LMX &Leader Competence: Impact on Subordinates' Perceived Cohesion

Megha Gupta & Kanika T. Bhal

LMX has been subjected to extensive scientific enquiry and empirical research in the past. However, not many researchers have explored LMX as a manifestation of relational power. The current study attempts to do so and explores expert power, manifested as leader competence. This study investigates the impact of LMX vis-à-vis leader competence on subordinates' sense of perceived cohesion. The experimental design methodology is used for a sample of 140 students pursuing MBA at a technical institute for this study. Practitioners in the industry are expected to benefit from the findings, in strengthening their procedures and practices of allocating leaders and teams for their employees.

Megha Gupta (E-mail:mga1988@gmail.com) is Research Associate at NITIE, Mumbai. *Kanika T. Bhal* is Professor (Human Resource Management), Department of Management Studies, Indian Institute of Technology Delhi, New Delhi 110016

Introduction

Over the years, a good amount of effort, time, and resources have been invested in gauging a deep understanding of the concept of leadership. Various leadership theories have assessed leadership from their own purview. However leader-member exchange (LMX) theory has received significant attention for establishing that there is a unique relationship between each leader/supervisor and member/subordinate, wherein the members have an active role (Dansereau, Cashman &Graen, 1973). LMX, quintessentially a measure of quality of relationship between the leader and the member, can be explained by the virtue of relational power. The underlying feature of LMX consists of emotions and feelings, leading to informal power resulting from the relationship shared within the dyad (Harvard Business Essentials, 2005). With LMX rooted in relational power, we wanted to draw a parallel to a form of power with expertise at its core. Hence, we looked at expert power, which emerges from member's faith in the leader's expertise and knowledge with respect to his/her work. Thus, leader competence, operationalized as expert

power, is studied along with LMX in order to measure their impact on subordinate outcomes. With LMX established in work team differentiation, studying team based outcomes is significant. Teams have become the central focus of organizational structure with team based collaborations becoming highly significant for organizational performance (West, Patera & Carsten, 2008). Thus, we focus on examining the impact of LMX in relation to leader competence on a significant team-based outcome of subordinates, that of perceived cohesion.

Literature Review

LMX is focused on the unique interactions between the leader and his/her subordinate, and considers this dyad as the unit of analysis (Bhal, Gulati & Ansari, 2008). In 2005, Harvard Business Essentials identified relational power which stems from the affective relationship between leader and member (Shang, Fu & Chong, 2012). This, we believe, is in sync with LMX as it also has quality of relationship at its core. Leaders form differential interpersonal relationships with their subordinates (Dansereau, Graen &Haga, 1975), thus, we believe that relational power constitutes the basis for operationalization of LMX.

LMX is rooted in social exchange theory perspective (Dienesch &Liden, 1986; Liden & Maslyn, 1998), as LMX relationships are grounded in social exchanges. Blau (1964) noted that social exchanges, as opposed to economic exchanges, result in feelings of increased obligation, gratitude and trust. Conse-quently, as the social exchanges between supervisors and subordinates increase, the quality of the leader- member relationship probably becomes stronger. A leader shares distinct and unique relationship with each subordinate irrespective of his/her span of control. Researchers in the past have explored the impact of LMX on various subordinate outcomes (Bhal& Ansari, 1996; 2007). However limited attention has been given to perceived cohesion (e.g., Decoster, Camps & Stouten, 2013).

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In organizations, power and leadership are highly entwined concepts (Bhal & Ansari, 2000). Power, which is the ability to influence, has been identified in various forms at the workplace. French and Raven (1959) ascertained that there are 5 bases of power, of which what interested us most was expert power, as it is a personal basis of power which involves the member's faith in the leader's competence. Expert power is when an individual attributes superior knowledge, skills or ability to the other, who then serves as a guide & eventually directs the path to be followed by the individual to achieve his/her goals. Expert power is operationalized as leader competence. It is member's perception of the leader's power that induces influence. In fact, research suggests, expert power base is used often to deal with a crisis situation in an effective manner (Bhal & Ansari,

2000). In this study we look at leader competence as a manifestation of expert power. Leader competence is defined as the skill, ability, knowledge and expertise a leader possesses in order to identify and solve problems effectively at the workplace (Zaccaro et. al, 2000). In the past, some researchers have stressed that leader competence is an internal trait while some have established it to be a set of learned skills over a period of time. However, overall, leadership based literature posits that leader's competence has a positive relationship with leadership effectiveness (Connelly et al., 2000; Podsakoff et al., 1983). Leader competence is dependent on the members' image of his/her leader based on his/her assessments of technical expertise, proficiency and knowledge of the leader. This influences his/her perception of a capable leader. Though researchers have linked leaders' competence to leadership effectiveness, we have not come across studies that focus on members' perception of their leaders' competence impacting their outcomes, especially perceived cohesion, at the workplace.

According to Bollen and Hoyle (1990) the concept of perceived cohesion "comprises an individual's sense of belonging to a particular group and his/her feeling morale associated with membership in the group". It is primarily an individual's understanding and sense of self within a group in terms of how much they feel a part of the group, and feeling of moral attached to membership and identification within the group. Stronger the bond higher is the unity. According to this definition, cohesion has two di-

mensions - sense of belonging and feeling of morale. Sense of belonging is fundamental to the existence of the group. Only when a member feels he/she belongs to a certain group, will he/she associate him/herself with the group values and comply with them. It results in bonding within the group, leading to more positivity and liking within the group. Hence, sense of belonging is fundamental to subordinates' identification with a group. On the other hand, feeling of morale encompasses the emotional response an individual has as a result of belonging to a group (Bollen & Hoyle, 1990). Belonging captures feelings associated with social outcomes whereas morale captures feelings associated with personal outcomes (Chin et al., 1999).

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Although researchers have examined perceived cohesion in the light of leadership, very few have investigated it in relation to LMX (Wu, Neubert & Yi, 2007; Bakar & Sheer, 2013; Decoster, et al., 2013), let alone leader competence. Also, we have not come across research looking at an antecedent of perceived cohesion with power base as a potential differentiator. Since no study to our knowledge has assessed the relative impact of these two bases of power (relational and expert) manifested as LMX and leader competence respectively, on perceived cohesion of subordinates, our objective is

to explore this area. Thus, in this paper, we determine the impact of LMX and leader competence on perceived cohesion of subordinates at the workplace.

Methodology

The designing of this study is focused on establishing the significance of subordinates' sense of perceived cohesion as a function of relationship with the leader (LMX) and expertise of the leader (leader competence).

Sample

A 2X2 experimental study of high-low LMX and leader competence was conducted to see its impact on perceived cohesion. MBA students of a reputed technical institute constituted the sample for this study. A total of 140 respondents participated in the study with 35 in each quadrant of high-low matrix of LMX and leader competence. The sample comprised 89% male and 9% female. The average age of the respondents was 27.6 (SD- 4.09) years. The average work experience of respondents was around 5 years. The overall sample was homogenous in terms of age, experience and educational level. Calder, Philips &Tybout (1981) have established that samples that are homogenous have a lesser chance of resulting in false conclusions about the co-variation between variables in a study. Table 1 shows the demographic profile of the sample.

Table 1 Demographic Profile of the Participants

| Variables	Levels	Frequency	Percentage
Gender	Missing		2.00
	Male	124	89.00
	Female	12	9.00
Age	Missing	14	10.00
	20-25	44	31.40
	26-30	55	39.20
	31-35	23	16.40
	36-40	4	3.00
Work- Ex Total	Missing	16	11.40
	0 – 5	77	55.00
	5 – 10	34	24.30
	10 – 15	10	7.10
	15 -20	3	2.20

Experimental Design

This study is a 2 (LMX: Low, High) X 2 (Leader Competence: Low, High) between- participant factorial design. We created 4 vignettes, each representing a particular experimental treatment. This resulted in four unique situations as depicted in fig 1(Appendix 1 for vignettes for each scenario of the 2X2 matrix)

Scales Used

There were 4 sets of questionnaires prepared wherein each set pertained to each unique situation in the 2X2 matrix

Fig. 1 Research Design- 2X2 Matrix
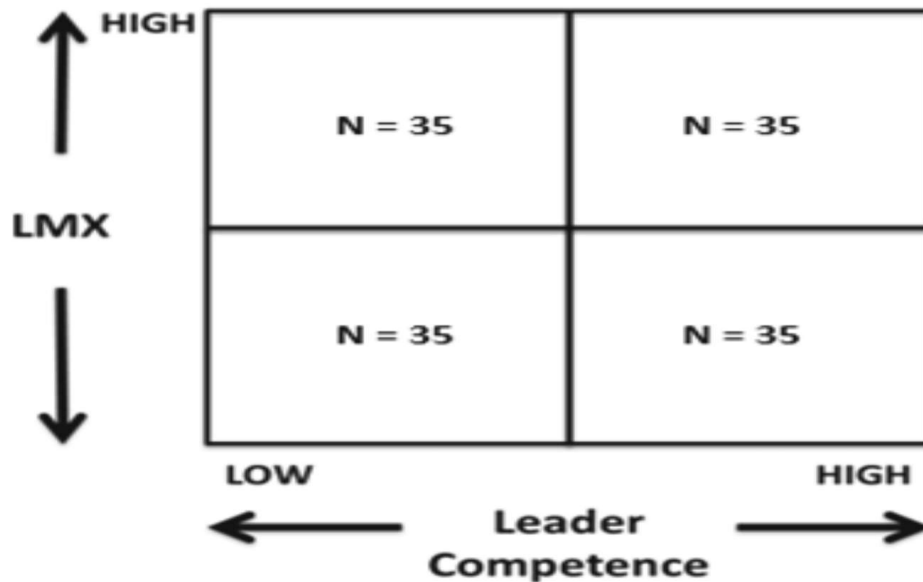
given in fig. 1. All items are measured on a seven- point scale ranging from 1- strongly disagree, 2 – disagree, 3- slightly disagree, 4- neutral, 5- slightly agree, 6- agree and 7- strongly agree. The respondents were asked to read the vignette and answer questions related to perceived cohesion.

Manipulation Check

The manipulation of the variables was done via the vignettes. Vignettes allow the researchers to remove potential un-

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expected and extraneous sources of variance that other methods may introduce. Hence, through these vignettes we can manipulate the leader-member relationships in a more specific and controlled manner. Researchers in the past have successfully used vignettes to establish manipulation in such relationships (Ansari & Kapoor, 1987). Vignettes enabled us to establish standardization of the stimulus materials and the capability to manipulate and compare specific experimental conditions. In order to ensure that respondents comprehend the vignettes correctly, in the questionnaire, the vignette was followed by two manipulation check items one each for LMX and leader competence. These items were "I would rate this boss high on competence" for leader competence and "I would have good relations with this boss" for LMX. Respondents rated them on a 7- point Likert

scale. Two-way ANOVA was used to establish internal validity. In the analysis the two experimental variables were taken as independent variables and the manipulation check items as the dependent variables. The analysis showed that, independent of the effect of LMX, the main effect of competence was strongly supported when the dependent

variable was competence of the leader [F (1, 137) = 98.844, p < .000] (Table 2). People in high competence situation reported significantly higher perceived competence (Mean = 5.70, SD =1.39) as compared to those in low competence (Mean = 3.27, SD = 1.54) situation. Tables 2 and 3 show the ANOVA results.

Table 2 Two-way ANOVA for Perceived Leader Competence

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
Intercept	Hypothesis	9.95	1	9.946	3.94	.066
	Error	36.56	14.49	2.522a		
COMP	Hypothesis	206.43	1	206.429	98.84	.000
	Error	286.11	137	2.088b		
LMX	Hypothesis	6.43	1	6.429	3.08	.082
	Error	286.11	137	2.088b		

Note: a: .100 MS (LMX) + .900 MS(Error)
b: MS(Error)
MS: Mean Square

The main effect of LMX (independent of competence) was also supported when the dependent variable (manipulation check item) was LMX [F, (1, 137) = 77.335, p <.000] (Table 3).

People in high LMX situation reported a significantly higher LMX (Mean = 5.80, SD = 1.15) as compared to those in low LMX situation (Mean = 3.71, SD = 1.62).

Table 3 Two-way ANOVA for Perceived LMX

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
Intercept	Hypothesis	364.14	1	364.140	21.42	.098
	Error	21.18	1.25	16.997a		
COMPE-TENCE	Hypothesis	1.83	1	1.829	0.93	.337
	Error	269.66	137	1.968b		
LMX	Hypothesis	152.26	1	152.257	77.36	.000
	Error	269.66	137	1.968b	21.42	

Note: a: .100 MS (LMX) + .900 MS(Error)
b: MS(Error)
MS: Mean Square

Psychometric Properties of Dependent Variable

As mentioned before, perceived cohesion constitutes of two dimensions, sense

of belonging and feeling of morale. CFA was done for this construct of perceived cohesion to establish the psychometric properties of the scales used. The fit indicators were assessed for the model, the values of

which were CMIN/DF = 1.60, AGFI = .92, IFI = .99, CFI = .99 and RMSEA = .065. The values establish the model fit. The values of composite reliability, AVE and Cronbach's Alpha for both dimensions were .90, .76 and .90 respectively for perceived cohesion sense of belonging and .88, .72 and .88 for perceived cohesion feeling

of morale, ensuring the reliability and validity of the construct.

Results

ANNOVA results of the impact of LMX and leader competence on perceived cohesion are given in Table 4.

Table 4 Effect of LMX &Competence on Perceived Cohesion

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Belonging					
Corrected Model	16.273[a]	3	5.42	3.79	0.012
Intercept	3869.26	1	3869.26	2705.92	0.000
Competence	1.03	1	1.03	0.72	0.398
LMX	7.62	1	7.62	5.33	0.022
Competence * LMX	7.62	1	7.62	5.33	0.022
Error	194.47	136	1.43		
Total	4080.00	140			
Corrected Total	210.74	139			
Morale					
Corrected Model	27.952[b]	3	9.32	5.31	0.002
Intercept	3228.80	1	3228.80	1839.68	0.000
Competence	10.13	1	10.13	5.77	0.018
LMX	14.04	1	14.04	8.00	0.005
Competence * LMX	3.78	1	3.78	2.15	0.145
Error	238.69	136	1.76		
Total	3495.44	140			
Corrected Total	266.64	139			

Note: a: R squared = .077 (Adjusted R Squared = .057),
b: R squared = .105 (Adjusted R Squared = .085),
*: Interaction between Competence and LMX

Results in Table 4 highlight that LMX predicts sense of belonging. High LMX leads to high sense of belonging (mean = 5.49, SD = 1.02) and low LMX leads to low sense of belonging (mean = 5.02, SD = 1.38).On the contrary, there is no impact of leader competence, on sense of belonging dimension of perceived cohesion. However, what is interesting is that the interaction of LMX and leader competence has a sig-

Interaction of LMX and leader competence has a significant impact on perceived cohesion-feeling of belonging.

nificant impact on perceived cohesion-feeling of belonging.

To understand the impact of the significance of interaction let us look at fig. 2which depicts this scenario.

Fig. 2 Graph Depicting Interaction between LMX & Leader Competence
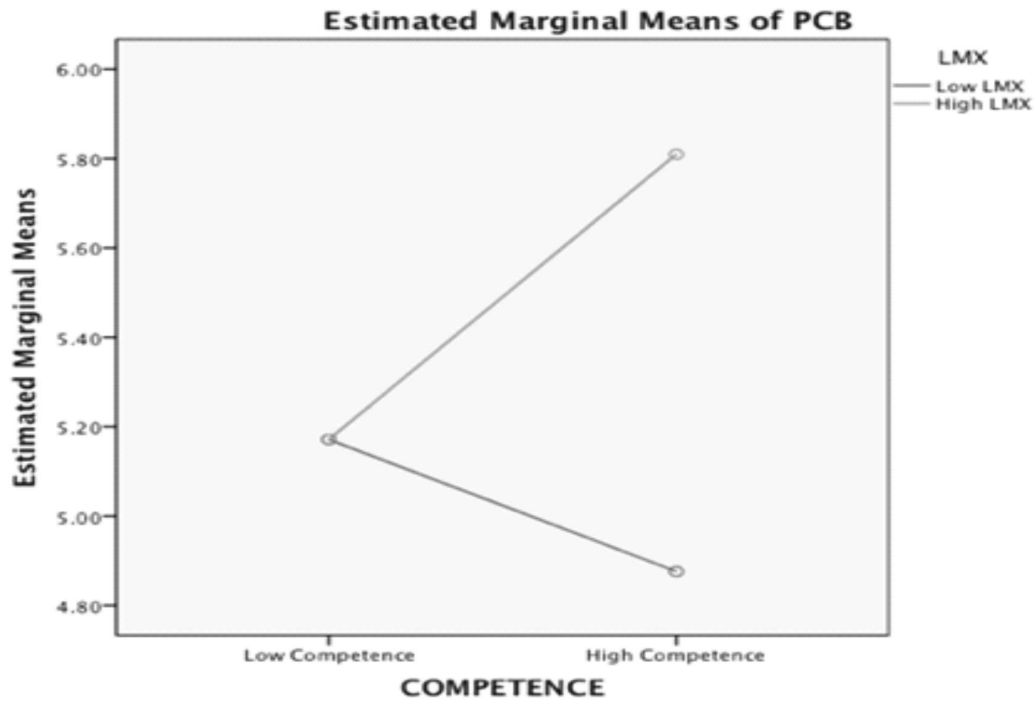
In fig. 2 it can be seen that when the quality of relationship is low, i.e. LMX is poor, introduction of leader competence sharply reduces sense of belonging within the group. However, when the subordinate experiences high LMX, leader competence has a compounding effect which results in steep rise in the level of sense of belonging to the group as experienced by the member.

Results in Table 4 highlight that feeling of morale is predicted by both LMX and perceived leader competence. High LMX leads to high sense of morale (mean = 5.12, SD = 1.14) and low LMX leads to low sense of morale (mean = 4.49, SD = 1.54). Similarly, high leader competence leads to high sense of morale (mean = 5.07, SD = 1.37) and low

leader competence leads to low sense of feeling of morale (mean = 4.53, SD = 1.36). This means that the quality of relationship and objective understanding of leader's competence are both relevant in determining the feeling of morale within a group and evoking emotional responses.

Discussion

As mentioned in the introduction of the paper, since its conception LMX has concentrated on the relation of an employee with his/her leader. Relationships develop when there is liking for one another as emotions play a prominent role. This leads to bonding within the dyad wherein the leader becomes a source of comfort for the subordinate. Consequently, this results in an advanced sense

of trust and affect, further strengthening the sense of belongingness of a subordinate.This subsequently leads to having positive emotional reactions towards the leader and the larger group, thus, fostering higher involvement of the subordinates.This positively influences the subordinate who becomes at ease in being a part of the group, is confident while having interactions, is determined while voicing ideas and likes to be engaged within the group. Hence, LMX impacting both the dimensions of cohesion is rational as well as intuitive.

It is observed that leader competence by itself, does not impact sense of belonging of the subordinate. However,the interaction of LMX and leader competence, has a significant effect on a subordinate's feeling of belonging. This primarily means that for a subordinate, when his/her relationship with the leader is of high quality the leader's competence enhances the feeling of belonging to the group. Affect for the leader comforts the subordinate which transcends to the group at large, easing the process of associating and conforming to the norms of the group. So, the quality of relationship with the leader surely impacts the feeling of belonging positively. The expertise, skills and knowledge of a competent leader can add value to an already well

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established dyadic relationship experiencing high liking, contribution, trust and loyalty. However, when the subordinate experiences low LMX, a competent leader actually diminishes the sense of belonging for him/her. A competent leader has high set of expectations and is likely to prefer working with competent subordinates. In this case we have a member who experiences low quality LMX relationship, and hence is confined to a purely transactional relationship. With restricted access to resources and communication with the leader, the sense of belonging and identity towards the leader and the larger group must already be limited. This is weakened further with introduction of a competent leader who will put the pressure of more expectations, thus, further deteriorating feeling of belongingness.

Results show that leader competence by itself impacts the subordinate's feeling of morale dimension of perceived cohesion. Feeling of morale captures emotions associated with personal outcomes (Chin et al., 1999). A competent leader has the expertise and knowledge to identify and acknowledge roles, skills and strengths of the subordinates. Such a leader instills a sense of confidence and motivation in the subordinate to be able to invest in skills, make use of knowledge to interact and voice ideas to accomplish group goals and objectives, thus, enriching the subordinate's feeling of morale.

Managerial & Theoretical Implications

This experimental study was designed to gain insight into the dynamic

interplay of relational power and expert power, manifested as LMX and leader competence respectively, in predicting perceived cohesion. Our interaction effect between LMX and competence brings forth new insights and contributes to the limited extant literature in this domain. We have attempted to study LMX and leader competence, and its impact on subordinate outcome, that of perceived cohesion, which researchers have rarely tried to explore in the past.

Our findings reveal that high LMX results in higher sense of cohesion for the subordinates. This is particularly useful to determine leader-member dyads and team formations in the organizations. Most organizations are moving towards team-based structures which seek for camaraderie and complementary skills among team members. For maximization of output and efficiency, it is crucial that dyads and teams are in sync in terms of quality of relationship and competence. It becomes critical even more so, because as our results highlight, when a subordinate experiences low LMX but the leader competence is high, it further reduces an individual's sense of belonging in a group, thereby, leading to further isolation, limited interaction, lack of motivation, commitment and job satisfaction, higher turnover intention, and alienation. After all, what good is a team of competent people that doesn't work well together! Ultimately the core job of a leader is to define goals for work groups and to align the efforts of subordinates to achieve them (Zhang, Wang & Shi, 2012). HR may design systems keeping team formation in mind.

It is also essential to form teams on the basis of competency of leader and subordinates, which can be done through competency mapping and through psychometric testing measures. It seems that the modern day employee expects leaders to foster team cohesion for better performance and results (Chiniara & Bentein, 2017).This can be done via establishing concrete KRAs by the leaders with consent from their members.

> **HR systems have to be designed such that they promote more face to face sessions, career growth planning and feedback sessions within dyads and teams.**

Leaders' behavioral trainings are also crucial in order to train them about the relevance of understanding their subordinates and establishing sound relationships. Self-appraisals can also be a good measure in such cases to provide clarity on the kind of LMX relationship leaders and members' desire. However, if there is scope for the relationship to grow and extend beyond formal roles, HR systems have to be designed such that they promote more face to face sessions, career growth planning and feedback sessions within dyads and teams. There needs to be in place, some form of transparency, where organizational performance standards should be explicitly provided to leaders and members (Coyle &Foti, 2014). LMX based interventions have been shown to help situations wherein poor LMX affects the profits, revenues and financial indicators of success (Scandura & Graen, 1984).

Limitations &Future Research

Though we did put a disclaimer on sampling and did not expect any significant variations in the results, for the purpose of cross-validity, the study may be conducted in different contexts (sample) to identify any variations. Our study is experimental in nature and hence, comes with the usual limitation of experimental studies that, it lacks external validity, which in simple terms is proof of their applicability in real life settings. Future researchers might like to explore this in real life context. Though LMX takes into consideration member perspective and member outcomes, the research needs to go further and assess leaders' reactions as well. Consistent with the work done by previous researchers, we have majorly focused on subordinate outcomes. While this is a common practice in LMX research, it would be interesting to look into leaders' outcomes and psychological reactions as well for insights into leadership practice. In our work we have only analyzed expert & relational power in terms of its manifestations as LMX and leader competence. Other types of power, their manifestations and outcomes can be studied for a holistic understanding of the interplay of power with respect to LMX quality and LMX match. We have studied leader competence, which is a rarely explored variable vis-à-vis LMX. In future, researchers can focus on member competence and its role in changing dynamics of organizations.

Acknowledgements

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Appendix 1 Perceived Cohesion: Feeling of Belonging

Sample Vignette

High Leader Competence - High LMX

You have been working in company X for the last 2 years, which is a project based company, where you are essentially required to work in teams. This team is constantly involved in brainstorming, making presentations and meeting client demands. The team works on short-term projects which involves quick turnaround periods.

Your boss 'A' is the advisory manager, to whom you directly report ever since you joined. 'A' is well known for technical skills and expertise, which is instrumental in guiding the team as and when required. An MBA from the Ivy League, 'A' is considered to be efficient and competent by most people.

You have very good relations with your boss 'A'. You really like working with 'A'. There is mutual trust and understanding amongst the both of you. 'A' is a supportive boss, with whom you can share your problems and can rely on.

High Leader Competence - Low LMX

You have been working in company X for the last 2 years, which is a project based company, where you are essentially required to work in teams. This team is constantly involved in brainstorming, making presentations and meeting client demands. The team works on short-term projects which involves quick turnaround periods.

Your boss 'A' is the advisory manager, to whom you directly report ever since you joined. 'A' is well known for technical skills and expertise, which is instrumental in guiding the team as and when required. An MBA from the Ivy League, 'A' is considered to be efficient and competent by most people.

You don't have very good relations with your boss 'A'. You don't really like working with 'A'. There is no mutual trust or understanding amongst the both of you. 'A' is not a supportive boss, and you can't share your problems or rely on him.

Low Leader Competence - High LMX

You have been working in company X for the last 2 years, which is a project based company, where you are essentially required to work in teams. This team is constantly involved in brainstorming, making presentations and meeting client demands. The team works on short-term projects which involves quick turnaround periods.

Your boss 'A' is the advisory manager, to whom you directly report ever since you joined. 'A' is not very well known for technical skills or expertise, which is instrumental in guiding the team as and when required. Despite an MBA from the Ivy League, 'A' is considered to be inefficient and incompetent by most people.

You have very good relations with your boss 'A'. You really like working with 'A'. There is mutual trust and understanding amongst the both of you. 'A' is a supportive boss, with whom you can share your problems and can rely on.

Low Leader Competence - Low LMX

You have been working in company X for the last 2 years, which is a project based company, where you are essentially required to work in teams. This team is constantly involved in brainstorming, making presentations and meeting client demands. The team works on short-term projects which involves quick turnaround periods.

Your boss 'A' is the advisory manager, to whom you directly report ever since you joined. 'A' is not very well known for technical skills or expertise, which is instrumental in guiding the team as and when required. Despite an MBA from the Ivy League, 'A' is considered to be inefficient and incompetent by most people.

You don't have very good relations with your boss 'A'. You don't really like working with 'A'. There is no mutual trust or understanding amongst the both of you. 'A' is not a supportive boss, and you can't share your problems or rely on him.