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Impact of Leader Competence and LMX on Subordinate Outcomes at the Workplace

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Summary

While dealing with the ever-changing chaotic environment in organizations today, managers and corporations can heavily benefit from understanding the role of LMX and leader competence in predicting subordinate outcomes. Historically researchers have vigorously examined the concept, antecedents and consequences of Leader Member Exchange (LMX). However limited work has been done on leader competence and its relative impact, along with that of LMX, on subordinate outcomes at the workplace. Thus, this study attempts to explore the influence of LMX and leader competence on employee outcomes such as employee enterprising behavior, stress and intragroup conflict. For this study, a sample of 140 respondents was collected using the experimental design methodology. The findings are anticipated to benefit researchers and practitioners alike, as our work not only extends extant literature on LMX and leader competence, but also suggests managerial implications. No other study, as per our knowledge, has investigated the dynamics of LMX and leader competence and examined its effect on the aforementioned variables in the Indian context.

Keywords: LMX, leader competence, employee enterprising behavior, stress, and intragroup conflict

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Introduction

Leader member exchange (LMX) theory, established by Dansereau, Cashman and Graen in 1973, is primarily a measure of relationship quality within a leader-member dyad (Graen and Cashman, 1975; Scandura and Graen, 1985; Francis, 2017). LMX theory was the first of its kind to emphasize on, firstly, the unique interaction within each leader-subordinate dyad, and, secondly, the active pivotal role of the member in developing this dyadic relationship (Graen and Scandura, 1987; Graen and Uhl-Bien, 1995; Liden, Sparrowe, and Wayne, 1997; Bhal, Ansari and Gulati, 2008, Schyns and Day, 2010). LMX is proven to be rooted in relational power and significantly determine various subordinate outcomes like job performance (Park, Sturman, Vanderpool, and Chan, 2015), organization citizenship behavior (Wang, Kim, and Milne, 2017), organizational justice (Scandura, 1999; Sindhu, Ahmad, and Hashmi, 2017), organizational commitment (Leow and Khong, 2009), job satisfaction (Graen, Novak, and Sommerkamp, 1982) to name a few.

Though researchers have heavily invested in understanding consequences of LMX from subordinates' perspective, for employees at the workplace (Dulebohn, Bommer, Liden, Brouer, and Ferris, 2012), they have rarely explored the role of leader competence. Leader competence is manifested as a function of expert power, which is a function of knowledge, skills and expertise of one's leader (Gupta and Bhal, 2017). Organizations today thrive in dynamic and chaotic environment where employees are expected to exhibit behavior which goes beyond the predictable job role. As organizations keep evolving at a fast pace, they are presenting new challenges and opportunities to employees to be innovative, enterprising and creative. Top management is constantly on a lookout for proactive and enthusiastic individuals who can be subsequently developed into high performing professionals. However such expectations may also result in stress and conflicts when employees interact in dyads and teams (Harms, Crede, Tynan, Leon, and Jeung, 2017). What is the role of a leader in such a situation? How does LMX and the competence of the leader play a part in influencing such attitudes, behaviors and development? How do leaders take charge in such complex uncertain environment? To answer these questions, we focus on exploring the impact of LMX (subordinate's perspective) and leader competence on individuals' perceptions of subordinate outcomes like employee enterprising behavior, stress and intragroup conflict.

This paper has two significant contributions. First, as researchers have barely explored LMX vis-a-vis leader competence, our study attempts to bridge this gap through understanding the perceptions of impact of these constructs on employee outcomes - enterprising behavior, stress and intragroup conflict at the workplace. Thus, it expands extant literature on LMX and leader competence. Second, the comprehension of these subordinate outcomes as a function of LMX and leader competence are crucial for sustaining healthy functional dyads and teams. Therefore, the insights emerging out of this study will have useful implications for practitioners.

Literature Review

LMX asserts that leaders form differential interpersonal relationships with their subordinates (Liden and Maslyn, 1998; Maslyn and Uhl-Bien, 2001). As the term leader-member exchange implies, LMX relationships are grounded in social exchanges. Blau (1964) noted that social exchanges, as opposed to economic exchanges, result in feelings of increased obligation, gratitude and trust. Consequently, as the social exchanges between

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supervisors and subordinates increase, the quality of the leader- member relationship probably becomes stronger. In the organizational environment, a variety of different material and non-material goods are exchanged in social interactions (Liden & Maslyn, 1998). In this dyadic theory, irrespective of the span of control of the leader, each subordinate shares distinct and unique relationship with the leader. These relationships are defined and labeled differently by different authors like leadership and supervisory relationships (Dansereau, Graen, and Haga, 1975) or the in- group and out- group relationships (Graen & Cashman, 1975). The exchange is classified as low quality and high quality. *Low quality exchange* consists of interactions between the leader and subordinate, which are strictly contractual and are characterized by formal roles. The role played by the leader is supervisory in nature wherein the exchange between him/her and the subordinate is essentially task related. The members who experience low quality exchange form the *out - group*, which is characterized by interactions that are formal in nature (Dansereau et al., 1975). In contrast, *high quality exchange* comprises of interactions between the leaders and subordinates which are over and above the employment contract. They are based on social exchanges and imply that leaders must employ different techniques in order to influence the behavior of the member in a constructive manner. This will eventually lead to development and success of the subordinates and organizations as a whole. It is based on mutual trust, respect and obligation between the leaders and the members. The members who experience high quality exchange form the *in - group* wherein the leader and member share high levels of trust, loyalty and communication (Graen & Cashman, 1975).

Though widely established, LMX has seldom been studied vis-à-vis leader competence in determining subordinate outcomes. Power and leadership are highly interwoven concepts (Bhal and Ansari, 1996, 2000), thus varied types of power results in different manifestation, and consequently diverse subordinate outcomes at the workplace. Leader competence is essentially the knowledge, skill, expertise and ability of a leader to identify and solve problems in the organization (Podsakoff, Todor, and Schuler, 1983; Zaccaro, Mumford, Connelly, Marks, and Gilbert, 2000). With leader competence we are specifically exploring the subordinate's perception of the technical expertise and efficiency of his/her leader. Researchers in the past have associated leaders' competence to leadership effectiveness (Connelly et. al, 2000), however we have not come across work that focuses on an individual's perception of his/her leader's competence that eventually determines his/her outcomes at the workplace. We were hence guided by the question, that how does LMX and leader competence combine or differ to predict subordinate outcomes? We have thus considered employee enterprising behavior, stress and intragroup conflict which will be interesting to explore in relation to LMX and leader competence. However, as work in this area is seldom, we have only assessed the subordinate's perspective of LMX and leader competence.

Employee Enterprising Behavior

Traditionally employees were supposed to perform the tasks given to them ensuring productivity and profit for the organization. However, over the years, due to competition and global demand, expectations from employees have multiplied (Campbell, 2000). They are not only expected to contribute towards tasks specific to their job, but also, over and above the routine requirements, for holistic growth of the organization (Gelderen, 2000). An employee who is highly engaged, committed, takes initiative and assumes responsibility is termed as a proactive employee (Crant, 2000). An employee who is proactive will tend to display

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enterprising behavior which comprises of taking initiative, making judgments, being creative and having problem solving skills (Li, Liang, and Crant, 2010). It requires an employee to transfer his/her extra-role behaviors into in-role behaviors, and the manifestation of such behaviors can be seen in employee participation, creativity, empowerment and self-directed teams. Previous studies show high quality LMX leads to creativity and risk taking (Volmer, Spurk, and Niessen, 2011). This implies that an employee needs to have more than just a transactional working relationship with his/her leader. Further, if we consider leader competence, it is likely that a competent leader will be able to recognize a proactive and enterprising subordinate, thus giving him/her job autonomy and freedom to perform accordingly (Farid, Hakimian, and Ismail, 2017). Thus, we were enthused to explore the employees' perceptions of impact of LMX and leader competence on enterprising behavior at the workplace.

Stress

In the past, multiple studies have examined stress, its antecedents and consequences in the context of organizations (Halbesleben, 2006). Stress has been described as an unpleasant emotional and physiological status, experienced by an employee due to work conditions that can be uncertain and beyond one's control (Lawrence and Kacmar, 2012). Researchers have emphasized stress arises when an individual's work demands exceeds his/her capacity to cope and complete the given task (Harris and Kacmar, 2006); and/or due to lack of requisite resources (Harms, et al., 2017). Due to work overload and ambiguity, employees at the workplace end up feeling at loss of control of their work environment, subsequently increasing ones' feeling of uncertainty (Thomas and Lankau, 2009). This is amplified if the leaders withhold the required resources for followers to function effectively (Vugt, 2008). Conservation of resources theory posits that employees desire to attain and sustain valuable resources critical for their productivity at the workplace (Hobfoll, 2002). Supervisors have the ability and the power to provide these tangible and intangible resources (Bass and Bass, 2008). It is expected that if subordinates are provided clarity in work to reduce job ambiguity, necessary resources, and encouragement by the leaders, they are likely to experience less stress (Harms, et al., 2017). Researchers have investigated impact of LMX on various stressors such as job role, job demands and physical work environment (Halbesleben, 2006) however they have rarely explored the effect of leader competence on subordinates' stress levels. Ambiguous job roles and tasks probably emerges out of incompetence of the leader's ability to clearly classify and delegate work. Further, it is likely that a leader's incompetence in distributing resources causes stress to followers. How is ambiguity of job tasks and allocation of resources, due to incompetence of the leader, responsible for stress levels in subordinates? This is something that we attempt to find the answer to, by examining employee perceptions of effect of leader competence on stress experienced by subordinates.

Intragroup Conflict

Intragroup conflict consists of discrepancy and incongruity in desires within a group (Hjerto and Kuvaas, 2017). It is a construct with three dimensions that of relationship conflict, task conflict and process conflict (Jehn and Mannix, 2001). Relationship conflict encompasses feeling of anxiety, tension and friction within a group leading to interpersonal incompatibility and ultimately conflict. Task conflict, comprises of issues pertaining to differences in opinions and viewpoints while doing a task (DeChurch et al., 2013). Finally process conflict refers to conflict in the group due to diverse viewpoints on aspects of how to complete the task at hand pertaining to duties, responsibilities and resource allocation. As far

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as relationship dimension is concerned, research shows that it can be detrimental for effective functioning of the group, member satisfaction and the groups' chances of collaboration in the future (Landry and Vandenberghe, 2009). It is plausible that a subordinate's liking of the leader due to high relationship quality, will impact relationship conflict of a member within a group. However when we assess task and process conflict, it is on the lines of cognitive conflict involving conflict about varied ideas and opinions regarding the task. In such a scenario, the member is guided by the leader constructively to complete task and achieve goals. It is likely when the leader has a certain amount of expertise, he/she is skilled and knowledgeable enough to handle cognitive conflict and steer it towards a conducive direction. A competent leader can engage in conflict and yet drive the group towards effective functioning and performance, as research indicates that moderate amount of task conflict can actually lead to productive outcomes (Landry and Vandenberghe, 2009). Since there is some research in the past, hinting at potential impact of leader competence on dimensions of intragroup conflict, we were interested to probe further. Hence, we have tried to gauge the employees' perceptions on influence of LMX and leader competence on intragroup conflict at the workplace.

As mentioned before, leader competence and its influence on subordinate outcomes at the workplace has been rarely explored. Hence, analyzing the effect of leader competence along with LMX on such varied subordinate outcomes is likely to result in some interesting trends valuable for researchers and practitioners alike.

No study, to our knowledge, has investigated the impact of LMX and leader competence on aforementioned subordinate outcomes in the Indian context. Hence, in this paper we attempt to study the effect of leader competence and LMX on subordinate outcomes at the workplace.

Methodology

The study is designed to analyze the employees' perceptions of effect of leader competence and LMX on subordinate outcomes such as – enterprising behavior, stress and intragroup conflict.

Sample

A 2X2 experimental study of high-low LMX and leader competence was conducted to see its impact on the above mentioned subordinate outcomes. 140 MBA students of a technical institute in India comprised the sample of the study wherein 9% were female and 89% were male. The average age of the respondents was 27.6 (SD- 4.09) years. There were 35 students in each quadrant of the 2X2 high-low matrix. The overall sample was homogenous in terms of age, experience and educational level. Table 1 shows the demographic profile of the sample.

-----Insert Table 1 here-----

Experimental Design

This study is a 2 (LMX: Low, High) X 2 (Leader Competence: Low, High) between-participant factorial design. We created 4 vignettes, each representing a particular experimental treatment. A sample vignette is presented in annexure I. This resulted in four unique situations as depicted in fig 1.

-----Insert Figure 1 here-----

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Scales Used

Four sets of questionnaires were arranged wherein each set had a vignette that catered to each unique situation in the 2X2 matrix. Figure 1 highlights the matrix. All items are measured on a seven- point scale ranging from 1- strongly disagree to 7- strongly agree. The respondents were requested to read the given vignette for their particular situation (high LMX – high leader competence/ high LMX – low leader competence/ low LMX – high leader competence/ low LMX – low leader competence) and answer questions related to selected subordinate outcomes.

Manipulation Check

In this study the manipulation of the variables was done via the usage of vignettes. Researchers have used vignettes to establish manipulation, standardization and comparison in experimental conditions (Ansari and Kapoor, 1987). To make sure that respondents understand and interpret the vignettes given in the questionnaire correctly, they were followed by one each LMX and leader competence manipulation check item. These items were as follows - “I would have good relations with this boss” and “I would rate this boss high on competence” for LMX and leader competence respectively. Two-way ANOVA analysis was conducted to secure internal validity. The two experimental variables in the analysis were taken as independent variables and the manipulation check items as the dependent variables. The analysis highlighted that independent of the impact of LMX, the absolute influence of competence was critically supported when the dependent variable was leader competence [F (1, 137) = 98.844, p < .000] (Table 2). Respondents in high competence situation reported significantly higher perceived competence (Mean = 5.70, SD =1.39) in comparison to those in low competence (Mean = 3.27, SD = 1.54) situation. Tables 2 and 3 depict the ANOVA analysis results.

-----Insert Table 2 here-----

The chief impact of LMX (independent of leader competence) was supported when the dependent variable (manipulation check item) was LMX [F, (1, 137) = 77.335, p < .000] (Table 3). Respondents in high LMX situation reported a significantly higher LMX (Mean = 5.80, SD = 1.15) in comparison to those in low LMX situation (Mean = 3.71, SD = 1.62).

-----Insert Table 3 here-----

Psychometric Properties of Dependent Variable

CFA was conducted to ensure the psychometric properties of the scales of the variables used in the study. For each variable, the fit indicators were measured, the values of which were CMIN/DF = 2.73, AGFI = .91, IFI = .99, CFI = .99, RMSEA = .09 for employee enterprising behavior, CMIN/DF = 2.15, AGFI = .93, IFI = .99, CFI = .99, RMSEA = .09 for stress, and CMIN/DF = 2.18, AGFI = .87, IFI = .97, CFI = .97, RMSEA = .09 for intragroup conflict. For each variable the composite reliability, AVE and Cronbach’s Alpha was assessed, the results consequently ensuring reliability and the validity of each construct. The values are displayed in Table 4.

-----Insert Table 4 here-----

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Results

ANNOVA results of the effect of LMX and leader competence on employee enterprising behaviour, stress and intragroup conflict are displayed in Table 5.

-----Insert Table 5 here-----

Results in Table 5 depict that high LMX clearly results in high employee enterprising behavior (mean = 5.69, SD = .90), low stress (mean = 2.65, SD = 1.12) and low intragroup conflict relationship dimension (mean = 3.60, SD = 1.42). Whereas low LMX leads to low employee enterprising behavior (mean = 4.86, SD = 1.39), high stress (mean = 3.48, SD = 1.47) and high intragroup conflict relationship dimension (mean = 4.29, SD = 1.26). None of these outcomes are influenced by leader competence.

However, interestingly, high leader competence leads to low intragroup conflict task (mean = 3.75, SD = 1.32) and intragroup conflict process dimension (mean = 3.30, SD = 1.43). Whereas, low leader competence results in high intragroup conflict task (mean = 4.53, SD = 1.31) and process (mean = 4.09, SD = 1.26) dimension. LMX shows no significant impact on these particular subordinate outcomes at the workplace.

Our results are intriguing as different subordinate outcomes are specifically and significantly being determined by either only LMX or leader competence. This indicates that both LMX and leader competence have unique impact on employee outcomes in organizations.

Discussion

Our results have some compelling trends. When we observe the trends we see that certain variables like employee enterprising behavior, stress and intragroup conflict relationship dimension are all being predicted by only LMX, whereas intragroup conflict task and process dimensions are being influenced solely by leader competence.

The variables impacted by LMX have an underlying common thread of affect or liking amongst them. These variables have relation as a strong component. Liking is an essential component in manifestation of these variables because of which we can club them as *affect based outcomes*. It is to be noted that LMX is also relational and has a definitive affect component. As mentioned in the introduction of the chapter, since its conception LMX has been about the relation of an employee with his/her leader. Relationships develop when there is liking for one another wherein emotions play a prominent role. This results in bonding within the dyad wherein the leader becomes a source of support and comfort for his/her subordinate/s. Hence, many member outcomes are a function of the support subordinates receive or the contentment they derive from this relationship. Affect based outcomes are more emotional in character consisting of feelings and emotions; and are more automatic and holistic in nature. These outcomes are more experiential and relational in character. What this essentially implies is that when subordinates experience high LMX, they get support and motivation from the leader to be creative with problem solving and innovative in decision making, experience lower levels of stress and relationship related intragroup conflict. This helps to extend and advance the extant literature on the role of high quality relationships experienced by followers in high performance organizations of today.

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Subordinates use their abilities to face challenges, which is enhanced when the leader encourages exchange of ideas and free flow of communication. Our results highlight that the *enterprising spirit of the employee* is resourceful when the leader has faith and gives autonomy to the subordinate to be able to take risks. Subordinates' liking for the leader instills a sense of confidence and reassures them of their ability to define and achieve their goals. High LMX motivates the subordinates to take initiatives, be actively involved, be creative, make judgments related to work and be able to take risks. However, leader's perceived competence, does not seem to have any significant effect on this proactive behavior of the subordinates. For a subordinate, it seems, his/her creative and risk taking instincts are nurtured by good relationship with the leader, immaterial of the leader's competence. As a consequence, it is likely that such a relationship will develop employees into being more resourceful, enterprising and innovative. Further, high quality LMX leads to *low stress levels* at the workplace for subordinates. These results are in tandem with previous research on linkage between LMX and stress (Lawrence and Kacmar, 2012). In fact research shows that sometimes leaders consider subordinate's stress as their own stress (Perez, et al., 2015). Thus, for the member, better the quality of relationship with the boss, lesser is the level of stress experienced due to job related stressors. Recent studies show that high LMX in fact ensures that stress caused due to challenge and innovation, results in positive outcomes (Montani et al., 2017). However, leader competence as perceived by the subordinates has no effect on their stress levels. A leader's technical expertise seems to be inconsequential in determining stress levels of the subordinates. Ultimately it is the quality of relationship with one's leader that can reduce or elevate stress. In addition, relationship dimension of intragroup conflict is directly predicted by LMX. It is engaging how intragroup conflict has three dimensions and only relationship is specifically determined by LMX. The *conflicts arising out of the relationship quality* of leader and subordinate are less when the dyad experiences high LMX.

In contrast when we see the variables like intragroup conflict task and process dimensions; they are solely effected by leader competence. The results throw light on the critical role of cognition and expertise of the leader in determining subordinate outcomes. This means that outcomes which are more logical and rational in character are impacted by the expertise of the leader. We have categorized variables influenced by leader competence as *cognition based outcomes*. This involves process of thinking and decision making which requires an analytical, fact based and conscious approach with cognition at its center.

In dyads or teams, deciding how to do *tasks* can involve a lot of heated discussion and arguments within a group, but if conducted in a constructive healthy manner, it can lead to great ideas and results. The leader needs to be competent in terms of expertise and skills so as to guide the dyad or the team in the right direction. The leader needs to be competent enough to effectively carry out this role and execute it in the best possible way. This implies that for a member, when he/she views the leader to be a technical expert, he/she expects guidance and direction from the leader on tasks to be performed on the job. This reduces task ambiguity, makes objectives clear and goals are achieved in a constructive manner. Similarly, the *process* of allocation of duties and resources to complete the task needs to be handled in a productive manner. A competent leader will have the expertise to identify who is to perform what task and the subsequent process for the completion and achievement of the objectives and goals. This will minimize conflict, ensure effective task execution and enhance productivity. In addition, it positively develops an employee's orientation towards work, efficiency and effectiveness. However, it seems subordinates don't believe that quality of relationship with the leader will have any impact on the leader's capability to allocate

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resources and duty to the group. No wonder, LMX has no bearing on intragroup conflict- task or process. The presence of a competent leader ultimately *minimizes intragroup conflicts* within the team regarding how to initiate and complete the tasks.

Managerial and Theoretical Implications

This study was designed to explore the impact of LMX and leader competence on various subordinate outcomes at the workplace via an experimental research. The unique trends emerging out of our findings brings forth appealing insights that not only contribute to the extant LMX literature, but also make foray into research on leader competence. We have made an attempt to study LMX vis-à-vis leader competence, which has rarely been explored in the past especially in the Indian context.

Our results reveal that LMX and leader competence have specifically different outcomes for employees at the workplace. This is precisely helpful in organizations to allocate leaders and form leader-member dyads and teams. With focus on high performance teams at the workplace today, it is imperative that employees are encouraged to be innovative and enterprising. Our study highlights that enterprising behavior of a subordinate is enhanced when nurtured by the leader. This reiterates the critical role of leaders even more so in today's complex environment where uncertainties pose a new challenge to organizations everyday. With teams being the conventional way of working now, it is imperative to have teams that are not only complementary in skills but in their relationships and competence as well for holistic development of employees (Sturm, et al., 2017). It is critical that Human Resources design dyads and teams in such a way that LMX and competency mapping is done through psychometric tests to increase productivity and efficiency of employees at the workplace. Assessment centres can be conducted by HR function to affirm job suitability for employees.

We observed a trend in our findings as a result of which we categorised the subordinate outcomes as affect based outcomes (influenced by LMX) and cognitive based outcomes (influenced by leader competence). Building on this, depending on the kind of job role an employee has, he/she can be trained, developed and evaluated on the type of outcomes expected from him/her on the job.

With start-ups springing up every other day, it is crucial that organizations give a chance to their loyal employees who have an enterprising spirit. This can only be done if they are recognised and guided by leaders with whom they are likely to have a good quality of relationship. This will develop and benefit not only the employees but the leaders and subsequently the organization as well. Looking at congruence between the leader-member dyad and providing training on relevance of leader-subordinate relationship should be a top priority for practitioners in the industry.

Research shows that intragroup conflict can be detrimental for effective functioning of the group, member satisfaction and the groups' chances of collaboration in the future. However, when the subordinates perceive their leader to be competent, and that he/she is skilled and knowledgeable enough to handle cognitive conflict and steer it towards a conducive direction, they have a better chance of working together again. In such a scenario, the member is guided by the leader constructively to complete task and achieve goals. Also when the leader is technically competent and an expert, he/she can engage in mild conflict

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and yet drive the group towards effective functioning and performance, as research indicates that moderate amount of task conflict can actually lead to productive outcomes (Montani, et al., 2017). Thus, it is critical for organisations to allocate leaders to dyads or teams through first establishing the objectives, developmental goals and KRAs. Open communication is key to ensure that employees discuss and formulate goals at every step ensuring that leader is competent and able to guide his/her subordinates. Depending on the role of the dyad/ team the leader has to be allocated. It is probable that a leader who is competent and an expert in his/her area of work will be efficient in allocating duties as to how to get the work done. This will transcend from leader-member dyad to the entire group, ensuring smooth function of the group within the organization.

Organizations also need to invest in behavioral training for employees so as to make them aware about the relevance of relationships and competence. This process would work best if there is transparency, communication and linkage at every step to various HR processes in such a way that dyads and teams formations are envisaged at the recruitment phase itself (Edmondson, 2012). LMX and leader competence based interventions and trainings have to be a regular feature in organizations for employees to be productive and organizations to excel.

Limitations and Future Directions for Research

Although it is difficult to separate affect from cognition, our results have clearly shown that affect based variables can be categorized together as outcomes that are predicted by LMX and cognition based variables can be clubbed as outcomes influence by leader competence. This can be further researched and established via empirical work by future researchers. Also, why just leader competence? In future, researchers can explore subordinate competence and its role in organizations today. For the purpose of cross-validity this work can be carried out in different contexts. We have conducted an experimental study, thus it lacks external validity. Thus, the results can be tested through survey research to investigate this in real life context and generalize to a larger population. Further, here we have focused only on subordinate perceptions of LMX and leader competence. Researchers can further probe the leaders' reactions, which may throw light on distinguished trends. Consequently, in addition to subordinate outcomes, researchers can analyse leader based outcomes for bringing to fore insights about leadership practice and development at the workplace.

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Table 1 Demographic Profile of the Participants in the Study

Variables	Levels	Frequency	Percentage
Gender	Missing		2.00
	Male	124	89.00
	Female	12	9.00
Age	Missing	14	10.00

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	20-25	44	31.40
	26-30	55	39.20
	31-35	23	16.40
	36-40	4	3.00
Work- Ex Total	Missing	16	11.40
	0 – 5	77	55.00
	5 – 10	34	24.30
	10 – 15	10	7.10
	15 -20	3	2.20

Table 2 Two-way ANOVA for Perceived Leader Competence

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
Intercept	Hypothesis	9.95	1	9.946	3.94	.066
	Error	36.56	14.49	2.522 ^a		
COMP	Hypothesis	206.43	1	206.429	98.84	.000
	Error	286.11	137	2.088 ^b		
LMX	Hypothesis	6.43	1	6.429	3.08	.082
	Error	286.11	137	2.088 ^b		

Note: a: .100 MS (LMX) + .900 MS(Error), b: MS(Error), MS: Mean Square

Table 3 Two-way ANOVA for Perceived LMX

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
Intercept	Hypothesis	364.14	1	364.140	21.42	.098
	Error	21.18	1.25	16.997 ^a		
	Hypothesis	1.83	1	1.829	0.93	.337

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COMPETENCE	Error	269.66	137	1.968 ^b		
LMX	Hypothesis	152.26	1	152.257	77.36	.000
	Error	269.66	137	1.968 ^b	21.42	

Note: a: .100 MS (LMX) + .900 MS(Error), b: MS(Error), MS: Mean Square

Table 4 Composite Reliability, AVE, Cronbach's Alpha of Subordinate Outcomes

Construct	Composite Reliability	Average Variance Extracted (AVE)	Cronbach's Alpha
Employee Enterprising Behavior	.85	.59	.85
Stress	.87	.63	.87
Intragroup Conflict Relationship	.82	.61	.83
Intragroup Conflict Task	.85	.66	.88
Intragroup Conflict Process	.89	.72	.90

Table 5 Effect of LMX & Leader Competence on Subordinate Outcomes

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
<i>Employee Enterprising Behavior</i>					
Corrected Model	24.791a	3	8.26	5.94	0.001
Intercept	3895.59	1	3895.59	2797.68	0.000
Competence	0.05	1	0.05	0.03	0.858
LMX	24.45	1	24.45	17.56	0.000

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Competence * LMX	0.30	1	0.30	0.22	0.642
Error	189.37	136	1.39		
Total	4109.75	140			
Corrected Total	214.16	139			
<i>Stress</i>					
Corrected Model	25.395b	3	8.47	4.94	0.003
Intercept	1311.52	1	1311.52	765.64	0.000
Competence	1.30	1	1.30	0.76	0.385
LMX	24.03	1	24.03	14.03	0.000
Competence * LMX	0.06	1	0.06	0.04	0.847
Error	232.96	136	1.71		
Total	1569.88	140			
Corrected Total	258.36	139			
<i>Intragroup Conflict - Relationship</i>					
Corrected Model	24.371c	3	8.12	4.58	0.004
Intercept	2181.72	1	2181.72	1231.06	0.000
Competence	5.60	1	5.60	3.16	0.078
LMX	16.46	1	16.46	9.29	0.003
Competence * LMX	2.31	1	2.31	1.31	0.255
Error	241.02	136	1.77		
Total	2447.11	140			
Corrected Total	265.39	139			
<i>Intragroup Conflict - Task</i>					
Corrected Model	21.806d	3	7.27	4.17	0.007
Intercept	2400.10	1	2400.10	1376.70	0.000
Competence	21.61	1	21.61	12.39	0.001
LMX	0.06	1	0.06	0.04	0.848
Competence * LMX	0.13	1	0.13	0.08	0.782
Error	237.10	136	1.74		
Total	2659.00	140			
Corrected Total	258.90	139			
<i>Intragroup Conflict - Process</i>					
Corrected Model	22.936e	3	7.65	4.16	0.007
Intercept	1909.21	1	1909.21	1038.74	0.000
Competence	22.13	1	22.13	12.04	0.001
LMX	0.67	1	0.67	0.36	0.548
Competence * LMX	0.13	1	0.13	0.07	0.787
Error	249.97	136	1.84		
Total	2182.11	140			
Corrected Total	272.90	139			

Note: a: R squared = .116 (Adjusted R Squared = .096), b: R squared = .098 (Adjusted R Squared = .078)

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c: $R^2 = .092$ (Adjusted $R^2 = .072$), d: $R^2 = .084$ (Adjusted $R^2 = .064$)

e: $R^2 = .084$ (Adjusted $R^2 = .064$), *: Interaction between Competence and LMX

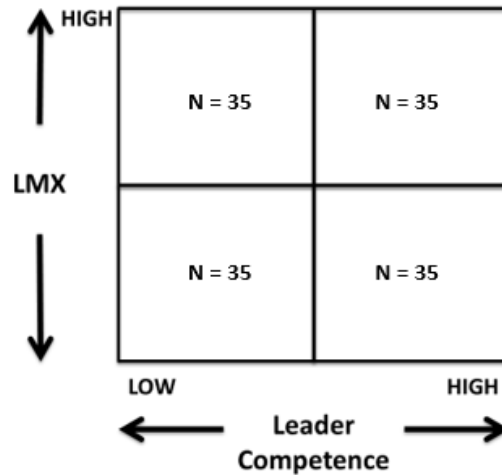


Fig. 1 Research Design- 2X2 Matrix of LMX and Leader Competence

Annexure I

Sample Vignette (For high leader competence and high LMX)

You have been working in company X for the last 2 years, which is a project based company, where you are essentially required to work in teams. This team is constantly involved in brainstorming, making presentations and meeting client demands. The team works on short-term projects which involves quick turnaround periods.

Your boss 'A' is the advisory manager, to whom you directly report ever since you joined. 'A' is well known for technical skills and expertise, which is instrumental in guiding the team as and when required. An MBA from the Ivy League, 'A' is considered to be efficient and competent by most people.

You have very good relations with your boss 'A'. You really like working with 'A'. There is mutual trust and understanding amongst the both of you. 'A' is a supportive boss, with whom you can share your problems and can rely on.