

**LEADER-MEMBER EXCHANGE, LOCUS OF CONTROL,
WORK ATTITUDES AND PERFORMANCE**

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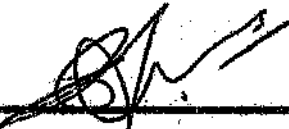
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ABSTRACT

The present study investigated a variation of the Leader-Member Exchange (LMX) model of organisational leadership, by exploring whether a subordinate's locus of control orientation, and a structured management style, would enhance the quality of the manager-subordinate dyadic relationship in terms of explaining subordinates' job attitudes (e.g., job satisfaction) and their work performance. Research was conducted on a sample of white-collar personnel (N = 269) within a major South African insurance organisation. It was found that the variables of subordinate locus of control orientation and structured management style were independent of the quality of the manager-subordinate dyadic relationship (or Negotiating Latitude). This finding suggested that the quality of the manager-subordinate relationship does not take into account the possibility that subordinates of either locus of control orientation may require different types of leadership, such as, a greater or lesser degree of supervisory structure in their job roles. When the variables of locus of control and structured management style were included in the LMX model, locus of control explained an additional amount of variance in subordinate job satisfaction but not in terms of their work performance, than LMX alone. The variable of structured management style did not explain any additional variance in job satisfaction and performance of subordinates, than LMX alone. The limitations of the study, as well as theoretical and practical implications of the study will be considered.

DECLARATION

I hereby declare that this dissertation is my own, unaided work. It is being submitted for the degree of Master of Arts, University of the Witwatersrand, Johannesburg. It has not been submitted for any degree or examination at any other University.



COLIN ABRAMS

20th day of March, 1995

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LEADERSHIP

Leadership has been described as one of the most observed, yet least understood phenomena in existence (Coghill, 1986).

However, effective leadership is a key factor for the successful functioning of an organisation (Coghill, 1986; Thomas, 1988; Vroom, 1983). Poor leadership is often given as a reason for inadequate organisational performance, and effective leadership for numerous organisational successes (Coghill, 1986; Feldberg, 1981). Indeed, Vroom (1983) contends that any knowledge which the behavioral sciences can contribute to the aid in the identification and enhancement of leadership in organised human endeavour would be of immense societal value. Consequently a good understanding of the phenomenon of leadership is ultimately of great importance to enhanced organisational functioning at the micro-level, and sustained economic growth at the macro-level (Nunns & Argirys, 1992). Feldberg (1981) defines organisational leadership as being the exercise of interpersonal influence through the communication process in order to achieve specified goals or objectives. However, Feldberg (1981) fails to mention that a leader may also make use of organisational rewards and sanctions in order to achieve specified goals or objectives. Furthermore, leadership is not just an interpersonal issue, effective organisational leadership also involves technical expertise and administrative functions, on the part of the leader. Malherbe (1986) argues that the objectives of

effective organisational leadership behaviour are to maximise productivity, to stimulate creative employee problem solving, to promote employee morale and satisfaction and to improve interpersonal relationships among workers. Schein (1984), however, argues that the gaining of a broader understanding of organisational leadership involves consideration of a great number of variables which can effect organisational leadership. Such variables include the personality of the leader, the characteristics of the subordinate, organisational level, cultural, political, and socio-economic conditions within the organisation and situational constraints. According to Malherbe (1986), some other important influences on effective leadership include: the stage of development of subordinates (see Pigors, 1976), the individual dyadic relationship (see Dansereau & Markham, 1987) and the organisational climate (see Visser, 1980). McCormick and Tiffin (1979) add that the way in which a manager behaves towards his/her subordinates is largely dependent on the nature of the job, the subordinate's perceptions about the manager and the personal, technical and administrative support provided to the subordinate.

Research indicates that effective leadership typically results in increased employee work performance and job satisfaction (Bass, 1990; Blake & Mouton, 1964; Fiedler, 1967; Gibbons, 1992; Greene, 1975; Hersey & Blanchard, 1977; House, 1977; Katz & Kahn, 1978; Lawless & Finch, 1989; Novak, 1984; Schein, 1980; Wayne & Ferris, 1990; Yukl, 1989). For example,

Novak (1984) found that a high quality manager-subordinate relationship led to increased job satisfaction and work performance among salaried employees in a large manufacturing organisation. Furthermore, Coghill (1986) suggests that effective leadership behaviour can produce positive goal attainment, and an increase in motivation, productivity, job satisfaction, performance, morale, and turnover within the setting of an organisation. Hence, effective leadership behaviour greatly contributes to the success of an organisation (Coghill, 1986). Dansereau, Graen & Haga (1975) and Yukl (1989), however, criticise most contemporary models of leadership (eg. McGregor's (1960) Theory, Blake & Mouton's (1964) Managerial Grid, Fiedler's (1967) Contingency Theory, and Hersey & Blanchard's (1977) Situational Leadership Theory) as being limited. This is because, as will be discussed later under the heading "Criticism of Past Leadership Approaches", these theories typically do not adequately address the reciprocal dyadic relationship that exists between managers and each of their subordinates (Dansereau, Graen & Haga, 1975; Yukl, 1989). Traditional leadership models (eg. McGregor, 1960; Blake & Mouton, 1964; Fiedler, 1967; Hersey & Blanchard, 1977) focus on the behaviour of the manager, while ignoring how the subordinate's behaviour affects the manager's leadership style (Gist, 1987; Hollander & Offerman, 1990). More recently, managerial leadership has been explained as a transaction or a social exchange whereby both managers and subordinates make a contribution to the manager-subordinate relationship (Bass, 1990; Kuhnert & Lewis, 1987). An example

of this approach is George Graen's Leader-Member Exchange (LMX) (Dienesch & Liden, 1986; Vecchio, 1985) where emphasis is placed on the dyadic relationship between managers and subordinates (Novak, 1984). In terms of this approach, the reciprocal relationship between managers and their subordinates is a central concept, as the quality of the leader-subordinate dyad is associated with the job satisfaction and work performance achieved (Dienesch & Liden, 1986; Hollander & Offerman, 1990).

Research, for example, by Graen, Liden and Hoel (1982) on 48 computer programmers in a large North American public utility organisation investigated the effectiveness of leader-member exchange as a leadership approach and showed (during a one-year period) that the leader-member relationship explains more than three times a greater amount of variance (.79 as opposed to .23) in organisational outcomes such as job attitudes and the prediction of employee turnover, than the more traditional leadership approaches (eg. Blake & Mouton's (1964) Managerial Grid, Hersey & Blanchard's (1977) Situational Leadership and Fiedler's (1967) Leader-Match Theory). However, even though this is only one study, it still shows promise regarding the effectiveness of the leader-member exchange approach in explaining organisational outcomes. Furthermore, an important concept is the quality of the leader-member exchange between manager and subordinate (Novak, 1984). This is because the quality of the exchange determines both leaders' and subordinates' job performance and job

satisfaction (Graen & Cashman, 1975; Novak, 1984; Serey, 1981).

According to Hollander (1985), the study of leadership has involved a large number of different approaches. A short critical review of some of the leadership theories will follow. These theories will focus on the Great Man Approaches, Trait Theory, The Managerial Grid, Situational Leadership, and Contingency Theory. The Leader-Member Exchange theory will be addressed in more detail.

Leadership Approaches

Edwin Hollander (1985), regarded by Bass (1990) as one of the leading social psychologists of the past few decades, contends that there are five major leadership areas which constitute the most important leadership approaches. Each will be briefly (and critically) discussed in the following section. Thereafter it will be argued that the leader-member exchange approach (Dienesch & Liden, 1986; Vecchio, 1985) provides the most appropriate description of the leadership process for the present research.

The "Great Man" Approach and Trait Theories

For many commentators (eg., James, 1880; Carlyle, 1841), history is shaped by the leadership of great men. The "Great Man" theory (Galton, 1869) was one of the earliest approaches

to leadership. In this theory, leaders were seen as people with unique qualities or traits necessary for leadership (Bass, 1990; Stogdill, 1948). An example of a unique quality was intelligence. The Great Man approach has been criticised by Hollander and Offerman (1990) for ignoring environmental factors impacting on leader behaviour, while considering genetic factors to be more important. Furthermore, Hollander (1985) argues that the Great Man approach is simplistic as it does not consider the dynamic nature of leadership. An extension of the "Great Man" theory is the Trait Approach, which is also based on the assumption of an hereditary basis of leadership qualities (Hollander & Offerman, 1990). The Trait Theories (eg., Kohs & Irle, 1920; Page, 1935; Kilbourne, 1935; Stogdill, 1948) contended that if leaders are endowed with superior qualities that differentiate them from their followers, it should be possible to identify these qualities. The Trait Approach highlighted these specific personal qualities or traits (eg. intelligence, extroversion) that those people in leadership roles should possess (Hollander, 1985). For example, researchers such as Gough (1989) and Lord, DeVader, and Alliger (1986) found support for extroversion as a generalised trait that is likely to increase one's tendency to attempt to lead and to participate in group activities. Gough (1989) tested American university students and military cadets and reported that emerging as a leader correlated .76 for males and .80 for females with being outspoken, .62 and .39 with being sociable, and -.81 and -.65 with being shy. However, Bellingrath (1930) and Drake (1944) found no

significant correlations between extroversion-introversion scores and leadership.

Stogdill's (1950) trait approach, classifies leadership into the following six categories, namely, physical, intelligence, personality, social, task-related, and social background. These six categories highlighted different traits that leaders were presumed to exhibit. Coghill (1986) contends that Stogdill's approach overlooks the possibility that leaders who are successful in one situation may not necessarily be successful in others. One of the ways the trait theories can be criticised is that they focus on the attributes of the manager while ignoring the unique personality and abilities of the subordinate (Bass, 1990). Furthermore, by focusing only on the traits of the leader, trait theories ignore the fact that leaders require different abilities and traits in different situations (Coghill, 1986). Hollander and Offerman (1990) criticise the trait approaches for not properly considering the manager-subordinate relationship. Finally, Mann (1959) reviewed 125 leadership studies and found that the effectiveness of a leader depends as much on the traits of the leader, as on the prevalent situation. Dissatisfaction of various researchers (eg., Hemphill, 1950; Jenkins, 1947; Shartle, 1950) with the focus on traits rather than behaviours of leaders resulted in the organisation of the Ohio State Leadership Studies and the development of leadership style theories.

Leadership Style Theories

Leadership style theories originated in the Ohio State University studies in the 1940's (Schein, 1980). Researchers attempted to define precisely what kind of behaviour leaders performed (Schein, 1984). The Ohio State researchers used their results to develop the first form of the Leader Behaviour Description Questionnaire (LBDQ) (Hemphill, 1950; Hemphill & Coons, 1957). The results of the Ohio State University research led to behaviour being described in terms of two independent dimensions called "initiating structure" and "consideration". Initiating structure concerns the degree to which leaders define and organise tasks, establish communication networks and evaluate group performance (Bass, 1990). Consideration refers to follower perceptions of the leader's degree of trust for his subordinate(s), the mutual respect in the leader-member relationship as well as the degree of concern shown by the leader for the welfare of employees (Coghill, 1986). Hollander (1985) argues that research on leadership style theories up to 1974 showed that fifty-four out of seventy-seven studies conducted on organisational participants yielded support for the two dimensions, namely initiating structure and consideration. For example, Halpin (1955) compared supervisors in two different roles, namely, school administrators and air force command pilots. He found they differed on these two dimensions, with school administrators more likely to show consideration, and command pilots more initiation of structure (Halpin, 1955).

Initiating structure and consideration were found to be positively related to productivity and job satisfaction in the following different settings (correlations of leader consideration and initiation of structure with job performance ranged from .27 to .46 and from .22 to .27 respectively, and with job satisfaction from .65 to .83 and from .46 to .51 respectively): in industrial settings (Badin, 1974; Farris, 1969, Fleishman & Simmons, 1970; Skinner, 1969), hospitals (Oaklander & Fleishman, 1964), educational settings (Petty & Lee, 1975), and government organisations (Miles & Petty, 1977). However, various commentators (eg., Halpin & Croft, 1962; Oldham, 1976; Seltzer & Bass, 1990) argue that the use of only two constructs, namely, initiation and consideration, does not provide a detailed enough profile of leadership behaviour. This is because these authors found that the behaviour of leaders could not be adequately explained by just two factors, rather, more detailed scales of leadership behaviour were developed which were found to be higher in relation to leadership effectiveness than were measures of consideration and initiation of structure. For example, in a North American study of 875 part-time MBA students, Seltzer and Bass (1990) obtained a correlation of .61 between charismatic leadership and leader effectiveness, and, in a similar sample, a correlation of .66 was obtained between charismatic leadership and satisfaction with the leader. These correlations were considerably higher than were the correlations of effectiveness and satisfaction with measures of consideration and initiation of structure. Hence, the

constructs of consideration and initiation of structure were found to be limited. According to Hollander and Offerman (1990), a more important criticism of leadership style theories is their focus on the typical behaviour of the leader towards his subordinate, while ignoring the fact that leadership style is also influenced by the followers' behaviour towards the leader, especially insofar as follower expectations and perceptions about a leader affect the process of leadership (Graen & Scandura, 1987). Hollander and Offerman's (1990) criticism of leadership style theories is in line with recent conceptual and research developments in the field of leadership which show increasing attention to the followers' role in the leadership process (eg., Conger & Kanungo, 1988; Hollander, 1986; Howell & Avolio, 1993; Kinicki & Vecchio, 1994; Lord & Maher, 1990). Although the study of leadership has always presumed the existence of followers, their roles were viewed as essentially passive (Elgie, Hollander & Rice, 1988). However, recent approaches to leadership study (eg., Bass, 1985; Fiedler & House, 1988; Graen & Scandura, 1987) have increasingly sought to integrate followers more fully into an understanding of leadership. This development has been affected by the greater attention to groups and team effort in the workplace attributable in part to Japanese management practices (eg., Ouchi, 1981) which involve sharing of power and engaging followers' talents through empowerment (Hollander & Offerman, 1990). One reason why the recent trend in organisational leadership has been toward greater interest in the role of followers may be

because traditional leadership approaches which examine only the managers' behaviour only represent half the equation in manager-subordinate dyads, and are thus conceptually unsound (Nunns, Ballantine, Burns, & King, 1990). Secondly, given the range of individual differences between subordinates no single managerial style can be expected to be appropriate for all subordinates (Nunns et al., 1990), hence a major conceptual problem for those leadership approaches which focus on leadership styles.

Further criticisms of the Ohio State University research have been of a technical nature. For example, the scales used to measure consideration and initiation of structure were found to suffer from halo effects as well as a variety of other response errors, such as leniency and social desirability (Schriesheim, Kinicki, & Schriesheim, 1979; Graen & Schiemann, 1978). Hence, it was not known whether the scales were valid measures of true consideration and initiation of structure. However, despite criticism of the Ohio State University studies, Blake & Mouton (1980) argue that initiating structure and consideration are constructs that are key elements within the leadership domain. Hence, there are leadership approaches that use initiating structure and consideration as basic constructs. These approaches are called leadership style theories and include Blake and Mouton's (1964) Managerial Grid and Hersey and Blanchard's (1977) Situational Leadership Theory. It is argued in the present study that these theories do not differ greatly from one

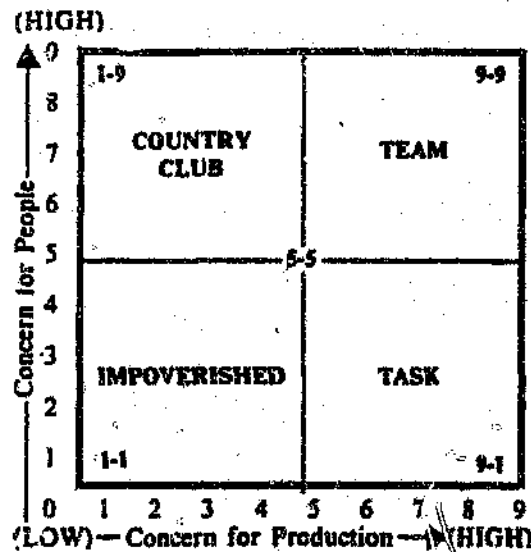
another, they involve similar constructs, which are merely labelled in a different way. These approaches will briefly be discussed.

The Managerial Grid

The Ohio State University constructs of initiating structure and consideration were extended into a two-dimensional grid (see Figure 1) by Blake and Mouton (1964), which yielded five generalised managerial styles. The two dimensions were termed a Concern for Production and a Concern for People. Concern for Production (a similar concept to "initiating structure") is the amount of concern which the manager holds for producing goods and providing services (Blake & Mouton, 1982). Concern for people (similar to "consideration") is the amount of concern held by the manager for his/her superiors, subordinates, colleagues or customers (Blake & Mouton, 1982). The grid is two-dimensional with the horizontal dimension representing a concern for production, and the vertical dimension representing a concern for people (Bass, 1990). Blake and Mouton (1964) contend that these two dimensions yield five generalised managerial styles in the grid ranging from the "impoverished" management style through to the "team" management style. The "impoverished" style is described by Blake and Mouton (1964) as combining a very low concern for people with a very low concern for production. This style is tantamount to abdication (Coghill, 1986). Conversely, the "team" style combines a high concern for

people with a high concern for production (Blake & Mouton, 1964).

Figure 1. The Managerial Grid



(Blake & Mouton, 1982)

Like the Ohio studies, Blake and Mouton's managerial grid has been criticised by a number of authors (eg., Bass, 1990; Hollander & Offerman, 1990; Lord, DeVader, & Alliger, 1986) for focusing too much on the behaviour of the leader towards his subordinate while ignoring how the behaviour of the subordinate may influence the leader. According to Dienesch and Liden (1986) the managerial grid does not consider the reciprocal relationship between managers and subordinates, as the subordinates' characteristics are not seen to impact on

managers performance, behaviour/style and activities. The theory, which has only two dimensions, was criticised by Hollander (1985) as being simplistic. This is because the managerial grid does not consider situational variables, while assuming that the "team management" style fits all situations (Hollander, 1985). Other authors (Deluga, 1988; Hersey and Blanchard, 1977; Bernardin and Alvares, 1976; and Keller, 1978) criticise Blake and Mouton's (1964) managerial grid insofar as it lacks satisfactory empirical support. Criticism towards the grid has also been targeted from a methodological point of view in previous research (eg. Argyris, 1976; Hall, 1976; Kreinik & Colarelli, 1971; Reiner & Morris, 1987). For example, research (eg., Hall & Donnell, 1979) on the grid has lacked appropriate controls as a means of controlling rival hypotheses. Due to the theoretical and empirical limitations of the managerial grid, a new direction in leadership research resulted in the development of the Contingency Approaches (Fiedler, 1967, 1978). Hollander and Offerman (1990) contend that the three Contingency Approaches (eg., Fiedler, 1971; Vroom & Yetton, 1973; House, 1971) were more dynamic than the leadership style theories in that subordinates' characteristics were more fully considered.

Contingency Theory

Fiedler's contingency theory (1967, 1971) dominated much of the research on leadership during the 1970s. For Fiedler (1967, 1971), the effectiveness of task-oriented and

relations-oriented leaders is contingent on the demands imposed by the situation (Bass, 1990). Fiedler's major contribution was to shift the emphasis in leadership research from traits and behaviours to the leader and the context within which the process of leadership occurs (Coghill, 1986; Hollander & Offerman, 1990). Leadership was beginning to be viewed as more of a "process" which requires leaders to direct and maintain the collective activity of their followers, thereby according greater responsibility and power to followers and allowing their role to become more active (Hollander & Offerman, 1990; Stewart, 1982). Fiedler (1967) argues that leader-group relations (how well leader and members of a group get along), task structure (clarity of steps needed to complete a task) and position power (amount of legitimate authority available to the leader) describe the situational favourableness for the leader (Schein, 1980). Fiedler's model aims to distinguish between leaders who are task-oriented or relationship-oriented. Fiedler determines this by a "least-preferred co-worker" (LPC) score, which is obtained by asking leaders to consider all the individuals with whom they have worked, and then to specifically determine the characteristics of the people with whom they worked with least effectively (Ayman & Chemers, 1983). If the leader's least preferred co-worker score is low, then the leader considers the subordinate in relatively unfavourable terms, and the leader is thus primarily interested in effective performance, and is task oriented (Robbins, 1988). A relationship-oriented leader (a high least preferred co-worker

score) is interested in fostering good relationships with his/her co-worker.

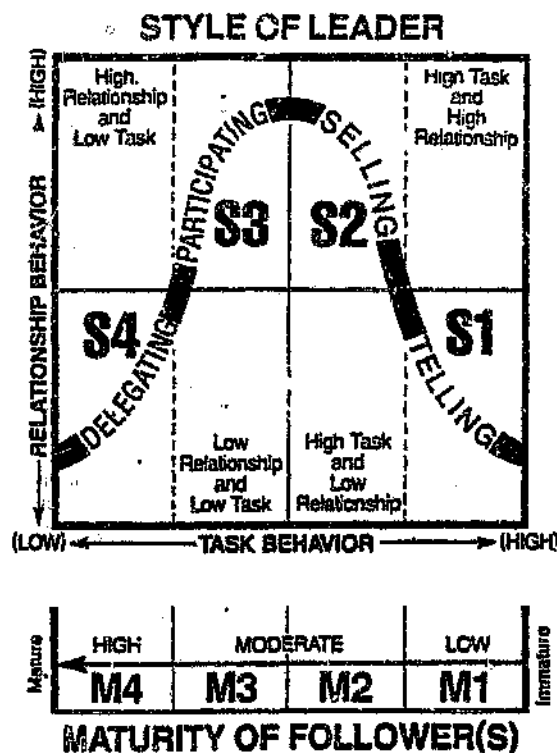
Research on Fiedler's contingency theory has shown various weaknesses in the theory, such as devoting little attention to subordinate characteristics (Rice & Kastenbaum, 1983), and the fact that various factors, such as group performance can cause variations in leaders' LPC scores (Vroom, 1983). Various authors (Hollander, 1985; Dienesch and Liden, 1986) dispute the acceptability of Fiedler's theory as a leadership approach on the basis that it does not adequately consider the dyadic reciprocal relationship that should exist between leaders and subordinates. The emphasis of this approach (like the previously mentioned leadership models) still centres around the behaviour of the leader towards his followers to the relative exclusion of how followers may influence the leader (Hollander & Offerman, 1990; Lord, DeVader & Alliger, 1986). On technical grounds, the least preferred co-worker instrument has been questioned by Robbins (1988), as longitudinal studies have shown that respondents' least preferred co-worker scores are not stable over time. Finally, research has disputed the construct validity and content validity of the model (Isenberg, 1981; Rice, 1981). Hersey and Blanchard (1977), in response to the abovementioned inadequacies of Blake and Mouton's (1964) Managerial Grid and Fiedler's Contingency Theory (1967), formulated a leadership approach called the Situational Leadership Theory (Hersey & Blanchard, 1977).

Situational Leadership Theory

Situational leadership is based on the two Ohio state University dimensions, namely concern for people and concern for production (Goodson, McGee & Cashman, 1989). However, Hersey and Blanchard (1977) reject the assertion made by Blake and Mouton (1964) of the existence of an ideal management style (ie. the "team management style"). Rather, Hersey and Blanchard (1977) argue that managers will be more effective in attaining personal and organisational goals if they adapt their leadership styles to meet the needs of the particular situation and the needs of their subordinates.

The Situational Leadership theory, much like the other leadership approaches mentioned thus far, represents leader behaviour by means of a two-dimensional grid which yields four basic leadership behaviour styles. A further variable that is included in Hersey and Blanchard's (1977) approach is the "Task Maturity" level of the subordinates. Task maturity is defined as the ability, technical knowledge, self-confidence and self respect to do the job (Hersey & Blanchard, 1977). According to Blanchard (1985), each leadership style depends on the maturity level of the subordinate and is related to a specific maturity level (see Fig. 2). Furthermore, when combining leadership styles and maturity levels, different approaches to a leader's decision making and problem solving result (eg., directing, coaching, supporting and delegating).

Figure 2. Hersey and Blanchard's leader behaviour in terms of subordinate maturity level



(Hersey & Blanchard, 1977)

The Situational Leadership approach has been criticised (eg., Blank, Weitzel & Green, 1990; Dienesch & Liden, 1986; Hollander, 1985) as being similar, in essence, to the leadership approaches of Blake and Mouton (1964) and Fiedler (1967) as it merely adopts the same behavioural constructs while presenting them in a different way. This means that situational leadership theory does not consider the behavioral flexibility of both the leaders & the subordinates, and does not consider the reciprocal relationship that exists between leaders and subordinates (Blank, Weitzel & Green, 1990; Hollander & Offerman, 1990). This is because it considers

leadership solely from the managers perspective (Schein, 1980). From a technical viewpoint, it has been argued that Hersey and Blanchard's model has not been subjected to satisfactory independent research thus limiting its generalisability (Bass, 1990). According to Aldag and Brief (1981), the model lacks internal consistency with regards to its measures. Finally, the abovementioned criticism that Situational Leadership (like the other leadership approaches discussed) does not consider the reciprocal relationship that exists between leaders and subordinates, has led to the development of leadership approaches which show increasing attention to the follower in the leadership process. An example of such an approach is Leader-Member Exchange (Graen, 1978), which was developed largely as a result of the criticism of various authors (e.g., Graen, 1978; Vecchio & Gobdel, 1984) of past leadership approaches.

Criticism of Previous Leadership Approaches

It has been argued that the quality of the dyadic relationship that exists between manager and subordinate must be central in leadership research (Liden & Graen, 1980; Heneman, Greenberger, & Anonyuo, 1989). The reason for this is that previous approaches have tended to ignore this reciprocal relationship, and examine leadership solely from the leader's perspective (Gist, 1987; Hollander, 1985; Rush, Thomas & Lord, 1977). Graen (1976, 1978) argues that each member of the dyad can effect the other member of the dyad's performance and job

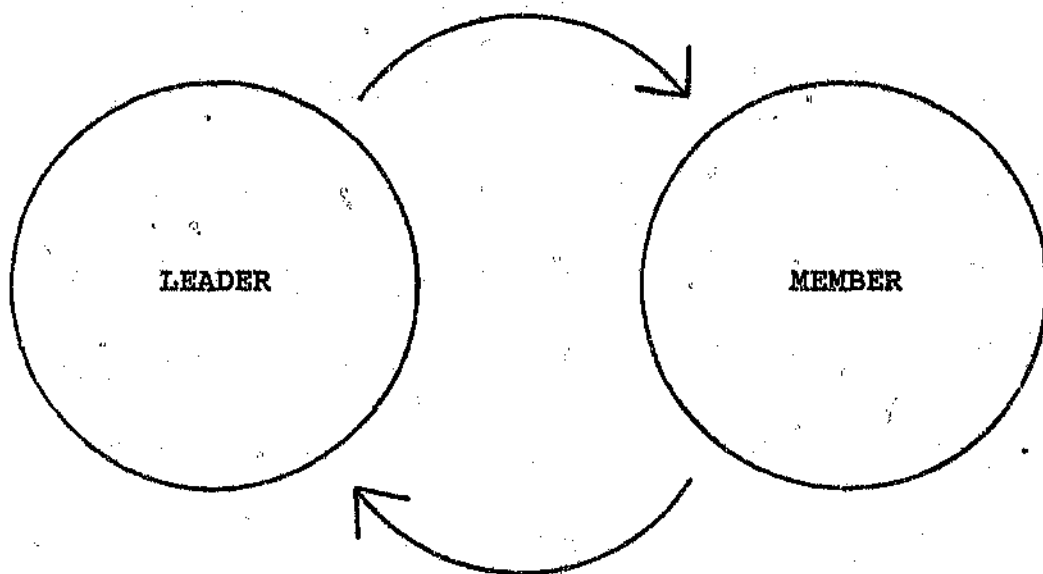
satisfaction. This depends on the degree of integrative effort between manager and subordinate characterised by varying degrees of mutual trust, interaction, support and reward (Liden & Graen, 1980). Graen's (1978) Leader-Member Exchange is a leadership approach that addresses this issue by focusing on the reciprocal relationship between managers and subordinates (Dienesch & Liden, 1986). Research has established leader-member exchange as a more viable leadership approach (Dienesch & Liden, 1986; Dockery & Steiner, 1990; Graen, 1978; Graen, Liden & Hoel, 1982; Novak, 1984) as compared with research on the traditional leadership approaches (Dienesch & Liden, 1986; Hollander, 1985; Reiner & Morris, 1987; Schein, 1980). This is because the traditional leadership approaches have examined leadership solely from the leader's perspective, while ignoring how the subordinate's behaviour affects the manager's leadership style (Gist, 1987; Hollander & Offerman, 1980). According to Hollander (1985), Dienesch and Liden (1986), and Kinicki and Vecchio (1994), leader-member exchange is an approach to leadership which is a forerunner of the present trend in leadership research toward greater interest in the role of followers. For this reason, leader-member exchange has been adopted in the present study as a potential springboard from which to further an understanding of leadership in organisations.

Leader-Member Exchange

George Graen and his associates (Dansereau, Cashman &

Graen, 1973; Dansereau, Graen & Haga, 1975; Graen & Cashman, 1975; Graen, Novak & Sommerkamp, 1982; Graen & Scandura, 1987) have developed an alternate approach to the study of leadership by focusing on the relationships that emerge from the dyadic interaction between a superior and his subordinate(s). Many of the traditional theories of leadership assume that a leader exhibits an "average leadership" style toward all members of a work group (Dunegan, Duchon, Uhl-Bien, 1992). In contrast, Graen's (1978) Leader-Member Exchange (LMX) approach emphasises that the quality of the dyadic exchange can vary substantially between a supervisor and individual subordinates. Hence, Graen (1978) suggests that a more appropriate means of assessing a leader's potential for influencing his subordinates' behaviour requires a consideration of the varying quality of this dyadic exchange.

Figure 3. The Leader-Member Exchange reciprocal relationship.



The Leader-Member Exchange model focuses on the individual dyadic relationships between supervisors or managers (termed "leaders"), and each of their subordinates (termed "members") (Scandura & Graen, 1984). Graen (1976) contends that, within organisations, roles are defined in an ambiguous and incomplete manner. As a result, employees must complete the role definition themselves (Graen, Orris & Johnson, 1973). Leader-member exchange theory states that supervisors have a vested interest in their subordinates' role performance (Dienesch & Liden, 1986). Consequently, a subordinate's direct supervisor is the person most likely to use formal sanctions (in a legitimate way) to enforce role expectations (Graen, 1976). Thus the interpersonal exchange between subordinate and manager is assumed to be a crucial mechanism in determining the type of role that the subordinate will play (Dienesch & Liden, 1986). According to Liden and Graen (1980), the quality of the relationship between each leader and member of a dyad develops through numerous interactions and exchanges between the two, known as the role-making process. During this process the leader and member negotiate and reach agreement, explicitly or implicitly, on a number of aspects of their relationship such as the degree of the subordinate's autonomy and authority, the extent of information shared and subordinate influence in decision making, concern and trust provided by the manager, and the type of tasks assigned to the subordinate (Duchon, Green, & Tabor, 1986; Graen & Scandura, 1987).

In terms of the leader-member exchange theory, the concept used to describe the nature and quality of the dyadic exchange between managers and subordinates is Negotiating Latitude (NL). Novak (1984) defines the concept "negotiating latitude" as the subordinates' perceptions of the job and the manager's willingness to personally assist in solving subordinates' job problems. Subordinates who experience high NL enjoy greater communication, trust, influence in decision making and discretion with their managers than those low in NL (Liden & Graen, 1980; Dienesch & Liden, 1986). In return, the subordinate would commit himself/herself to greater degrees of involvement and commitment towards his job, and the functioning of his department (Scandura & Graen, 1984). Alternatively, where NL is low, the exchange is characterised by low levels of trust, interaction, support and reward (Liden & Graen, 1980). Research has shown that a high negotiating latitude is associated with high levels of subordinate job satisfaction ($r = .71$ and $.73$) (Graen, Novak, & Sommerkamp, 1982, Rosse & Kraut, 1983; Wayne & Ferris, 1990), increased employee performance ($r = .76$) (Graen et al., 1982; Scandura & Graen, 1984), high decision influence ($r = .45$) (Scandura, Graen, & Novak, 1986), and increased loyalty ($r = .61$) (Dansereau et al., 1975). Furthermore, during a 1-year period, in a study of 48 computer programmers working for a large North American public utility organisation, a high quality LMX was shown to be a superior predictor of employee turnover than an average leadership style approach ($r = .79$ as opposed to $.23$) (Graen, Liden, & Hoel, 1982).

Even though the Leader-Member Exchange model focuses on the individual dyadic relationships between managers and each of their subordinates, the subordinates themselves can be classified into two broad groups, based on the quality of exchange with their manager. These two groups will be discussed below, and are known as the "inner" and "outer" groups.

Inner versus Outer Group Members

According to the theory of leader-member exchange, various members' roles will be developed at different rates and with different degrees of interaction with the leader. This is because the leader does not have time to give all members equal attention (Bass, 1990). Furthermore, the leader values subordinates to different degrees and fosters the success of those he/she values most (Chassie, 1984). According to Kim and Organ (1982), a leader also initiates more exchanges with highly competent subordinates and establishes a close relationship with only a few key members. These key members are known as the inner group. For dealing with the outer group, the leader relies on formal authority (Graen, 1976). Hollander (1978) observed that it is a common phenomenon in groups and organisations for an inner clique to form with whom the leader has closer relations than with the rest of the group. According to Hollander (1978), the inner group gets more attention, approval and status, however, they are expected to be more loyal and committed to the leader and the

group. A result of the formation of the inner group is that the envy of the members of the outer group could be aroused. Furthermore, the inner clique must share more blame for the leader's failures (Bass, 1990). This is because the inner group has a closer connection to the leader. Dansereau, Graen, and Haga (1975) interviewed 60 leaders and their subordinates four times over nine months. They found that for members of the inner group, the leader-subordinate dyadic exchange was seen to be a partnership that was characterised by reciprocal influence, an extracontractual behaviour exchange, mutual trust, respect and liking, and a sense of common fate (Dansereau, Graen & Haga, 1975). The higher quality of the leader-member exchange for inner-group members than for outer-group members was correlated with the leader's greater attention to the inner-group members (Dansereau, Graen & Haga, 1975). Furthermore, the energy and effort of the inner-group members was greater; they also had fewer job problems.

Duchon, Green and Tabor (1986) found that members of the inner group were more compatible with the leader and had a higher quality exchange relationship with the leader than did members of the outer group. However, outer-group members were not necessarily less satisfied with their leader or with their degree of influence. Graen and Schiemann (1978) found that leader-member dyads in the inner group agreed more on the meaning of mutually experienced events than did leader-member dyads of the outer group. Liden and Graen (1980) found that outer-group members reported spending less time in decision

making and were less likely to volunteer for special assignments and extra work.

For 45 supervisor-subordinate dyads in a North American industrial organisation, Vecchio and Gobdel (1984) found that leader-member dyadic exchanges in the inner group were of a higher quality and were associated with the members' higher performance ratings, better actual job performance, less tendency to quit, and greater satisfaction with supervision. Similarly, for a sample of 83 administrators in a large hospital, inner-group members became trusted "lieutenants" (Mael, 1986). Mael (1986) supported the "in/out" group formulation by showing that such "lieutenants" had a higher negotiating latitude in their dyadic exchange relationship with their leader and are more satisfied than are others with their job and their leader's performance.

Research has typically supported the existence of unique relationships between leaders and each subordinate (eg., Dienesch & Liden, 1986; Dockery & Steiner, 1990; Graen, Liden & Hoel, 1982; Graen, Novak & Sommerkamp, 1982; Graen & Schiemann, 1978; Scandura & Graen, 1984; Vecchio, 1982). Nevertheless, little is known of the process that occurs between leaders and subordinates that results in a particular type or quality of exchange. Most leader-member exchange models (eg. Dansereau et al, 1975; Graen, 1976; Liden & Graen, 1980; Novak, 1984) are structural models that are static. By the word "static" it is meant that these models do not reflect

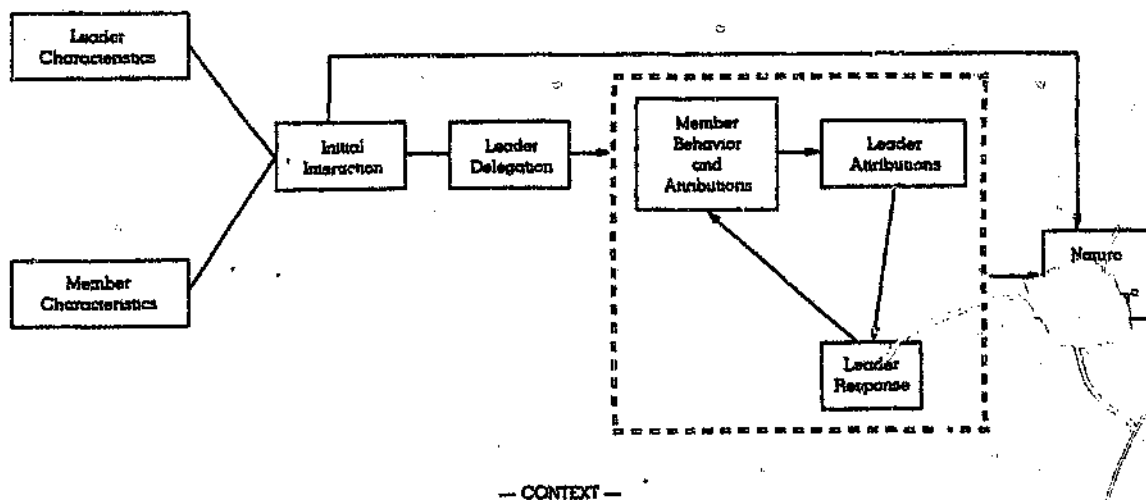
changes over time, as well as the dynamic nature that leader-member relationships follow. These models do not show the development that occurs in the creation of effective leader-member dyads. According to Thomas (1983) structural models identify parameters that influence behaviour, whilst specifying the form or structure of that influence within organisations, and are useful for suggesting systematic changes. In contrast to the structural models, there exists the process-oriented model. The process-oriented model is dynamic, rather than static, as it examines the processes involved in the development of effective leader-member relationships. This means that events must be identified, and the effects of each event on subsequent events must be considered. An example of a process-oriented model of the development of leader-member exchange is that of Dienesch and Liden (1986). Dienesch and Liden (1986) argue that their model of leader-member exchange is an improvement on previous LMX models. This is because, despite their emphasis on the role-making process, previous LMX models have not directly addressed the question of how LMX relationships develop (Dienesch & Liden, 1986). Consequently, Dienesch and Liden (1986) have presented a model of LMX development which focuses on the process that takes place between a leader and a subordinate that results in a particular type of exchange. Schriesheim et al. (1992) contend that by emphasising the LMX developmental process, Dienesch and Liden (1986) may have provided a more accurate conceptualisation of the exchange relationship. If this is so, then Dienesch and Liden's model

may provide an opportunity for greater precision in empirical research. The Dienesch and Liden model will be discussed in greater detail below.

The Dienesch and Liden Leader-Member Exchange Model

Dienesch and Liden (1986) developed a leader-exchange model using a reciprocal causation framework from literature of attribution theory, role theory, and leadership theory. In Dienesch and Liden's (1986) model of leader-member exchange a number of developmental stages exist. These include, the interaction stage, the delegation stage, the stage where the member responds to the leader's delegation, the leaders' attributions of members' behaviour stage, and the final stage concerns the outcome of the exchange.

Figure 4. Model of the leader-member exchange developmental process



(Dienesch & Liden, 1986)

Initial Interaction:

This component of the LMX development model is concerned with the first time a leader and member interact in their current positions. The initial interaction brings together the unique attitudes, abilities, personality, experience, age and background of the subordinate and leader, as well as initial feelings of trustworthiness and expertise of each member (Dienesch & Liden, 1986). According to McCormick and Tiffin (1979), the feeling of trustworthiness is a major factor in interpersonal relationships. This is because, assert Dienesch and Liden (1986), the subordinate will only accept managers' offers (eg. benefits such as time off), if the subordinate perceives that the leader can be trusted to produce the offered resources.

Dienesch and Liden (1986) expand the initial interaction stage of leader-member exchange to show that this stage may have another important influence on an organisation, namely, in a situation where a new employee (manager or subordinate) joins the organisation (Dienesch & Liden, 1986). Feldman and Brett (1983) and Katz (1980) found that new employees to the organisation react differently to new jobs than do organisational incumbents who have changed jobs. For example, newcomers may require more information about the organisation and support (Feldman & Brett, 1983), and the leader is a likely source of provision of that information and support (Louis, Posner & Powell, 1983). In effect, newcomers participate in two interrelated processes, namely,

socialisation into the organisation and the development of a leader-member exchange relationship with their new supervisors (Dienesch & Liden, 1986).

Inspection of Figure 4 also suggests that the initial interaction of the manager and subordinate may be directly linked to the nature of the exchange (the final stage of the model). This direct link can occur when a subordinate's individual characteristics are extremely noticeable to the manager, as the manager may then make an immediate judgement about the subordinate and bypass the behaviour/attribution steps of the model (Dienesch & Liden, 1986). For example, a racially prejudiced leader may form an immediate opinion about a black member on the basis of stereotypes (Ilgen & Feldman, 1983). According to Dockery and Steiner (1990), the initial interaction is where the supervisor and subordinate should build up a healthy and respectful regard for each other and the leader-member exchange relationship results from this initial interaction.

Leader Delegation:

According to Dienesch and Liden (1986), the second major variable in their model is leader delegation. In this stage the leader delegates either a trial assignment or an initial set of duties to the subordinate (Graen, 1978). According to Dienesch and Liden (1986), these duties are typically chosen by the leader, and they take into account the leader's perception of the role definition of the subordinate's

position in the organisation. More importantly, these duties allow the leader to "test" the subordinate based on the perceptions developed in the initial interaction. The subordinate's perceptions about the leader's behaviour are discussed under the next heading. Hence, at this stage, the leader typically delegates tasks, duties and responsibilities to the subordinate. The reason for this leader delegation is that it is a means of testing the subordinate's knowledge, skills and personality. Leader delegation is a way of assisting in the development of the leader-member dyad.

Member Behaviour and Attributions:

The third step of the proposed model is the member's behaviour in response to the leader's delegation of a task, duty or responsibility. This behaviour of the member functions as the key input of the member into the leader-member exchange. According to Dienesch and Liden (1986), a key determinant of the member behaviour is the perceived equity in the exchange with the leader. One of the signs of positive exchange occurring in the leader-member relationship is when the member perceives the leader to be a source of individualised assistance. Dansereau et al. (1975) and Graen and Cashman (1975) suggest that when a positive exchange occurs, influence is established over and above the leader's formal authority. This influence elicits extra-contractual behaviour from the subordinate such as increased loyalty and increased effort (Dansereau et al., 1975; Graen and Cashman, 1975). Extra-contractual behaviours include coping with

unanticipated problems, availability (i.e., providing immediate assistance) and non-replaceability (i.e., the leader's comparative value to the subordinate as compared to other leaders). Graen and Schiemann (1978) argue that extra-contractual behaviour is important because it allows the leader to provide greater job latitude (e.g., increased responsibility) to the subordinate in exchange for high levels of effort, commitment and performance from the subordinate. The competency of the subordinate is important in terms of the subordinate's performance, as this may positively or negatively affect the leader-member exchange relationship (Graen & Schiemann, 1978).

Leader's Attributions of Member's Behaviour:

The next portion of the model involves the leader's attempt to interpret and explain a member's behaviour (Dienesch & Liden, 1986). This aspect of the model is borrowed from Green and Mitchell (1979) who formulated a model to study attributional processes in leaders. Green and Mitchell (1979) suggest that the attributions made by leaders to explain subordinate behaviour may have a clear effect on the type of exchange which is likely to develop between a leader and a member. Similarly, the range of actions a member might take to influence the leader is very wide. For example, Kipnis, Schmidt & Wilkinson (1980) asked 165 lower-level managers to describe an incident in which they succeeded in getting their supervisor, a co-worker, or a subordinate, to do something they wanted. Subjects reported the use of 370 influence

tactics (e.g., praising the supervisor and comparing the supervisor to others), 62% of which were directed at their supervisors as a means of influencing them. Although the Dienesch and Liden (1986) model stresses behaviours and attributions in the LMX development process, Dienesch and Liden (1986) contend that contextual factors exist which may influence this developmental process.

Contextual Influences on LMX Development

Dienesch and Liden (1986) argue that contextual factors relevant to LMX development include work group composition, a leader's power, formal task discretion, control over organisational resources, centrality and organisational policies and culture. According to Dienesch and Liden (1986), it is necessary for the leader to have sufficient organisational power, autonomy, and resources in order to treat members in accordance with their own unique needs and roles. Leaders' interaction with their own superiors is a critical factor in achieving this aim. A number of authors (e.g., Cashman, Dansereau, Graen, & Haga, 1976; Graen, Cashman, Ginsburgh, & Schiemann, 1977) who have conducted research in North American industrial organisations have suggested that leaders who do not have a good relationship with their immediate superior tend to have less to offer their subordinates than leaders who have developed good relationships with their immediate superiors. Leaders who do not have good relationships with their subordinates have

little resources to offer their subordinates, which may cause a decrease in subordinate job satisfaction (Graen et al., 1982). A further factor, namely, organisational policies, might also influence the context of leader-member exchange behaviours. This means that managers might have to follow guidelines set out by the organisation instead of deciding by themselves on how to evaluate their subordinates' behaviour (Green & Liden, 1980). For example, organisational policy might prohibit managers from providing certain benefits to their subordinates such as medical aid assistance. The result of such organisational policies is the development of different leader-member exchanges. In unionised organisations, such differentiation among subordinates may constitute a violation of labour contracts (Dienesch & Liden, 1986).

Dienesch and Liden (1986) contend that once the quality of the exchange is formed, the reciprocal process between both parties will continue when a positive dyadic relationship exists between leader and member. However, in Dienesch and Liden's model no description is given as to what actually happens between a leader and member or what factors may enhance (or detract from) a high quality exchange. For this reason, Dunegan, Duchon, & Uhl-Bien (1992) suggest that Dienesch and Liden's model, in its current state, may be somewhat oversimplified. Similarly, Nunns and Argirys (1992) contend that the LMX model is limited because it does not consider additional, relevant factors affecting work outcomes (e.g., work attitudes and performance) which may be related to

the manager-subordinate dyadic relationship. Such factors could include individual inputs (e.g., personality, cognitive and attitudinal factors, as well as the behaviour of members of the dyad), group and organisational inputs (e.g., group norms organisational policies, procedures and practices), and even environmental inputs (e.g., societal norms and laws, township stress and so forth). According to Nunns and Argirys (1992), not only must these factors be identified, but their relative importance must be assessed in order to avoid unwieldy and cumbersome theoretical models. As will be discussed in the next section, recent trends in LMX research have, in fact, been directed towards expanding the LMX model so as to improve the effectiveness of the model as a means of enhancing employees' job satisfaction and their performance (Kinicki & Vecchio, 1994; Wilhelm, Herd, & Steiner, 1993; Yukl, 1989).

Recent Research on the Leader-Member Exchange Approach

The more recent trend in LMX research is to discover ways of extending the leader-member exchange model, in order to explain a greater amount of variance in organisational outcomes, such as subordinate job satisfaction and performance (Kinicki & Vecchio, 1994; Yukl, 1989). According to Vecchio and Gobdel (1984) and Yukl (1989), the avenue for extending the LMX model would be to incorporate moderating variables (such as organisational commitment and locus of control) into the theory's underlying structure. Such an approach has been

successfully used in a number of studies (Graen, Novak, & Sommerkamp, 1982; Graen, Scandura, & Graen, 1986; McCleane, 1991a, 1991b; Wakabayashi, Graen, Graen, & Graen, 1988), where various individual differences were found to moderate the effects of the quality of the dyadic exchange. For example, Wakabayashi and Graen (1984) found that an individual's potential for success on a particular sales job moderated the effects of LMX, such that higher scores on either job-success potential or LMX predicted more rapid promotion and the receipt of more frequent bonuses. In the following section the most recent research on the leader-member exchange leadership approach will be considered. This research has typically aimed to incorporate moderating agents into the underlying structure of LMX theory.

Dunegan, Duchon, and Uhl-Bien (1992) tested 152 laboratory assistants from the Department of Pathology of a large American hospital and found that the relationship between the quality of leader-member exchange and subordinate performance was moderated by the degree to which the subordinate perceived the task as being challenging or not. Perrow (1967) defined "task challenge" as a function of the degree of occurrence of unexpected or novel events and the degree of ambiguity about the correct procedures to follow in resolving task problems. Leader-member exchange and performance were found to be significantly related ($r = .40$ and $.49$ respectively) when the degree to which the task was challenging was either very high or very low. Under these

conditions results indicated that the higher the quality of LMX, the higher were the levels of performance of subordinates.

Nunns and Argirys (1992) investigated the moderating effect of supervisory support (a component of leadership) on the relationship between subordinates' work locus of control (a personality variable) and their job involvement (an employee attitude associated with a high quality manager-subordinate dyadic relationship). Results indicated high supervisory support enhances job involvement of subordinates with an external locus of control orientation. On the other hand, high supervisory support was found to inhibit job involvement of subordinates with an internal locus of control orientation. The results of this study suggest that, in providing subordinates with supervisory support, a manager should take account of the internal/external orientation of each subordinate in order to increase the effectiveness of the dyadic relationship.

McClane (1991b) explored the moderating effect of various leader and member characteristics (eg., gender, need for power, need for achievement, least preferred co-worker, and locus of control) on the leader-member relationship. Following the similarity-attraction paradigm (Byrne, 1971), McClane (1991b) argued that leaders would accord additional negotiating latitude to members with critical characteristics similar to their own. This hypothesised relationship found

only limited support. Support was found for the moderating effect of the need for power of both leader and member. Leaders with high need for power accorded more negotiating latitude to members with high need for power, whereas leaders with low power motive accorded more negotiating latitude to members with low need for power. By contrast, no support was found for the hypothesised moderating effects of leader and member gender, need for achievement, least preferred co-worker, or locus of control on member negotiating latitude. However, results of this study indicated that the need for power of both leaders and their subordinates was a variable which may moderate the leader-member relationship.

Dockery and Steiner (1990) examined the moderating effect of certain variables which were likely to affect the quality of the leader-member exchange. These variables included the degree to which leaders liked their subordinates, member ability, and three upward influence tactics employed by the member, namely, ingratiation, assertiveness, and rationality. From the leader's perspective, liking for subordinates ($r = .66$) and ability of subordinates ($r = .85$) were the variables most consistently related to quality of leader-member exchange. From the member's perspective, all variables except self-assessed ability were related to quality of leader-member exchange. According to McClure (1991a) and Yukl (1989), a critical need for future research, is to help improve the effectiveness of the LMX model in predicting organisational outcomes by providing a better understanding of which

variables moderate the leader-member exchange relationship. One such variable is the locus of control orientation of the subordinate.

Leader-Member Exchange and Locus of Control

Rotter's (1966) concept of internal-external locus of control describes the degree to which individuals believe that events are respectively consequences of their own behaviour or are independent of it. Individuals with an external locus of control orientation (externals) believe they have little if any control over events, but rather fate, chance, or luck is more powerful (Knoop, 1989). On the other hand, individuals with an internal locus of control orientation (internals) perceive that events are under their personal control. Spector (1988) and Rotter (1966) suggest that locus of control is worthy of consideration in leadership studies. This is because Spector (1988) found that internals and externals require different types of leadership. Internals look to themselves for direction, whereas externals look to others. For example, in a sample of 900 American public utility employees, Mitchell, Smyser and Weed (1975) found internals to be more satisfied with a participatory supervisory style than externals. This is because internals perceive themselves as being better able to control their own destinies under a participative, rather than a directive or autocratic supervisory style (Spector, 1988). Thus, a different leadership style is appropriate depending on a subordinate's

locus of control orientation.

In terms of the Dienesch and Liden (1986) LMX model, the interaction between the leader and subordinate involves each bringing their unique physical characteristics, attitudes, appearance, abilities, personality, age, and background to the relationship. The effect of such differences on the dyadic relationship is that the manager might view the subordinate's personal characteristics subjectively (either positively or negatively), resulting in an inaccurate perception of the subordinate (Dienesch & Liden, 1986). One of the personality variables which may affect the manager's perception, and consequently, the dyadic relationship, is the locus of control orientation of both the manager and the subordinate. This dyadic relationship may be affected insofar as both internally and externally oriented subordinates would respond positively to a high Negotiating Latitude. This is because the concept of Negotiating Latitude concerns the quality of the supervisor-subordinate interpersonal relationship in terms of trust, interaction and provision of organisational rewards.

Concerning the Dienesch and Liden (1986) model, the personal construct of the "member" or "leader" does not include the locus of control orientation of the "member" or "leader". This is because locus of control is a cognitive mechanism denoting the perception that events are consequences of one's own action (Rotter, 1966). As a conceptually separate variable to the member characteristics of the leader-member

exchange model (Dienesch & Liden, 1986), locus of control may improve the leader-member exchange model as an effective approach in improving job satisfaction and work performance. According to Dienesch and Liden (1986), the personal characteristics of the leader-member exchange model that each member brings to the leader-member dyad is determined by each member's perception of the other, rather than how each member perceives themselves. Support for this idea is found in attribution theory (Kelley, 1973; Green & Mitchell, 1979) which states that a person's perception of another is enhanced by the explanations he or she makes in attempting to understand the other person's behaviour. Whereas "leader" and "member" characteristics influence how the manager and subordinate perceive each other in the dyadic relationship, the person's locus of control orientation influences the perceptions that the manager and subordinate have of themselves. Thus, it is argued that it is appropriate to use both locus of control and leader-member exchange as separate constructs, as locus of control reflects subordinates' perceptions of their own degree of control over events, and is therefore conceptually independent of the personal characteristics included in the leader-member exchange model.

Thus it is argued that locus of control is a variable that might assist in explaining the relationship between effective leadership and leadership outcomes, such as job satisfaction and work performance. In the following section the concept of locus of control will be discussed, followed by

a review of research on locus of control.

The Concept of Locus of Control and Locus of Control Research

Rotter (1966) developed the concept of locus of control from Rotter's (1954) social learning theory. According to Phares (1976), the concept of locus of control was developed to explain the apparent tendency of some individuals to ignore potential reinforcers of behaviour. Their failure to respond as predicted to various rewards and punishments was attributed to a "generalised expectancy" that their own actions would not lead to attainment of rewards or avoidance of punishment.

A number of studies have addressed the basic validity of the locus of control concept, that is, whether internals perceive more often than externals that events are due to their own actions. Roark (1978) found that internally orientated employees were more inclined to attribute the obtaining of their present jobs to their own actions. According to Hammer and Vardi (1981), internals were more likely than externals to attribute past job changes to their own initiative. Finally, Harvey, Barnes, Sperry, and Harris (1974) demonstrated that internals tended to perceive more alternatives in a choice situation than did externals.

The tendency for internals to believe they can control events and externals to believe they cannot leads to a number

of differences in behaviour by internals and externals. Phares (1976) noted that in contrast to externals, internals exert greater efforts to control their environment, exhibit better learning, seek new information more actively when that information has personal relevance, use information better, and seem more concerned with information rather than with social demands of situations (Phares, 1976). According to Crowne and Liverant (1963), internals tend to exhibit less conformity to the behaviour of others than do externals. This is because internals believe in the importance of personal control as well as exhibiting greater competence themselves than externals. Joe (1971) and Archer (1979) found that externals tend to be more anxious than their internal counterparts. The characteristics of internal versus external leaders was studied by Anderson and Shneier (1978); they found internals to be more independent, more aggressive, decisive, they gave support, formed coalitions, and were dominant. Externals were found to be more cheerful, friendly, and showed more emotion. Internals scored higher on intelligence scales than externals (Bialer, 1961; Crandall, Katkowsky, and Presston, 1962). Another set of studies found that externals got frustrated quicker than internals (Butterfield, 1964, Brissett & Nowicki, 1973). Externals scored higher on hostile-aggression inventories than internals (Williams & Vantress, 1969; Sadowski & Wenzel, 1982). Internals were found to be more conservative in their social, political and religious beliefs (Furnham & Gunter, 1984). Also, internals tend to be self-motivated whereas externals tend to be more outward-

directed (Spector, 1982). According to Blau (1993) and Furnham and Steele (1993), these differences in behaviour between internals and externals are manifested in several ways in different domains of human endeavour (eg., education, work, politics, health). Consequently, researchers have developed more domain-specific locus of control measures than the original Rotter (1966) scale of generalised locus of control beliefs, in order to enhance the predictiveness of locus of control. According to Spector (1988) and Furnham (1986), one of the areas where the differences in behaviour of internals and externals is manifested in several ways is in an organisational context, where the construct of locus of control has been developed to be specifically concerned with employees' loci of control within the work domain. For example, externals are more conforming and compliant than internals (Crowne & Liverant, 1963). This is because internals look to themselves for direction, while externals look to others. Thus, in an organisational context, externals make more compliant followers or subordinates than do internals, who are likely to be independent and resist control by superiors and other individuals.

Research has confirmed that the behaviour of internals and externals differ across organisational settings (Furnham & Steele, 1993; Evans 1974; Kinicki & Vecchio, 1994; O'Brien, 1983; Orpen, 1992; Ward, 1992). Spector (1982) argues that because internals tend to believe that they can control the work setting through their behaviour, they are likely to

attempt to exert more control than their external counterparts. Internals are likely to attempt to control the work setting in the following areas: work flow, task accomplishment, operating procedures, work assignments, relationships with supervisors and subordinates, working conditions, goal setting, work scheduling, and organisational policy (Spector, 1982). The attempt of internals to control the work setting is only likely provided that control is perceived by internals to lead to desired outcomes or rewards. According to Spector (1982), if a situation cannot provide desired outcomes, internals would be unlikely to differ from externals in attempts to control the work setting. Research has typically shown the effectiveness of locus of control as a personality construct as it relates to a number of organisationally relevant variables (O'Brien, 1983; Spector, 1982, 1988).

Research on the Relationships between Locus of Control and Organisational Variables

The basic characteristic which distinguishes internals from externals, namely, the belief in the importance of personal control as well as the exhibiting of greater competence by internals, has been predicted as having direct effects on organisations in several ways (Spector, 1982). The following section will consider research on the relation of locus of control with several major behavioural variables studied in organisations.

Research has shown that internals display greater job motivation than externals (Lied & Pritchard, 1976; Organ & Greene, 1974; Reitz & Jewell, 1979). This is not because externals are less oriented towards achieving rewards or personal goals, but rather because internals exert greater efforts to acquire rewards or achieve goals due to the fact that they are more likely to believe that their efforts will be successful (Spector, 1982). Furthermore, because internals in organisational settings exhibit more task-oriented and goal-oriented behaviour they therefore exhibit more job motivation (Spector, 1982).

Lied and Pritchard (1976) and Szilagyi and Sims (1975) researched the relationship between locus of control and expectancy. Vroom's (1964) Expectancy Theory proposes two types of expectancies, first, that effort will lead to good job performance (ie. a belief in personal effectiveness), and secondly, that good performance will be rewarded (ie. a belief in justice in the work world). Results showed that both types of expectancies were more commonly held by internals than by externals ($r = -.40$ and $-.20$, respectively) (Lied & Pritchard, 1976) and ($r = -.39$ and $-.25$) (Szilagyi & Sims, 1975). In other words, internals were more likely to believe that their efforts would result in good performance. This is because they exhibit stronger beliefs in their own competence (Lied & Pritchard, 1976). Internals also held greater expectancies that good performance led to rewards. Hence, internals are likely to perceive the job situation as more equitable than

externals (Spector, 1982).

Several studies support the notion that internals perform better on the job than externals (Adeyemi-Bello, 1993; Blau, 1993; Broedling, 1975; Howell & Avolio, 1993; Kren, 1992; Majumder, MacDonald & Greever, 1977). For example, using a sample of 146 full-time bank tellers working for a large bank in a major US city, Blau (1993) found that internals exhibited higher initiative performance (ie. performing beyond basic job requirements) ($r = .27$) than their external counterparts ($r = -.30$). This is because internals are more likely to expect that greater effort will lead to good performance and that good performance will lead to reward (Szilagyi & Sims, 1975; Kimmons & Greenhaus, 1976). Thus, internals exert greater effort in situations where rewards are tied to performance, and greater effort ultimately leads to better performance. Nystrom (1986), however, failed to detect much association between locus of control and the performance of middle managers in a North American manufacturing organisation.

Internals typically demonstrate greater job satisfaction than their external counterparts (Andrisani & Nestel, 1976; Mitchell et al, 1975; Gemmill & Heisler, 1972). Spector (1982) cites three reasons for this finding. First, because internals tend to take action more frequently than externals do, a dissatisfied internal is more likely to quit a dissatisfying job. Thus, there would be fewer dissatisfied internals than externals. Second, internals have been found to perform better

than externals when they receive the benefits of that performance (Broedling, 1975; Majumder, MacDonald & Greever, 1977). Therefore, in situations where rewards follow performance, internals would typically be more satisfied on the job. Third, internals have been found to advance more quickly and receive more raises than externals (Spector, 1982). More frequent promotions (Porter & Lawler, 1965) and more frequent salary increases might lead to greater satisfaction.

Kimmons and Greenhaus (1976) reported that internals were found to perceive the job as offering more autonomy than did externals. This might be because internals perceive themselves as having more control over the environment (Spector, 1982). Internals were also found to receive more feedback on the job than did externals (Kimmons & Greenhaus, 1976). This might be because internals are typically more sensitive to information in the environment (Phares, 1976).

Internal and external subordinates typically prefer different leadership styles and they may react differently to them (Abdel-Halim, 1981; Cravens & Worchel, 1977; Goodstadt & Hjelle, 1973; Hawk, 1989; Runyon, 1973; Spector, 1988). For example, Spector (1988) states that one of the ways in which internals and externals require different types of leadership is the fact that externals were found to need a more structured work role than their internal counterparts (Spector, 1988). This might be because externals were found to

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be more dependent on their supervisors for direction in their work (Spector, 1982). Supervisory structure is the degree to which the supervisor defines the subordinate's role for the subordinate by telling him/her what has to be done (Hersey & Blanchard, 1977). Both externals and internals were reported requiring a leadership style which suits their locus of control orientation in terms of the degree to which their supervisor structures their work role (Spector, 1982, 1988). For example, internally oriented subordinates are typically self-motivated and prefer a more unstructured supervisory style, where the manager permits or encourages a subordinate to take more personal charge in discussions, problem solving, and decision making (Bass, 1981, 1990; Tannenbaum & Schmidt, 1958). Also, internals were found to prefer a style which incorporates less supervisory structure in the sense that they are given more independence and more trust. This might be because their initiative and self-motivation qualities would adequately equip them for such a situation (Spector, 1982). On the other hand, externals were seen to be more dependent on their environment for direction, hence they might prefer more directive approaches than their internal counterparts (Spector, 1982). By directive approaches, Spector (1982) means the extent to which the subordinate's work roles are more structured in nature. Directive leadership is defined as being where the manager provides direction to the subordinates, controls the subordinates work techniques, activities and tasks (Bass, 1990; Coghill, 1986). Therefore, it is argued that although both internally and externally oriented

subordinates were found to respond positively in terms of work attitudes and performance to high Negotiating Latitude in the leader-member dyadic relationship, they may require different degrees of structure in the work.

Rationale and Aim

George Graen's Leader-Member Exchange (LMX) (Dienesch & Liden, 1986; Vecchio, 1985) is a leadership approach which emphasises the importance of the dyadic relationship between managers and their subordinates (Scandura & Graen, 1984). In terms of the LMX theory, effective managerial leadership is expressed as an integrative effort between manager and subordinate characterized by high mutual trust, interaction, and the provision of both formal and informal rewards (called a high Negotiating Latitude). Conversely, ineffective leadership is characterized by low levels of trust, interaction, support and reward (called a low Negotiating Latitude) (Dienesch & Liden, 1986). Even though the LMX approach is a forerunner in the recent trend in leadership research towards greater interest in the role of followers (Hollander, 1985; Kinicki & Vecchio, 1994), nevertheless, various authors (eg., Dunegan et al., 1992; Nunns & Argirys, 1992; Vecchio & Gobdel, 1984;) have levelled criticism at the LMX model. For example, Dunegan et al. (1992) suggest that Dienesch and Liden's (1986) LMX model, in its current state, is somewhat oversimplified as no description is given as to what actually happens between a

leader and a member or what factors may enhance (or detract from) a high quality exchange. Similarly, Nunns and Argirys (1992) and Yukl (1989) contend that Dienesch and Liden's (1986) LMX model is limited because it does not consider additional, relevant factors affecting work outcomes (eg., work attitudes and performance) which may be related to the manager-subordinate dyadic relationship. Such factors could include individual inputs (eg., personality, cognitive and attitudinal factors, as well as the behaviour of members of the dyad), group and organisational inputs (eg., group norms organisational policies, procedures and practices), and even environmental inputs (eg., societal norms and laws, township stress and so forth). According to Nunns and Argirys (1992), not only must these factors be identified, but their relative importance must be assessed in order to avoid unwieldy and cumbersome theoretical models. Furthermore, Dienesch and Liden's (1986) LMX model refers to manager and subordinate "characteristics" without specifying what constitutes these characteristics. Moreover, Dienesch and Liden (1986) do not specify how these characteristics interact. According to McClure (1991b) and Yukl (1989), the method to adopt for extending the LMX model would be to add moderating variables into the theory's underlying structure. One such variable might be the locus of control orientation of the subordinate.

Spector (1988) and Rotter (1966) both suggest that the concept of locus of control is worthy of consideration in organisational leadership studies. This is because Spector

(1988) found that subordinates with either internal or external orientations require different types of leadership (Spector, 1982). The concept of locus of control has received considerable attention in organizational research (Adeyemi-Bello, 1993; Blau, 1993; Ferguson, 1993; Kren, 1992; Lefcourt, 1992; O'Brien, 1983; Runyon, 1973; and Spector, 1988). For example, Kren (1992) tested 44 part-time business students in North America and found that internals performed better than externals on the job when given the opportunity of receiving performance incentives. According to Rotter (1966), locus of control denotes the perception that events are consequences of one's own action. Individuals with an external locus of control (externals) believe they have little if any control over events, but rather fate, chance, or luck is more powerful (Knoop, 1989). On the other hand, individuals with an internal locus of control (internals) perceive that events are under their personal control. In terms of the LMX model, both internally and externally oriented subordinates would be expected to respond positively to a high NL. This is because high quality manager-subordinate relationships typically involve greater communication, trust, influence in decision making and discretion between subordinates and their managers than low quality exchanges (Koslowsky & Doherty, 1989). Consequently, a high Negotiating Latitude is concerned with the sharing of resources between a manager and his/her subordinate and would therefore be expected to be independent of the locus of control orientation of the subordinate. However, Spector (1988) states that one of the ways in which

internals and externals require different types of leadership is the fact that externals need a more structured work role than their internal counterparts (Spector, 1988). This is because externals are typically more dependent on their supervisors for direction in their work (Spector, 1982). Supervisory structure is the degree to which the supervisor defines the subordinates role for the subordinate by telling him/her what has to be done (Hersey & Blanchard, 1977). In terms of LMX theory, however, the degree to which managers structure their subordinates work roles would be expected to be independent of the quality of the manager-subordinate relationship. This is because the quality of the manager-subordinate relationship is based upon interpersonal factors, such as mutual trust, interaction, support and the provision of organisational rewards (Dienesch & Liden, 1986). Nevertheless, concerning the construct of subordinate locus of control, both externals and internals typically require a leadership style which suits their locus of control orientation in terms of the degree to which their supervisor structures their work role (Spector, 1982). For example, internally oriented subordinates were found to be self-motivated and prefer a more unstructured supervisory style, where the manager permits or encourages a subordinate to take more personal charge in discussions, problem solving, and decision making (Bass, 1990; Tannenbaum & Schmidt, 1958). Externals, however, are typically more dependent on their environment for direction, hence one might expect them to prefer a leadership style which provides structure and

direction (Spector, 1982). Therefore, it is argued that although both internally and externally oriented subordinates typically respond positively in terms of work attitudes and performance to high Negotiating Latitude, they may require different degrees of structure in the work.

Finally, in accordance with the suggestion of various researchers (eg., McClure, 1991b; Nunns & Argirys, 1992; Yukl, 1989) to extend the LMX model by considering additional variables which may explain more variance in work outcomes, both the variables of structured management style and locus of control will be incorporated into the LMX model in the present study and would be expected to explain a significantly greater proportion of variance in the dependent variables (namely job satisfaction and work performance) than the variable of Negotiating Latitude alone.

In the present study, the construct of supervisory structure will be evaluated in relation to the locus of control orientation of the subordinate within the LMX leadership model. No previous research could be found which has examined this relationship.

The dependent variables to be measured are job satisfaction and work performance. Effective leadership has been shown to enhance these variables (Bass, 1990). Thus, the following hypotheses will be tested:

Hypothesis 1

A high Negotiating Latitude will be associated positively with job satisfaction and work performance for subordinates, regardless of their locus of control orientation.

Hypothesis 2

The variable of structured management style will be independent of the variable of Negotiating Latitude.

Hypothesis 3

The incorporation of the variables of structured management style and locus of control into the model will explain a significantly greater proportion of variance in the dependent variables (namely job satisfaction and work performance) than the variable of Negotiating Latitude alone.

METHOD

Subjects

Covering letters, questionnaires, biographical details, and prepaid return envelopes were distributed to 269 white-collar

personnel within a major South African insurance organisation. Of the 269 personnel sampled, 68 were the direct supervisors/managers of the remaining 201 non-managerial personnel tested in the present study. The life insurance industry was chosen in order to be consistent with previous organisational leadership research involving personality variables and work outcomes (e.g., Barling & Beattie, 1983).

The covering letters used in the present study stressed that participation in the study was voluntary and that confidentiality of responses would be ensured by the researcher. Confidentiality was facilitated by the inclusion of pre-addressed envelopes for the return of questionnaires to the researcher. Concerning the completion of questionnaires, subjects were requested to state their names on the questionnaires, so as to match supervisor responses with the responses of their subordinates. Furthermore, in the supervisor-rated questionnaire, supervisors were asked to state the name of the subordinate whose performance they were rating, while subordinates were asked to state the name of their direct supervisor whose working relationship with that subordinate was being rated.

Of the 269 questionnaires distributed, 233 were returned resulting in a 86.6% response rate. Of the 269 questionnaires sent out, 230 (85.5%) useable responses were received. A 85.5% response rate is very highly acceptable for a mail survey (Etzel & Walker, 1974). The following biographical information

was obtained from the sample of subordinates used in the present study: (M age = 30.9; SD = 7.51), 34% were male and 66% were female, 71.7% were Afrikaans speaking, and 92.2% had educational qualifications of matric or higher (see Table 1). Concerning managers, the following biographical information was obtained in the present study: (M age = 36.4; SD = 7.30), 67% were male and 33% were female, 60.6% were university graduates, and 71.7% were Afrikaans speaking, (see Table 1). Even though the majority of subjects were Afrikaans speaking, questionnaires were administered in English, as translating the questionnaires into another language might cause various problems, such as distorted meaning in translating and the incorrect understanding of idiomatic phrases (Bluen, 1986). However, the subjects did their work in the medium of English and the corporate environment is predominantly English-speaking. Thus, the subjects' degree of proficiency in the English language was considered to be sufficient in order to answer the questionnaires. Nevertheless, as a precautionary measure, questionnaires were checked on their return for response bias or obvious signs of the subject misunderstanding the instructions or questions to overcome potential confounds relating to language.

Table 1 : Biographical Details of the Sample

(N = 269)		Subords:		Managers:	
		n	%	n	%
Sex:	Male	57	34	43	67
	Female	109	66	21	33
Language:	Afrikaans	119	71.7	46	71.7
	English	25	15.1	17	27.0
	African language	15	9.0	-	-
	Other	7	4.2	1	1.3
Highest level of education passed:	Less than Matric	13	7.8	2	2.6
	Matric	87	52.4	22	33.6
	Diploma	15	9.0	2	3.3
	Degree	30	18.1	25	39.5
	Post graduate	21	12.6	13	21.1
		M	SD	M	SD
Age		30.9	7.51	36.4	7.30
Tenure in company		3.5	2.15	5.84	5.00
Tenure in job		2.08	2.18	2.40	2.04

Research Design

The present study constitutes a cross-sectional design within an applied setting. The study used three independent variables, namely, measures of leadership, locus of control, and supervisory structure; and two dependent variables, namely, a job performance measure (supervisor and subordinate-rated) and a job satisfaction measure.

Measuring Instruments

A biographical questionnaire together with five other measures were used in the present research. The questionnaires used were the member form of the Leader-Member Exchange Scale (Scandura & Graen, 1984); the Work Locus of Control Scale (Spector, 1988); the Goal Setting sub-scale of the Michigan Organisational Assessment Questionnaire (Seashore, Lawler, Mirvis & Cammann, 1982); the job satisfaction sub-scale of the Work and Life Attitudes survey (Warr, Cook & Wall, 1979); and the Employee Rating Scale (Graen, Dansereau, & Minami, 1972). The psychometric characteristics of these questionnaires are now discussed in the following section.

Biographical questionnaire

A biographical questionnaire was compiled to obtain the biographical details (including age, education and experience) of the subjects (see Appendix A).

The Leader-Member Exchange Scale (Member Form)

In order to assess the quality of the leader-member relationship, each subordinate provided an evaluation of his/her direct supervisor on the seven-item member form of the Leader-Member Exchange Scale (Scandura & Graen, 1984) (see Appendix B). According to Dienesch and Liden (1986), this scale measures the quality of the dyadic relationship from the subordinates perspective. Item responses were obtained on four-point, Likert-type scales. A total score for each individual was developed by computing the average of the seven items which constituted the questionnaire. A higher total score on this scale indicated a positive quality of exchange in which the leader enhances a subordinate's role by providing information, influence, and support.

The Leader-Member Exchange Scale (member form) used in the present research has been used successfully in previous research (eg., Graen, Novak & Sommerkamp, 1982; Scandura Graen & Novak, 1986; Kinicki & Vecchio, 1994), as well as in South Africa (eg., Nunns et al., 1990). Internal consistency reliability (coefficient alpha) of the scale has been satisfactory as coefficients range from .84 to .89 (Graen et al., 1982; Scandura et al., 1986; Kinicki & Vecchio, 1994). Furthermore, in three separate samples in South Africa, Nunns et al (1990) found internal consistency reliabilities of .91, .91 and .98 respectively. In the present study a reliability coefficient (Cronbach alpha) of .91 was yielded, which is

highly satisfactory (Anastasi, 1982) as well as being consistent with Nunns et al's (1990) encouraging finding.

The satisfactory test-retest reliability of .67 was reported by Graen et al (1982) over a six month time period, and .42 by Nunns et al. (1990) over a three month period. The member-form of the Leader-Member Exchange Scale was considered appropriate for the present study as it has demonstrated acceptable psychometric properties within a South African organisational context.

The Work Locus of Control Scale

To assess subordinate locus of control beliefs, Spector's (1988) work locus of control scale was used (see Appendix C). Spector's scale is a domain-specific measure of locus of control beliefs across organisational settings. The scale consists of 16 items with a seven-point Likert-type response format. Responses ranged from (1) = "Disagree Very Much" to (7) = "Agree Very Much" where low scores represented internality and high scores externality (Spector, 1988). Eight of the sixteen items were reversed scored, namely, 5, 6, 8, 9, 10, 12, 13, and 16. (Sample item: "Getting the job you want is mostly a matter of good luck"). Spector (1988) reports alpha coefficients of .85 for four samples (N's = 86, 41, 101, 496), and alpha coefficients of .75 and .80 for a further two samples (N's = 292 and 160).

The Work Locus of Control Scale (Spector, 1988) has been used in a recent South African study by Nunns and Argirys (1992). Nunns and Argirys (1992) found that high supervisory support enhances job involvement of employees with an external locus of control orientation, in a sample of 70 non-managerial banking employees. The scale was found to demonstrate an acceptable level of reliability (.85) (Nunns & Argirys, 1992). In the present study, a reliability coefficient of .84 was yielded, which is satisfactory (Anastasi, 1982) and consistent with the finding of Nunns and Argirys (1992). Furthermore, Spector (1988) reports significant correlations in the predicted direction with conceptually related constructs including job satisfaction (r 's = $-.68$ & $-.43$; $p < .05$) and with Rotter's (1966) General Internal-External Locus of Control Scale (r 's = $.57$, $.55$, & $.49$; $p < .05$). Since the work locus of control scale demonstrated acceptable psychometric properties within a South African organisational context, it was considered appropriate for the present study.

Goal Setting Sub-Scale

To assess the extent to which the supervisor structures the subordinate's work role, the three-item Goal Setting sub-scale of the Michigan Organisational Assessment Questionnaire (Seashore, Lawler, Mirvis, & Cammann, 1982) was used (see Appendix D). This scale was considered appropriate for use in the present study as it deals with the extent to which supervisors structure the role of their subordinates. Also,

this scale measures to what degree the supervisor tells the subordinate how to achieve the goals. This measure was filled in by supervisors. The scale was scored on a seven-point Likert-type scale with responses ranging from (1) = "Very False" to (7) = "Very True". No items were reversed scored. Internal consistency reliability (coefficient alpha) of .82 was reported by Seashore et al (1982). In the present study, a reliability coefficient (alpha) of .70 was yielded, which is satisfactory (Anastasi, 1982). No other reported use of the Goal Setting sub-scale has been found in South African organisational settings. However, from previous use of this scale in the American organisational environment (eg., Manz & Sims, 1986; Latham & Locke, 1979) and from the lack of availability of another questionnaire, as well as the consideration that this scale yielded an acceptable alpha coefficient in the present study, use of this scale was considered acceptable.

Supervisor and Subordinate-Rated Performance Measure

To assess supervisors' perceptions of their subordinates' work performance, the seven-item Employee Rating scale (Graen, Dansereau, Minami, 1972) was used (see Appendix E). The employee rating scale is a supervisor-rated measure in which supervisors are required to rate the performance of their subordinates (Novak, 1984). In the present study this scale was filled in by both supervisors and their subordinates so as to give both angles on the performance level of any particular

subordinate. The scale incorporates various dimensions of work performance, including dependability, skill in dealing with people, alertness, planning (of time and equipment), know-how and judgement, overall present performance and expected future performance (Vecchio & Gobdel, 1984). The instrument was rated on a Likert-type scale of (1) (unsatisfactory or negative perception) to (5) (highly satisfactory or a positive perception of performance) (Graen et al., 1972).

Satisfactory internal consistency reliabilities (Cronbach alphas) have been reported for the Employee Rating Scale ranging from .86 to .94 (Scandura, & Graen, 1984; Scandura, Graen & Novak, 1986; Vecchio, 1987; Vecchio & Gobdel, 1984). A test-retest reliability coefficient of .85 over a six month period was reported by Scandura and Graen (1984), while Ballantine (1989) reported a test-retest reliability coefficient of .86 over a three month period. These findings rendered the Employee Rating Scale satisfactory for use in the present study on the basis of demonstrating acceptable psychometric properties. In the present study, alpha coefficients of .90 and .69 were yielded by supervisors and subordinates, respectively.

The employee rating scale was found to correlate with leader-member exchange by Scandura and Graen (1984) and Vecchio and Gobdel (1984). For example, a correlation of .48 ($p < .01$) was found between self-report measures of subordinate performance and supervisor ratings of their

subordinates' performance, in a sample of 45 supervisor-subordinate dyads of banking personnel in North America (Vecchio & Gobdel, 1984). Furthermore, Vecchio (1987) found that performance, as assessed by the Employee Rating Scale, was significantly related with high quality supervisor-subordinate relationships ($r = .34$; $p < .01$; $N = 303$) and ($r = .47$, $p < .01$) reported by Scandura et al. (1986) for a similar finding. Other findings reported by Vecchio (1987) with this scale found performance to be significantly correlated with satisfaction with supervision ($r = .31$; $p < .01$), maturity (ie. task-relevant and psychological maturity of subordinates; $r = .85$, $p < .01$), and leader consideration ($r = .31$; $p < .01$). The above findings rendered the employee rating scale satisfactory for use in the present study.

The Job Satisfaction Scale

To measure subordinate job satisfaction, the Job Satisfaction sub scale of the Work and Life Attitudes Survey (Warr, Cook, & Wall, 1979) was used (see Appendix F). This scale is designed to measure satisfaction incorporating both intrinsic and extrinsic features of the job (Shouksmith, Lajo, & Jepsen, 1990). Warr, Cook and Wall (1979) define job satisfaction as the extent to which an individual is satisfied with the extrinsic and intrinsic features of a job. The questionnaire consists of 15 items and scored on a seven point Likert-type response format. Response items ranged from (1) =

"I'm extremely dissatisfied" to (7) = "I'm extremely satisfied". No items were reversed scored.

When used on a South African sample, the Job Satisfaction sub scale (Warr et al., 1979) demonstrated acceptable psychometric properties (Bluen and Barling, 1987; Barling, Bluen, & Fain, 1987). For example, Bluen and Barling (1987) and Barling, Bluen, & Fain (1987) reported internal consistency reliability coefficients of .86 and .81 respectively, as well as a test-retest reliability coefficient of .69 ($p < .01$). Furthermore, Bluen (1986) reported an internal consistency coefficient of .95, while Warr et al (1979) reported a .63 test-retest reliability over a nine-month period. Thus the questionnaire was considered appropriate for use in the present study. In the present study an internal consistency reliability (alpha coefficient) of .94 was yielded, which is highly acceptable (Anastasi, 1982).

Procedure

A large insurance organisation formed the setting for conducting the present research. Introductory letters, in both English and Afrikaans, were compiled for both managers (see Appendix G) and their subordinates (see Appendix H). In these introductory letters the purpose and details of the study was explained. The letters stressed that participation in the research was voluntary and that confidentiality was assured so that the organisation would not have access to information

pertaining to any individual subordinate or manager.

The questionnaires had an additional covering letter attached to them supplied by a senior manager from the organisation. This covering letter stressed that the research was voluntary. Questionnaires were sent out via the internal mail services of the organisation, and the questionnaires were returned using pre-addressed and sealable envelopes (to protect the subjects' identity). Both supervisors and subordinates were asked to state their names on the questionnaires in order to match up questionnaires which were filled in with regard to each other. Reminder letters were sent out by the organisation to those subjects who had not yet responded about two weeks after the questionnaires were initially sent out.

Statistical Analysis

In order to test for the association between a high Negotiating Latitude and work outcomes (e.g., job satisfaction and work performance) for high versus low locus of control groups for assessment of Hypothesis 1, two independent correlation coefficients were compared for significant difference using the z-Test for Testing Independent Correlation Coefficients (Fisher, 1934). A Pearson Product-Moment Correlation Coefficient was used to test the relationship between the variables of structured management style and Negotiating Latitude for assessment of Hypothesis 2.

Finally, the multiple regression statistical procedure was used in the present study to examine the relationship between the independent and dependent variables for assessment of Hypothesis 3. The various assumption tests underlying multiple regression were tested before conducting the multiple regression analysis.

The z-Test for Testing Independent Correlation Coefficients

Two independent correlation coefficients can be compared with one another by transforming them into a combined z-value to determine whether a significant difference exists between the two correlations (Levin & Fox, 1994; McCall, 1986). According to Levin and Fox (1994), a z-value is also known as a "standard score" and is a single scale of measurement which is adopted by statisticians as standard, in order that distributions of different origins and unit sizes can be transformed to that single or "standard" scale for comparison (Levin & Fox, 1994). When a z-value is used in the testing of a hypothesis, the statistical procedure is commonly termed a z-test (Levin & Fox, 1994). In the present study, two independent correlation coefficients (obtained respectively from high versus low locus of control groups) were compared for significant difference while testing the association between LMX and work outcomes (eg., job satisfaction and work performance). The z-test for determining the difference between two independent correlation coefficients has been used previously in cross-sectional organisational research

(Dansereau & Markham, 1987; Dansereau, Alutto, Yammarino, 1984; Markham, Dansereau, Alutto & Dumas, 1983).

The formula used to transform two independent correlation coefficients into a z-value is as follows:

$$z = \frac{Zr_1 - Zr_2}{\sqrt{\frac{1}{n_1 - 3} + \frac{1}{n_2 - 3}}}$$

Where: n_1 = sample size of group 1

n_2 = sample size of group 2

Zr_1 = transformed z-value from r_1

Zr_2 = transformed z-value from r_2

(Levin & Fox, 1994)

The transformation of r to z (ie. the value of Z) can found in statistical tables and is computed from the following formula:

$$Zr = \frac{1}{2} \log(1 + r) - \frac{1}{2} \log(1 - r)$$

(Levin & Fox, 1994)

Once z has been computed it is compared with the critical value 1.96 at the .05 significance level in order to determine whether the two independent correlation coefficients are significantly different from each other (McCall, 1986). The rules for making this decision are as follows:

If $-1.96 \leq z < 1.96$, do not reject the null hypothesis

If $z < -1.96$ or $z > 1.96$, reject the null hypothesis

A decision to reject the null hypothesis implies that the two independent correlation coefficients are significantly different, and visa versa, concerning the decision to accept the null hypothesis.

Multiple Regression

According to Berry and Feldman (1985), multiple regression is a general data analytic technique that analyses the relationship between a dependent variable and a set of independent variables. In the present study the relationship between the independent variables (effective leader-member exchange, subordinate locus of control orientation, and structured management style) and each of the dependent variables (job satisfaction and job performance) were examined. The statistical technique of multiple regression has been used previously in cross-sectional organisational research (Etzioni, 1984; La Rocco & Jones, 1978; Seers & Graen, 1984; Winnubst, Marcellissen, & Kleber, 1982), with a number of studies applying multiple regression in South Africa (Ballantine, 1989; Bluen, 1986; Howse, 1987; Kruger, 1987).

The general form of the relationship of the linear regression model between dependent and independent variables is:

$$y = a + b_1 x_1 + b_2 x_2 + \dots + b_k x_k$$

Where: y = the predicted score of the dependent variable

a = the intercept of the regression line

b = the slope of the regression line

x = raw scores of the independent variables

k = the number of independent variables

(Pedhazur & Schmelkin, 1991)

More than one independent variable can be incorporated into the regression equation. This allows for a more complete explanation of the dependent variable, as most phenomena are caused by more than one factor (Lewis-Beck, 1980).

The significance of variables in the multiple regression equation is assessed using the standard F-test and comparing the derived F-values with tabled F-values (McNemar, 1962; Lewis-Beck, 1980). For the F-test to be successful, the F-value must be above the critical tabled F-value, determined by the degrees of freedom of the sample (Pedhazur & Schmelkin, 1991). The R^2 coefficient (coefficient of multiple determination known as increment in R^2) is assessed in order to ascertain the goodness-of-fit of a multiple regression equation (Bluen, 1986). The R^2 coefficient reflects the proportion of variance in the dependent variable that can be explained by the independent variables in the equation (Pedhazur & Schmelkin, 1991). From this figure, the term " R^2 change" is derived. According to Bluen (1986), the R^2 change

shows to what degree each independent (predictor) variable contributes to the dependent variable.

Assumptions of Multiple Regression

Three major assumptions should be tested before conducting multiple regression analysis. These assumptions are the presence of a linear relationship between dependent and independent variables, the absence of multicollinearity, and no measurement error (Lewis-Beck, 1980; Pedhazur & Schmelkin, 1991). Each of these assumptions will be addressed separately.

Linearity Tests

The first assumption is that the relationship between the independent and dependent variables are linear (Lewis-Beck). To test for linearity, the difference between Eta^2 (a measure of combined linear and non-linear variance explained by the independent variable) and the R^2 statistic (the variance explained solely by the linear component of the independent variable) is calculated to assess the non-linear portion of the dependent variable contributed to by the independent (or moderator variable) (Bluen, 1986, Kruger, 1987). According to McNemar (1962), to determine whether the relationship deviates from linearity, the proportion of non-linear variance ($\text{Eta}^2 - R^2$) and the significance of the F -ratio is examined.

According to McNemar (1962) the test of significance is

based on the equation:

$$F = \frac{(E^2 - R^2) / (G - 2)}{(1 - E^2) / (N - G)}$$

Where: E = eta (correlation ratio)

R = correlation coefficient

G = number of groups in class variable

N = sample size

Degrees of Freedom = $(N - G)$ and $(G - 2)$

(McNemar, 1962)

The relation shows that the F -value, for given degrees of freedom, is a reflection of the difference between E^2 and R^2 . A significant F -value indicates that the relationship between the independent and dependent variable is non-linear (i.e. it deviates significantly from linearity) (McNemar, 1962). According to Berry and Feldman (1985) and Bluen (1986), when the relationships between the variables being examined are non-linear, polynomial regression is applied to transform the variable and comply with the linearity assumptions. Polynomial regression is a form of multiple regression, but includes successive powers of the independent variable. The analysis is done hierarchically and with each successive step a higher order polynomial is added to the equation (Pedhazur & Schmelkin, 1991). The highest-order term to add significantly to the previously explained variance of the dependent variable, replaces the original non-linear variable in the

regression equation (Kruger, 1987). The polynomial regression equation takes the form of:

$$y = a + b_1 x_1 + b_2 x_2 + \dots + b_k x_k$$

(Pedhazur & Schmelkin, 1991)

Multicollinearity

The second assumption is the absence of multicollinearity. No independent variable should be highly correlated with another independent variable (Lewis-Beck, 1980). To assess multicollinearity, the correlation (Pearson's Product Moment Correlation) between the independent variables is examined. If no coefficients of .80 or greater are found, it is concluded that multicollinearity does not exist (Dunlap & Kemery, 1987). This technique has been successfully used in previous research to determine the absence of multicollinearity (Ballantine, 1989; Bluen, 1986; Kruger, 1987).

Measurement Error

All variables should be measured accurately in order to reduce measurement error (Lewis-Beck, 1980). Inaccurate measurement results in inaccurate estimates. To determine the extent of measurement error, the internal consistency reliability of questionnaires is calculated using Cronbach's Alpha formula (Bluen, 1986). Reliability coefficients above

the .60 level are generally considered acceptable (Anastasi, 1982).

Levels of significance

In the present study the .05 level of significance was used in all the statistical analyses to assess the significance of relationships. The .05 level was adopted in an attempt to reduce the potential of making a Type I error (Kerlinger, 1986). Type I error occurs firstly, when no significant difference exists between the samples and secondly, when the differences observed by the experimenter are due to chance (Christensen, 1980; Levin & Fox, 1994). The Type I error is controlled by the significance level that one sets. The inverse of the Type I error, namely the Type II error, is another possible error in significance levels (Pedhazur & Schmelkin, 1991). The Type II error occurs when non-significant results are obtained between sampled groups, but in reality differences do exist between the sampled groups (Pedhazur & Schmelkin, 1991). Using the .05 significance level helps to achieve a balance between the Type I and Type II error (Kerlinger, 1986). A more lenient .10 level cut-off point has been adopted by previous researchers (eg., Dunegan et al., 1992), the rationale being that multiple regression is a stringent procedure. However, due to the lower degree of accuracy inherent in the .10 level, studies using the .10 level have been criticised by Wilhelm, Herd and Steiner (1993) for producing results which might be due to chance. The .05

level has been used in previous South African research satisfactorily (Bluen, 1986; Kruger, 1987; Nunns et al., 1990; Nunns & Argirys, 1992).

RESULTS

This section firstly deals with the findings for assessment of Hypotheses 1 and 2. Thereafter, for Hypothesis 3, the findings of the various assumption tests for multiple regression are presented. Finally, the results of the multiple regression analyses are presented.

Results for Hypothesis 1

Table 2: Summary of z-Test Results for assessment of Hypothesis 1 for High versus Low Locus of Control Groups

Dependent Variable	r_1	r_2	z
Job Satisfaction	.503	.588	-.72 ns
Performance (man.)	.196	.334	-.89 ns
Performance (sub.)	.151	.125	-.14 ns

where: r_1 = high locus of control group
 r_2 = low locus of control group

Results of the z-test analysis for comparing independent correlation coefficients supported Hypothesis 1, indicating that there were no significant differences between high and low locus of control groups (based on a median split) in all

three cases while testing the association between LMX and the three dependent variables (i.e., job satisfaction ($z = -.72$ ns); manager-rated work performance ($z = -.89$ ns) and subordinate-rated work performance ($z = -.14$ ns)). Furthermore, all correlations in Table 2 (above) between a high Negotiating Latitude and all three dependent variables were in the same direction (positive), for both high and low locus of control groups respectively (i.e., job satisfaction (r 's = .503 & .588; $p < .01$); manager-rated work performance ($r = .196$; $p > .05$; and $r = .334$; $p < .01$); and subordinate-rated work performance (r 's = .151 & .125; $p > .05$)).

Results for Hypothesis 2

Result of Correlation between Structured Management Style and Negotiating Latitude for assessment of Hypothesis 2

A Pearson Product-Moment correlation of $r = .067$ ($p > .05$) was obtained between the variables of structured management style and Negotiating Latitude, indicating that, for the present sample, these two variables were independent of each other for subordinates. Thus, Hypothesis 2 was supported.

Results for Hypothesis 3

Assumption Tests for Multiple Regression

Prior to the multiple regression analysis being computed

for assessment of Hypothesis 3, the underlying assumptions of multiple regression were tested. These included the reliability of the measuring instruments, the presence of a linear relationship between the dependent and independent variables, and the absence of multicollinearity between independent variables.

Reliability of Measuring Instruments

The internal consistency reliability (Cronbach's alpha) was assessed for each measure to determine the reliability of the measuring instruments. Internal consistencies were assessed for the Locus of Control Scale (.84), the Leader-Member Exchange Scale (.91), the Goal Setting Sub-scale (.70) of the Michigan Organisational Assessment Questionnaire, the Employee Rating Scale (supervisor-rated (.90) and subordinate-rated (.69)), and the Job Satisfaction subscale (.94) of the Work and Life Attitude Survey. Hence, internal consistency coefficients ranged from .69 to .94 ($M = .83$), and were considered satisfactory (Anastasi, 1982). This fulfilled the requirements for multiple regression.

Linearity Tests

To test whether a linear relationship exists between the dependent variables (job satisfaction & job performance) and the independent variables (leader-member exchange, locus of control & management style), tests for linearity were carried

out (Lewis-Beck, 1980). Testing for linearity involves the F-test, which concerns examination of the relationship between $\text{Eta}^2 - R^2$ (Kerlinger, 1986). In order for a linear relationship to exist between the dependent variables, Eta^2 should not be significantly different to R^2 . The significance of the difference between $\text{Eta}^2 - R^2$ and the relevant F-value showed that all relationships between the dependent variables and independent variables did not deviate significantly from linearity (see Tables 3 and 4).

Table 3: Test of Linearity of Relationship between Leader-Member Exchange and Dependent Variables

Dependent Variable	E^2	R^2	$\text{E}^2 - R^2$	df	F-value
Job Sat.	.38	.40	-.02	4/159	-2,63ns
Perf. (man.)	.12	.13	-.01	4/144	-0,82ns
Perf. (sub.)	.06	.04	.02	4/156	1,7ns

* $p < .05$

** $p < .01$

ns = non-significant

Examination of the relationship $\text{Eta}^2 - R^2$ for leader-member exchange versus the dependent variables was not significant thus signifying that the relationship satisfied the assumption of linearity. The relationship between leader-member exchange and the two dependent variables (job satisfaction and employee rating scale (supervisor and subordinate-rated) is linear, hence, these variables can be included in the multiple regression computation (Kerlinger, 1986).

Table 4: Test of Linearity of the Relationship between
Locus of Control and Dependent Variables

Dependent Variable	E^2	R^2	$E^2 - R^2$	df	F-value
Job Sat.	.33	.42	-.09	2/157	-10,71ns
Perf. (man.)	.12	.10	.02	2/142	1,7ns
Perf. (sub.)	.05	.03	.02	2/154	1,7ns

* $p < .05$

** $p < .01$

ns = non-significant

Examination of the relationship $E^2 - R^2$ for the relationship between locus of control and the dependent variables was non-significant thus signifying that the assumptions of linearity were satisfied by these relationships. The relationship between locus of control and the two dependent variables, namely, job satisfaction and performance, is linear such that the above relationships may be included in the multiple regression equation (Kerlinger, 1986).

Table 5: Test of Linearity of the Relationship between
Management Style (Structure) and Dependent Variables

Dependent Variable	E^2	R^2	$E^2 - R^2$	df	F-value
Job Sat.	.026	.025	.001	2/161	.083ns
Perf. (man.)	.035	.037	.002	2/146	.15ns
Perf. (sub.)	.002	.01	.008	2/149	.15ns

* $p < .05$

** $p < .01$

ns = non-significant

Examination of the relationship $\text{Eta}^2 - R^2$ for structured management style versus the dependent variables was not significant thus signifying that the relationship satisfied the assumption of linearity. The relationship between structured management style and the two dependent variables (job satisfaction and employee rating scale (supervisor and subordinate-rated) is linear, hence, these variables can be included in the multiple regression computation (Kerlinger, 1986).

Multicollinearity

Multicollinearity was assessed by correlating the independent and dependent variables (see Table 6). The Pearson Product-Moment correlation coefficients between the independent and dependent variables were low ($r < .65$) and did not exceed the .80 level indicating the absence of multicollinearity (Pedhazur & Schmelkin, 1991).

Table 6: Intercorrelation Matrix of the Independent and Dependent Variables

Variable	N	M	SD	1	2	3	4	5	6
1 Locus of Control	166	85.3	14.32	(.84)					
2 Leader-Member Exchange	166	13.2	4.86	.45**	(.91)				
3 Supervisory Structure	166	16.36	3.26	.22**	.07	(.70)			
4 Job Satisfaction	166	76.23	13.81	.65**	.63**	.16	(.94)		
5 Job Performance (man.)	163	26.30	5.48	.31**	.36**	.19*	.40**	(.90)	
6 Job Performance (sub.)	151	29.15	3.28	.16*	.20*	.04	.25**	.26**	(.69)

* $p < .05$

** $P < .01$

Note: Reliabilities (coefficient alpha) in parentheses on principal diagonal

Multiple Regression Analyses

Table 7: Summary of the Multiple Regression Analysis of Leader-Member Exchange, Locus of Control, Structure and Job Satisfaction for assessment of Hypothesis 3

Variable	R ²	R ² Change	df	F-value
LMX	.40	---	1/162	47.86 **
Structure	.43	.03	1/147	0.28 ns
LOC	.57	.14	1/143	46.86 **

* $p < .05$

** $p < .01$

ns = non-significant

Results of the multiple regression analysis for job satisfaction and the three independent variables (LMX, structure, and LOC) provided partial support for Hypothesis 3. Leader-member exchange ($F(1/162) = 47.86$) evidenced a significant main effect on job satisfaction explaining 40% of the variance in subordinate job satisfaction. In the multiple regression analysis of leader-member exchange onto job satisfaction, locus of control ($F(1/143) = 46.86$) explained an additional 14% of the variance in terms of the leadership-satisfaction relationship than the variable of LMX alone. However, supervisory structure ($F(1/147) = .28$) did not explain additional variance in terms of the leadership-satisfaction relationship.

Table 8: Summary of the Multiple Regression Analysis of Leader-Member Exchange, Locus of Control, Structure and Employee Rating Scale (manager-rated) for assessment of Hypothesis 3.

Variable	R ²	R ² Change	df	F-value
LMX	.13	--	1/147	10.92 **
Structure	.15	.02	1/147	2.94 ns
LOE	.17	.02	1/143	2.31 ns

* $p < .05$

** $p < .01$

ns = non-significant

Leader-member exchange ($F(1/147) = 10.92$) evidenced a significant main effect on job performance explaining 13% of the variance in subordinate job performance (manager-rated). In the multiple regression analysis of leader-member exchange onto job performance, locus of control ($F(1/143) = 2.31$) and supervisory structure ($F(1/147) = 2.94$) did not explain any additional variance in terms of the leadership-performance relationship than the variable of LMX alone.

Table 9: Summary of the Multiple Regression Analysis of Leader-Member Exchange, Locus of Control, Structure and Employee Rating Scale (subordinate-rated) for assessment of Hypothesis 3

Variable	R ²	R ² Change	df	F-value
LMX	.04	--	1/159	3.17 **
Structure	.05	.01	1/144	.80 ns
LOC	.06	.01	1/140	1.48 ns

* $p < .05$

** $p < .01$

ns = non-significant

Leader-member exchange ($F(1/159) = 3.17$) evidenced a significant main effect on job performance explaining 4% of the variance in subordinate job performance (subordinate-rated). In the multiple regression analysis of leader-member exchange onto subordinate-rated job performance, locus of control ($F(1/140) = 1.48$) and supervisory structure ($F(1/144) = .80$) did not explain any additional variance in terms of the leadership-performance relationship than the variable of LMX alone.

DISCUSSION

Liden and Graen (1980) argue that the quality of the dyadic relationship that exists between manager and subordinate must be central in leadership research. In fact, the focus of the

leader-member exchange approach is this dyadic relationship between manager and subordinate. Despite the view that leader-member exchange has provided a more accurate conceptualisation of the exchange relationship (Dienesch & Liden, 1986; Wayne & Green, 1993), the more recent trend in LMX research is to discover ways of extending the leader-member exchange model by incorporating moderating variables into the theory's underlying structure so that LMX may explain a greater amount of variance in organisational outcomes, such as job satisfaction and performance (Kinicki & Vecchio, 1994; Vecchio & Gobdel, 1984). Locus of control is a personality variable which may strengthen the leader-member exchange leadership model, as locus of control is frequently associated with job satisfaction and performance (Spector, 1988; Blan, 1993). Furthermore, the degree to which managers structure their subordinates' work role so that subordinates have a clear idea of what has to be done on a particular job, may result in an increase in subordinate job satisfaction and performance (Spector, 1982). Incorporating the variables of locus of control and supervisory structure into the LMX model may account for more variance being explained in terms of job satisfaction and performance than the variable of LMX alone. The results of the present study supported the first two hypotheses and provided partial support for the third hypothesis. A high quality leader-member exchange was positively associated with both job satisfaction and performance. Furthermore, the variable of structured management style was found to be independent of the variable

of leader-member exchange. Finally, the incorporation of locus of control and structured management style into the model explained a significantly greater proportion of variance in terms of subordinate job satisfaction only, but not in subordinate work performance.

The present study explored three hypotheses. The results of the study will be discussed separately for each hypothesis. Thereafter, the limitations of the study will be presented. Finally, both theoretical and practical implications of the findings will be considered.

Hypothesis 1

Results of the z-test analysis revealed that no significant differences existed in correlation coefficients for the relationship between LMX and the dependent variables (i.e., job satisfaction ($z = -.72$ ns) and subordinate work performance ($z = -.89$ ns and $z = -.14$ ns)) for both high and low locus of control groups. This finding provided support for Hypothesis 1 which tested whether a high Negotiating Latitude would be associated positively with job satisfaction and work performance for subordinates, regardless of their locus of control orientation. Simply put, in terms of the LMX model, one would expect both internally and externally orientated subordinates to respond positively to a high Negotiating Latitude. This is because high quality manager-subordinate

relationships typically involve greater communication, trust, influence in decision making and discretion between subordinates and their managers than low quality exchanges (Koslowsky & Doherty, 1989). Consequently, a high Negotiating Latitude is concerned with the sharing of resources between a manager and his/her subordinate and might therefore be expected to be independent of the locus of control orientation of the subordinate. The results of the present study revealed this idea to be correct with regards work outcomes, such as job satisfaction and work performance of subordinates. However, only two studies (e.g., Kinicki & Vecchio, 1994; McClane, 1991b) could be located which have considered the locus of control concept within the framework of the LMX theory of leadership. Neither of these two studies, however, are relevant to the present finding. Thus, from a theoretical perspective, the present finding is a "unique" finding, which suggests, for the LMX model, that the locus of control orientation of the subordinate does not moderate the quality of the manager-subordinate dyadic relationship.

Hypothesis 2

The variable of structured management style was not found to be significantly correlated ($r = .067$; $p > .05$) to the variable of Negotiating Latitude (LMX). This result provided support for Hypothesis 2 which investigated whether the variable of structured management style was independent of the variable of Negotiating Latitude (LMX). The aim of this

hypothesis was to test whether the concept of Negotiating Latitude allows for the possibility that subordinates may need varying degrees of structure in their job roles. For example, internally-oriented subordinates typically prefer a more unstructured supervisory style in the sense that they are given more independence and more trust (Spector, 1982). Externals, on the other hand, tend to be more dependent on their environment for direction, hence they typically prefer more directive approaches than their internal counterparts (Spector, 1982). Thus, since internals and externals require different degrees of supervisory structure in their work roles, and considering that the locus of control construct may be independent of the variable of Negotiating Latitude (see Hypothesis 1) for subordinates, one would expect supervisory structure to be independent of Negotiating Latitude. The Goal Setting subscale of the Michigan Organisational Assessment Questionnaire (Seashore, Lawler, Mirvis & Cammann, 1982) was used to assess the extent to which the supervisor structures the role of the subordinate.

No prior research has been found in testing for the independence of supervisory structure with LMX. However, the construct of supervisory structure has been researched in relation to other leadership approaches (eg., Hersey & Blanchard's (1977) Situational Leadership) where the construct of initiating structure was found to be a major component of leadership behaviour. The variable of "initiation of structure" (along with "consideration") constituted the basis

around which leadership style theories described the behaviour of leaders. However, the concept of structure has not been considered in relation to the dyadic approach, rather in relation to the standard approach (leader-group relations) (Bass, 1990). In the present study, given that supervisory structure was found to be independent of LMX, the final hypothesis considered whether the variable of supervisory structure (as well as locus of control of the subordinate) explained additional variance in the dependent variables (job satisfaction and performance) than LMX alone. The final hypothesis is in line with the more recent trend in LMX research of discovering ways to extend the leader-member exchange model by incorporating additional variables into the theory's underlying structure to increase the predictive power of the model in explaining organisational outcomes, such as job satisfaction and work performance (Kinicki & Vecchio, 1994; Vecchio & Goboel, 1984). The present finding (for Hypothesis 2) suggests that the concept of Negotiating Latitude does not allow for the possibility that subordinates may need varying degrees of structure in their job roles. Consequently, the incorporation of the variable of supervisory structure into the underlying structure of the LMX model may increase the effectiveness of the model in explaining organisational outcomes.

Hypothesis 3

Considering job satisfaction first, the multiple

regression analysis yielded a main effect where the one independent variable, namely leader-member exchange, explained a significant proportion (40%) of the variance in the dependent variable job satisfaction ($F(1/162) = 47.86$; $p < .01$). This finding indicates that where a high quality dyadic relationship exists between a manager and a subordinate, the subordinate is very likely to feel more satisfied with his/her job. This strong relationship between leader-member exchange and job satisfaction is consistent with previous research (Dockery & Steiner, 1990; Graen, Liden & Hoel, 1982; Graen, Novak & Sommerkamp, 1982; Hollander & Offerman, 1990; Schriesheim, Scandura, Eisenbach and Neider, 1992; Wilhelm, Herd & Steiner, 1993) which indicates that a significant relationship exists between LMX and job satisfaction. The reason behind this significant relationship between leader-member exchange and job satisfaction may be due to the extent of the sharing of resources between manager and subordinate (Dienesch & Liden, 1986; Koslowsky & Doherty, 1989; Wilhelm et al., 1993). According to Koslowsky and Doherty (1989), the sharing of resources leads to an increase in job satisfaction, while decreased sharing of resources will lead to lower job satisfaction.

The addition of locus of control into the model resulted in a significant main effect where subordinate locus of control explained an additional increase (14%) of variance in the dependent variable job satisfaction ($F(1/143) = 46.86$; $p < .01$). This finding suggests that when a manager takes into

consideration a subordinates' internal locus of control orientation in the dyadic exchange relationship, the subordinate will achieve a significantly greater amount of satisfaction from his/her job. This finding is consistent with theory and research around the locus of control-job satisfaction relationship (Andrisani & Nestel, 1976; Mitchell et al, 1975; Gemmill & Heisler, 1972; Spector, 1982), namely, that internals are more satisfied at work than externals. Finally, coupled with the finding that the quality of the leader-member exchange was significantly positively correlated with internal locus of control ($r = .45$), the present results suggest that the locus of control orientation of the subordinate might moderate the effects of the quality of the dyadic exchange. The above finding is supportive of Dienesch and Liden's (1986) suggestion that individual-difference variables should be incorporated into the leader-member exchange model to increase the predictive power of the model in explaining organisational outcomes.

The inclusion of the variable of structured management style into the model resulted in no main effect between structured management style and job satisfaction being found ($F(1/147) = .28$). This means that the variable of structure alone explained no significant additional amount of variance in job satisfaction. The reason for this finding may be that the effect of structuring the subordinate's job may only be beneficial for certain personality types (eg., internal locus of control) and not for others. This idea finds support in the

literature where Spector (1982) argues that a subordinate who has an internal locus of control orientation would typically prefer a more unstructured supervisory style as internals are typically more self-motivated and independent than their external counterparts. Externals, however, might prefer a more structured work role as they are more dependent on their environment for direction (Spector, 1982). Hence, consideration of the variable of structure alone may be meaningless without specifying individual differences in the sample.

The third hypothesis also considered whether incorporation of the variables of structured management style and locus of control into the model would explain a significantly greater proportion of variance in the other dependent variable, namely, work performance. Concerning both manager- and subordinate-rated performance, leader-member exchange yielded significant main effects explaining 13% and 4% (respectively) of variance in work performance ($F(1/147) = 10.92$; $p < .01$; and $F(1/159) = 3.17$; $p < .05$ respectively). This result is supportive of previous leadership research which found that a positive relationship exists between leader-member exchange and work performance (Dienesch & Liden, 1986; Dockery & Steiner, 1990; Dunegan, Duchon, Uhl-Bien, 1992; Graen, Novak & Sommerkamp, 1982; Nunns et al., 1990).

For both work performance models (manager- and subordinate-rated) the independent variables of structure and

locus of control did not explain any additional significant increase of variance than the variable of leader-member exchange alone. This finding, unlike the job satisfaction model, was contrary to expectations. A possible reason for this non-significant finding is that various differences exist between the constructs of job satisfaction and work performance (Patty, McGee & Cavender, 1984). For example, job satisfaction is not a simple construct. According to Warr, Cook and Wall (1979) job satisfaction is defined as the extent to which an employee is satisfied with the extrinsic and intrinsic features of his/her job. Furthermore, Locke (1983) stresses that the concept of satisfaction incorporates a global impression which incorporates both present and past situations. However, the concept of work performance is narrower as it is generally measured by taking an employee's actual performance or work output (in the insurance industry this is recorded as the number of sales) as a percentage of projected target (Dickinson & O'Brien, 1982). Hence, the two independent variables (structure and locus of control), which are concerned with the manager-subordinate interaction, may not have lent any assistance to the actual sales of products which might be affected by factors outside the control of the employee (e.g., the sales area and nature of competition) (Locke & Latham, 1984). Furthermore, a system or organisation exists in dynamic interaction with its environment (Katz & Kahn, 1978). Hence political and socio-economic factors operating in the wider environment may impact upon and influence the organisation. For example, insecurity and

tension surrounding the pre- and post-democratic election periods in South Africa (April, 1994) manifested by violence in the political and industrial environments, and effecting a general mood of uncertainty about the future, may have undermined organisational effectiveness, e.g., a decrease in sales performance. Thus, work performance, especially in sales industries, can be affected by factors outside the control of the employee, which may result in an inaccurate portrayal of an individual's true level of work performance. However, subjective measures of performance, such as the employee rating scale may take adverse environmental factors into account.

Summary of Findings

The results of the present study revealed that a high Negotiating Latitude was independent of the locus of control orientation of subordinates, with regards to subordinates' job satisfaction and their work performance. This finding suggested that the locus of control orientation of the subordinate does not moderate the quality of the manager-subordinate dyadic relationship. Furthermore, the variable of structured management style was found to be independent of the quality of the manager-subordinate relationship. This finding suggested that the concept of Negotiating Latitude does not take into account the possibility that subordinates may need varying degrees of structure in their job roles. Finally, the relationship between effective leadership and the variables of

job satisfaction and work performance respectively, was significant. When the variables of locus of control and structured management style were included into the leader-member exchange model, locus of control explained an additional 14% of the variance in terms of the leadership-satisfaction relationship than the variable of LMX alone, but no additional variance was explained in terms of the leadership-performance relationship by locus of control. The variable of structured management style did not explain any additional variance in terms of subordinate job satisfaction and work performance than the variable of LMX alone. Exploratory research on leadership models, such as leader-member exchange, is necessary in order to better explain leadership outcomes such as work performance and job satisfaction, and to enhance the leadership model by including other individual difference variables.

Limitations of the Present Study

A number of limitations of the present study can be identified. For example, the sample used in the present study was predominantly Female, White and Afrikaans speaking. The greater proportion of women (ie., 66%) in the sample may limit the generalisability of the findings to the male gender (Bluen, 1986). Even though the majority of subjects were Afrikaans speaking (ie., 72%) the actual questionnaires were administered in English and not necessarily in the home

language of the subject. Consequently, there was a greater chance of subjects misunderstanding the items, thus creating possible bias in the sample. However, subjects were proficient in the English language as they worked in English and the corporate environment is predominantly English-speaking. Furthermore, according to Bluen (1986), translating the questionnaires into another language might cause various problems, such as distorted meaning in translating and the incorrect understanding of idiomatic phrases. Consequently, questionnaires were not translated and were used in the original language in which they had been constructed. Nevertheless, various steps were taken to aid Afrikaans speaking respondents in completing the questionnaires, such as the ordering of Afrikaans covering letters before English ones and addressing questionnaires and envelopes in Afrikaans to Afrikaans speaking respondents. Furthermore, questionnaires were checked on their return for response bias or obvious signs of the subject misunderstanding the instructions or questions in order to overcome these potential confounds relating to language.

Participation was voluntary even though volunteer samples may have biased the responses obtained (Rosnow & Rosenthal, 1976). However, reminder letters were sent out by the researcher after 2-3 weeks. According to Francel (1966), the use of reminder letters tends to increase the response rate and reduce the bias encountered by volunteer samples. In order to be ethical, only reminder letters were sent out, as

stronger reminder techniques have been known to influence a sample negatively (Rosnow & Rosenthal, 1976).

Lastly, in the present research questionnaires were relied upon as a means of data collection. Future research could adopt a multimethod approach as a beneficial means of collecting data where a variety of techniques are used, such as interviews and naturalistic observations (Anastasi, 1982). However, much research has been done by the use of questionnaires as a means of data collection. Furthermore, future research may benefit from receiving data from additional sources other than the immediate supervisors and their subordinates, such as peers who may act as independent observers.

Theoretical Implications and Future Research

There are a number of theoretical implications of the present research. Since the present study was an investigation of a variation of the leader-member exchange model, results suggest that the inclusion of work locus of control into the leadership model would assist in the development of a multivariate approach to leadership. Such an approach is required to understand leadership outcomes as managers, subordinates, peers, the organisation and the external environment all affect such outcomes (Dickinson & O'Brien, 1982). More comprehensive LMX models may involve consideration of various factors (e.g., personality, organisational policies

and practices) requiring research to identify them and establish their influence on the quality of the manager-subordinate dyadic relationship.

Even though work locus of control and supervisory structure impacted positively on subordinate job satisfaction, these two variables did not impact significantly on subordinate work performance. Future research could examine the direction of the work locus of control-performance and supervisory structure-performance relationship over time using a longitudinal design approach. Furthermore, even though in the present study, both supervisor and subordinate measures of performance were used, future research could assess more fully the impact of work locus of control and supervisory structure on performance by using additional measures, such as an objective work output measure and behavioural measures.

Research has generally supported the efficacy of Graen's Leader-Member Exchange model in the North American and Japanese organisational environments (Dienesch & Liden, 1986, Scandura, Graen & Novak, 1986). As evidenced by the positive correlation between leader-member exchange and both internal locus of control and the dependent variables (job satisfaction and performance), the present results support the utility of the leader-member exchange approach in the South African organisational environment as well. Future research should consider the concept of locus of control and supervisory structure within the leadership-satisfaction/performance

domain with other samples. The nature of South African society, namely, multiracial, multilingual, and vastly differing educational levels might result in locus of control and supervisory structure becoming essential elements in the leadership-satisfaction/performance domain. Furthermore, it is advisable to conduct research within industries besides the insurance industry.

Finally, the present findings are supportive of Dienesch and Liden's (1986) suggestion that individual difference variables can be incorporated into the leader-member exchange model to increase the predictive power of the model in explaining organisational outcomes. The development of the leader-member exchange model can be furthered by continued study of suspected antecedents of differing supervisor-subordinate relations and the effects of these differences, from both the manager's and the subordinate's perspective, on leadership outcomes. For example, in the present study four variables were used, namely, work locus of control, supervisory structure, subordinate job satisfaction and performance. In search of a multivariate approach, future research could examine additional variables, including both intrinsic (ie., Type A personality, organisational commitment, personality and attitudes) as well as extrinsic factors (ie., incentive schemes, appropriate rewards, and organisational procedures). The present study thus provides implications for further model building.

Practical Implications of the Present Research

In a broad sense, the main practical implication of the present research is the potential for enhancing the quality of the manager-subordinate dyadic relationship. Increased quality of the dyadic exchange will have a significant impact on the performance and job satisfaction levels of subordinates. More specifically, supervisors can be taught to identify the locus of control orientation of each of their subordinates, and manage accordingly. Given the finding of an inverse correlation between internal locus of control and structured management style ($r = -.22$), the assessment of each subordinates' locus of control orientation may allow supervisors to allocate their time more effectively, by providing greater degrees of structure to the work roles of individuals with an external locus of control orientation than to internally-orientated subordinates who typically require more independence on the job. Thus, supervisors could be trained to provide appropriate supervisory behaviour for subordinates depending on the extent of their subordinates' locus of control orientations.

Lastly, due to the critical shortage of managerial personnel in the South African industrial environment (Chalmers, 1986), there is a strong practical need for pursuing new and improved approaches towards organisational leadership within South Africa. Furthermore, given that the number of organisations implementing affirmative action

policies has risen by 25 percent in the past two years

(Webster, 1994), black recruitment and promotion is on the increase in South African organisations. Furthermore, due to factors such as a lack of adequate education, there is a possibility that many black South African workers may function with an external locus of control orientation (Nunns & Pentreath, 1992). Supervisors need to be made aware of this phenomenon and adjust their supervisory behaviour accordingly. The present findings suggest that one such way is to structure the work roles of these employees to a greater degree.

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APPENDICES

APPENDIX A

Biographical Questionnaires (managers' and subordinates')

BIOGRAPHICAL INFORMATION

Dear _____

Please provide the following information about yourself:

Name of the Branch: _____

Age (in years): _____

Gender: Male / Female

Home language: _____

Education (highest level passed): _____

How long have you been employed by your present company?

_____ Years _____ Months

How long have you been working in your present position?

The following questions will be asked concerning each of the following people whom you supervise: _____

Please complete each questionnaire with specific reference to the one person whose name appears on that questionnaire.

BIOGRAPHICAL INFORMATION

Dear _____

Please provide the following information about yourself:

Name of the Branch: _____

Age (in years): _____

Gender: Male / Female

Home language: _____

Education (highest level passed): _____

How long have you been employed by your present company?

_____ Years _____ Months

How long have you been working in your present position?

APPENDIX B

Leader-Member Exchange Scale (Member Form)

(Scandura & Graen, 1984)

CONFIDENTIAL

Here are some questions about your supervisor/manager, . Please answer the following questions openly and honestly regarding this person. Indicate your answer by marking only one of the four possible responses to each question with a cross (X).

1. Do you usually feel that you know where you stand ...
do you usually know how satisfied your supervisor is with
what you do?
 - A - always know where I stand
 - B - usually know where I stand
 - C - seldom know where I stand
 - D - never know where I stand

2. How well do you feel that your supervisor understands
your problems and needs?
 - A - completely
 - B - well enough
 - C - some but not enough
 - D - not at all

3. How well do you feel that your supervisor recognises your
potential?
 - A - fully
 - B - as much as the next person
 - C - some but not enough
 - D - not at all

4. Regardless of how much authority your supervisor has built into his or her position, what are the chances that he or she would be personally inclined to use power to help you solve problems in your work?
- A - certainly would
 - B - probably would
 - C - might or might not
 - D - no chance
5. Again, regardless of the amount of formal authority your supervisor has, to what extent can you count on him or her to help you out at his or her expense when you really need it?
- A - certainly would
 - B - probably would
 - C - might or might not
 - D - no chance
6. I have enough confidence in my supervisor that I would defend or justify his or her decisions if he or she were not present to do so?
- A - certainly would
 - B - probably would
 - C - maybe
 - D - probably not
7. How would you characterize your working relationship with your supervisor?
- A - extremely effective
 - B - better than average
 - C - about average
 - D - less than average

APPENDIX C

Work Locus of Control Scale (Spector, 1988)

CONFIDENTIAL

The following items deal with various aspects concerning your job. Please indicate the extent to which you agree or disagree with each of the following statements by marking a cross (X) over the relevant block.

1. A job is what you make of it.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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2. On most jobs, people can pretty much accomplish whatever they set out to accomplish.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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3. If you know what you want out of a job, you can find a job that gives it to you.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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4. If employees are unhappy with a decision made by their boss, they should do something about it.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
----------------------------	-----------------------------	---------------------------	---------------	------------------------	--------------------------	-------------------------

5. Getting the job you want is mostly a matter of luck.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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6. Making money is primarily a matter of good fortune.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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7. Most people are capable of doing their jobs well if they make the effort.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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8. In order to get a really good job you need to have family members or friends in high places.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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9. Promotions are usually a matter of good fortune.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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10. When it comes to landing a really good job, who you know is more important than what you know.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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11. Promotions are given to employees who perform well on the job.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
----------------------------	-----------------------------	---------------------------	---------------	------------------------	--------------------------	-------------------------

12. To make a lot of money you have to know the right people.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
----------------------------	-----------------------------	---------------------------	---------------	------------------------	--------------------------	-------------------------

13. It takes a lot of luck to be an outstanding employee on most jobs.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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14. People who perform their jobs well generally get rewarded for it.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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15. Most employees have more influence on their supervisors than they think they do.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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16. The main difference between people who make a lot of money and people who make a little money is luck.

1 DISAGREE VERY MUCH	2 DISAGREE MODERATELY	3 DISAGREE SLIGHTLY	4 NOT SURE	5 AGREE SLIGHTLY	6 AGREE MODERATELY	7 AGREE VERY MUCH
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APPENDIX D

Goal Setting Sub-Scale of the Michigan Organisational Assessment Questionnaire (Seashore et al., 1982)

CONFIDENTIAL

The following items deal with the degree to which managers structure their subordinate's job. Please indicate how true or false the following statements are for you by marking a cross (X) over the relevant block in respect of _____.

1. I make sure that he/she has clear goals to achieve.

A VERY FALSE	B MODERATELY FALSE	C SLIGHTLY FALSE	D NOT SURE	E SLIGHTLY TRUE	F MODERATELY TRUE	G VERY TRUE
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2. I make sure that he/she knows what has to be done.

A VERY FALSE	B MODERATELY FALSE	C SLIGHTLY FALSE	D NOT SURE	E SLIGHTLY TRUE	F MODERATELY TRUE	G VERY TRUE
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3. I make it clear to this subordinate how he/she should do his/her job.

A VERY FALSE	B MODERATELY FALSE	C SLIGHTLY FALSE	D NOT SURE	E SLIGHTLY TRUE	F MODERATELY TRUE	G VERY TRUE
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APPENDIX E

Employee Rating Scale (Graen et al., 1972)

(supervisor- and subordinate-rated measures)

CONFIDENTIAL

Please circle the appropriate number that describes your response for each of the following questions, in respect of _____.

A. DEPENDABILITY: This subordinate maintains high standards of work and performs all needed work.

1. Always cuts corners; must be watched closely to make sure work is done right.
2. Better than 1 but not fully 3.
3. Can be counted on to perform assigned jobs without being watched.
4. Better than 3 but not fully 5.
5. Always can be counted on not only to perform assigned jobs without being watched but also to perform, without being told, other jobs that should be done.

B. ALERTNESS: This subordinate sees actions and changes which might affect his/her work.

1. Always fails to see even the big changes in his/her work surroundings until they are almost out of control.
2. Better than 1 but not fully 3.
3. Usually sees only the big changes in his/her work and surroundings.
4. Better than 3 but not fully 5.
5. Always sees the little as well as the big changes in his/her work and surroundings.

8

C. SKILL IN DEALING WITH PEOPLE: This subordinate does and says the right things at the right time.

1. In "hot" situations with other people, this person always does and says things that make the problem worse.
2. Better than 1 but not fully 3.
3. In "hot" situations with other people, this person usually does and says things that do not make the problem worse.
4. Better than 3 but not fully 5.
5. Even in "hot" situations with other people, this person always says the right things to cool the people down.

D. PLANNING: This subordinate makes good use of time, equipment and people.

1. Even on daily routine work, this person hardly ever picks out the more important job to do first, and usually makes poor use of time, and people to get the job done.
2. Better than 1 but not fully 3.
3. Usually can pick out the most important job to do first and usually makes good use of time, equipment and people to get the job done.
4. Better than 3 but not fully 5.
5. Even when overloaded with work, this person almost always picks out the most important job to do first, and almost always makes the best use of time, equipment and people to get the job done.

E. KNOW-HOW AND JUDGEMENT: This subordinate has the know-how and judgement needed to do the right job.

1. His/her work shows that s/he does not have enough know-how and judgement needed to do the basic job.
2. Better than 1 but not fully 3.
3. His/her work shows that s/he has adequate or average know-how and judgement needed to do the basic job.
4. Better than 3 but not fully 5.
5. His/her work shows that s/he has outstanding know-how and judgement needed not only to do the basic job, but to foresee and handle unusual job problems as well.

F. EXPECTED LEVEL OF FUTURE PERFORMANCE: in meeting work standards.

1. This employee will be a clearly unsatisfactory performer.
2. Better than 1 but not fully 3.
3. This employee will be a satisfactory performer.
4. Better than 3 but not fully 5.
5. This employee will be a clearly outstanding performer.

G. PRESENT LEVEL OF PERFORMANCE:

1. This employee is clearly an unsatisfactory performer.
2. Better than 1 but not fully 3.
3. This employee is a satisfactory performer.
4. Better than 3 but not fully 5.
5. This employee is clearly an outstanding performer.

CONFIDENTIAL

Please rate your own work performance by indicating the appropriate number for each question. Please indicate the rating (1-5) that you feel genuinely reflects your own level of work performance by placing a cross (X) over the appropriate number.

A. DEPENDABILITY: You maintain high standards of work and perform all needed work.

1. Always cut corners; must be watched closely to make sure work is done right.
2. Better than 1 but not fully 3.
3. Can be counted on to perform assigned jobs without being watched.
4. Better than 3 but not fully 5.
5. Always can be counted on not only to perform assigned jobs without being watched but also to perform, without being told, other jobs that should be done.

B. ALERTNESS: You see actions and changes which might affect your work.

1. Always fail to see even the big changes in your work surroundings until they are almost out of control.
2. Better than 1 but not fully 3.
3. Usually see only the big changes in your work and surroundings.
4. Better than 3 but not fully 5.
5. Always see the little as well as the big changes in your work and surroundings.

C. SKILL IN DEALING WITH PEOPLE: You do and say the right things at the right time.

1. In "hot" situations with other people, you always do and say things that make the problem worse.
2. Better than 1 but not fully 3.
3. In "hot" situations with other people, you usually do and say things that do not make the problem worse.
4. Better than 3 but not fully 5.
5. Even in "hot" situations with other people, you always say the right things to cool the people down.

D. PLANNING: You make good use of time, equipment and people.

1. Even on daily routine work, you hardly ever pick out the more important job to do first, and usually make poor use of time, and people to get the job done.
2. Better than 1 but not fully 3.
3. Usually can pick out the most important job to do first and usually make good use of time, equipment and people to get the job done.
4. Better than 3 but not fully 5.
5. Even when overloaded with work, you almost always pick out the most important job to do first, and almost always make the best use of time, equipment and people to get the job done.

E. KNOW-HOW AND JUDGEMENT: You have the know-how and judgement needed to do the right job.

1. Your work shows that you do not have enough know-how and judgement needed to do the basic job.
2. Better than 1 but not fully 3.
3. Your work shows that you have adequate or average know-how and judgement needed to do the basic job.
4. Better than 3 but not fully 5.
5. Your work shows that you have outstanding know-how and judgement needed not only to do the basic job, but to foresee and handle unusual job problems as well.

F. EXPECTED LEVEL OF FUTURE PERFORMANCE: In meeting work standards.

1. You will be a clearly unsatisfactory performer.
2. Better than 1 but not fully 3.
3. You will be a satisfactory performer.
4. Better than 3 but not fully 5.
5. You will be a clearly outstanding performer.

G. PRESENT LEVEL OF PERFORMANCE:

1. You are clearly an unsatisfactory performer.
2. Better than 1 but not fully 3.
3. You are a satisfactory performer.
4. Better than 3 but not fully 5.
5. You are clearly an outstanding performer.

APPENDIX F

**Job Satisfaction Sub-Scale of the Work
and Life Attitudes Survey (Warr et al., 1979)**

CONFIDENTIAL

The following items deal with various aspects of your job. Please indicate how satisfied or dissatisfied you are with respect to each of the following aspects of your job by marking a cross (X) over the relevant block.

1. The physical work conditions.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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2. The freedom to choose your own method of working.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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3. Your fellow workers.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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4. The recognition you get for good work.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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5. Your immediate boss.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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6. The amount of responsibility you are given.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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7. Your rate of pay.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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8. Your opportunity to use your abilities.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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9. Industrial relations between management and workers in your firm.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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10. Your chance of promotion.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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11. The way your firm is managed.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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12. The attention made to suggestions you make.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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13. Your hours of work.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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14. The amount of variety in your job.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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15. Your job security.

A EXTREMELY DISSATISFIED	B VERY DISSATISFIED	C MODERATELY DISSATISFIED	D NOT SURE	E MODERATELY SATISFIED	F VERY SATISFIED	G EXTREMELY SATISFIED
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APPENDIX G

Covering Letters for Managers



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FOR ENGLISH SEE OVERLEAF

Gangte _____

Ek studeer tans vir 'n Meestersgraad in Bedryfsielkunde aan die Universiteit van die Witwatersrand. My studieveld is toegespits op die verhouding tussen bestuurs effektiwiteit en organisatoriese resultate, wat insluit beroepstevredenheid en werkverrigting. U organisasie was so vriendelik om my toestemming te gee om my navorsing hier uit te voer. Ek vertrou dat die resultate van hierdie navorsing nuttig sal wees in die manier waarop mense bestuur word in maatskappye soos die. Ten einde hierdie navorsing te vergemaklik, sal ek dit waardeur indien u so vriendelik sal wees om u samewerking te verleen deur die ingeslote vraelys te voltooi ten opsigte van die werknemer/s onder u bestuur, dit behoort nie meer as 5 minute per werknemer te neem nie (vrae sal betrekking hê op 'n maksimum van vier werknemers). Let asseblief daarop dat die naam van een van u werknemers op elke vraelys verskyn. Elke vraelys moet asseblief voltooi word met spesifieke verwysing na hierdie werknemer.

Die vraelys is oorspronklik in Engels opgestel en om die geldigheid en betroubaarheid daarvan te verseker, het ek besluit om dit nie verder te vertaal nie. Ek hoop dat dit u nie ongerief sal veroorsaak nie.

Alhoewel ek ooreengekom het om aan u organisasie 'n opsomming van die bevindings van die navorsing te verskaf, onderneem ek om alle individuele vraelyste streng vertroulik te behandel. Die ontwerp van die vraelys verlang wel dat u naam verskaf moet word, maar dit sal nie vir u maatskappy moontlik wees om individuele resultate of inligting in verband met enige bestuurder te onderskei nie. Om u taak te vergemaklik, word 'n gefrankeerde kovert hierby ingesluit. Plaas asseblief die voltooide vraelys in die kovert en stuur dit aan my terug by die Universiteit.

U samewerking en bydrae om hierdie navorsing te vergemaklik, word opreg waardeur.

Die Uwe

COLIN ABRAMS

145

**UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG**

Private Bag 3, WITS 2050, South Africa • Telegrams Uniwits • Telex 4-271255A • Telephone (011) 716-1111

Dear _____

I am presently studying for my masters degree in Industrial Psychology at the University of the Witwatersrand. My area of study focuses on the relationship between management effectiveness and work attitudes including job satisfaction and job performance. Your company has kindly granted me permission to conduct my research here. It is hoped that the results of this research would be of benefit to the way in which people are managed in organisations such as yours.

In order to facilitate this research, I would greatly appreciate your cooperation by completing the attached questionnaires with respect to the person/s whom you supervise. This should not take longer than about 5 minutes per subordinate (questions will be concerned with a maximum of four subordinates). Please complete each questionnaire with specific reference to the person whose name appears on that questionnaire.

Although I have agreed to provide your organisation with a summary of the research findings, all individual responses will be treated with the strictest confidentiality. Because of the design of the research, I need to know your name, however, it will not be possible for your company to identify any individual persons responses, or information pertaining to any single manager. To facilitate this I have enclosed a self-addressed envelope. Please put your completed questionnaire in the envelope and return it to me at the University.

Thank you very much for your assistance in this research.

Yours sincerely

COLIN ABRAMS

APPENDIX H

Covering Letters for Subordinates



UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Private Bag 3, WITS 2050, South Africa • Telegrams Uniwits • Telex 4-271255A • Telephone (011) 716-1111

FOR ENGLISH SEE OVERLEAF

Gengte _____

Ek studeer tans vir 'n Meestersgraad in Bestuurswetenskap aan die Universiteit van die Witwatersrand. My studieveld is toegespits op die verhouding tussen bestuurs effektiwiteit en organisatoriese resultate, wat insluit beroepstevredenheid en werkverrigting. U organisasie was so vriendelik om my toestemming te gee om my navorsing hier uit te voer. Ek vertrou dat die resultate van hierdie navorsing nuttig sal wees ten opsigte van die manier waarop mense bestuur word in maatskappye soos hierdie. Ten einde hierdie navorsing te vergemaklik, sal ek dit waardeur indien u so vriendelik sal wees om u samewerking te verteenwoordig die ingeslote vraelys te voltooi, wat nie langer as hoogstens 20 minute sal duur nie.

Die vraelys is oorspronklik in Engels opgestel en om die geldigheid en betroubaarheid daarvan te verseker, het ek besluit om dit nie verder te vertaal nie. Ek hoop dat dit u nie ongerief sal veroorsaak nie.

Alhoewel ek ooreengekom is om aan u organisasie 'n opsomming van die bevindinge van die navorsing te verskaf, onderneem ek om alle individuele vraelyse streng vertroulik te behandel. Die ontwerp van die vraelys verlang wel dat u naam verstrek moet word, maar dit sal nie vir u maatskappy moontlik wees om individuele resultate te onderskei nie. Om u taak te vergemaklik, word 'n gefrankeerde kovert hierby ingesluit. Plaas asseblief die voltooide vraelys in die kovert en stuur dit asseblief aan my terug by die Universiteit.

U samewerking en bydrae om hierdie navorsing te vergemaklik, word opreg waardeur.

Die Uwe

COXIN ABRAMS



UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Private Bag 3, WITS 2050, South Africa • Telegrams 'Uniwits' • Telex 4-271255A • Telephone (011) 716-1111

Dear _____

I am presently studying for my masters degree in Industrial Psychology at the University of the Witwatersrand. My area of study focuses on the relationship between managerial effectiveness and work attitudes such as job satisfaction as well as work performance. Your company has kindly granted me permission to conduct my research here. It is hoped that results of this research would be of benefit to the way in which people are managed in organisations such as yours. In order to facilitate this research, I would greatly appreciate your cooperation by completing the attached questionnaire which should not take longer than about 20 minutes.

Although I have agreed to provide your company with a summary of the research findings, all individual responses will be treated with the strictest confidentiality. Because of the design of the research, I need to know your name, however, it will not be possible for your company to identify an individual's responses. To facilitate this, I have enclosed a self-addressed envelope. Please put your completed questionnaire in the envelope and return it to me at the University.

Thank you very much for your assistance in this research.

Yours sincerely

COLIN ABRAMS

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Name of thesis: Leader-member exchange, locus of control, work attitudes and performance.

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