Cultural Typology of Disparity and Job Performance
The Moderate Role of Relative Position of Leader-Member Exchange

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ABSTRACT
This study concentrates on an investigation on how the variable of relative position of the quality of Leader-member Exchange (LMXRP) moderates the relationship between cultural typology of disparity and job performance in the cross-cultural work settings. The author predicts that LMXRP will be related to the relationship between the extent of cultural disparity of power distance and job performance. The empirical study conducted in the multinational companies located in China showed that the members with high LMXRP gained the advantage given by the leader who had concentrated power and convinced the LMXRP members to achieve superior performance in high disparity groups. A low power distance model did not involve the contingency of LMXRP because establishing a special relationship with the high LMXRP members and assigning power to them did not make sense when the group leader had same amount of power with each group member.

Keywords: *Cultural disparity, Job performance, Moderation, LMXRP.*

1. INTRODUCTION

Disparity is one of typologies of diversity proposed by Harrison (2007) [1] built on social stratification theoretical perspective. The aspect of cultural typology of disparity suggests unfavourable effect of team consequence since a cultural diverse team tends to divide itself into distinguished subgroups via stratification process generating relationship conflicts and impeding collaboration and increasing turnover among team members. So, delving into typology of disparity in cultural diversity will generate a profound interpretation of conflict theory (Allport, 1954) [2].

However, many researches have showed that factors moderating the relationship between work group diverse and work outcomes (eg, diversity beliefs, Meyer and Schermuly 2012 [3]; national variety, Ayub and Jehn 2014 [4]; organizational identities, Few and Joshi 2013 [5]; shared objectives, van Knippenberg et al. 2011 [6];, diversity climates, Lauring and Selmer 2011 [7]; psychological safety, Singh et al. 2013 [8], etc.) have the potential to substantially contribute to the effective management of workforce diversity.

The author of this paper contributes to the management literature by exploring how relative position of the quality of LMX (LMXRP), which also indicates hierarchical process of leader-member exchange, is related to the relationship between the cultural practical disparity character of power distance and job performance.

Power distance is one of dimension of national culture identified initially by Hofstede (1980) [9] and later is incorporated into the GLOBE dimensions (House,et al., 2004) [10] that rank the 62 cultures for employees' cultural values and practices and leadership attributes.

2. THEORETICAL CONCEPTION AND HYPOTHESIS DEVELOPMENT

Drawn on social stratification theory, disparity is conceptualized as "differences in concentration of valued social assets or resources among unit

members vertical differences that privilege a few over many"(Harrison and Klein 2007). The cultural value dimension of power distance, which defined as "the degree to which members of collective expect (and should expect) power to be distributed equally (Javidan, et al, 2006 [11]) best represents the salient characteristic of this typology of disparity.

However, there are divergent views about whether diversity teams with higher or lower power distance achieve better performance. Some researchers posit that high power distance diminishes team performance through higher competition, conflict, and political behavior according to the conflict theory of power (e.g., Bloom, 1999 [12]; Greer & van Kleef, 2010[13]; Siegel & Hambrick, 2005 [14]). A high level of disparity implies that a majority of resources, prestige or power are given to a small portion of team members, the other team members might experience interruption on their tasks, less information about the project, resulting in having "unidirectional downward influence" and "control of decision making" (Martinez, 2005 [15]). In contrast, a low power distance environment would encourage subordinates to participate in decisions that concern them, and the decision-making process is more democratic, with independent thinking valued by both subordinates and supervisors. While others hold that high power disparity in teams enhances structure, clarity, and coordination, and thereby team work outcomes based the functionalist theory of power (e.g., Halevy, Chou, & Galinsky, 2011 [16]). Countries that scored high on the cultural practice of power distance are consistent with the hierarchical structure, the extent to which the members of a collective accept and endorse authority, power differences, and status privileges.

The current study does not focus on the main effect of power distance on work outcomes, instead, the author conducts an investigation on how members' relative positions of the quality of leader-member exchange (LMXRP) influence on the relationship between the power distance variable and job performance.

LMX: The Leadership-Member Exchange (LMX) Theory deals with the individual relationships existed between the supervisors and their subordinates based on Social Exchange Theory (Blau, 1964 [17]). Early researchers focusing on Leader-member Exchange Theory (LMX) posit that leaders establish special relationships with a small number of high-level of LMX members because of time pressure. These high LMX quality individuals become insiders, trusted, looked after by their leaders, and more likely to be privileged. And most low-level of LMX subordinates do not have anything beyond formal (Deluga, 1998 [18]; Graen & Uhl-Bien, 1995 [19]; Liden & Maslyn, 1998 [20]). Among a numerous of researches on cultural diversity, LMX and work outcomes, only one study that concentrated on moderated effort of LMX variable (eg. LMX differentiation and LMX aggregate: Stewart, & Johnson, 2009 [21) on the relationship between the demographic diversity and work outcomes can be found. The present research focuses on the moderation effort of LMXRP, one of properties of LMX differentiation process, on the relationship between the cultural diversity and job performance, demonstrating how an underlying assumption of leader-follower relationship quality within a cultural diversity team is related to effective goal accomplishment.

LMXRP is defined as the relative standing of a team member's LMX quality with respect to other members of the team who are managed by the same leader (Martin, et al., 2017[22]), eg. above or below team average. The members with a low LMX quality are more sensitive to how they are treated by their supervisor (compared to their coworkers) and are therefore more likely to be affected by their relative position compared to those with high LMX quality. LMX differentiation, the notion that is at the heart of LMX exchange, refers to a set of dynamic and interactivity exchanges that occur between leaders and members, the nature of which…may differ across dyad within a work group" (Henderson et al., 2009 [23]). LMX differentiation does not refer to the absolute level of LMX quality itself, but to the extent that there are differences in LMX quality within the team (Anand et al., 2015 [24]).

The issues concerning LMXRP and work outcomes are very pertinent (eg Epitropaki et al., 2016 [25]; Henderson et al., 2008 [26]; Hu & Liden, 201 [27]; Tse, et al., 2012 [28]). And few LMXRP research has been found to associate with the relationship between cultural diversity and work outcomes. The present study focuses on the influence of level of LMXRP on the relationship between the extent of cultural disparity of power distance and job performance.

Coinciding with power distance in workforce management, the LMX process itself is the process of power disparity. Since power distance refers to

the degree to which the community invokes equal distribution of power, the high scored countries on this cultural practice are consistent with the hierarchical structure in which LMXRP is tend to be produced, being considered as disparity process. In the high power disparity workforce which the quality of LMX depends on the extent whether the leader and the members agree on or reject power difference, those high LMXRP members who can access to resources, so as to achieve good performance owing to the support given by the leader. The higher the followers' LMXRP (i.e., their LMX quality are higher than those in their team), the greater the reported job satisfaction (Epitropaki et al., 2016). According to social categorization theory (Turner, 1987[29]) and similarity attraction theory (Byrne, 1971[30]), that perceived differentiation with regard to LMXRP than the coworkers among work group members can be the source of in- and out-group formation. While perceived cultural dissimilarity will probably cause low-LMX quality and those who have low-LMX quality are only assigned routine tasks, leading to perceptions of injustice in process and poor work performance. For example, Sherony & Green (2002 [31]) demonstrated that the extent to which coworkers experienced LMX relationships of similar quality with the leader, whether high or low quality, was associated with positive exchange relationships between coworkers, along with more favorable attitudes (job satisfaction, organizational commitment). Salient social group boundaries can disrupt work group process by inciting competitive inter-group behavior among work group members (Sparrowe & Liden, 1997[32]).

From status perspective, disparities in LMX process are likely to be presented in team where members differ in the extent to which they are perceived as LMXRP by their fellow members. The members make their contributions to adjust their behavior based on their expectations of fellow team members' level of task contribution. LMXRP is not an equal process where useful information, resource flow evenly among team members and the work assignment are fairly given. In high-power-disparity team, high LMXRP members perform better than low LMXRP members since the leader of team is power concentrated at the group task. In the low-power-disparity teams, however, the high LMXRP members can not gain privilege from the leader since the leader of the team holds less power and does not have much privilege to offer to those high LMXRP members, resulting detrimental effects job performance. Hence, the author proposes:

- H1: LMXRP is positively associated with the relationship between power distance and job performance when the team power distance is high.
- H2: LMXRP is not associated with the relationship between power distance and job performance when the team power distance is low.

3. METHODOLOGY

483 participants were from multinational corporations located in China including joint ventures, corporation sole.

3.1 Background

The study focuses on two different types of teams defined in terms of high- power distance group, such that all group members have low power and the leader has high power and low power distance group, in which each group member has the same amount of power to find out the moderated role of LMXRP.

3.2 Measures

3.2.1 LMXRP

The author measured LMXRP score in the way that using individual LMX quality minused the team mean LMX quality according to Henderson, et al., (2008) [33]

3.2.2 Power Distance

The measure of power distance score was taken from the *GLOBE* data. Participants were asked the degree to which their society expected followers to obey their leader (from 1, without question, to 7, question leaders when in disagreement; reverse scored.

3.3 Results

Sample correlations and descriptive statistics appear in "Table 1". As shown in "Table 1", the control variables, age, gender and were not correlated with any of the study variables. The correlation between LMXRP and perceived cultural value fit with regard to disparity (.31), indicated that as fit increased (went from 1 = no fit to 3 = fit), LMXRP also increased. Thus, the higher the

LMXRP in the high disparity circumstance, the better the performance indicating that these members were more successful at establishing high-quality LMX relationships within group in the context of greater cultural value fit between leader––member.

Table 1 Correlations and Descriptive Statistics

Factors	M	*SD*	1	2	3	4	5	6
1. Age	31.65	5.72						
2. Gender	0.25	0.27	-.04					
3. Perceived cultural								
. Value fit （1 = no fit to 3 = fit）	.21	.07	.29					
4. Power Distance	.51	0.23	.03	.-11	.01	-.16		
(high,0 low, 1)								
5. LMXRP	.038	0.17	.10	-.04	-.19	.31 **	.14	
6. Job performance	3.37	.42	.08	.02	.03	.10	.18	.13 **

a Note: LMXRP = relative position of leader–member exchange quality. For perceived cultural value fit, 1 = no fit, 2 = neutral, 3 = fit. *p <.05. **p <.01.

3.4 Hypothesis Test

To test hypothesis 1 and hypothesis 2, the author conducted a robust regression of performance on LMXRP, power distance, and their interaction. The first step regressed job performance on age, gender and the main effects of LMXRP and power distance. Specifically, the author employed the rlm() function provided in the MASS package (Venables & Ripley, 2002] [34]) of the statistical environment R (R Development Core Team, 2011 [35]). According to Venables and Ripley (2002), the author used 95% confidence intervals based on non-parametric bootstrapping for significance testing, you can see Step 1 in "Table 2". In the second step, the author added the interaction between power distance and LMXRP to the previous regression (Baron &Kenny, 1986 [36]). Step 2 in "Table 2" revealed a significant interaction between power distance and LMXRP. To foster its interpretation, the author plotted the interaction following the conventions by Aiken & West (1991 [37]), i.e., the author plotted the relationship between the focal predictor, power distance and the dependent variable, job performance at two different levels of the moderator: LMXRP one standard deviation below its mean (low LMXRP) and one standard deviation above its mean (high LMXRP) with the tools provided by Preacher, et a., (2006 [38]), see "Figure 1".

Table 2. Robust regression of job performance on study variables

	Step 1			Step 2		
	b	LL	UL	b	LL	UL
(Intercept)	-0.126	-0.503	0.281	-0.116	-0.261	0.656
1. Age (mean-centered)	-0.223	-0.765	0.561	-0.017	-0.530	-0.518
2. Gender (female=0, male=1)	-0.125	-0.512	0.328	-0.006	-0.483	-0.492
3. Perceived value fit ()	-0.305	0.720	0.105	0.285	-0.651	0.136
4. Power distance (high=0, low=1)	0.003	-0.007	0.451	0.003	0.006	0.004
5. Job Performance	0.179	-0.128	0.456	0.153	-0.183	0.415
6. LMXRP	0.031	-0.305	0.458	0.002	-0.316	0.385
7. Power distance x RLMX				0.008	0.002	0.015

a N = 427. b = unstandardized regression weight obtained through non-parametric bootstrapping, LL = 95% CI lower limit, UL = 95% CI upper limit. Confidence intervals were calculated using the adjusted bootstrap percentile (BCa).

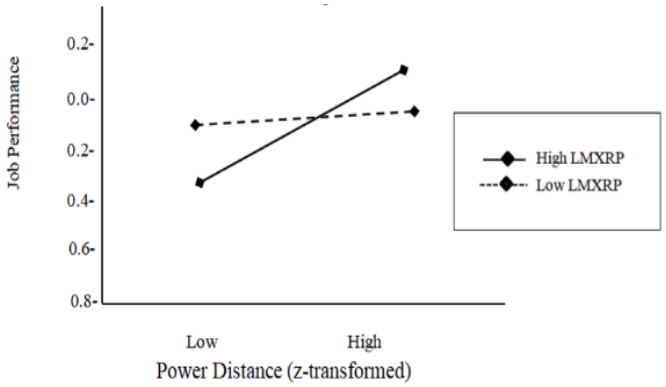

Figure 1 Influence of LMXRP on power distance-job performance relationship.

In support of Hypothesis1, an increase in the level of power distance led to a decrease in performance of the members with low LMXRP: The simple slope of power distance for teams with high LMXRP was -0.27 (SE = 0.13), t = -1.96, p =.05. For members with low LMXRP, the relationship between power distance and performance was positive yet nonsignificant (simple slope = 0.05, SE = 0.16, t < 1). Neither age, nor the gender, nor the perceived value fit, nor their interaction influenced the job performance, and controlling for these variables did not make the interaction of LMXRP ×power distance to be disappeared.

Given that the convention of plotting interactions at one standard deviation above and below the mean of the moderator is somewhat arbitrary, the author also determined the region of significance for the interaction (Preacher, et al., 2006). It revealed a negative relationship between power distance and job performance that reached significance for z-transformed LMXRP levels below -1.01. In other words, LMXRP was negatively associated job performance for the member who was low LMXRP in high power distance team and did not affect performance the member with higher LMXRP in low power distance groups.

4. CONCLUSION

The finding above shows that in high disparity groups, the members with high LMXRP gain the advantage given by the leader who has concentrated power and convinces the LMXRP members to achieving superior performance. Because of status differences, coworkers who are not perceived as loyal and obey to the supervisor from high power distance cultures may be very reluctant to interact with the leader and high LMXRP members. In light of social categorization theory, Social Exchange Theory (Blau, 1964 [39]), Resource Theory (Foa, 1980 [40]) and Equity Theory (Erdogan & Bauer, 2010 [41]), the members who accept the power disparity are able to develop high LMXRP quality in a high- power distance context. In turn, high LMXRP, as an embodiment of easier access to information, support, resources, and opportunities can facilitate them by going beyond formal obligations. It is the quality of leader-member exchange that determines critical outcomes because the leaders and members both benefit from sharing positive perceptions of their relationship they devoted to (Maslyn & Uhl-Bien, 2001 [42]) and satisfied work outcomes (Cogliser, et al., 2009 [43]). A low power distance model does not involve the contingency of LMXRP because establishing a good relationship with the high LMXRP members and assigning power to that person does not make sense when the group leader has same amount of power with each group member.

AUTHORS' CONTRIBUTIONS

This paper is independently completed by Chang Liu.

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