Leader-Member Exchange and Work Outcomes:
The Mediating Role of Perceived Delegation in the Malaysian Business Context

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Abstract

The present study addresses the call for empirical examinations of the relationship between leader-member exchange (LMX) and delegation and their impact on work-related outcomes. It contributes to the leadership literature by linking the two bodies of knowledge, testing the mediating role of delegation between LMX and work outcomes. Data were collected from 215 employees and their 94 different immediate supervisors from various manufacturing and service organizations in northern Malaysia. Supervisors rated leader-member exchange (LMX-L) and organizational citizenship behavior (OCB) scale items, whereas subordinates rated LMX-M, perceived delegation, and affective commitment scale items. Results showed that perceived delegation fully mediated the relationship between LMX-L and organizational commitment and between LMX-M and OCB-Altruism and OCB-Conscientiousness. Practical implications of the study findings and directions for future research are discussed.

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Keywords: LMX; Delegation; Outcomes
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Despite the centuries of speculations and decades of empirical investigations on leadership, organizational researchers are still preoccupied with understanding, defining and refining, and explaining the essence of leadership (see reviews such as those of Bass, 1990; Yukl, 2006). They have come to the conclusion that leadership should not be viewed as the work of a single person; rather it can be explained as a “collaborative endeavor” among group members (Dienesch & Liden, 1986; Graen, 2006; Graen & Wakabayashi, 1994; Uhl-Bien, Graen, & Scandura, 2000). Thus the essence of leadership is not just the leader, but the relationship between the leader and members. The emergence of leader-member exchange (LMX) theory (Dansereau, Graen, & Haga, 1975) suggests that there is a significant relationship between the LMX quality and various work outcomes.

In the LMX theory of leadership, the focus is on the dyadic relationship between the leader and each member. With respect to the specific behavior of task delegation, research has shown that delegation works best in high quality LMX groups compared to low quality groups (Schriesheim, Neider, & Scandura, 1998). Evidence (e.g., Howard, 1997; Schriesheim et al., 1998; Spreitzer, DeJanasz, & Quinn, 1999; Truckenbrodt, 2000; Yukl, 2006; Yukl & Fu, 1999) suggests that delegation is best used when there is a strong exchange relationship between the manager and the subordinate. Findings concerning the relationship between delegation practices and organizational outcomes are mixed. While some studies (e.g., Henkin & Marchiori, 2003; Schriesheim et al., 1998) indicate that delegation is often positively related to subordinate performance and satisfaction, other studies (e.g., Webber, Morgan, & Browne, 1985) have noted the negative impact of too much delegation.
Although research has begun to examine the relationship between LMX and delegation, the mixed findings and lack of contextual variation indicate that more research is warranted. For instance, only one other study has examined this relationship in a cultural context other than that of the U.S. (Pellegrini & Scandura, 2006 in the Turkish business environment). Thus, research into this area is both relevant and necessary in the increasingly global world business. With a few exceptions (Schriesheim et al., 1998 in the US context; Pellegrini & Scandura, 2006 in the Turkish business environment), we are aware of no other empirical research in other business environments on the impact of delegation on the relationship between LMX and work outcomes. Therefore, the purpose of our research is twofold. We wish to examine how delegation mediates the positive impact of LMX on work outcomes, and we wish to examine how this impact may differ by cultural context (such as the Malaysian context) to provide more insights into the understanding of the mediating role of delegation in a dyadic relationship.

Thus, the present study is a follow-up to the research on LMX, delegation, and work outcomes and contributes to the existing leadership literature in four ways. First, most previous studies on LMX have focused on various work outcomes of LMX such as in-role behavior and extra-role behavior (Liden, Wayne, & Stilwell, 1993), as well as employee attitudes (Bhal & Ansari, 2000; Dansereau, Alutto, Markham, & Dumas, 1982; Graen, 2006; Podsakoff, MacKenzie, Paine, & Bachrach, 2000; Tierney, Bauer, & Potter, 2002; Wakabayashi, Graen, Graen, & Graen, 1988, Wayne & Green, 1993; Wayne, Shore, & Liden, 1997). The present study adds to our understanding about identifying the mechanism (i.e., delegation) that operates between LMX and work outcomes.

Second, while the relationship between LMX and employee outcomes has been reasonably established, most of these studies have exclusively relied on single, subordinate
perspective (with a few exceptions of Bhal & Ansari, 1996; Schriesheim et al., 1998; Tekleab & Taylor, 2003; Tekleab, Takeuchi, & Taylor, 2005), despite the use of sophisticated research designs (such as longitudinal research design). In the present research, we employed both perspectives—supervisor and subordinates. Having different sources of data has been strongly recommended (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), as it is likely to minimize common method variance.

Third, most previous studies have independently focused on the relationship between LMX and work outcomes and the relationship between delegation and work outcomes. There are limited studies available (with exceptions of Pellegrini & Scandura, 2006; Schriesheim et al., 1998) linking LMX, managerial approach of delegation, and work outcomes. Thus, this study will help managers to recognize the importance of delegation.

Fourth, the few studies that are available on the relationship between LMX and work outcomes and between delegation and work outcomes have been conducted in the United States (Schriesheim et al., 1998) or Turkey (Pellegrini & Scandura, 2006). Thus, our study contributes to the leadership literature by testing the combined role of LMX and managerial approach of delegation in work outcomes in quite a different culture—Malaysia.

Theoretical Background and Hypotheses

The LMX theory is one of the most recent theories of leadership. The central focus of this theory is on the relationship or dyadic exchange between the supervisor and each of his or her subordinates (Dansereau et al., 1975; Graen & Scandura, 1987). The theory examines the dyadic relationship between a supervisor and each of his or her subordinates from the perspective of role theory (Graen, 1976) and social exchange theory (Homans, 1961). According to this theory, supervisor and subordinates engage in a series of exchange sequences over time as they develop
their relationship (Uhl-Bien et al., 2000). The outcomes of these interactions and exchange
determine the quality of relationship that later develop. A supervisor establishes a different and
unique social exchange or relationship with each subordinate within an organizational structure
(Graen & Uhl-Bien, 1995) due to the supervisor’s time and resource constraints (Liden et al.,
1993). Supervisors and subordinates play an active role in negotiating their roles in the exchange
relationship. They expand their roles beyond those required by the organization. Stronger bonds,
greater trust, higher respect, and higher commitment are developed (Graen & Wakabayashi,
1994). Within this relationship, both the leader and subordinate mutually gain more personal
power because of reciprocal trust and respect for each other (Liden & Maslyn, 1998). For
example, the subordinate acquires favorable performance appraisals and promotions (Graen,
Wakabayashi, Graen, & Graen, 1990), and in return, the supervisor receives committed,
competent, and conscientious subordinate (Liden & Graen, 1980).

Past research has shown that LMX is significantly related to a number of organizational
outcomes (Bhal & Ansari, 1996, 2000; Gerstner & Day, 1997; Hackett, Farh, Song, & Lapierre,
2003). High-quality LMX has been positively and consistently related to various favorable work
outcomes such as subordinates’ performance (Graen & Cashman, 1975), supervisor effectiveness
(Deluga & Perry, 1994), autonomy (Scandura, Graen, & Novak, 1986), job satisfaction (Hackett,
Lapierre, & Taggar, 2004), retention (Graen, Liden, & Hoel, 1982), organizational commitment
(Kee, Ansari, & Aafaqi, 2004; Nystrom, 1990), and extra-role activities such as organizational
citizenship behavior (Liden, Sparrowe, & Wayne, 1997). On the other hand, LMX is negatively
related to turnover (Graen et al., 1982) and intention to quit (Ansari, Kee, & Aafaqi, 2004;
Vecchio & Gobdel, 1984). In addition, a positive LMX relates to reduced stress, increased
harmony, work-group cooperation, warmth, and friendliness (Cogliser & Schriesheim, 2000).
The consistent relationship between LMX and various work outcomes is impressive, and represents an improvement over other previous leadership theories (Graen, 2006). However, the nature of the supervisor-subordinate interaction and role development process are so complex that we believe such impressive relationships could be because of some other intervening variables. In other words, the LMX-outcomes relationship could be because of certain mediators responsible for this relationship. In this study, we tested one such mechanism—delegation as perceived by subordinates. To test this relationship, we have included both perspectives in this study—subordinate (LMX-M) and supervisor (LMX-L)—of leader-member exchange (LMX).

**LMX and Delegation**

Delegation—a “wonderful tool of efficiency”—is a process that involves assigning important tasks to subordinates, giving them authority, and responsibility to make decisions with or without getting prior approval (Yukl, 1998). It “implies that one has been empowered by one’s superior to take responsibility for certain activities” (Bass, 1990, p. 437). Delegation usually involves decision-making by an individual where the authority of making the decision is given to the subordinate and it is not retained by the supervisor (Pellegrini & Scandura, 2006; Schriesheim et al., 1998; Sim, Ansari, & Jantan, 2004; Yukl & Fu, 1999). More specifically, it has been shown that delegation varies with characteristics of the subordinates. For example, managers are more likely to delegate to subordinates who are competent (Leana, 1986), who share the same goals as management (Leana, 1987), who express interest in receiving increased responsibility (Graen & Uhl-Bien, 1995), who have worked longer for their managers (Yukl & Fu, 1999), and who are managers themselves (Yukl & Fu, 1999).

Many researchers have spelt out the potential benefits of delegation to individuals and to the organization as a whole. Positive outcomes such as improved decision speed and quality,
higher stress tolerance, greater subordinate commitment, greater motivation, and greater organizational innovation have been found to be strongly related to delegation (Howard, 1997; Yukl & Fu, 1999). This is the reason why researchers (e.g., Yukl, 2006) advocate in favor of more delegation in the workplace. In the most comprehensive studies conducted by Leana (1986, 1987), delegation was found to be related to subordinates’ performance, due to greater commitment to the organization as a result of the feeling of empowerment (Yukl, 1998).

However, there is a relative paucity of research findings within the existing literature on the antecedents of delegation at the lower level of management. Only a handful of studies have been conducted to show the positive link between LMX and delegation (Liden, Wayne, & Sparrowe, 2000; Pellegrini & Scandura, 2006; Schriesheim et al., 1998). Schriesheim, Neider, Scandura, and Tepper (1992) found that in dyads characterized as having high-quality LMX, supervisors' decision-making was typically less autocratic and more delegating than that of supervisors in lower-quality dyads. They argued, following Graen’s (1989) theoretical arguments, that in a high-quality LMX, managers trust their employees and give these employees preferential treatments such as increased information and latitude and discretion. This notion was further supported by Schriesheim et al.’s (1998) study on LMX as a moderator of the relationship between delegation and subordinate performance and satisfaction. Among other findings, Schriesheim et al. (1998) found that LMX was positively correlated with delegation. In addition, the positive relationship between LMX and delegation was also found in a high power distance and high collectivist nation--Turkey (Pellegrini & Scandura, 2006). Given the fact that Malaysia is also categorized as a large power distance and high collectivist society (Hofstede, 1991) we expect that LMX should positively relate to delegation.
A recent empirical study (Sim et al., 2004) on delegation styles and leadership perceptions between US and Malaysian managers indicated that informational delegation style received the highest rating on leadership perceptions by managers in both countries. Based on the Schriesheim and Neider (1988) study, Sim et al. (2004) compared the US and Malaysian managers on leadership perceptions of three different delegation styles: advisory (the subordinate makes the decision after first getting a recommendation from the leader), informational (the subordinate makes the decision after first getting needed information from the leader), and extreme (the subordinate makes the decision without any input from the leader). Therefore, based on the above findings, it is hypothesized that

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H1: \text{Both subordinate perceptions of the quality of leader-member exchange (LMX-M) and supervisor perceptions of exchange relationships (LMX-L) are separately, positively correlated with delegation perceived by subordinates.}
\]

**Delegation and Work Outcomes**

Past research has found a positive impact of delegation on work outcomes such as job satisfaction, organizational commitment, work motivation, and organizational innovation (Howard, 1997; Schriesheim et al., 1998; Yukl, 1998). This is so because empowered subordinates believe they have more control over their work and have increased feelings of self-efficacy (Henkin & Marchiori, 2003). They perceive themselves as engaging in meaningful work, which creates and sustains a sense of purpose and an energizing connection to their work. They tend to be more satisfied, involved, and productive (Henkin & Marchiori, 2003). Consistent with this argument, we predict that empowered subordinates will benefit the supervisor by being more committed and engaging in extra-role behavior such as organizational citizenship behavior. Employee behaviors that can contribute to the effective functioning of an organization have long
been of interest to researchers and practitioners (Higgins, Judge, & Ferris, 2003; Mathieu & Zajac, 1990; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Various work outcomes such as in-role performance, extra-role performance, job satisfaction, and organizational commitment have been studied as indicators of success (Hackett & Lapierre, 2004; Meyer et al., 2002). Among the many outcomes, organizational commitment and OCB are two of the widely studied and salient work outcomes in the field of leadership and organizational behavior. Therefore, we chose these two work outcomes in the present study.

Organizational commitment has been extensively studied in the past two decades as being of substantial importance to managers in understanding employees’ work and non-work related behaviors (Hackett, Bycio, & Hausdorf, 1994; Randall, Fedor, & Longenecker, 1990). It has been found to be associated with absenteeism, turnover, job performance, stress, work-family conflict, and organizational citizenship behavior (see an excellent review by Meyer et al., 2002). Among the various conceptualizations of commitment, Meyer and Allen’s (1991) three-component model is one of the most widely studied models in the organizational literature. Even though there are three components—affective, normative, and continuance--of organizational commitment, only a few studies have investigated all of them within the same study (e.g., Cheng & Stockdale, 2003; Hackett et al., 1994; Kee et al., 2004; Randall, Fedor, & Longernecher, 1990). However, most researches have only examined affective commitment (e.g., Banai, Reisel, & Probst, 2004; Shaw, Delery, & Abdulla, 2003; Stinglhamber, Bentein, & Vandenbergh, 2004). In the current research, we also focus only on affective dimension of organizational commitment, because this dimension has shown the most promise as a predictor of various work outcomes (Allen & Meyer, 1996; Meyer et al., 2002).
Based on the previous research (Smith, Organ, & Near, 1983), in the present research, we used two components of OCB—altruism and conscientiousness. OCB-Altruism has been labeled as extra-role behavior, which is aimed at helping a specific individual, usually a co-worker, a customer, or a supervisor (Truckenbrodt, 2000). OCB-Conscientiousness refers to impersonal behaviors directed toward the organization that help promote effective functioning of the organization. Given these theoretical arguments and research findings, we offer the following hypothesis:

\[ H2: \text{Perceived delegation is positively correlated with subordinates’ reported affective commitment and subordinates’ organizational citizenship behavior (altruism and conscientiousness) reported by supervisors.} \]

**LMX and Work Outcomes**

Past research has found LMX to be positively associated with organizational commitment (Gerstner & Day, 1997; Kee et al., 2004). In a high-quality exchange relationship, the continuing reciprocal trust, respect, and exchange of socio-emotional support over time form strong psychological bonds between the leader and the subordinates. When employees develop affective attachment to their supervisor, it also enhances the affective attachment they form with their organization. Therefore, it is expected that a high level of organizational commitment can be found in a high-quality LMX relationship. Gerstner and Day (1997) found that LMX was among the highest correlates of affective organizational commitment. The exchange process enhances affective organizational commitment and employees engage in positive attitudinal outcomes that specifically benefit the supervisor.

Similarly, the quality of LMX plays an important role as an antecedent to OCB. Employees evaluate their relationship with the organization through their perception of
organization experiences. If employees perceive their exchange relationship with the immediate supervisor as fair, they tend to increase their attachment to the organization, and this increased attachment encourages extra-role behavior. In a high-quality exchange, the supervisor shows his or her trust and respect towards the subordinates, and in return, employees benefit the supervisor by engaging in extra-role behavior. Subordinates reward supervisors they trust because they believe that a trustworthy party will continue the reciprocal positive cycle (Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989; Settoon, Bennett, & Liden, 1996). Several researchers (e.g., Deluga, 1994; Wayne, Shore, Bommer, & Tetrick, 2002) have indeed reported a positive relationship between LMX and OCB. Given that the quality of exchange relationship between the supervisor and subordinates is crucial in eliciting subordinate’s positive behaviors in the workplace, we hypothesize the following:

\[ H3: \text{Both subordinate perceptions of the quality of leader-member exchange (LMX-M) and supervisor perceptions of exchange relationships (LMX-L) are separately, positively correlated with affective commitment reported by subordinates, and subordinates’ organizational citizenship behavior (altruism and conscientiousness) reported by supervisors.} \]

**Delegation as a Mediator of the LMX-Work Outcomes Relationship**

Research on the antecedents of OCB indicates that individuals engaging in OCB respond positively to their job and the organization for which they work (Organ, 1990; Organ & Konovsky, 1989). However, some individuals exhibit OCB because such behaviors meet certain needs and satisfy certain motives (Organ, 1988; Penner, Midili, & Kegelmeyer, 1997). Given this logic, researchers have attempted to identify the factors that would explain this relationship. For example, Hackett and Lapierre’s (2004) meta-analysis showed that employee affect (job
satisfaction and organizational commitment) mediated the relationship between LMX and OCB. They suggested that the perceptions of employees about their quality of exchange with their supervisor influenced feelings about their job and organization. This, in turn, influenced their contributions to the environment supporting task performance (Hackett et al., 2003). However, only limited research has identified the mediators that explain the relationship between LMX and OCB. Further exploration in this area is certainly warranted.

In a high-quality LMX where there is a strong mutual trust, respect, and loyalty in the exchange relationship, supervisors are more likely to delegate their authority to trustworthy and dependable subordinates (Leana, 1986; Schriesheim et al. 1998). Empowered subordinates feel that they have more control over their work, that their job is enriched, and that they tend to be more optimistic, involved, and productive (Henkin & Marchiori, 2003). They perceive themselves as engaging in meaningful work and therefore they have a sense of purpose and a feeling of attachment to their work. Consequently, subordinates benefit their supervisor by being more committed and going an extra mile. Past studies (e.g., Howard, 1997; Yukl & Fu, 1999) have revealed that delegation also has positive effects on subordinates. This suggests that delegation should mediate the relationship between LMX and OCB. The same argument may be used for the relationship between LMX and affective commitment. However, in the relative paucity of empirical studies on this subject, we state the following general hypothesis:

\[ H4: \text{Delegation perceived by subordinates fully mediates the relationship between leader-member exchange (LMX-M and LMX-L) and work outcomes (organizational commitment reported by subordinates and subordinates’ organizational citizenship behavior reported by supervisors) in such a way that the direct effect of LMX will weaken (non-significant) after perceived delegation is considered.} \]
Method

Participants and Procedure

We distributed our survey questionnaires to 400 full-time employees (managers) and their immediate supervisors, from various manufacturing (60%) and service (40%) organizations located in a northern state of Malaysia. In the process of distributing the questionnaires, managers (supervisors) were asked to prepare a code list with the corresponding name(s) of employee(s), and the subordinate questionnaires were numbered based on the code list before the questionnaires were distributed to the subordinates. The survey was coded so that the supervisor and subordinate responses were matched (paired dyads) for statistical analysis. We gave full instructions on how to fill in the questionnaire, along with the study objectives. In order to protect the confidentiality of the respondents, completed questionnaires were returned in sealed envelopes. We received 215 usable paired questionnaires, yielding a response rate of 53.75%. The subordinates had 94 different supervisors, and the average number of subordinates who reported to the same supervisor was 2.4.

A majority (61.4%) of the subordinates participating in the study were male and were in the age range of 26 to 30 years ($M = 28.95; SD = 4.71$). Most (about 62%) of the respondents had completed a bachelor’s degree. The average number of months working with the specific immediate supervisor participating in the study was 29.42 months ($SD = 27.96$). The respondents were predominantly Chinese (72%). The average tenure with the organization was 38.91 months ($SD = 36.07$), with a majority (about 76%) of them serving at the lowest level of the managerial hierarchy.

A majority (75%) of the supervisors participating in the study were also male. Supervisors were mostly in the age range of 26 to 35 years ($M = 34.46; SD = 5.53$), with a
majority (60%) of them holding a bachelor’s degree. The average number of months working with the specific organization was 74.69 ($SD = 57.99$). They were predominantly Chinese (73%). Most of the supervisors (93%) were at the middle level of managerial hierarchy.

**Measures**

Data were obtained from two sources. The subordinate surveys included, in addition to demographic items, perceived delegation, leader-member exchange (LMX-M), and affective commitment scales. Immediate supervisor surveys included demographic items, as well as leader-member exchange (LMX-L) and OCB scales.

**Leader-member exchange (LMX).** We employed a 12-item LMX scale (Liden & Maslyn, 1998) to assess the quality of exchange between participating managers and their immediate supervisors. Since the scale items were rated by the subordinates, this measure was labeled LMX-M. The scale was originally developed to assess four exchange dimensions (contribution, loyalty, affect, and professional respect), with three items for each dimension. Sample items included: “I am willing to apply extra efforts beyond those normally required, to meet my supervisor’s work goals” (contribution); “I am impressed with my supervisor’s knowledge of his/her job” (professional respect); “I like my supervisor very much as a person” (affect); “My supervisor would defend me to others in the organization if I make an honest mistake” (loyalty). Responded rated their level of agreement with each item on a 7-point ($1 = strongly disagree; 7 = strongly agree$) scale. Liden and Maslyn (1998) suggested that these four dimensions fall under a second-order factor that makes the scale suitable to measure overall LMX and/or LMX dimensions (Erdogan, Kraimer, & Liden, 2004).

Immediate supervisors responded to a parallel scale that was named LMX-L. This scale was developed by replacing suitable words in LMX-M. Sample items included: “This employee
is willing to apply extra efforts beyond those normally required, to meet my work goals”
(contribution); “I am impressed with this employee's knowledge of his/her job” (professional
respect); “I like this employee very much as a person” (affect); “This employee would defend me
to others in the organization if I make an honest mistake” (loyalty).

Delegation. The perceived delegation was measured with a 7-item scale (Yukl, Wall, &
Lepsinger, 1990). Subordinates rated on a 5-point (1 = never; 5 = almost always) scale the
frequency with which each item was true. A sample item included, “My boss delegates to me the
authority to make important decisions and implement them without his/her prior approval.”

Affective commitment. We measured affective commitment by using the 6-item
organizational commitment subscale developed by Stinglhamber et al. (2004). This scale is a
modified version of the scale developed by Meyer, Allen, and Smith (1993). Subordinates rated
on a 5-point (1 = strongly disagree; 5 = strongly agree) scale of their degree of agreement with
each of the six items. A sample item included, “I really feel as if this organization’s problems are
my own.”

Organizational citizenship behavior (OCB). Ten items were drawn from the widely used
OCB Scale (Podsakoff, Mackenzie, Moorman, & Fetter, 1990) to tap the two aspects of
subordinates’ OCB—OCB-altruism and OCB-conscientiousness—rated by immediate
supervisors on a 7-point (1 = strongly disagree; 7 = strongly agree) agree-disagree scale. Sample
items included: “This employee is always ready to offer help to those around him/her”
(altruism); “This employee often works beyond office hours even though he/she is not being
asked to” (conscientiousness).

Demographic control variables. Subordinates provided information about their age,
gender, marital status, ethnicity, employment status, level of education, organizational level,
organizational tenure, number of subordinates with the supervisor, and employer’s industry described in the questionnaire. Supervisors also provided biographical data similar to those collected from the subordinates.

Past research suggests that supervisor gender, subordinate gender and subordinate-supervisor dyadic tenure (LMX tenure) can all influence LMX, commitment, and OCB results (Curry, Wakefield, Price, & Mueller, 1986; Foo, Ansari, & Aafaqi, 2005; Lapierre, Hackett, & Taggar, 2006; Organ & Lingl, 1995; Shore, Thornton, & Shore, 1990; Van Dyne & LePine, 1998). Hence, these three variables were controlled in all hierarchical multiple regression analyses to rule out alternative explanations for our findings.

Following the recommendation of Podsakoff et al. (2003), we used several strategies to reduce response bias. First, we collected data from two sources—employees and their immediate supervisors—on the variables of interest to reduce common method variance. Second, we assured the research participants of complete anonymity of their individual responses (by not asking them to write their own name or that of their supervisor/subordinate). Finally, we used methodological separation as much as we could. All measures in both sets of surveys, except for personal-demographic items, employed a 5-point or 7-point scale. Subordinates rated LMX-M on a 7-point scale (1 = strongly disagree; 7 = strongly agree), affective commitment on a 5-point scale (1 = strongly disagree; 5 = strongly agree), and perceived delegation on a 5-point scale (1 = never; 5 = almost always). Immediate supervisors indicated their level of agreement or disagreement for LMX-L and OCB items on a 7-point (1 = strongly disagree; 7 = strongly agree) scale. We followed this strategy because varying response formats across variables is likely to reduce respondents’ motivation to use their prior responses to answer subsequent
questions, thus reducing demand characteristics and the likelihood of a consistency bias (Podsakoff et al., 2003; Tourangeau, Rips, & Rasinski, 2000).

Results

We are aware of no research that has previously used our study variables in the Malaysian context. Thus, to verify their distinctiveness, we conducted two exploratory factor analyses (principal components analysis with varimax rotation)—one including all items (LMX-M, delegation, and affective commitment scales) rated by subordinate employees and one including all items (LMX-L and OCB) rated by immediate supervisors. These analyses are reported, respectively, in Tables 1 and 2.

Tables 1 and 2 about here

As can be seen in Table 1, the analysis for subordinate-rated data constrained to three neat factors (LMX-M, delegation, and commitment) as intended, explaining a total of 61.4% of the variance, with all eigenvalues exceeding 1.0, and factor loadings ranging between .40 and .84. Similarly, as is evident in Table 2, three neat factors (LMX-L, OCB-Altruism, and OCB-Conscientiousness) emerged for supervisor-rated data, explaining a total of 71.59% of the variance (all eigenvalues exceeding 1.0 and factor loadings in the range of .40 to .86). It should be noted that we had to drop one item from OCB-Conscientiousness because of its high cross-loading with LMX-L. Deleting one item did not affect coefficient alpha. The findings concerning neat dimensionality of scales may be treated as evidence of discriminant validity of the measures as well as partial evidence against common method bias (Podsakoff et al., 2003).
Table 3 reports descriptive statistics, reliability coefficients, and intercorrelations of all study variables. The information contained in Table 3 suggests that all measures have substantial reliability coefficients. It can also be seen that measures are as correlated as one would expect on theoretical grounds. Interestingly, LMX-L and LMX-M were significantly correlated ($r = .51, p < .01$), thereby suggesting that subordinates and their immediate supervisors perceived the dyadic exchange relationship similarly. In conclusion, results of the EFA, reliability estimates (coefficients alpha ranging from .79 to .96), and intercorrelations indicate that the measures have sound psychometric properties.

Following the Baron and Kenny (1986) 4-step procedure, we tested our mediation hypothesis using a hierarchical multiple regression analysis. First, the criterion variable (affective commitment or OCB) was regressed on the predictor (LMX-M or LMX-L). Second, the mediator (delegation) was regressed on the predictor (LMX-M or LMX-L). Third, the criterion variable (affective commitment or OCB) was regressed on the predictor (LMX-M or LMX-L) and the mediator (delegation). Fourth, to establish that delegation completely mediates the LMX-work outcomes relationships, the effect of LMX on work outcomes controlling for delegation should be zero. We also applied the Sobel test, as recommended by Kenny, Kashy, and Bolger (1998), to test the statistical significance of the indirect (mediated) relationship between leader-member exchange (LMX-M and LMX-L) and work outcomes (commitment, OCB-Altruism, and OCB-Conscientiousness). This is equivalent to testing whether the drop in magnitude of the
predictor (LMX)-criterion (work outcomes) relationship after controlling for the mediator (delegation) is statistically significant.

Results regarding our four hypotheses are depicted in Tables 4 and 5. Table 4 reports results for leader-member exchange perceived by subordinates (LMX-M) and Table 5 presents results for leader-member exchange perceived by immediate supervisors (LMX-L).

Hypothesis 1 was supported as both LMX-M and LMX-L were positively related to perceived delegation (see Table 3 and Equation 1 results in Tables 4 and 5). Hypothesis 2 was also supported: perceived delegation was positively related to work outcomes (affective commitment, OCB-Altruism, and OCB-Conscientiousness; see Table 3). Hypothesis 3 was supported by showing that both LMX-M and LMX-L were positively related to work outcomes (affective commitment, OCB-Altruism, and OCB-Conscientiousness; see Table 3, and Equations 2 and 3 in Tables 4 and 5).

Our mediation hypothesis also received full support from the data (see Tables 4 and 5). As is evident in Table 4, perceived delegation fully mediated the relationship between LMX-M and supervisor-rated OCB-Altruism and OCB-Conscientiousness. The Sobel test provided additional support for these mediation hypotheses ($z = 4.03, p < .001$ for OCB-Altruism and $z = 2.41, p < .01$ for OCB-Conscientiousness). Similarly, as can be seen in Table 5, perceived delegation completely mediated the relationship of LMX-L with affective commitment ($z = 2.31, p < .02$). A summary of mediation results can be seen in Figure 1.
Discussion

The purpose of this study was to investigate the mediating role of delegation in the relationship between LMX and employees' work-related outcomes. Given this purpose, the study examined four hypothesized relationships: (a) the relationship between LMX and delegation; (b) the relationship between delegation and work-related outcomes (affective commitment and organizational citizenship behavior); (c) the relationship between LMX and work-related outcomes; and (d) the mediating effect of delegation on the LMX-work outcomes relationships.

The results of the present study contribute to the leadership literature in a number of ways. First, our findings indicate that LMX (from both perspectives of LMX-M and LMX-L) is a significant positive predictor of delegation, as hypothesized. This means that supervisors delegate authority in high-quality exchange relationships regardless of the cultural context, be it Malaysia, the United States (Liden et al., 2000; Schriesheim et al., 1998), or Turkey (Pellegrini & Scandura, 2006) in which the relationship is embedded. This finding may be taken as the generalizability of LMX theory.

Second, our results revealed that subordinates exhibit organizational commitment and OCB when they experience delegation in the workplace. The findings of this study are inconsistent with Pellegrini and Scandura’s (2006) study where delegation was found to have a non-significant impact on job satisfaction. One explanation may be that the Malaysian cultural context is different from the Turkish culture. Evidence (e.g., Saufi, Wafa, & Hamzah, 2002; Sim et al., 2004) exists that Malaysian managers prefer their leaders to use participative and delegating styles. In addition, they rate autonomy as an important contribution to effective
leadership (Mansor & Kennedy, 2000). Thus, as far as delegation is concerned, Malaysia is very much similar to the US context (Howard, 1997; Schriesheim et al., 1998; Yukl, 1998), but not that similar to the Turkish culture.

Third, both LMX-M and LMX-L have direct positive influences on organizational commitment, as hypothesized. This positive relationship is consistent with that in previous research (e.g., Gerstner & Day, 1997; Kee et al., 2004; Nystrom, 1990; Stinglhamber et al., 2004). Similarly, the impact of LMX on OCB was found, as hypothesized and congruent with previous research findings (Foo et al., 2005; Hackett et al., 2004; Liden et al., 1997; Settoon et al., 1996).

Finally, our findings clearly suggest that perceived delegation completely mediates the relationship between LMX and affective commitment and LMX and OCB. The results indicate that when delegation is absent, the impact of LMX on OCB and commitment is non-significant. In other words, LMX influenced delegation, which in turn influenced affective commitment and OCB. According to Liden et al. (1997), subordinates receive emotional support, trust, decision-making responsibility, and increased task challenges as a result of high-quality LMX. This increases the subordinates’ feelings of self-efficacy (Henkin & Marchiori, 2003), which in turn, increases their intrinsic motivation and energizes them to display more in-role or extra-role behavior. Thus delegation appears to complement the relationships between immediate supervisors and their subordinates in the determination of commitment and extra-role behavior.

Despite substantive theoretical contributions, our study has some potential limitations. First, the data were collected only from a northern state of Malaysia, which has predominantly Chinese residents. This affected our sample in that it was predominantly Chinese (Supervisors = 73%; Subordinates = 72%). Although Malaysia is a multi-cultural society, our study’s sample
does not represent a 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 to generalize to both Malaysian and Chinese cultures, even though we cannot be sure of its complete generalizability to the Malaysian culture. Second, we collected data at a single point in time from supervisors and subordinates. The cross-sectional design certainly limits our ability to make causal inferences. Third, we employed just two criterion measures: commitment and OCB. We recommend that future research examine a broader range of relevant outcome variables, such as in-role behavior, job satisfaction, and counterproductive behavior. Future research should also incorporate other variables such as paternalism as a potential mediator between LMX and work outcomes, as has been found in the Turkish context (Pellegrini & Scandura, 2006). Finally, we recommend researchers to compare data from many different cultures on LMX, delegation, and work outcomes. Such analysis would keep researchers busy for quite some time.

All data limitations aside, our study has several important theoretical and practical implications. From the theoretical perspective, delegation leads to organizational commitment and OCB. It is interesting to note that delegation works in motivating subordinates toward a positive behavioral response. Our results suggest that supervisors should use delegation in order to be effective LMX leaders. However, delegation can also cater to different characteristics and needs of the subordinates. This is consistent with Sim et al.’s (2004) cross-cultural study where Malaysian managers’ most preferred delegation style was informational style.

At the same time, supervisors should not limit their interactions with their subordinates (LMX), because this dimension has been found to be positively related to organizational commitment and OCB as well. The element of exchange relationship helps explain the extent to
which mutual trust, respect, and support in a dyadic relationship motivates subordinates to engage in positive behavioral responses. Our results suggest that the supervisor should look for ways of enhancing interpersonal trust and support of their subordinates in order to promote organizational success.
References


Table 1

Factor Analysis Results—Member Data (LMX-M, Delegation, and Organizational Commitment)

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Note. N = 225; LMX-M = Leader-member exchange rated by members.
### Table 2

**Factor Analysis Results—Leader Data (LMX-L and Organizational Citizenship Behavior)**

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*Note. N = 225; LMX-L = Leader-member exchange rated by leaders; OCB = Organizational citizenship behavior; OCB-A = OCB-Altruism; OCB-C = OCB-Conscientiousness.*
Table 3

*Descriptive Statistics, Coefficients Alpha, and Zero-order Correlations of Study Variables*

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</table>

Note. *N = 225; *p < .05; **p < .01; Diagonal entries in bold are coefficients alpha; LMX-L = Leader-member exchange rated by leaders; LMX-M = Leader-member exchange rated by members; OCB = Organizational citizenship behavior; OCB-A = OCB-Altruism; OCB-C = OCB-Conscientiousness, Dyadic (LMX) tenure was reported in months; SIM = Single-item measure.
### Table 4

*Hierarchical Multiple Regression Results: LMX-M → Delegation → Work Outcomes*

<table>
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<td><strong>R²</strong></td>
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</table>

*Note.* *p < .05; **p < .01; E = Equation; DLG = Delegation; OC = Organizational commitment; OCB = Organizational citizenship behavior; OCB-A = OCB-Altruism; OCB-C = OCB-Conscientiousness; LMX-M = Leader-member exchange rated by members; Gender-M = Member gender; Gender-L = Leader gender; β = Standardized regression coefficients; Decimals in beta values and $R^2$ are omitted.*
Table 5

*Hierarchical Multiple Regression Results: LMX-L -- > Delegation -- > Work Outcomes*

<table>
<thead>
<tr>
<th>Predictors</th>
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<th>Criterion Variables</th>
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*Note.* *p < .05; **p < .01; E = Equation; DLG = Delegation; OC = Organizational commitment; OCB = Organizational citizenship behavior; OCB-A = OCB-Altruism; OCB-C = OCB-Conscientiousness; LMX-L = Leader-member exchange rated by leaders; Gender-M = Member gender; Gender-L = Leader gender; $\beta$ = Standardized regression coefficients; Decimals in beta values and $R^2$ are omitted.
Figure 1. Path diagram for the mediation of perceived delegation on LMX-work outcomes relationships [OCB = Organizational citizenship behavior; OCB-A = OCB-Altruism; OCB-C = OCB-Conscientiousness; Solid and broken lines indicate the impact of LMX-M and LMX-L, respectively, on outcomes via delegation; Numbers represent standardized betas; Decimal points are omitted in beta coefficients; betas in bold are based on regression equation including the mediator--i.e., the third equation as suggested by Baron & Kenny, 1986; *p < .05; **p < .01].

Commitment
Figure 1. Path diagram for the mediation of perceived delegation on LMX-work outcomes relationships.