SOCIAL POWER AND LEADER-MEMBER EXCHANGE: THE IMPACT OF POWER DISTANCE ORIENTATION IN THE MALAYSIAN BUSINESS CONTEXT

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Abstract

We examined the moderating impact of power distance cultural orientation on the relationship between perceived bases of power and leader-member exchange (LMX). Two hundred twentytwo Malaysian managers from 12 manufacturing organizations voluntarily participated in the study. Data were gathered by means of a structured questionnaire, including widely used scales to measure bases of power (reward, coercion, legitimate, referent, expert, and information), LMX (contribution, affect, loyalty, and professional respect), and power distance cultural orientation. Taken as a whole, the hierarchical regression analysis showed a significant positive impact of personal bases of power (referent, expert, and information) on LMX. However, the impact was found to be relatively stronger for subordinates with high power distance cultural orientation than for subordinates with low power distance orientation. Conversely, position bases of power (coercive power and legitimate power) had a negative impact on LMX. Practical implications of the study findings, potential limitations, and directions for future research are discussed.

Key Words: Social Power; LMX; Power Distance; Cultural Orientation

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The leadership literature is voluminous, as evidenced by a dramatic increase in scholarly books and articles published in recent years. While there has been much progress made in leadership research, there are a few areas that are either ignored or have received little attention. Leadership research is divided into two competing paradigms: Average Leadership Style (ALS) and Leader-Member Exchange (LMX). The former is a traditional approach (ALS), which assumes that leaders treat their subordinates equally. In contrast, the LMX paradigm assumes that leaders treat their subordinates differently. The ALS theorists accuse LMX researchers of being unfair in the treatment of their subordinates. On the other hand, according to LMX theorists, treating subordinates differently is the reality of modern organizations. However, they stress on maintaining a high-quality of relationships with almost all subordinates. While the debate is already on (Graen, 2006; House, Javidan, Dorfman, & Sully de Luque, 2006), a review of the literature (e.g., Gerstner & Day, 1997; Schriesheim, Castro, & Cogliser, 1999) indicates that while a good number of studies have been conducted to examine the consequences of LMX, relatively less attention has been paid to the antecedents of LMX-especially in the cultural context. Thus, the purpose of this study is to examine the relationship between bases of power and LMX in Malaysian business organizations. In addition, this research includes power distance cultural orientation as a potential moderator of the social power-LMX relationship.

Our study makes four key contributions to the existing leadership literature. First, despite the indication of the multidimensional nature of LMX in the organizational literature (see, e.g., Bhal & Ansari, 1996; Dienesch & Liden, 1986; Liden & Maslyn, 1998), most previous studies have treated LMX as a unidimensional construct. Given that past research has indicated the multidimensional nature of LMX, we too conceptualize and measure it as a four-dimensional construct. Second, we integrate two important leadership constructs—social influence and LMX—in the present study, by treating social power as a predictor of LMX. Third, we assess the moderating role of power distance orientation in the social power-LMX relationship. Fourth, there is a dearth of literature on leadership--especially social power and LMX--in the Malaysian context. This study adds to the leadership literature by testing the moderating hypothesis in the Malaysian cultural context.

THEORY AND HYPOTHESES

Culture is defined as an acquired knowledge that people use to interpret experience and generate social behavior in terms of shared socially constructed environments and commonly experienced events including the history, language, and religion of their members (Triandis, 1972; Schein, 1992). Stated precisely, it is "the collective mental programming of the people in an environment" (Hofstede, 1980, p. 16). Hofstede advocated cultural values to have a significant impact on leadership and organizational behavior. He was the earliest to identify four value dimensions that distinguished national cultures: power distance, uncertainty avoidance, individualism *vs.* collectivism, and masculinity *vs.* femininity. Subsequently, Bond (1988) introduced the fifth dimension, i.e., long-term *vs.* short-term orientation.

We chose just one cultural value dimension at the individual level--power distance orientation--for this study, because this value dimension has been found to be typical of the Malaysian context. Power distance has been defined as the extent to which less powerful members of institutions and organizations accept that power is distributed unequally (Hofstede, 1980). Malaysia is predominantly a Muslim country, where religion plays a prominent role in almost all walks of life. In a recent study by Taylor (2003), it was found that most Muslim countries scored higher in power distance than non-Muslim countries. The Muslim cluster included Egypt, Indonesia, Iran, Iraq, Kuwait, Lebanon, Libya, Malaysia, Saudi Arabia, Turkey, United Arab Emirates, and Pakistan. That means religion might explain the high scores on power distance, in that the Muslim religion fosters a climate in which leaders have ultimate power and authority. Also, rules, laws, and regulations developed by those in power reinforce their own power and control (Pellegrini & Scandura, 2006).

The Malaysian cultural system is classified as being the highest on power distance (first), whereas the United States is one of the lowest (38th) on this dimension (Hofstede, 1980, 1994). It has been found that leading Malaysian organizations is like leading hierarchical relationships, because Malaysian workers have strong preference for respect and hierarchy (Ansari, Ahmad, & Aafaqi, 2004). Hierarchical relationships are manifested in day-to-day business dealings as well. Even a casual observer can notice hierarchically organized offices, pantries, parking spaces, and restrooms. The power distance orientation of Malaysian subordinates has obvious implications for power relationship and leadership.

Bases of Power and LMX

The LMX theory states that leaders form differential relationships with different subordinates in a workgroup (Graen & Cashman, 1975; Liden & Graen, 1980), which results in a differentiated workgroup. This differentiated workgroup is comprised of subordinates with high and low quality of LMX. High LMX (in-group) relationships are characterized by support, and trust (Liden & Graen, 1980), mutual liking, professional respect, contributory behaviors, and mutual influence (Dienesch & Liden, 1986; Liden & Maslyn, 1998), whereas low LMX (outgroup) relationships are contractual and formal (Dansereau, Graen, & Haga, 1975). Stated differently, in-group subordinates are treated as "trusted subordinates," whereas out-group ones are act essentially as "hired hands." The workgroup hence is differentiated in terms of the power and relationship of different members in the workgroup. Accumulated research suggests a positive relationship between LMX and various work outcomes (Gerstner & Day, 1997; Ilies, Nahrgang, & Morgeson, 2007). Different subordinates, consequently, are likely to use different mechanisms to exert influence over the leader.

There has been some research (e.g., Bauer & Green, 1996; Graen & Uhl-Bien, 1995; Judge & Ferris, 1993; Tsui & O'Reilly, 1989)--more conceptual than empirical--that explains the development of LMX. But there is relatively little research on the antecedents of LMX (Gerstner & Day, 1997). In understanding interpersonal and dyadic relationships, the similarity of attitudes and demographics of the partners have provided useful propositions and has been considered critical for understanding behavior at work (Schneider, 1987). Along this line, there have been studies to assess the impact of superior-subordinate similarity on process outcomes of the subordinates (e.g., Wexley, Alexander, Greenwalt, & Couch, 1980). In the context of LMX, some studies have explored the impact of gender and demographic similarity on the quality of exchange relationships. Although there are some studies that report either no relationship of gender match with LMX (e.g., Bauer & Green, 1996; Liden, Wayne, & Stilwell, 1993) or the positive impact of gender mismatch on high-quality exchange (Adebayo & Udegbe, 2004; Vecchio & Brazil, 2007), there is evidence that is also to the contrary. According to Gerstner and Day (1997), simple demographic factors may not predict LMX but relational demography-the extent to which the individuals are similar--may. In support of this, gender is shown to predict out-group status of the subordinates (Duchon, Green, & Taber, 1986) and gender dissimilarity is shown to lead to poor quality of exchange (Green, Anderson, & Shivers, 1996).

Although gender match, other relational demography, and some personality variables have been studied in the prediction of LMX, the element of power seems to have been completely ignored in leadership research. We consider power and influence critical in advancing our understanding of LMX, because the essence of leadership is the exercise of power (Ansari, 1990). Social power is defined as the ability to influence or as having influence potential (Ansari, 1990; Fiol, O'Connor, & Aguinis, 2001; French & Raven, 1959; Raven, 1992) as opposed to the actual use of influence tactics, which enact this potential (Aguinis & Adams, 1998; Aguinis, Nesler, Hosoda, & Tedeschi, 1994; Fagenson, 1988). The supervisor's potential to influence is derived from subordinates' recognition of the supervisor as powerful (Farmer & Aguinis, 2005; Palich & Hom, 1992). In other words, "power is fundamentally a social construction that is perceptual in nature" (Fiol et al., 2001: 224). According to Farmer and Aguinis (2005: 1069), "simply perceiving that an individual has power to affect oneself helps create the reality of that power, insofar as one's beliefs, intentions, and actions change as a result of that perception."

A power base is the source of influence in a social relationship (Ansari, 1990). While many different frameworks and classification schemes of bases of social power are available to understand why an individual (supervisor) may be perceived as being powerful (Etzioni, 1961; Mechanic, 1962; Peabody, 1962; Weber, 1947), the taxonomy proposed by French and Raven (1959) seems to be the most widely known and used. In their original classification, French and Raven identified five bases of power: reward, coercive, legitimate, referent, and expert power. Subsequently, Raven (1965) added a sixth base, information power. The six bases of power have been defined (Aguinis, Ansari, Jayasingam, & Aafaqi, 2008; French & Raven, 1959; Raven, 1965, 1992) as follows:

- 1. *Reward power* is based on a subordinate's assessment that the supervisor has the ability to provide desired tangible or intangible outcomes.
- 2. *Coercive power* is based on a subordinate's belief that the supervisor has the ability to issue punishments.
- 3. *Legitimate* power is based on a subordinate's assessment that the supervisor has the legitimate right to give orders and there is an obligation to comply with those orders.
- 4. *Referent power* is based on a subordinate's identification with or desire to be associated with the supervisor.
- 5. *Expert power* is based on a subordinate's belief that the supervisor possesses special knowledge.
- 6. *Information* power is based on a subordinate's belief that a supervisor has the ability to control the availability and accuracy of information.

It should be noted that expert power and information power are related yet distinct bases of power. Expert power refers to the supervisor's personal knowledge and skills, whereas information power refers to the supervisor's ability to secure accurate information (Aguinis et al., 2008, Raven, 1992). Some researchers (e.g., Bass, 1960; Etzioni, 1961; Howell & Costley, 2000) have categorized the six bases of power into two higher-order factors: position and personal. Position power (reward, coercion, and legitimate) refers to the potential influence derived from the opportunities inherent in an individual's position in the organization, whereas personal power (referent, expert, and information) is derived from the attributes of the supervisor and supervisor-subordinate relationship (Yukl, 2006).

A review of the literature (e.g., Aguinis et al., 2008) indicates that numerous studies have been conducted to identify relationships between power bases and important outcomes including compliance with a power holder's request, perceived quality of the relationship with the power holder, and perceived trustworthiness of the power holder, among others. Most of the studies have been conducted in a leadership framework. Leadership is a process through which power is used to direct and coordinate the activities of group members to meet a goal (Yukl, 2006; Yukl & Van Fleet, 1992). Past research (e.g., Bachman, Smith, & Slesinger, 1966; Elangovan & Jia, 2000) suggests that, in general, personal bases of power (referent, expert, and information) are positively related to various work outcomes. For example, when a supervisor is perceived as having high expert and referent power, the subordinate also reports positive outcomes including satisfaction and performance. Studies (e.g., Erchul, Raven, & Ray, 2001) also suggest that information power is associated with positive outcomes. For example, leaders who are perceived as having information power are likely to receive greater levels of compliance from their subordinates as compared to leaders who are not seen as having high levels of information power. In short, individuals who are perceived as having referent, expert, and information power are seen as effective.

Position bases of power (reward, coercion, and legitimate) have also been found to be related to work outcomes. For example, a leader's reward power is positively associated with subordinate perceptions of the quality of the leader-follower relationship (Aguinis, Nesler, Quigley, Lee, & Tedeschi, 1996). Hinkin and Schriesheim (1989) and Elangovan and Jia (2000) concluded that legitimate power has a weak, yet statistically significant, positive relationship with various indicators of effectiveness. It seems that supervisors who develop a legitimate right to give orders and create an obligation to comply with those orders (i.e., legitimate power) may be more successful than those who do not. Finally, coercive power has been found to be negatively related to work outcomes (Ansari, 1990; Yukl, 2006). Since social power has been found to be meaningfully related to important work outcomes, we believe that it should also relate to the quality of exchange relationship between supervisor and subordinates. Subordinates—especially Malaysian subordinates--want to develop high quality relationships with those supervisors who are perceived to be powerful. That is, they want to associate with those supervisors who can reward, are admirable and expert, and have access to valuable information. They do so because they want to secure as many resources as they can from the supervisor. In view of this, personal bases of power should positively predict LMX. In contrast, subordinates refrain from having relationships when they perceive their supervisor as possessing high position power (particularly, coercive base of power). Thus, we hypothesized:

H1a: There is a positive relationship between personal bases of power (referent, expert, and information) and each currency of LMX.

H1b: There is a negative relationship between position bases of power (reward, coercive, and legitimate) and each currency of LMX.

Role of Power Distance as Moderator

According to cross-cultural researchers (e.g., Erez, 1994), cultural value dimensions are presumed to moderate the impact of managerial practices on several employee behaviors. Hui, Au, and Fock (2004) found power distance to moderate the effect of empowerment on job satisfaction such that empowerment had a stronger effect on job satisfaction in the low power distance culture (Canada) than in the high power distance culture (China). Some evidence (see, e.g., Bass, 1990) also exists that countries with low power distance culture favor and accept participative management, whereas those with high power distance favor and accept autocratic styles. Power distance indeed has been found to moderate between delegation and important work outcomes, including job performance and affective commitment, such that delegation has stronger positive impact on work outcomes for subordinates with high power distance orientation than for those with low power distance (Ansari, Aafaqi, & Ahmad, 2008).

As mentioned earlier, Malaysia is the highest among all the countries studied on power distance orientation. We believe that this cultural orientation of subordinates modifies the social power-LMX relationship. Specifically, subordinates with high power distance cultural orientation maintain higher quality of exchange in response to greater personal power of their supervisors than those with low power distance orientation. In contrast, they are hesitant to maintain high quality relationships in response to position power of the supervisors. In line with this argument, then, we hypothesized:

H2a: Power distance cultural orientation moderates the relationship between personal bases of power and LMX such that the personal power-LMX relationship will be more positive for employees with high power distance cultural orientation than for employees with low power distance cultural orientation.

H2b: Power distance cultural orientation moderates the relationship between position bases of power and LMX such that the position power-LMX relationship will be more negative for employees with high power distance cultural orientation than for employees with low power distance cultural orientation.

METHOD

Research Site, Participants, and Procedure

We invited 600 full-time managers to participate in the study. They represented nine multinational corporations (75%) and three local, Malaysian manufacturing companies (25%) located in northern Malaysia. Six multinationals were American-based companies and the other

three were Taiwanese-, Japanese-, and German-based companies. The sampled managers had to meet the selection criterion of at least six months of working experience with their current immediate supervisor. We received completed, usable questionnaires from 222 managers, yielding a response rate of 37%. Participation was voluntary in this research. In order to examine response bias, we compared the first 75 respondents and the last 75 respondents and found no statistically significant difference (p > .05) on any of the demographic variables (age, gender, ethnicity, managerial level, tenure, company ownership, and duration of stay with the current supervisor). This finding may be taken as evidence against response bias.

Data were collected by means of a printed questionnaire. A personally-signed letter accompanied each questionnaire explaining the purpose of this research, pronouncing assurance of confidentiality, and expressing gratitude to the respondents for their participation. The questionnaires were distributed to the respondents through prime contacts who worked in the chosen organizations. On average, the questionnaire took approximately 20 minutes to complete.

Respondents ranged in age from 23 to 53 years (M = 31.00). A majority of them came from lower (58.1%) and middle levels of management (40.5%). Over half of them were male (60%). They were predominantly Chinese (74.8%), followed by Malay (19.8%), Indian (4.5%), and other races (0.9%). On average, they had an organizational tenure of 4.7 years and their average tenure with the current supervisor was 4.3 years.

The respondents were also asked to provide some demographic information about their supervisors. As with subordinates, the male supervisors (79.3%) outnumbered the female supervisors (20.7%). A majority of the supervisors were also Chinese (76.6%), followed by Malay (9.9%), Indian (10.8%), and other races (2.7%). In terms of the managerial level, the supervisors occupied the middle (71.2%) and top levels of management (28.8%).

Measures

Bases of power. Twenty-four pre-tested single-statement items were employed to measure the supervisors' six bases of power: reward, coercive, legitimate, expert, referent, and information power. Each power base was measured using four items and the items for each power base were interspersed throughout the questionnaire. The items for reward, coercive, legitimate, expert, and referent power were derived from Hinkin and Schriesheim's (1989) measure of the five French and Raven (1959) bases of power. Sample items include: "... can increase my pay level" (Reward Power); "... can give me undesirable job assignments" (Coercion Power); "... can provide me with sound job-related advice" (Expert Power); "... has the right to expect workers to carry out his/her wishes (Legitimate Power); "... can make me feel important" (Referent Power). The items for information power have been used previously by Ansari (1990), Bhal and Ansari (2000), and Erchul et al. (2001). An example of information power item is "... can use logic to convince his/her employees." Participants were asked to read each descriptive statement carefully, thinking in terms of what their immediate supervisor could do to them, and then to indicate on a 7-point scale (1 = strongly disagree; 7 = strongly agree) the extent to which it best represented their views about their current immediate supervisor.

We conducted a confirmatory factor analysis (CFA) using Amos 16.0 to test the 6dimensional structure of bases of power. The goodness-of-fit of a 6-factor model was tested in comparison with a competing 1-factor (including all 24 items) and 2-factor models (position power consisting of the 12 reward, coercion, and legitimate power items, and personal power consisting of the 12 referent, expert, and information power items—based on the previous work by Bass (1960), Etzioni (1961) and Howell and Costley (2000). The CFA was based on using raw data as input and maximum likelihood estimation. The analysis showed that the 6-factor model fitted the data reasonably well ($\chi^2 = 607.76$, df = 237, p < .01; GFI = .90; CFI = .90; RMSEA = .08). The competing 1-factor measurement model ($\chi^2 = 1424.12$, df = 252, p < .01; GFI = .62; CFI = .67; RMSEA = .15) and 2-factor model ($\chi^2 = 1377.82$, df = 251, p < .01; GFI = .63; CFI = .69; RMSEA = .14) did not fit the data. The coefficients alpha for the six power dimensions ranged between .80 and .89 (see Table 1) that exceeded the required level of internal consistency estimate (Nunnally & Bernstein, 1994). As expected, the power subscales were intercorrelated; *r*-values ranged between -.09 and .77, with an average *r* of .39. Although there was an overlap of 15.21% of the variance among the six power subscales, non-overlapping variances were still substantial.

Table 1 about here

Leader-member exchange (LMX). We employed a 12-item LMX-MDM scale (Liden & Maslyn, 1998) to assess the quality of exchange between participating employees and their immediate supervisors. The scale consisted of four exchange dimensions (contribution, loyalty, affect, and professional respect). Each LMX dimension was measured using three items and the items for each LMX subscale were interspersed throughout the questionnaire. Sample items include: "I am willing to apply extra efforts beyond those normally required, to meet my supervisor's work goals" (LMX-Contribution); "I am impressed with my supervisor's knowledge of his/her job" (LMX-Professional Respect); "I like my supervisor very much as a person" (LMX-Affect); "My supervisor would defend me to others in the organization if I make an honest mistake" (LMX-Loyalty). Responded rated their level of agreement with each item on a 7-point (1 = *strongly disagree*; 7 = *strongly agree*) scale. The LMX-MDM was chosen because it

has broader domain coverage and better reflects the subordinate's evaluation of the relational characteristics and qualities of the supervisor-subordinate relationship than do other unidimensional measures of LMX (Liden & Maslyn, 1998; Wang, Law, Hackett, Wang, & Chen, 2005).

A CFA was conducted to test the four-dimensional structure of LMX. The goodness-offit of a 4-factor model was tested in comparison with a competing 1-factor model. The CFA was based on using raw data as input and maximum likelihood estimation. The analysis showed that the 4-factor model fitted the data reasonably well ($\chi^2 = 118.86$, df = 48, p < .01; GFI = .92; CFI = .96; RMSEA = .08). The competing 1-factor measurement model did not fit the data ($\chi^2 =$ 358.40, df = 54, p < .01; GFI = .77; CFI = .83; RMSEA = .16). The coefficients alpha for the LMX dimensions ranged between .76 and .91 (see Table 1) that were well within the required level (Nunnally & Bernstein, 1994). As expected, the LMX subscales were intercorrelated; *r*values ranged between .10 and .70, with an average *r* of .42. Although there was an overlap of 18% of the variance among the four subscales of LMX, non-overlapping variances were still substantial.

Power distance. Six items were used to assess the power distance cultural orientation of the subordinates (Dorfman & Howell, 1988). Dorfman and Howell developed this scale as an ongoing effort to extend Hofstede's (1980, 1993) work to the individual level of analysis, so that it can be used at both the micro (individual) and macro (national) levels. Evidence regarding reliability, validity, and usefulness of the scale was found for research studies conducted in Taiwan and Mexico (Dorfman & Howell, 1988). Subordinates rated their degree of agreement with each of the 6 items on a 7-point (1 = strongly disagree; 7 = strongly agree) scale. An example of power distance scale item is, "Managers should seldom ask for the opinions of

employees." The goodness-of-fit statistics confirmed the unidimensionality of the scale ($\chi^2 =$ 32.11, df = 9; GFI = .95; CFI = .90; RMSEA = .09). The coefficient alpha was found to be.72.

Demographic control variables. We asked the participants to provide information about their age, sex, ethnicity, employment status, level of education, organizational level, organizational tenure, tenure with the current supervisor, and the type of industry. They also provided some factual biographical data about their current immediate supervisor.

Past research (e.g., Adebayo &Udegbe, 2004; Ansari, Kee, & Aafaqi, 2007; Erdogan & Enders, 2007; Lapierre, Hackett, & Taggar, 2006;) suggests that subordinate sex, supervisor sex, subordinate organizational tenure, and subordinate-supervisor dyadic tenure (LMX tenure) can all potentially influence supervisor-subordinate relationships. Hence, we controlled for these variables in all hierarchical regression analyses to rule out any alternative explanations for the findings.

RESULTS

Before testing the major hypotheses, we conducted Harman's 1-factor test and examined the unrotated factor solution involving all 42 items of all 11 variables of interest (six bases of power, four LMX, and one power distance orientation) in an exploratory factor analysis (EFA) and found 10 factors. No single factor accounted for the majority of the variance in the data. Thus, the concern for common method bias was not warranted (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). In conclusion, results of the CFA, reliability analysis (coefficients alpha ranging between .72 and .91), and Harman's 1-factor EFA indicate that the measures have sound psychometric properties.

The hypotheses concerning main and moderating effects were tested by conducting a series of four hierarchical regression analyses, one for each LMX dimension. We performed a 4-

step hierarchical regression analysis (see Table 2). At step 1, we included four control variables: subordinate sex, supervisor sex, subordinate organizational tenure, and subordinate tenure with the current supervisor (i.e., LMX tenure). At steps 2 and 3, we entered predictors (six bases of power) and a moderator (power distance), respectively. Finally, at step 4, we entered all six interaction terms (predictors X moderator interactions). In a hierarchical regression analysis, we identified the role of the moderator through significant interactions. Therefore, for each interaction pair, we converted scores on predictor and moderator to *z* scores and then a product term was formed. If the moderator hypothesis was to be confirmed, the beta coefficient of the product term (i.e., interaction) would be significant. Significant interactions were then analyzed graphically (Hunt, Osborn, & Larson, 1975)—see Figures 1 through 5.

Table 2 and Figures 1 through 5 about here

As can be seen in Table 2, all control variables (subordinate sex, supervisor sex, subordinate organizational tenure, and subordinate tenure with the current supervisor) were unrelated to the six bases of power (p > .05). However, there was a significant negative relationship ($\beta = -.15$, p < .05) between subordinate sex and LMX-Contribution. That is, LMX-Contribution was more associated with female subordinates than with male subordinates. As seen in Table 2 there is substantial support for the hypothesis that social power accounts for a significant amount of variance in the quality of exchange relationship between the supervisor and the subordinates. As hypothesized (H1a), personal bases of power (referent, expert, and information) were positively associated with most dimensions

of LMX. Referent power predicted all currencies of LMX except LMX-Respect. Expert power predicted LMX-Affect and LMX-Respect, whereas information power predicted LMX-Loyalty and LMX-Respect.

H1b also seems to receive support generally in the predicted direction. Coercive power was negatively associated with all currencies of LMX except LMX-Loyalty. Legitimate power was a negative predictor of LMX-Affect. Reward power showed mixed effects: Whereas it was positively associated with LMX-Contribution, it negatively predicted LMX-Affect.

Of further interest were the five significant (p < .01) social power by power distance interactions (Figures 1 through 5): four for LMX-Loyalty and one for LMX-Affect, thus providing some support for H2a and H2b. The other two currencies--LMX-Contribution and LMX-Respect--were unaffected by such interactions. Figure 1 suggests that power distance orientation significantly moderated the relationship between referent power and LMX-Affect. For each level of power distance orientation, there was a positive relationship between referent power and LMX-Affect, but for subordinates with low power distance orientation, there was a dramatic increase in LMX-Affect as referent power increased. The impact of power distance orientation can also be seen on the relationship between reward power and LMX-Loyalty (see Figure 2). The reward power-LMX relationship was the highest for subordinates with high power distance orientation. The same trend was true of the relationship between LMX-Loyalty and three other personal bases of power--referent, expert, and information (see Figure 3 through 5). It should also be noted that the impact of power distance was significant (though weak) for all but one LMX dimension (i.e., LMX-Respect). That means power distance acted as a quasi moderator of the bases of power-LMX relationships (Sharma, 1981).

DISCUSSION

The purpose of this study was to investigate the moderating role of power distance cultural orientation in the relationship between perceived bases of power and leader-member exchange. Overall, the results of the present study contribute to the leadership literature in three important ways. First, social power is a significant predictor of LMX, as hypothesized (H1a and H1b). In general, personal bases of power such as referent, expert, and information power have a positive impact on the quality of exchange relationship. On the other hand, position bases of power (particularly, coercive and legitimate) are negatively associated with LMX. This implies that supervisors should use personal bases of power and stay away from emphasizing position power if they want to develop a good quality of exchange relationships with their subordinates. Second, our results suggest that power distance orientation moderates the relationship between bases of power and LMX, thus providing some support to H2a and H2b. The results indicate that personal bases of power have a strong positive impact on LMX for subordinates with high power distance orientation. Finally, power distance orientation positively relates to three of the four currencies of LMX-thus suggesting that power distance acts as a quasi moderator of the social power-LMX relationship.

The implications of the study must be considered in light of its limitations. First, data for this study were collected from a single source, raising concerns for common method bias. However, there is little credible evidence that common method variance exists, and much evidence is to the contrary (Spector, 2006). Nonetheless, due to the nature of our cross-sectional data, we followed suggestions in the literature (Podsakoff et al., 2003) and examined this issue by conducting Harman's one-factor test and found that no single factor accounted for the majority of the variance in the data. Thus concern for common method variance is not warranted. However, to validate our findings, we also conducted a CFA on all the scales used, as detailed in the Method section. Emergence of neat factors indicating their respective scales, and all the items loading on their respective factors provide additional evidence against common method bias (Podsakoff et al., 2003). Second, since the data were cross-sectional, direction of causality is assumed, and not tested. Thus, inclusion of longitudinal studies and independent ratings of power bases and supervisor-subordinate relationship (LMX) could provide support for the current findings. Third, all the data were collected through self-reports, which may be limited. However, recent research suggests that self-reported data are not as limited as was previously believed and that people often accurately perceive their social environment (Alper, Tjosvold, & Law, 1998). Further, self-reports are also likely to be influenced by social desirability. Although this bias cannot be ruled out, some research (e.g., Moorman & Podsakoff, 1992; Spector, 1987) has shown that social desirability may not be a source of bias in measuring organizational perceptions. Fourth, the data were collected only from a northern state of Malaysia, which is comprised of predominantly Chinese residents. This was reflected in our sample in that it was predominantly Chinese (supervisors = 76.6; subordinates = 74.8%) in comparison to Malay (supervisors = 9.9%; subordinates = 19.8%). Although Malaysia is a multi-cultural society, our sample does not seem to represent the true Malaysian society, where according to World FactBook (2004), the population of Malaysia consists of Malays (50.4%), Chinese (23.7%), Indigenous (11%), Indians (7.1%), and various other ethnic groups (7.8%). Nonetheless, our findings may be able be generalized to both Malaysian and Chinese cultures, even though we

cannot be sure of its complete generalizability to the Malaysian culture. Fifth, we employed just one cultural orientation variable. Future research should incorporate other cultural dimensions such as paternalism, collectivism, and masculinity as potential moderators of the social power-LMX relationship. Finally, we recommend researchers compare data from many different cultures on social power and LMX.

All data limitations aside, our study has several important theoretical and practical implications. From the theoretical perspective, social power leads to leader-member exchange in meaningful ways, thus opening up a new avenue of leadership research. Practically, our results suggest that supervisors should use some bases of power (referent, expert, and information) and refrain from emphasizing or using other bases of power (coercive and legitimate) to develop positive relationships with their subordinates. These findings have important implications for expatriates working in power distance cultures where they must use appropriate bases of power to foster high quality relationships with the subordinates (LMX), which would have a positive impact on several key work outcomes (Graen, 2006).

In conclusion, the present research adds to our understanding of the use of social power influencing LMX relationships. It suggests that supervisors should look for ways of using appropriate bases of power to develop and maintain positive relationships with their subordinates in order to promote organizational success.

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TABLE 1

Descriptive Statistics, Coefficients Alpha, and Intercorrelations of Study Variables

Factor	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15
01. Subordinate Sex ^a	SIM														
02. Supervisor Sex ^a	33**	SIM													
03. Subordinate Tenure ^b	15^{*}	02	SIM												
04. LMX Tenure ^c	01	06	47**	SIM											
05. Reward Power	09	07	02	00	80										
06. Coercion Power	18**	05	06	03	16 [*]	85									
07. Legitimate Power	00	08	00	03	52 ^{**}	-09	87								
08. Referent Power	-02	06	-04	03	62**	-17*	77**	89							
09. Expert Power	-10	00	-07	-06	37**	-21**	67**	70**	85						
10. Information Power	-01	06	03	01	48**	-18**	75**	77**	74 ^{**}	88					
11. LMX-Contribution	-12	04	01	06		-26**	44**	53**	44**	47**	76				
12. LMX-Affect	-10	-02	-06	02	25**	-40**	47**	69 ^{**}	64**	57**	58 ^b	89			
13. LMX-Loyalty	-07	00	-09	02	34**	-21***	46**	58**	52**	56**	56 ^b	67**	83		
14. LMX-Respect	-11	00	-03	02	33**	-30***	65**	67**	75**	76**	63 ^b	70**	67**	91	
15. Power Distance	-01	-01	-02	03	00	03	02	06	05	03	18^{a}	23**	16*	10	72
М	.6	.8	4.3	2.2	4.7	4.1	5.2	4.9	4.7	5.2	5.2	4.7	4.6	4.9	2.8
SD	.5	.4	4.3	1.9	1.1	1.2	1.0	1.1	1.2	1.0	1.0	1.3	1.2	1.3	0.9

Note. N = 222; ${}^{*}p < .05$; ${}^{**}p < .01$; a dummy-coded variable (0 = female; 1 = male); b 6-point scale (1 = 2 or less than 2 years; 2 = 3 to 5 years; 3 = 6 to 8 years; 4 = 9 to 11 years; 5 = 12 to 14 years; 6 = 15 or over 15 years); c 4-point scale (1 = 2 or less than 2 years; 2 = 3 to 5 years; 3 = 6 to 8 years; 4 = 9 or over 9 years); Diagonal entries in bold indicate coefficients alpha; Decimal points omitted from correlation matrix and alpha; SIM = Single-item measure.

TABLE 2

Dependent	LMX-Contribution			LMX-	Affect			LMX	-Loyalty	/		LMX-Respect				
Variables→			T	•			T									
Variables	Step	Step	Step	Step	Step	Step	Step	Step	Step	Step	Step	Step	Step 1	Step	Step	Step
Entered Step \rightarrow	1 <i>β</i>	2β	3β	4β	1 <i>β</i>	2β	3β	4β	1β	2β	3β	4β	β	2β	3β	4β
Control Variables																
Subordinate Sex ^a	-15 ^a				-09				-06				-12			
Supervisor Sex ^a	09				01				02				04			
Subordinate Tenure ^b	00				-07				-11				-02			
LMX Tenure ^c	06				05				07				03			
Predictors																
Reward Power (A)		18^{**}				-15**				05				-04		
Coercive Power (B)		-20**				-22**				-09				-13**		
Legitimate Power (C)		03				-22**				-11				08		
Referent Power (D)		24**				67**				31**				08		
Expert Power (E)		07				32**				14				33**		
Information Power (F)		09				02				27^{**}				39**		
Moderator																
Power Distance (G)			16**				17^{*}				12^{*}				07	
Interactions																
AXG				-09				07				21**				09
BXG				03				06				-06				-07
CXG				00				08				00				-05
D X G				02				-21**				-28**				-11
EXG				03				08				29**				07
FXG				-11				-06				-24**				10
R^2	03	35**	38**	40	01	63**	66**	68*	02	40^{**}	41*	48**	02	68**	68	71**

Note. N = 222; p < .05; p < .05; p < .01; Decimal points in R^2 and β are omitted; dummy-coded variable (0 = female; 1 = male); b 6-point scale (1 = 2 or less than 2 years; 2 = 3 to 5 years; 3 = 6 to 8 years; 4 = 9 to 11 years; 5 = 12 to 14 years; 6 = 15 or over 15 years); d -point scale (1 = 2 or less than 2 years; 2 = 3 to 5 years; 3 = 6 to 8 years; 4 = 9 or over 9 years).

FIGURE 1 Referent Power X Power Distance Interaction on LMX-Affect

FIGURE 2

Reward Power X Power Distance Interaction on LMX-Loyalty

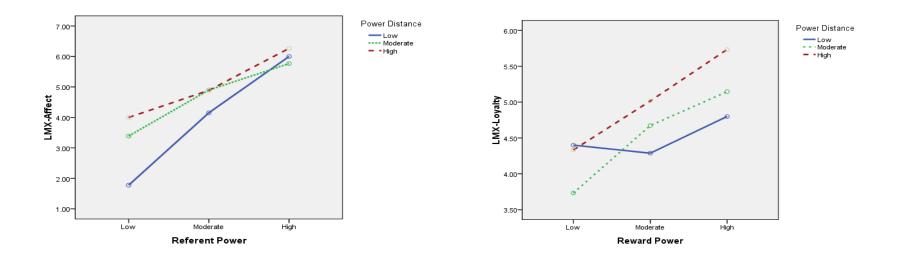


FIGURE 3 Expert Power X Power Distance Interaction on LMX-Loyalty

FIGURE 4

Referent Power X Power Distance Interaction on LMX-Loyalty

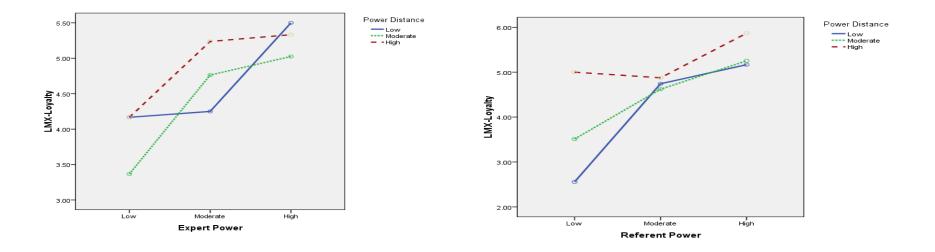


FIGURE 5



