research is below.

The VFP has a significant and straight forward impact on the leadership effectiveness of group assignment performance, affective commitment, job satisfaction, organizational behavior. When it comes to CFP, the result is the same.

LMX has a positive moderation effect on the indicators of leadership effectiveness in most situations. The higher quality of LMX, the higher moderation effect is. That is to say, subordinates voluntarily following the leader will have the same interest, self-concept and subjective perception with the managers. This emotional consistence will continuously stimulate the followers to work hard. Although we suppose that there should be a negative moderation effect of LMX for compulsive followership, the result turns out to be positive. So we know that following the leader compulsively may also benefit for leadership effectiveness.

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