How leader–member exchange, work engagement and HRM consistency explain Chinese luxury hotel employees' job performance

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**A B S T R A C T**

This paper provides insights into the relationship between leader–member exchange (LMX) and employee job performance. An integrative model that includes work engagement and human resource management (HRM) consistency, defined as the extent to which various HR practices are viewed as consistent with one another, was developed to explain this relationship. Results from a hierarchical linear model based on 298 employees (survey data) and 54 supervisors in a large luxury hotel in southern China indicated that LMX was positively related to employee job performance. Moreover, as expected, work engagement mediated this relationship and HRM consistency strengthened the influence of LMX on work engagement. Important research and practical implications are discussed.

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1. Introduction

Globalization has encouraged more intense competition among service organizations and according to Schneider and Bowen (2010) organizations need to go beyond customer expectations in order to 'win the service game'. Fulfilling customers' variable and idiosyncratic needs is difficult and relies on the co-ordination of highly motivated employees. Sub-optimal performance of any part of the value chain is likely to reduce customer evaluations of service quality (Fantasy et al., 2010; Wang et al., 2012). Front-line employees who frequently interact with customers need to be sensitive and proactive regarding customer requirements. Back-stage employees – those with limited or no interaction with customers are expected to provide effective support to front-line employees. Engaged and well performing employees therefore become a key element in maintaining service excellence.

Research shows that immediate managers (team leaders or supervisors) can significantly influence employees' work motivation and job performance (Gerstner and Day, 1997; Ilies et al., 2007; Liden et al., 1993). In this study we use LMX theory to explore the influence of the supervisor, arguing that supportive supervision, as perceived by employees, encourages employee engagement which in turn contributes to job performance. LMX is defined as the quality of the relationship between supervisor and subordinate (Graen and Scandura, 1987). LMX assumes that supervisors use a different style for each of their subordinates. Based on dimensions such as mutual trust, respect and obligation, differentiated relationships between leaders and followers have been found across cultures (see Graen and Uhl-Bien, 1995). Law et al. (2010) reported two studies in China in which LMX was positively related to task performance and OCBs in the first study while LMX was associated with contextual performance in the second study. LMX influences work outcomes through different mechanisms including organizational job embeddedness (Harris et al., 2009a,b), trust in the supervisor (Wat and Shaffer, 2005) and feedback avoidance behavior (Moss et al., 2009). Recent research has examined LMX's influences on service employees' emotions. Using a Chinese call center sample, Huang et al. (2010) found that LMX and burnout were negatively associated. Emotional states are particularly relevant to service employees whose performance, as we argue later, depends on their willingness to 'go the extra mile.' In this study, we examine whether work engagement – a construct combining emotion and cognitive disposition – acts as a mediator in the relationship between LMX and employee job performance. Schaufeli et al. (2002) define work engagement as a positive, fulfilling, work-related state of mind characterized by vigor, dedication and absorption (see also Bakker and Demerouti (2007)). Modern organizations, especially in the service sector, need employees who are engaged with their work: they are more pro-active, take more initiatives and feel more...
responsible for delivering quality outcomes (Bakker and Leiter, 2010). In addition, our study integrates LMX with an additional organizational influence, namely the Human Resource Management (HRM) system. Recently attention has moved from a concern with the content of HRM, e.g., recruitment and selection, and performance appraisal – to HRM process (see Sanders and Frenkel, 2011), i.e. how HRM practices are implemented by line managers and interpreted by employees, with consequences for organizational performance (Bowen and Ostroff, 2004). In this study we propose that the more employees perceive consistent messages concerning the purpose of HR practices (HRM consistency) the stronger will be LMX influences on work engagement and employee job performance.

Prior studies have investigated LMX – outcome relationship contingencies including leadership style (Harris et al., 2009a,b), task characteristics (Dunegan et al., 1992, 2002); employee personality (Harris et al., 2009a,b), top management support (Erdogan and Enders, 2007); and employee psychological climate (Tordera et al., 2008). However, little is known about how the characteristics of an HRM system influence LMX-outcome relationships. This is surprising since scholars have for some time suggested more integration between LMX and HRM studies (Lengnick-Hall and Lengnick-Hall, 2003; Uhl-Bien et al., 2000). While a high-quality supervisory relationship is likely to be an important influence on employees’ performance, consistent HRM messages will tend to reinforce the alignment between management expectations and employee goals, fostering stronger engagement and ultimately leading to higher individual performance.

The remainder of this paper is organized as follows. We begin by noting key work requirements in luxury hotels followed by an outline of our theoretical framework and hypotheses. The data and methodology are then described followed by a presentation and discussion of our results. We conclude by considering implications for further research and practice and noting the study’s major limitations.

2. Conceptual framework

2.1. LMX, work engagement and job performance

Contemporary hospitality organizations face a challenge of combining service efficiency with service quality 24 h a day. This is particularly the case for luxury (five-star) hotels where high levels of employee discipline and application of systematic routines are required to execute tasks efficiently while service quality requires information and sensitivity to customer requirements and flexibility in interacting with customers (Enz and Sigauw, 2000). It is management’s role to encourage and coordinate employees in order to deliver seamless, quality service (Schneider and Bowen, 2010). In this paper we argue that it is the supervisors’ relations with employees that are crucial to maintaining employee enthusiasm and that this enthusiasm is aimed at providing service excellence by a set of supportive HR policies that are consistently communicated to employees (Fig. 1).

LMX studies indicate the importance of the role supervisors play in shaping employees’ work attitudes and performance. High-quality exchange relationships between supervisors and employees involve respect and mutual influence while low-quality exchange relationships are characterized by strictly contractual exchanges and one-way, downward influence. The supervisor is the most immediate and salient superior (Janssen and Van Yperen, 2004). In a high quality exchange relationship the supervisor as leader supports the subordinate by giving trust and emotional support (in-group). In the low quality exchange relationship supervisor and subordinate contribute nothing extra than their job description requirements (out-group) (Graen and Uhl-Bien, 1995; Uhl-Bien et al., 2000).

LMX theory argues that positive actions by the leader can elicit a sense of subordinate indebtedness in the form of a gift/favor exchange (Liden et al., 1997). Thus, a favor induces an unspecified indebtedness with many content dimensions including trust, competence, consideration, control of organizational resources, etc. (Bernerth et al., 2007; Schriesheim et al., 1999). Prior research suggests that employees’ work motivation can be enhanced by high quality supervisor relationships (Gerstner and Day, 1997; Klein and Kim, 1998). According to reviews by Gerstner and Day (1997) and Ilies et al. (2007), LMX has generally positive effects on employee work outcomes including satisfaction with supervisors, overall job satisfaction, employee job performance, and organizational citizenship behavior. However, some studies report non-significant relationships between LMX and performance (Wayne and Ferris, 1990; Liden et al., 1993; Scandura and Pellegrini, 2008) leading to calls for exploration of potential mediators and moderators of LMX-outcome relationships. This is a challenge we address in this paper.

In a luxury hotel context, supportive leaders tend to provide various resources that assist in coordinating employees. These include performance feedback and coaching that enhances employees’ professional skills and knowledge and permits supervisors to provide more autonomy for employees to undertake their work. Supervisors may grant employees’ preferred work schedules and give emotional and social support when difficult customers or onerous workloads place a heavier burden on employees (Vaux, 1988; House, 1981). Social support provides opportunities for reappraisal and adaptive responses to work stress and facilitates well-being (House, 1981; Cohen and Wills, 1985). Thus high-quality relationships with leaders offer distinct advantages for employees. In addition, employees may perceive themselves as ‘in-group members’ (Wayne and Green, 1993). These benefits tend to generate intrinsic motivation through identification with supervisors (Farh et al., 2006). A willingness to repay supervisors and increased engagement provide high levels of energy, mental resilience and willingness to invest effort when encountering difficulties, leading to higher job performance (Bakker et al., 2007; Bakker and Leiter, 2010). A positive relationship between work engagement and job performance has been supported by studies in a variety of industries (Gottschal and Zollo, 2007; Leiter, 2010; Bakker and Leiter, 2010) including hotels (Salanova et al., 2005). Consequently, we propose the following hypothesis:

H1. A positive relationship between leader–member exchange (LMX) and job performance is mediated by work engagement.

2.2. The moderating role of HRM consistency

Employee reciprocity in high quality LMX relationships with supervisors may not necessarily benefit the organization. This is because the norm of reciprocity (Blau, 1964) underlying social interactions is interpersonal rather than organizational. Tekleab and Taylor (2003) showed that, unlike LMX reported by supervisors, LMX reported by employees is not significantly associated with their perceptions of obligations to the organization. Reciprocity tends to reflect what supervisors value (Hofmann et al., 2003; Liden et al., 1993). This implies that a high-quality, leader–member relationship does not necessarily convey to employees behavior that is valued by the organization.

The HRM system is a key organizational influence that communicates the organization’s values, goals and procedures to both managers and employees (Nishii et al., 2008; Bowen and Ostroff, 2004). For example, HR practices like extensive training programs, performance-based reward systems and promotion criteria
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