

The Moderating Effect of LMX between Salesperson Competencies and Work Performance: A Case of Taiwanese Department Store

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Abstract: The positive relationship between competency and performance has been supported by many studies. However, some managerial factors might moderate the relationship. Therefore, this study aimed to explore the moderating effect of LMX between salesperson competencies and work performance. The survey was conducted, and 289 valid questionnaires were collected from the salespersons who work in a Taiwanese department store. The results pointed out: (1) Flexibility, self-confidence and self-control were positively related to task performance, (2) Self-confidence and self-control were positively related to contextual performance, (3) LMX was positively related to task and contextual performances, (4) The interaction of self-confidence and LMX had negative moderating effect in the relationship between competency and task performance. Furthermore, some managerial suggestions were proposed as well.

1 INTRODUCTION

Competence management is an important research issue in the more general area of knowledge management and learning management systems (Draganidis and Mentzas, 2006). One of the hot object with competency idea is to investigate the relationship between competency and performance. At organizational level, the distinctive competencies of any firm are likely to get from two sources: its resources (such as machine, materials, land, methods) and capabilities. These competencies allow a firm to attain competitive advantages (Li, 2000). At individual level, if the employee competency rate has an impact on employee performance, it is valuable to invest on employee competency improvement (Bucur, 2013). Furthermore, a company can achieve a high level of performance. Even though many studies supported the positive connection between competencies and performance, some moderating variables should be considered because of the variety of business operational conditions. The idea of leadership is commonly used as a contingent variable in organizational behaviour studies. Consequently, this study is going to investigate the moderating effect of Leader-Member Exchange (LMX) between competencies and work performance.

2 LITERATURE REVIEW

The literature review majorly focuses on the idea of competency and LMX, as well as the influence of competency and LMX on work performance.

2.1 Concept of Competency

In 1973, McClelland argued that the best predictors of outstanding on the job performance were underlying, enduring personal characteristics that he called “competencies” (McClelland, 1973). Since then, the idea of competency was widely discussed in different research areas, such as strategic management (Prahalad and Hamel, 1990) · human resource management (Elkjaer, 2000) and knowledge management (Michellone and Zollo, 2000). Based on Leanne, Helena and Keith’s study (2005), different definitions of competency can be grouped into three distinct approaches: educational approach, psychological approach, and business approach.

From educational approach, competencies were based on functional role analysis and described either role outcomes, or KSA (knowledge, skills and attitudes), or both, which are required for role performance, and assessed by a criterion, usually a behavioural standard. Therefore, a competence was defined as an action, behaviour or outcome to be

demonstrated, or a minimum standard, with different levels of mastery defined by different statements (Bourke et al., 1975, Fletcher, 1992).

From psychological approach, one interest was the idea that the factors which associated with individual success could be identified, and then taught to others. McClelland and Boyatzis (1980) tried to identify competencies, based on the skilled behavioural repertoires of recognised better performers within particular organisations. Consequently, competencies as a generic body of knowledge, motives, traits, self images and social roles and skills are causally related to superior or effective performance in the job.

From business approach, Hamel and Prahalad (1989) advanced the idea of core competencies and capabilities. Their definition of core competencies as the collective learning of the organisation has been much cited, and contributes to the current interest in competencies (Shipmann et al., 2000). This approach mainly focused on organisational competencies for competitive advantage (Sparrow, 1995).

Based on the previous studies, the concept of competency could include at least five terms (Spencer and Spencer, 1993).

1. Knowledge- This refers to information and learning resting in a person.
2. Skill- This refers to a person's ability to perform a certain task.
3. Self-Concepts and Values- This refers to a person's attitudes, values and self-image.
4. Traits- Traits refers to physical characteristics and consistent responses to situations or information.
5. Motives- Motives are emotions, desires, physiological needs or similar impulses, that prompt action.

Competencies are best described as an iceberg with a person's knowledge and skills representing the visible tip of the iceberg, while the underlying and enduring personal characteristics or self- concepts, traits and motives which represent the larger portion of the iceberg, hidden below the waterline (Spencer and Spencer, 1993).

Since the concept of competency was related to organizational and individual performance, and was linked to job requirement, competency mapping is a process of identifying key competencies for a company or institution and the jobs and functions within it. Competency mapping is a process a HR expert uses to identify and describe competencies that are most crucial to success in a work situation

(Chouhan and Srivastava, 2014). Therefore, the positive influence of competencies on individual work performance was supported by different studies (Langdon and Marrelli, 2002; Moradi et al., 2015; Spencer and Spencer, 1993; Vathanophas and Thai-ngam, 2007). Meanwhile, the Spencer and Spencer's (1993) iceberg model argued that competency may be composed of three key aspects: motive and traits (including impact and influencing, achievement orientation, analytical thinking, problem-solving), self-concept (including flexibility, self-confidence, self-control), and knowledge and skills. This study concentrated on the influences of potential competencies. Therefore, the following hypothesis was proposed:

H1: The level of salesperson competency will be positively related to work performance.

2.2 Concept of LMX

LMX theory was deemed to be relationship-based approach to leadership which is leader-follower dyadic relationship focus (Graen and Uhl-Bien, 1995; Sparrowe and Liden, 1997; Wayne et al., 2002). The main focus was on the antecedents and outcomes that came from different levels of individual LMX (Dulebohn et al., 2012). In Dunegan and his colleague's research (2002), they summarized various relationships between LMX and work performance. However, a meta-analysis by Martin, Guillaume, Thomas, Lee, and Epitropaki (2015) mainly showed a positive relationship between LMX and follower task performance. Therefore, this study proposed hypothesis:

H2: The quality of LMX will be positively related to work performance.

In previous research on salespersons, the dyad LMX relationship has been explored to explain the factors that support the socialization of salespersons (Dubinsky et al., 1986). The role of LMX in explaining the leadership for salespersons was investigated. For example, DelVecchio (1998) examined the relationship between sales performance and LMX and between LMX and competency of salesperson. In addition, Weitz (1981) used the quality of relationship between a customer and a salesperson as a moderating factor in the relationship between sales performance and resources of the salesperson. He set up a conceptual hypothesis suggesting that relationship between a customer and a salesperson will act as a moderating factor. It is likely that LMX will influence the relationship between competency and performance.

Consequently, this research tried to investigate the moderating effect of quality of LMX in the relationship between the competency and performance. The following hypothesis was proposed:

H3: The quality of LMX will positively moderate the relationship between salesperson competency and work performance.

The operational hypotheses developed by each research constructs were not displayed here because of page limitation.

3 RESEARCH METHOD

3.1 Research Framework

The research framework of the present study mainly involved competencies, LMX, and work performance. Competencies included impact and influencing, achievement orientation, analytical thinking, problem-solving, flexibility, self-confidence and self-control (Spencer & Spencer, 1993). Work performance included task performance and contextual performance (Borman and Motowidlo, 1993).

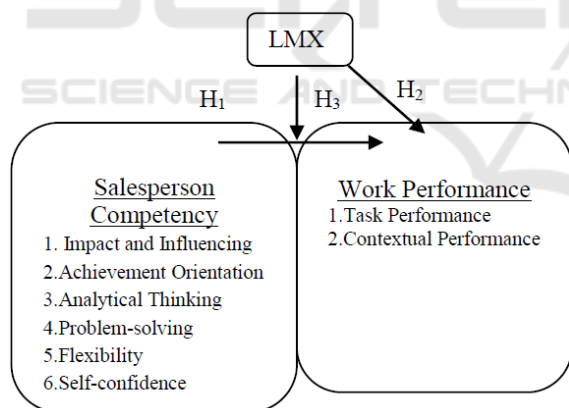


Figure 1: Research framework.

3.2 Samples and Respondents

The participants of present study were the salespersons who worked in the Taiwanese-owned department store. The present study used a questionnaire survey method. Since the total number of salespersons is about 400 and some rejected to answer questionnaire immediately, questionnaires were delivered, and the recovered questionnaires were 310 and 289, respectively. The recovery rate was 93.2%.

3.3 Questionnaire Design

The questionnaire included four parts: demographic variables, salesperson competencies, the quality of LMX, and work performance. The responses to the items were coded on 6-point Likert scales from “strongly disagree” (1) to “strongly agree” (6).

The part of salesperson competencies mainly based on Spencer & Spencer’s study (1993) and the discussion results with 2 managers of the department store. 7 salesperson competencies were identified as Impact and Influencing (II) (4 items, KMO=.750, EV=2.295, α =.744), Achievement Orientation (AO) (4 items, KMO=.733, EV=2.439, α =.768), Analytical Thinking (AT) (3 items, KMO=.680, EV=1.989, α =.744), Problem-solving (PS) (3 items, KMO=.651, EV=1.823, α =.677), Flexibility (FL) (3 items, KMO=.665, EV=2.250, α =.832), Self-confidence (SCF) (3 items, KMO=.681, EV=2.087, α =.768) and Self-control (SCT) (3 items, KMO=.692, EV=2.037, α =.758).

The measurement of LMX was referred to LMX 7 Scale proposed by Graen & Uhl-Bien (1995). After factor analysis (KMO=.829), one factor (α =.844, 5 items) was extracted. The measurement of work performance was based on Borman & Motowidlo’s work (1993). It included task performance (TP) (3 items, KMO=.723, EV=2.273, α =.836) and contextual performance (CP) (3 items, KMO=.717, EV=2.311, α =.836).

4 RESULTS OF ANALYSIS

4.1 Information of Demographic Variables

Table 1 presented the information of demographic variables. Demographic variables included gender, age, department, education level, marital, and seniority.

Table 1: Demographic variables of participants (n=289).

Variable	Item	Valid %
Gender	Female	96.8
	Male	3.2
Age	30 and Below	27.2
	31-40	39.9
	41 and Above	32.9
Education	Senior High and Below	56.8
	College	25.2
	University and Above	18.0

Table 1: Demographic variables of participants (n=289). (cont.)

Variable	Item	Valid %
Marital	Single	49.1
	Married	50.9
Seniority	1 Year and Less	24.5
	1-3 Years	34.3
	4 Years and More	41.2

4.2 Descriptive Statistics

Table 2 revealed the descriptive statistics of the research constructs. With regard to work performance, the mean of task performance is higher than contextual performance. In other words, the respondents might concentrate on task performance more. Regarding salesperson competencies, the level of flexibility was the highest competency, and the lowest competency is impact and influencing. For LMX, the mean value is at middle-high level.

Table 2: The Descriptive Statistics of Research Constructs.

Research Constructs	Mean	SD
Work Performance		
Task Performance	5.039	0.581
Contextual Performance	4.768	0.666
Competency		
Impact and Influencing	4.722	0.530
Achievement Orientation	5.012	0.578
Analytical Thinking	4.789	0.578
Problem - Solving	4.863	0.544
Flexibility	5.215	0.561
Self-Confidence	4.758	0.644
Self-Control	5.024	0.575
LMX	4.137	0.914

4.3 Regression Analysis

In the following regression analysis, the study took age, education and marital status as control variables because they have significant influence on research constructs based on the results of t-test and ANOVA. Meanwhile, age (Age1= 31-40, Age2=41 and more) and education level (Education1=senior high school and below, Education2= college) were transformed into dummy variables. Except for equation EC1, the F value of each regression equation is significant (p<.05). Hierarchical regression analysis was used to investigate the main effect of competencies (referring to ET2 and EC2) and LMX (referring to ET3 and EC3) and the moderating effect of interaction variables (referring to ET4 and EC4).

The following table presented the regression results of task performance as dependent variable. The results pointed out that flexibility ($\beta=.173$), self-confidence ($\beta=.354$), self-control ($\beta=.248$), and

LMX ($\beta=.270$) were significantly ($p<.05$) and positively related to task performance. Meanwhile, the interaction of self-confidence and LMX ($\beta=-1.570$) has negative influence on the relationship between competencies and task performance

Table 3: The Regression Result (DV=Task Performance).

Variable	ET1	ET2	ET3	ET4
Age1	.219	.063	.229**	.035
Age2	.235	.070	.260**	.050
Education1	.059	-.013	.011	-.008
Education2	.096	-.046	.077	-.030
Marriage	.015	.019	.016	.023
II		-.115		.044
AO		.025		-.128
AT		.112		.232
PS		.147		-.068
FL		.173*		.277
SCF		.354***		1.137***
SCT		.248***		-.246
LMX			.270***	.446
II*LMX				-.352
AO*LMX				.323
AT*LMX				-.411
PS*LMX				.492
FL*LMX				-.220
SCF*LMX				-1.570**
SCT*LMX				1.214
F Value	3.343**	38.244***	6.567***	24.884***
R^2	.065	.663	.136	.689
Adj. R^2	.046	.646	.115	.661

Table 4 show the regression results of contextual performance as dependent variable. The results indicated that self-confidence ($\beta=.202$), self-control ($\beta=.473$), and LMX ($\beta=.308$) were significantly ($p<.05$) and positively related to contextual performance. Meanwhile, no interaction of competencies and LMX ($p>.05$) has significant influence on the relationship between competencies and contextual performance.

Table 4: The Regression Result (DV=Contextual Performance).

Variable	EC1	EC2	EC3	EC4
Age1	.073	-.085	.080	-.097
Age2	.044	-.136	.085	-.133
Education1	.098	.049	.071	.048
Education2	.119	-.001	.114	.014

Table 4: The Regression Result (DV=Contextual Performance). (cont.)

Variable	EC1	EC2	EC3	EC4
Marriage	-.005	.030	-.027	.040
II		.042		.221
AO		.120		-.111
AT		.031		-.616
PS		.095		.156
FL		-.095		-.014
SCF		.202**		.514
SCT		.473***		.289
LMX			.308***	-.687
II*LMX				-.507
AO*LMX				.582
AT*LMX				1.504
PS*LMX				-.182
FL*LMX				-.182
SCF*LMX				-.596
SCT*LMX				.353
F Value	.783	21.937***	5.017***	13.976***
R ²	.016	.534	.108	.557
Adj. R ²	.005	.509	.086	.517

5 CONCLUSION AND DISCUSSION

5.1 Conclusion

According to the results of Table 3 and 4, hypothesis 1 was partially supported. Hypothesis 2 was fully supported. However, hypothesis 3 was rejected since only the interaction of self-confidence and LMX had negative moderating effect. Based on Spencer and Spencer's iceberg model, self-concepts (including flexibility, self-confidence and self-control) compared to motives and traits, were more likely to have positive relation to work performance. In detail, self-confidence is the most powerful factor to task performance, whereas self-control is the most influential predictor to contextual performance. The results also hinted that a salesperson might achieve level of sales goal and task requirements if they could keep positive thoughts to their work and positively recognize their past work performance. Meanwhile, if they could usually focus on time management, emotional control, and expertise improvement, a salesperson might have more spare

energy to help colleagues, to increase morale, and to provide useful ideas for other's work.

With regard to the quality of LMX, it had certain influences on task and contextual performance in this study. This finding was similar to the results of other studies. However, the quality of LMX had a little higher influence on contextual performance, compared to task performance. It is reasonable because the contents of contextual performance involved relationship improvement in this study, and LMX basically referred to a dyad relationship.

Regarding the moderating effect, it was interesting that the interaction of self-confidence and LMX had negative moderating effect in the relationship between competencies and task performance in this study. The result was different from other research. This study suggested that the quality of LMX might be the booster of dependency. In detail, if employees have a better relationship with their manager, they might have a little intention to count on the assistance of a manager for task achievement or performance evaluation. Furthermore, the influence of self-confidence might be reduced.

5.2 Managerial Suggestions

Since self-concepts had more influential effects on work performance than motivation and traits, the recruitment and selection practices could pay more attention on this competency test. Meanwhile, the training program could concentrate on the establishment and improvement of self-concepts.

Secondly, comparing the R² values of ET2-EC2 and ET3-EC3, this study suggests that company could focus on competency improvement of self-concepts if the increase of task performance is anticipated. On the other hand, if company will focus on contextual performance, the increase of LMX could be the vital goal.

Thirdly, since the quality of LMX might negatively moderate the effect of self-confidence in task performance, managers need to investigate employee's self-confidence level during the process of LMX establishment and maintenance. If employee is full of self-confidence and have enough ability and intention to achieve task independently, increasing the level of LMX might be not the first priority.

5.3 Limitation

Firstly, the research framework focused on the interaction of competencies and LMX. Even though

hierarchical regression analysis may be used, advanced technique could be adopted. Secondly, this study used the employees of a single department store as samples. It is better to include samples in different department stores with different owners in order to increase the validity of argument generalization. Thirdly, the construct validity of salesperson competencies could be improved by conducting more behaviour event interview (BEI) and confirmative factor analysis simultaneously.

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