

RELATIONSHIP BETWEEN GROUP COHESION, LEADER-MEMBER- EXCHANGE AND JOB PERFORMANCE – A MULTI-LEVEL EMPIRICAL STUDY

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Abstract:

“Cohesiveness refers to the extent of unity ‘in the group and is reflected in members’ conformity to the norms of the group, feeling of attraction for each other and wanting to be co-members of the group.” The research aims to understand the relationship between group cohesion, leader member exchange the affect of job performance empirically. With a sample of 400 employees from 8 companies in manufacturing sector in Chennai. The relationship between leader member exchange and performance was empirically examined. This finding suggests that group level leader member exchange without a group process has no influence on group performance.

Key Words: Group cohesion, Leader-member-exchange and Job performance.

Introduction:

Group cohesiveness was chosen as a group factor due to its ambivalence. Although considerable research over the past 50 years has demonstrated the relationship between cohesiveness and performance, it is unclear whether or not cohesiveness would influence performance positively. In this study, group cohesiveness was considered differently depending on individual or group level. For instance, at the individual level, group cohesiveness would be a negative moderator based on social control theory. According to social control theory, people can be restrained if they belong to groups which have strong ties (Hirschi & Stark, 1969). When applying this theory to business situations, it can be assumed that a competent employee who belongs to a highly-cohesive group would be restrained; in other words, group cohesiveness would weaken the competency-performance relationship.

Along with the rapid development of technology and changes in the environment, many organizations have come to consider human resources as a critical part of their competitive advantage. For better human resource management, organizations need greater numbers of highly competent employees. In addition, business performance is not a single function of personal characteristics. There have been well-accepted frameworks about performance so far, such as person-context interactions (Amabile, 1996; Woodman, Sawyer & Griffin, 1993), person environment fit (Krist of, 1996; Schneider, 1987), and function of motivation \times ability (Campbell, McCoy, Oppler, & Sager, 1993). Based on these frameworks, the current study considers a group context in person-performance relationship.

Leader-member exchange (LMX) theory and research suggest that the quality of the exchanges that develop between employees and their leaders are predictive of performance-related and attitudinal job outcomes, especially for employees (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). LMX theory is unique among leadership theories in its focus on the dyadic exchange relationships between supervisors and each of their subordinates (Gerstner & Day, 1997). High-quality exchange relationships are characterized by mutual trust, respect, and obligation that generates influence between an employee and his or her supervisor. Low-quality exchange relationship, on the other hand, are characterized by formal, role-defined interactions

and predominantly contractual exchanges that result in hierarchy-based downward influence and distance between the parties.

Job performance, on the other hand, consists of the observable behaviours that people do in their jobs that are relevant to the goals of the organization (Campbell, McHenry, & Wise, 1990). Job performance is of interest to organizations because of the importance of high productivity in the workplace (Hunter & Hunter, 1984). Performance definitions should focus on behaviours rather than outcomes (Murphy, 1989), because a focus on outcomes could lead employees to find the easiest way to achieve the desired results, which is likely to be detrimental to the organization because other important behaviours will not be performed. Campbell, McCloy, Oppler, and Sager (1993) explain that performance is not the consequence of behaviours, but rather the behaviours themselves. In other words, performance consists of the behaviours that employees actually engage in which can be observed.

Review of Literature:

Cohesiveness is generally defined as "the resultant of all forces acting on all the members to remain in the group" (Cartwright, 1968). Group cohesiveness is one of the essential concepts for understanding group dynamics (Zander, 1979) studied for its conceptual similarity with teamwork. Early theorists identified group cohesiveness with other concepts such as group spirit, interpersonal attraction, sense of belongingness, and sense of we ness (Mudrack, 1989). Later, 'the desire to stay in a group' was added to the meaning (Evans & Dion, 1992). For clear conceptualization of cohesiveness factor analyses were conducted in the 1950s and 1960s; however, this concept lacks general acceptance so far. Since the mid-1980s, cohesiveness studies show an increasing tendency to separately look at the multiple facets of group cohesiveness. Cota, Longman, Evans, Dion, and Kilik (1995) argued that making division of social and task cohesion is significant not only for the conceptual articulation of group cohesiveness, but also for understanding the relationship between cohesiveness and performance.

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Research Methodology:

Data were collected three times. First, in time 1, real personnel data (i.e., competency rating) were collected from a Korean manufacturing company (digital electronic parts industry). Second, in time 2, surveys were sent designed to measure group cohesiveness to the Human Resource Management Department for internal distribution. Questionnaire data were collected from 400 members of 52 teams who worked in the same company. Finally, in time 3, real personnel data were collected again. Teams that had responses from at least two people and available performance data were included.

Measures:

Group Cohesiveness (individual level). This was measured to assess the degree that members feel attracted to their groups and are willing to remain in the group. Six items of Choi (1991) who translated and modified Price and Muller's (1986) items were used.

Example items are, 'I feel a strong sense of belonging to my team' and 'I want to be friendly to my co-workers in my team'. These items were measured on a seven-point Likert scale where a higher score indicated greater cohesiveness. The Cronbach's alpha for the combined scale was .85 (M = 5.32, SD = 1.04).

Job Performance. Human Resource Management Department provided individual performance rating scores ($M = 3.52$, $SD = .76$). The data were collected with a 7-month time lag from the survey and a 1-year time-lag from the competency data. A 5-point scale was used.

Group Cohesiveness (group level). Group cohesiveness were measured through aggregation of individual perceived group cohesiveness ($M = 5.34$, $SD = .55$).

Leader-Member-Exchange and Group Performance. The Human Resource Management Department provided team performance data (i.e., fulfilment of task, completion of projects, and degree of innovation). The team performance data were collected with a 7-month time-lag from the completion of collection of the survey data (group cohesiveness) and a 1-year time-lag from the completion of collecting competency data ($M = 90.40$, $SD = 10.82$).

RESULTS:

Table 1 presents correlations and descriptive statistics for all measures included at the individual level.

Table 1: Descriptive Statistics and Correlations: Individual Level

	M	SD	1	2	3	4	5
Gender	.02	.05	-.055	.071			
Position	2.29	1.23	.092	-.011	-.059		
Interdependence	4.68	1.07	-.027				
Group Cohesion	5.32	1.04	-.028	.202	.010	.126	-.016
Leader Member Exchange	3.99	.31	.177	-.031	-.047	.031t	
Job Performance	3.52	.76					

$p < .05$, $N=400$

As can be seen, Leader member exchange had a significant relationship with Job performance. However, group cohesiveness did not relate significantly to performance.

DISCUSSION:

A debate about group cohesiveness continues over whether or not it affects performance. In the current research, a direct relationship was not revealed. On the other hand, the moderating effect of cohesiveness was significant at both levels even though the direction is opposite. It is hoped that these results will theoretically contribute to the cohesiveness-performance relationship study. In addition, another interesting result from this paper is that individual competency would predict performance, whereas collective competency does not reveal any relationship with performance. This result suggests that collecting competent individuals would not be important in itself unless a group process is added. The implications of our findings and limitations of our research are discussed below.

Implications:

Our findings expand upon the previous research in three important ways. First, the relationship between leader member exchange and performance was empirically examined. Despite the rise of leader member exchange studies, few have attempted to conduct empirical studies. This article has shown that individual leader member exchange could predict individual performance. Conversely, collective competency failed to predict team performance. This finding suggests that group level leader member exchange without a group process has no influence on group performance.

Limitations and Future Research:

Although this study has strong validity, it has limitations as well in using multiple sources. Since provided secondary data (i.e., leader member exchange, job performance, and team performance) were not controlled by the researchers, this paper may have weak reliability with academic perspective. In particular, leader member exchange were developed by qualitative methods (i.e., panel workshop, interview) making it hard for generalization. In addition, even though the empirical study attempted to increase internal validity by using longitudinal data, it was difficult to generalize the findings because the data were collected from only one organization.

In future studies, two points need to be considered. First, the leader member exchange concept should be standardized and reinforced by quantitative methods. In doing so, leader member exchange studies could prosper in both academic and practical significance. Second, group cohesiveness needs to be reconsidered due to cohesiveness's indirect effect on performance. Until now, group size (Mullen & Copper, 1994), group goal (Podsakoff, MacKenzie, & Ahearne, 1997), performance norm (Schachter et al., 1951; Langfred, 1998), task interdependence (Gully, Devine, & Whitney, 1995), and past performance (Feltz & Lirgg, 1998; Lee & Farh, 2004) have been identified to exert a significant.

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