

# A COMPARATIVE STUDY OF THE IMPACT OF LEADER-MEMBER EX- CHANGE IN TWO SAMPLES: U.S.A. AND POLAND

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**Abstract.** *Leader-Member Exchange (LMX) theory argues that supervisor-subordinate interactions in the workplace are guided by the type of relationship that develops in each individual dyad, and that the quality of the relationship significantly impacts critical outcomes such as performance ratings. Further, it has been argued that supervisors and subordinates often view the relationship through different lenses – leading to significantly different perceptions of the quality of relationship. In this field study, using data from 32 supervisors and 104 subordinates in the US, and 72 supervisors and 116 subordinates in Poland, we examine the relationship between LMX and performance ratings, as well as compare supervisor and subordinate perceptions of the relationship. In both samples, supervisor ratings of LMX quality were higher than those of the subordinates, and subordinates who received higher LMX ratings from their supervisors also received higher performance ratings. Finally, the correlation between supervisor and subordinate ratings of LMX was significantly higher for the Polish sample as compared to the US sample. We discuss the results in terms of both theoretical and practical significance, and offer suggestions for future research.*

**Key words:** *LMX, supervisor-subordinate relationships, performance ratings, Poland, US*

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## Introduction

Leader-Member Exchange (LMX) theory posits that, contrary to what many supervisors often claim, supervisors (leaders) actually develop relationships of differential quality with their subordinates (members), and that the treatment their subordinates receive is based on the relationship quality (Dansereau, Graen & Haga, 1975; Graen, 1976).

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Subordinates that are favored by the supervisor receive higher levels of trust, increased delegation and better rewards as compared to those that are less favored. Further, the quality of relationship can impact a number of critical outcomes for subordinates, including performance ratings and promotions. Not surprisingly, this theory has received ample empirical support in numerous investigations in different countries (see, e.g., Varma, Srinivas, & Stroh, 2003; Wayne & Ferris, 1990). Given the critical role that performance appraisal process plays in strategy implementation, as well as in the workplace experience of individuals (Murphy & Cleveland, 1995), it is critical that we continue to investigate such a phenomenon as LMX. Further, given the context specific nature of human resource processes (Budhwar & Khatri, 2001), it is critical that scholars conduct future investigations in emerging economies, rather than assume that results obtained elsewhere can automatically be generalized to them.

In this connection, as many researchers have noted (see, e.g., Lett & Smith, 2009), not enough is known about former socialist economies in Eastern Europe, partly due to the fact that their economies have been closed to the world until somewhat recently, and partly due to the fact that there aren't enough studies looking specifically at these economies. Indeed, several scholars (e.g., Schuler, Budhwar, & Florkowski, 2002) have noted that it is important that both scholars and practitioners understand the unique factors that might impact the success or failure of management systems in different countries. Accordingly, this study was designed to combine the continuing interest in studying LMX, with the growing interest in cross-national research, specifically comparing the U.S.A. and Poland.

We start by discussing LMX theory and the role it plays in the performance appraisal process, followed by a discussion of Poland as an important emerging economy, as well as a cultural comparison of Poland and the U.S.A. Next, we develop the hypotheses for this study, and describe our data collection and analytic procedures.

## **LMX and Performance Appraisal**

As we note above, LMX theory (see e.g., Graen & Cashman, 1975) proposes that supervisors classify their subordinates into two broad groups – those in the in-group, or having higher quality relationships with the supervisor, and those in the out-group, or having lower quality relationships with the supervisor, on the basis of the subordinates' negotiated roles. Research indicates that, among other reasons, the supervisor is likely to develop a higher quality relationship with a subordinate, if the supervisor believes that the subordinate is motivated to assume greater responsibility in the organization (Liden & Graen, 1980). As a result, members of this group become the objects of the superior's attention, receive more information, exert greater influence, have more confidence, and are of greater interest to their superior (Dansereau et al., 1975; Varma & Stroh, 2001). In contrast, as superiors try to manage their time, they fail to give employees in the so-called "out-group" the support they need to advance.

As such, given that the quality of these relationships has been shown to have significant effects on the performance ratings, promotions, and the assignments offered to subordinates, the factors that determine the quality of relationships are worthy of closer examination. In this connection, Dienesch and Liden (1986) have suggested that the key determinants of the quality of the LMX relationship are such individual characteristics as race and gender and such nonperformance behaviors as personal relationships, in addition to actual performance (as we note above). Clearly, interpersonal attraction and liking are critical to the development of the supervisor-subordinate relationship. Indeed, several studies (e.g., Engle & Lord, 1997) have empirically confirmed the impact of similarity on key dimensions on the quality of the supervisor-subordinate relationship. Specifically, the studies have shown that supervisors perceive themselves to be “more” similar to subordinates whose demographic profiles are similar to their own and tend to develop higher quality relationships with demographically similar subordinates at significantly higher rates than with other subordinates.

It should be noted that the impact of this broad classification invariably goes beyond the initial performance ratings awarded to subordinates. Indeed, subordinates who have lower quality relationships with their supervisors receive limited resources and guidance, and as an effect of a self-fulfilling prophecy, they may internalize their superiors’ negative expectations and react accordingly (Liden, Wayne, & Stilwell, 1993), by lowering performance levels. One of the reasons supervisors may award lower performance ratings to subordinates with whom they share lower quality relationships is because they attribute their performance to different factors than those with whom they share higher quality relationships. In this connection, Heneman, Greenberger and Anonyuo (1989) found that effective performance was attributed to internal factors, i.e. ability and effort, for subordinates with whom the supervisors had high quality relationships, but not for those with whom they had lower quality relationships. Similarly, poor performance was attributed to ability and effort for subordinates with whom the supervisors had low quality relationships, but not for those with whom they had higher quality relationships. Overall, these and similar results overwhelmingly confirm that supervisors make judgments about performance based not only on objective performance, but also on relationship quality. Clearly then, this is an area worthy of continuing investigation, especially in cross-national investigations, as the strength and frequency of higher-quality (versus lower-quality) relationships may vary depending on the culture of the nations. Accordingly, we next proceed to compare the cultures of Poland and the U.S.A.

### **Poland and the US – Cultural Dimension Comparison**

In just over 20 years since the fall of Communism, Poland has come into its own, reclaiming some of its lost glory, and announcing its arrival on the global economic scene. Indeed, since the opening of its economy, and becoming a member of the

European Union, Poland has made long strides towards a free market economy, and has seen a steady stream of western investors (Woldu, Budhwar, & Parkes, 2006). As the interaction between Poland and the west, especially the U.S.A., continues to increase, it is essential that we try to understand the Polish culture better, in order to understand the Polish business philosophy and workplace. As an example, under the Hofstede (Hofstede, 1980; 1991; 1993) typology, Poland scores 68 on the power distance index, 60 on the individualism/collectivism, 64 on masculinity, 93 on uncertainty avoidance, and 32 on long term orientation. On the same scale, the U.S.A. scores 40 on power distance, 91 on individualism, 62 on masculinity, 46 on uncertainty avoidance, and 29 on long term orientation (these differences are explored further in the hypotheses section below). As we can see, there are substantial differences between the cultures of these two nations, which are bound to impact the way the workplaces of these two nations operate.

In this connection, several authors (see, e.g., Woldu & Biederman, 1999) have noted that, due to their experiences over several generations, the Polish people have developed a unique culture, which defies easy categorization into traditional definitions of Eastern and Western cultures. For over a generation, the communist system in Poland bred dependence on the state, offering protection and providing security for the people, alongside high levels of centralization and bureaucracy (Suutari, 1998). In such an environment, risk-taking and initiative were generally frowned upon, with the result that many Poles are finding it difficult to thrive in the new economy (Suutari & Riusala, 2001), where initiative and risk-taking are almost essential for survival. Further, the old system was heavily biased in favor of one-way, top-down communication with substantial power distance between management and the workforce, whereas the new market economy calls for collaborative and participative decision-making. This conundrum is often typical of emerging economies where people struggle to make peace with the new while struggling to hold on to the old. However, somewhat surprisingly, Poland has defied common wisdom, and emerged as a highly successful market economy, while other emerging economies like Russia are still trying to find their way (Woldu et al., 2006).

Among other reasons that have been advanced for the success of the Polish economy, post-communism, are the homogenous make-up of the population, and their ability to absorb Western influences (Woldu et al., 2006). Clearly, the homogeneous nature of the population would lead to easy understanding and interaction between members of the workforce, and in society. However, the flipside of this homogeneity is that members of the Polish workforce would have a relatively difficult time interacting and/or achieving easy understanding with those that are different – as, for example, would be the case with people from the USA. Drawing upon Hofstede's (1980) dimensions, we can see that cultural values are likely to have a strong impact on individual behavior in organizations.

The first of Hofstede's dimensions, power distance, argues that in societies with high power distance, inequality among members is accepted and often perpetuated. As we

note above, Poland scores a 68 on power distance, while the U.S.A. scores a 40. What this means, thus, is that in interactions between American and Polish individuals in the workforce, there are bound to be differences in the way power is perceived in the workplace. Thus, for example, while employees in the Polish workforce may be willing to accept instructions and directives from their supervisors, without questioning these, the situation would be very different in the American workforce where there is more likely to be a more participative form of decision making. Further, American managers are more likely to be willing to allow their subordinates to question their instructions/directives while such behavior might be seen as insubordination in Poland. Clearly, in situations where a Polish employee has an American supervisor or an American employee has a Polish supervisor, the supervisor –subordinate interaction is bound to lead to some uncomfortable interactions, to say the least. For example, while a Polish supervisor might be used to issuing detailed and specific instructions and having these carried out without questioning, an American subordinate of this supervisor might want to discuss, question, or even challenge the instructions given to him/her.

The second of Hofstede's dimensions (individualism vs. collectivism) reflects the degree to which individuals in a society are concerned with the collective good, rather than just individual benefit and gain. On this scale, Poland scores a 60 while the US scores a 91. As such, it is clear that, relative to the U.S.A., Polish society has a much higher collectivistic orientation. In collectivist cultures, the identity of individuals is drawn from that of groups to which they belong (Pellegrini & Scandura, 2006) and their choices and behaviors are guided by their concern for the greater good of the group. Thus, in a collectivist society like Poland, supervisors are more likely to want to maintain harmonious relationships with their subordinates and any interactions are likely to be guided by this concern. On the other hand, in an individualistic society like the U.S.A., people are more likely to be guided by the notion of "everyone for themselves."

In terms of the workplace, it seems logical that the same orientation would also extend to the way rewards are distributed and even expected. In an individualistic society, people are motivated by individual rewards and thus are likely to see rewards as a zero-sum game, whereas in a collectivist society people are more likely to cooperate and collaborate for the good of the group. In terms of supervisor-subordinate relationships, once again, Americans supervisors of Polish subordinates, in Poland, would have to reorient the way they distribute rewards. The same would, of course, hold true for Polish supervisors of American subordinates, in the U.S.A. On the other hand, in cases of supervisor-subordinate dyads where the supervisor is an American and the subordinate is Polish but they are operating in the U.S.A., it is the subordinate who would have to reorient his or her expectation and understanding of the reward system. Clearly, the supervisor-subordinate dyad takes on different dimensions depending on the nationality of the members, and the country where they operate.

The third dimension of Hofstede's (1980) typology is masculinity vs. femininity. While masculinity refers to assertive behavior which is often associated with competition

and the drive for success, femininity refers to a higher concern for relationships and care for others. Interestingly, while Poland and the US are markedly different on the previous two dimensions, they are fairly close on this dimension. While Poland scores a 64 on masculinity, the U.S.A. scores a 62 on this dimension. Thus, members of both workforces are likely to demonstrate similar behaviors. In other words, even though Poland is a much more collectivistic society, when it comes to work related behaviors, Polish employees are likely to be equally assertive and forceful in the workplace as their American counterparts. In terms of supervisor-subordinate relationships, this is likely to introduce an interesting complexity in the mixed dyads we refer to above. For example, in a dyad with an American supervisor and a Polish subordinate, the supervisor might expect the subordinate to be respectful and show excessive deference to the supervisor, given Poland's high score on power distance. However, given the roughly equivalent scores on masculinity, the subordinate is likely to demonstrate levels of assertiveness and forcefulness that the supervisor might expect of American subordinates but not Polish subordinates.

The final dimension of the Hofstede typology is the notion of uncertainty avoidance. Individuals in nations with high uncertainty avoidance scores are likely to be risk-averse, while individuals in nations with low scores on this dimension are more likely to take risks. In terms of the workplace, high uncertainty avoidance cultures are likely to see individuals following instructions very closely, but not demonstrating individual initiative or trying to find different ways of completing tasks. Further, in such environments it is critical that employees are provided detailed and complete instructions, failing which they may be unable to complete their tasks. On the other hand, nations with low scores on uncertainty avoidance are characterized by individuals who need minimum instructions and are able to operate in an environment where things may change frequently. In other words, one of the hallmarks of such work cultures is the ability to adapt. In the case of Poland, the high score on this dimension (93 vs. 46 for the US), when combined with the relatively high score on power distance (68 vs. 40) reflects a culture that is much more attuned to structure, rules, and guidelines than the U.S.A.

Clearly, interactions between individuals from these two cultures are likely to be highly influenced by these four dimensions, both individually and interactively. In terms of supervisor-subordinate relationships, such interactions and the resultant experiences are bound to impact the type of relationship that supervisors develop with their subordinates.

## **LMX – Poland versus the US**

As we note above, leader-member exchange (LMX) theory describes the role making process between a supervisor (leader) and an individual subordinate (member). In addition, the theory describes how leaders develop different exchange relationships over time with various subordinates (Dansereau et al., 1975), typically developing

different quality relationships with subordinates. In this connection, Graen and Uhl-Bien (1995) specifically focused on the theoretical basis of LMX, noting that, over a given period of time, a series of interactions between a supervisor and subordinate will develop each person's role in the relationship and his/her work role. Moreover, the organizational participants define the workplace roles, with little influence from external factors. However, the external culture of the society, and the internal culture of an organization do have significant influence on leader-member exchange, both individually, and interactively (Varma et al., 2003).

The reason that the quality of exchange between a supervisor and his or her subordinate is so critical is that it influences not only the subordinate's performance but also his or her performance ratings (Dansereau et al., 1975; Duchon, Green, & Taber, 1986). Those subordinates who share high quality relationships with their supervisors receive high trust, frequent interactions, interpersonal and professional support, and formal as well as informal rewards (Graen & Cashman, 1975; Liden & Graen, 1980). Further, leaders tend to pay more attention to these members, investing more time and energy in developing these individuals as well as expend more resources for these individuals.

In contrast, those subordinates who have low quality relationships with their supervisors receive limited attention, minimal guidance, and their relationships are often characterized by low levels of trust with their supervisors. As a result of these differential relationships, organizations witness significantly different levels of performance from individuals with different levels of relationships with their supervisors. In other words, individuals who share high quality relationships have been found to perform at higher levels due to the increased attention and guidance while those with low quality relationships are often found to perform at lower than acceptable levels. Ironically, empirical evidence shows that subordinates with high quality relationships are also awarded higher performance ratings for the same level of performance than those with low quality relationships with their supervisors (see, e.g., Colella & Varma, 2001; Varma & Stroh, 2001). Clearly then, the impact of LMX is more complicated than it may first seem. At the first level, those that the supervisor includes in his or her so called "in-group" receive higher levels of attention and often better assignments. Next, the same individuals often receive better than deserved ratings for their performance. The opposite, of course, holds true for those with low quality relationships (Graen & Cashman, 1975; Liden & Graen, 1980).

As is evident from the above discussion, the supervisor controls the relationship quality to a large extent, which, in turn, affects subordinate ratings. Not surprisingly, supervisor and subordinate perceptions of the relationship quality are often significantly different. While a supervisor may often believe that he or she is being fair and impartial in the interaction with a subordinate, the subordinate may not see the relationship in the same light. While this is more likely to happen in cultures with high power distance, such as Poland, research has shown that supervisor and subordinate perspectives of the relationship quality are often significantly different in both, cultures with high and low

power distance (see, e.g., Varma et al., 2003). This dichotomy is most likely an artifact of the power that is vested with the supervisor in these dyads. In other words, since the supervisor gets to decide the assignments, the amount of coaching, feedback, as well as award the performance ratings, he or she is also likely to see the relationship in a much more positive light, since most supervisors believe that they are fair and impartial. On the other hand, subordinates are likely to view the relationship in light of the type of attention received and the actual rewards and ratings that they receive. Further, as we note above, this pattern is likely to exist in both cultures. Therefore, we predict:

*Hypothesis 1:* Supervisor ratings of LMX will be significantly higher than subordinate ratings of LMX, in both samples, Poland and USA.

Next, as we note above, one of the outcomes of the relationship quality is the actual performance ratings received by the supervisor. In this connection, numerous empirical studies have found that supervisors rate subordinates with whom they have high quality relationships much higher than those with whom they have low quality relationships, even controlling for performance (see, e.g. Varma & Stroh 2001). In their study, these authors were investigating whether female supervisors displayed the same patterns of behavior as previous studies had shown for male supervisors (e.g., Colella & Varma, 2001). As the authors report, the same pattern held true for female supervisors as well, i.e. they rated their female subordinates higher than male subordinates, again, controlling for performance. One reason for this pattern for behavior can be explained by an antecedent of LMX quality, namely individual characteristics. In this connection, the similarity attraction paradigm (Byrne, 1971) proposes that people tend to like others who are similar to themselves in some way. Not surprisingly, one of the key determinants of high quality relationships is individual characteristics, including demographic variables such as race, gender, etc. Thus, in both Poland and the USA, subordinates who are similar to the supervisor in some way are most likely to have high quality relationships with the supervisor. In the case of Poland, given the homogenous nature of society it would be easier for supervisors to find similarities between themselves and their subordinates (more on this later). In this connection, employees found to have positive or high quality relationships with supervisors have been reported to receive consistently higher performance ratings than those with low quality relationships (e.g., Dienesch & Linden, 1986). Finally, Heneman and colleagues (1989) also note that leader-member exchange can contribute to continued evaluations favoring high LMX employees, a process that creates a greater discrepancy between the ratings of high and low LMX employees. Therefore we predict:

*Hypothesis 2:* Subordinates who receive high LMX will also receive higher performance ratings, in both samples.

As we have noted above, while the cultures of Poland and USA share certain similarities such as masculinity, there are marked differences in terms of the other three Hofstede dimensions, i.e. power distance, individualism and uncertainty avoidance. As such, the perceptions of the quality of relationship are bound to be significantly



different. Given that the United States has low power distance and high individualism, subordinates tend to view their relationships with their supervisors on a more even keel than subordinates in high power distance cultures. As discussed above, in cultures with high power distance, subordinates tend to accept inequality. This power distance would also lead to fewer discussions between subordinates and supervisors and a lower sense of participation in workplace decision-making. On the other hand, subordinates in low power distance cultures like the USA have the ability to meet and discuss numerous subjects with their supervisors, as and when required. These frequent interactions would also lead to the subordinates having a better sense of the quality of relationship they share with the supervisor, and indeed developing a better relationship due to the frequent interactions. On the other hand, due to the limited interaction between subordinates and supervisors in Poland, subordinates are likely to perceive their relationship differently from their supervisors. Thus we predict:

*Hypothesis 3:* Correlation between supervisor-subordinate ratings will be significantly higher in the United States than in Poland.

## **Method**

Data for our study were collected through contacts in the HR departments of participating organizations. The US sample consisted of 32 supervisors and 104 subordinates drawn from a large manufacturing corporation, while the Polish sample consisted of 72 supervisors and 116 subordinates, also from a large manufacturing corporation. In the US sample, surveys were distributed to roughly 200 supervisors, giving us a return rate of 16 per cent, while in the Polish sample, the return rate was 36 per cent (72 out of 200). Fifty-two per cent of the participants in the US sample were male, and their average age was 36. The average tenure with the company was 10 years, while the average amount of work experience of participants was 14 years. In the Polish sample, 79 per cent of the participants were male, and their average age was 52. The average company tenure was 12 years, and the average work experience was 28 years.

In the US sample, the average age of subordinates was 29, while in the Polish sample the average age of subordinates was 39.

## **Procedure**

### *Measures*

Control variables such as age, gender, number of years worked with the company etc. were measured using open ended questions. The Polish version of the survey instruments was translated from English to Polish by one of the authors, and the question on race was excluded from this version of the survey.

LMX quality (supervisor) was measured using a scale adapted from the 7-item scale developed by Graen (1976). This scale includes questions such as “does your subordinate know where he/she stands with you ... does he/she usually know how satisfied you are with his/her performance.” These questions are presented on a 5-point

Likert scale ranging from 1=rarely to 5=very often. The scores on this scale could range from a minimum of 7 to a maximum of 35. The individual item scores were summed to arrive at the composite scores. The Cronbach alpha for this scale was .88 in the U.S. sample and .78 in Poland.

LMX quality (subordinate) was measured using the same scale, which was slightly modified, such that the question “does your subordinate know where he/she stands with you ... does he/she usually know how satisfied you are with his/her performance”, was changed to “do you usually know where you stand with your supervisor ... do you usually know how satisfied he/she is with your performance?” These questions were also presented on a 5-point Likert scale ranging from 1=rarely to 5=very often, and the scores on this scale could range from a minimum of 7 to a maximum of 35. Again, the individual item scores were summed to arrive at the composite scores. The Cronbach alpha for this scale was .77 in the U.S. sample and .84 in Poland.

Performance ratings were measured by a single item which asked the supervisors to rate the overall performance of the subordinate. This question was presented on a 5-point Likert scale with 1=poor and 5=outstanding.

## Results

Table 1 presents the means and standard deviations for the key variables in our study.

TABLE 1: Means and standard deviations for key variables

		LMX		Performance Ratings
		Supervisor	Subordinate	
Poland	Mean	25.12	22.12	4.55
	(s.d.)	(4.08)	(2.66)	(.36)
USA	Mean	28.14	26.23	4.12
	(s.d.)	(3.76)	(2.22)	(.89)

Hypothesis 1 predicted that supervisor ratings of LMX will be significantly higher than subordinate ratings of LMX. Indeed, supervisor ratings of LMX (28.14) were higher than subordinate ratings of LMX (26.23) for U.S., while for Poland the supervisor ratings of LMX were 25.15 and subordinate ratings were 22.12. T-tests ( $t=6.58$ ) revealed that these differences were significant at the  $p<.05$  level. As such, this hypothesis was supported. Hypothesis 2 predicted that subordinates who receive higher LMX ratings will also receive higher performance ratings. In both samples, this was true, with the correlation between performance ratings and supervisor LMX being .46 ( $p<.01$ ) for the Polish sample, and .48 ( $p<.01$ ) for the U.S. sample. Hypothesis 3 predicted that the correlation between supervisor ratings of LMX and subordinate ratings of LMX in US will be much higher than the same correlation for Polish sample. These correlations were .42 ( $p<.01$ ) for US and .31 ( $p<.01$ ) for Poland, thus offering support

for the hypothesis. In order to further examine this hypothesis, these correlations were converted to standard score form ( $r$  to  $z$  transformation), and compared using the test for differences between correlations, as were the other pairs of correlations discussed below. Results indicated that the correlation for the US sample is significantly ( $z=2.27$ ,  $p<.05$ ) higher than the correlation for the Polish sample, thus offering strong support for the third hypothesis.

## Discussion

This study was designed with two purposes in mind – first, to extend cross-cultural studies of LMX to Poland, and second, to compare how LMX operates in the USA versus Poland. Given the importance of supervisor-subordinate relationships, and the impact of such relationships on subordinate productivity, it is important that researchers continue to investigate these relationships in different samples. Further, given Poland's rise and continuing integration into the world economic scene, we need to investigate various workplace phenomena, so we may better understand the intricacies of the Polish workplace. Overall, our findings indicate that supervisor views of LMX quality were more positive than subordinate view of LMX in both samples. We next discuss the specific hypotheses in some detail.

Hypothesis 1 predicted that supervisor ratings of LMX will be significantly higher than subordinate ratings of LMX. Typically, this happens because supervisors control the quality of the relationship for the most part, as well as are empowered to make performance ratings and award rewards/punishments. In the US sample, the supervisor ratings were higher than the subordinate ratings though not significantly so. However, in the Polish sample, the supervisor ratings of LMX were significantly higher than subordinate ratings. These results make intuitive sense, but are also supported by the cultural conditioning of the workforce. In essence, due to the low power distance, American employees have the opportunity to participate in decision making as well as interact more often with their supervisors. On the other hand, the high power distance in Poland leads to limited interactions between supervisors and subordinates and thus differing views on the quality of the relationship. It is important that organizations pay attention to these perspectives as the subordinate view of the LMX quality can ultimately have a self-fulfilling prophecy effect on their performance. Thus, for example, if a subordinate believes that he or she has a low quality relationship with the supervisor, he or she may gradually disengage from the job and/or the organization leading to lower performance levels. This, in turn, may cause the supervisor to further lower his or her interactions, (and hence coaching, guidance, and feedback) with that subordinate, leading to lower performance levels.

Hypothesis 2 predicted that subordinates who receive higher LMX ratings will also receive higher performance ratings. In our study, this was found to be true in both samples. Previous research has repeatedly confirmed this pattern, which is somewhat problematic. In other words, when a supervisor has a higher quality relationship with a

particular subordinate, he or she tends to also award them higher performance ratings. If these ratings were simply reflective of the individual's actual performance, this would not be an issue. However, as we have noted above, the ratings awarded to subordinates with high quality relationships are often inflated as a result of the relationship itself. From a performance appraisal perspective, this is clearly a concern as the ratings are "biased," thus introducing an unnecessary complication into the performance appraisal process. On the other hand, subordinates who share lower quality relationships with their supervisors are also likely to believe that the ratings awarded them are biased. The result of such perceptions could be withdrawal, anger, lowered performance, and ultimately, disengagement. The fact that this pattern held true in both samples confirms what previous LMX studies have already demonstrated – that this is a global phenomenon which somehow overrides cultural differences. Indeed, previous studies in countries as diverse and far spread as the US, China, and India (see also, Law, Wong, Wang, & Wang, 2000) have all found the same pattern of results. One danger of this relationship between LMX quality and inflated performance ratings is that subordinates who benefit from such ratings might start to believe that they are actually better performers than their true performance would warrant. In these cases, they are likely to not make efforts to improve their performance as they would have if they had received the actual deserved ratings. In both cases, i.e. subordinates with high quality and low quality relationships, it is the organization that suffers.

The next hypothesis (Number 3) predicted that the correlation between supervisor ratings of LMX and the subordinate ratings of LMX will be much higher in the US sample as compared to the Polish sample. The results of our study confirmed this pattern. This is a finding worthy of some discussion as it reveals the distance between supervisor and subordinates in each culture. Thus, while subordinates in the American sample seem to have a clearer understanding of the relationship with their supervisors, the same is not true for the Polish sample. Thus, it is imperative for supervisors in Poland to establish better relationships with their subordinates, so that subordinates may feel better about their role(s) in their organizations, which should lead to better performance levels.

Overall, our results confirm that LMX quality is an important determinant of performance and worthy of attention by organizations. These results also highlight the differences in the perceptions of LMX quality between the two nations. While the US economy and workforce can be termed mature, and have been studied extensively, much more research is needed in the Polish workforce so that we may better understand the dynamics of work in Poland. As Poland moves rapidly towards the western corporate model, many cultural practices and assumptions will likely be challenged and forced to evolve in different directions. For organizations from both nations, it is imperative that they better understand the workplace dynamics in the other nation.

### *Implications for practice and research*

The findings of our study should prove of interest to both scholars and practitioners, in Poland and the US. While, on the one hand, we have added to the literature on LMX,

we have also contributed to the growing literature on cross-national and comparative HR studies. First, it is clear that taking performance appraisal systems developed in one country and implementing them in another, without appropriate adaptation, would likely produce confusing results, and be unable to help organizations evaluate employee performance appropriately. In essence, organizations need to make allowances for local culture and supervisor-subordinate relationship norms, as these significantly affect performance ratings. Clearly, organizations that operate in both these nations need to make efforts to understand local practices and procedures, and adapt their HR systems to address local cultural norms.

Next, from an academic perspective, our research provides new information on the way LMX works in different cultures, and also provides comparative information. Further, we provide additional information about the Polish workplace, which will help us better understand the Polish economy and its workforce, as Poland gets more integrated into the world economy.

### *Limitations and suggestions for future research*

While we believe that the present study makes a contribution to the literature on LMX, as well as cross-national comparative studies, it does have certain limitations. First, all our data were collected at one time, from both supervisors and subordinates. As such, our sample is potentially subject to mono-method bias. Therefore, the relationships between the variables of interest may be inflated. Next, we have used data from one company in the mid-west USA to represent the whole country. Clearly, a country the size of the USA does not have one culture, and intra-country differences should be addressed in future cross-cultural investigations<sup>1</sup>. Finally, we need to address the issue of non-independence of data. Given that the supervisors in our samples filled out LMX scores and other ratings for more than one subordinate, it is very likely that the non-independence of the data resulted in some spurious correlations. We hope future investigations of dyadic phenomena will use independent dyadic data, so we can understand such relationships even better, and interpret them with greater confidence. Having said that, we are confident that our exploratory study has added to our understanding of both LMX, and workplace relationships in Poland.

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<sup>1</sup> We would like to thank an anonymous reviewer for alerting us to this shortcoming of cross-cultural studies such as ours.

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