

The role of LMX differentiation in relationship between LMX
and perceptions of OPPA

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Abstract

The aim of this study is to investigate the relationships between leader member exchange (LMX), LMX differentiation and perceptions of organizational politics in performance appraisal(OPPA). Data were collected by students enrolled in Master of Human Resource Management and administered a self-reported questionnaire to employees working in different sectors of diverse countries (N=99). The measurement of LMX differentiation is relative LMX (RLMX) and LMX variance (LMXD)

By analyzing the data from subordinates, it was found that LMX is negatively correlated with perceptions of OPPA, and RLMX moderates this relationship. LMXD as direct effect is also negatively related to perceptions of OPPA, however, it does not moderate the relation between LMX and perceptions of OPPA. Limitations, future research perspectives and practical implications are further discussed.

Keywords: LMX, RLMX, LMXD, perceptions of OPPA

JEL Classification: O15, L29

Resumo

O objetivo deste estudo é investigar as relações entre a troca líder-membro (leader-member exchange; LMX), a diferenciação em LMX e as percepções das políticas organizacional em avaliação de desempenho (OPPA). Os dados foram coletados por estudantes enrolados num Mestrado em Gestão de Recursos Humanos que administraram questionários em auto-relação a trabalhadores em diferentes sectores de diversos países (N = 99). A diferenciação em LMX foi medida como LMX Relativa (RLMX) bem como variância em LMX (LMXD).

Ao analisar os dados dos trabalhadores, foi descoberto que LMX está negativamente correlacionado com a percepção de OPPA, e RLMX modera esta relação. O LMX como efeito direto também está negativamente relacionado com a percepção das OPPA, no entanto, ele não modera a relação entre LMX e percepções de OPPA. As limitações, as perspectivas para as pesquisas futuras e as implicações práticas são discutidas.

Palavras-chave: LMX, RLMX, LMXD, percepções de OPPA

Classificação JEL: O15, L29

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1. Introduction

Performance Appraisal (PA) as human resource practice in organizations is a process for making administrative decisions and developing plans that impact employees performance and outcomes. Especially, it is used as a mean of providing feedback to employees about their performance at jobs. Researchers proposed three perspectives of PA process: rational perspective, political perspective and due process of PA. From political perspective, leaders as political actor might manipulate appraisal for political purpose, for example, controlling their destinies and gaining influences on decision-making. And these inefficacy are also observed in practical conduction. Many managers tend to get rid of performance appraisal because they are not enthusiastic about it. Therefore, organizational politics in performance appraisal is important to be investigated.

The social context of performance appraisal emphasizes the effect of perceptions of organizational climate/culture, rater and ratee relationship and perceptions of politics. Reactions of PA are regarded as important effect on PA process. Ratees' reactions to an appraisal –including perceptions of accuracy, fairness, and utility, and the motivation to improve performance –are strongly related to relationship with their rater, mainly defined by aspects of support and trust (Pichler, 2012). Rater-ratee relationship quality has a strong correlation with reactions of ratee to performance appraisals. Ratees' perceptions of fairness as reaction of PA process is essential to appraisal politics because process provide acceptable standard and fairness which are common views of treatment for people. Rater-ratee relationship is regarded as leader-follower relationship, which is rooted in leader member exchange. Leader-follower relationship is the central unit analysis and it concentrates on distinct quality of relationships (low to high). And these LMX qualities are always related to reactions of followers. Previous researches indicated that LMX has negative correlation with perceptions of politics. Organizational politics in performance

appraisal is a subset of organizational politics, so perceptions of OPPA as reactions of ratee in PA may be influenced by LMX.

However, LMX theory is dyadic in nature, it is necessary to investigate the relations between LMX and perceptions of OPPA in group-level phenomena. LMX differentiation creates the context among groups in which varied qualities of leader-follower relationship exist in nature (Liden et al., 2006). Hence, we explore the role of LMX differentiation measured by two different constructs (RLMX, LMXD) in relationship between LMX and perceptions of OPPA.

2. Literature Review

Performance appraisal (PA) is defined that subordinates' performances are assessed by leaders who rate subordinates with instruments in a formal process (Longenecker and Ludwig 1990). In appraisal procedure, employees need to implement appraisal practice by setting performance objectives and having feedback (Mcnall, 2010). And the outcomes of performance appraisal always influence employees' reactions toward their work, supervisors and organizations. Employees may perceive appraisal process accurate and fair, but also they may feel frustration and dissatisfaction when they regard it as biased, political appraisal (Skarlicki and Folger, 1997).

Majority of researches have focused on appraisal effectiveness and accuracy. Except improving appraisal technology, it was profound to reduce rater errors and biases by controlling halo biases, first impression, central tendency etc (Ilgen, Barnes-Farrell and McKellin 1993; Levy and Williams 2004). Some indicated that we should emphasize rating accuracy by training raters to improve rater skills to do appraisals. But it was more concentrated on appraisal reactions for investigating the motivations to use feedback, perceptions of accuracy, justice and satisfaction of all the process. Raters and ratees have preference for appraisal system which is more just. That means they prefer to work in a team with more satisfactions in aspects of feedback, relationships between rater and ratee as well as reactions of leaders or organizations. Furthermore, ratees reactions will be a function to have an opportunity to gain more information in appraisal procedure (Levy & Williams, 2004). Trust issue as perception and reaction of appraisal process has a limitation in the performance appraisal for effectiveness. Ratees will not satisfy with appraisal procedure when they do not trust their raters a lot (Levy and Williams 2004).

Accurate appraisals are almost based on rational and objective assumptions earlier, however, some researchers think it is unrealistic since rational appraisal criterion does not always exist and many appraisers are not interested in assessing performance

accuracy (Longenecker and Gioia 2000). Thus, it is necessary to discuss three perspectives for performance appraisal.

Firstly, in an overly rational conceptualization, performance appraisal in traditional view is similar to psychometric procedure as they all implement a test. This test metaphor emphasized the rating format and psychometric properties rather than performance appraisal process and its social context (Landy & Farr 1980). This traditional perspective assumes that rating instrument can be effective for appraisal regardless of influence by appraisers (Ronan Prien 1971). And the nature of work is not considered in this test approach of overly rational process (March, 1994).

An alternative perspective of PA is political perspective. Pfeffer (1981) stated that limited resources are allocated for preventing conflicts, which is regarded as politics. And Longenecker et al. (1987) present empirical evidence for political model of decisions-making revealing that managers have their political motivations for manipulating ratings in appraisal process, which was explained by noting that managers as political actors in an organization attempt to control their destinies and gain influences through internal political actions (Folger et al 1992). The political metaphor presumes that decisions-making are offered by distinct social roles who have relevant powers, however, Tetlock indicated that the accountability will vary depending on the nature relationship among the parties associated with a decision-making situation and it was less vulnerable to decision-making based solely on self-interests (Folger et al 1992).

Finally, Folger et al (1992) proposed “due process” perspective which emphasizes the fair perceptions of procedure to help close the gap between traditional or rational approach and political metaphor. A due process provides a common and fair standard of treatments or rewards for employees as well as decisions-making, which will be evidence for employees to have comparison with their own performances (McNall, 2010). But it is crucial to take social aspects into consideration in practices as it links to fair perceptions in performance appraisal, which is not achieved by perspective of

due process.

2.1 Organizational politics in performance appraisal

‘Appraisal politics’ was a term by Longenecker and Gioia (2000) indicates that appraisers have their own motivations (Murphy and Cleveland 1995) and they have manipulations of ratings to satisfy their self-interest. It can be explained by political perspective that appraisers manipulate ratings for their own political purposes in order to gain influences associated with decision-making.

As Ferris and Judge (1991) indicated, appraisers are easy to indulge into politics because their appraisal decisions are influenced by contextual factors of ambiguity, uncertainty and instrumentality. And this is consistent with the political perspective of PA. In this section, we would explain the social context in performance appraisal to gain more understandings of politics in performance appraisal. Then justice theories of performance appraisal would be introduced since the current study emphasizes to identify main contextual variables and processes influencing the appraisal politics. Also, it always takes various aspects of justice (procedure, information and interpersonal) into account in performance appraisal (Colquitt, 2001). Lastly, we would list some models and findings of perceptions of organizational politics, which also are linked to organizational politics in performance appraisal. According to some studies, politics is common in organization and conduct in performance appraisal such as promotion bypassed by employees and unfair assessment of work performance (Latham and Dello Russo, 2008). Hence, with these associated theories, it will be more evident in organizational politics of performance appraisal.

2.1.1 Social context of performance appraisal

Recently researchers were moved away from limited psychometric scope to more variables of social context. Levy & Williams developed a framework by Murphy and Cleveland (1991, 1995) to denote the role of social context of performance appraisal.

It explained distal, process/structural proximal variables and behavior of rater-ratee . Distal factors such as organizational climate and culture or organizational goals have unique effects on the performance appraisal process (Levy & Williams, 2004). It has a more direct effect on the appraisal process for rater and retee relationship or appraisal dimensions and frequency of process and structural variables.

In some work, rater tends to rate leniently or rate subjectively because they pay attention to positive regard for subordinates, which aroused observations of the subordinates for noticing more specific behaviors to fit the schema (Antonioni and Park 2001). And sometimes they give high ratings without objective decision to prevent conflicts (Villanova, Bernardin, Dahmus and Sims, 1993). Moreover, raters will have different attributions for ratees' behaviors. Whether rater opted for reprimanding, demoting or firing an employee depends on a large part on behaviors exhibited due to ability or effort (Struthers, Weiner and Allred 1998). To the extent they consider the reputation and behaviors of ratees for their attributions to decide appropriate rewards. Another motivation for rating by raters is accountability. Sometimes they have high pressure on ratings for accountability and they will prepare themselves for ratings task by operating through increased motivation (Mero, Motowidlo & Anna, 2003).

However, it regards ratee motivation and reactions as an important effect of the performance process. Both traditional and practitioner-focus researches identified that participation of ratees is crucial in appraisal procedure and it has a strong relation with work motivation(Levy & Williams, 2004). And they found that participation and perceptions of fairness to some extent reflect employees' perceptions of job satisfaction and organizational commitment, which is the motivational function of the PA system. Some researchers indicated that appraisal effectiveness measured by satisfaction of system, perception of procedural or distributive justice, perceptions of utility or accuracy are important for measuring success of PA (Cardy & Dobbins, 1994; Cawley, Keeping & Levy, 1998; Keeping & Levy, 2000). Combined with perspective of due process in PA, ratees satisfy with appraisal system and perceive rating more

fair and accurate with more positive perceptions of PA (Taylor et al.,1998). In general, both raters and ratees prefer to fair appraisal systems and ratees reactions are important to gain more opportunities to take part in PA process for obtainment of information or support (Levy & Williams 2004).

Although all of these make an agreement on the significance of social context and participation which are correlated with reactions to the appraisal process, it is unknown that how all of these constructs link to reactions. A meta-analysis by Pichler (2012) developed this and indicated that rater-ratee relationship quality has a stronger correlation with ratee reactions to performance appraisals than appraisal participation or performance ratings. And the relationship between the quality of rater-ratee exchange and reactions was not moderated by appraisal participation and performance ratings (Pichler, 2012). In this study, it developed the constructs what Levy & Williams (2004) indicated, which includes measurements of rater-ratee relationship quality, supervisor trust, social support, and supervisor satisfaction with a relation to reactions. Rater and ratee relationship is embedded in leader member exchange. Based on leader-member exchange theory, supervisors treat their subordinates differently, and high quality of leader-member relationship is characterized by mutual support and trust, thus, it is more related to social exchange than economic exchange. Also, justice perception of procedure in group value is better to explain appraisal process.

Some researchers agreed that with group dynamics the complex relationship impacts on the appraisal process. The literature review suggested that politics and impression management, work group and the feedback environment or culture may impact on appraisal process (Levy & Williams 2004). Wayne and Liden (1995) identified that rater and ratee play a political game through different approaches via rater distortion of ratings and ratee impression management. It supported the argument of Clint Longenecker that performance appraisal is a political procedure where raters reward or punish subordinates (Longenecker, Sims & Gioia, 1987). Thus, it stimulated the investigation of the influence of social context on performance appraisal especially

exploring the impact from group value and the political process on ratee reactions in the appraisal process.

2.1.2 Organizational justice theory

Ratee reaction measures perception of appraisal process such as justice or satisfaction. And in the social context, performance appraisal may be a function of political process. From this we can think that rater may reward or punish their ratee politically and ratees would compare with each other in a group and they would perceive unfair or dissatisfied with appraisal process in a group dynamics. Thus, it needs to understand how organizational justice theory influences performances appraisal.

As Ilgen et al., 1979 said that performance appraisal can promote employee motivation and development when they perceived appraisal process is fair and accurate. But it always accompanied with frustration or dissatisfaction when perceived biased, political appraisal process. So organizational justices theory can provide a great framework to understand perceptions of employees in performance appraisal. When it influenced by leader-member relationship quality, some subordinates would think it is unfair to receive a poor performance appraisal between the discrepancy of expected ratings to actual performance ratings, which also related to their attitudinal and behavioral reactions.

Organizational justice theory is embedded in social exchange theory. Adams (1963) and Homans (1961) indicated people will have fair perceptions of social exchange when they think it is balanced with their contributions to rewards. And later there developed three forms of organizational justice: distributive form states how to allocate or distribute outcomes (Greenberg, 1990), which developed by Leventhal's model that distributive form is related to fairness of distribution in outcomes; procedural justice is regarded as fair methods of outcomes determination; quality of interactions among people in the work environment, which developed by Greenberg (1993) that interaction justice including interpersonal justice and informational justice.

Researchers have an interest in applying justice theory to performance appraisal. Greenberg (1993) found that four constructs of justice are related to social relationships either with the organization (procedural justice) or with supervisor (interaction, interpersonal and informational justice), while distributive justice is more associated with economic exchange relationship. Some studies identified that procedures such as setting criteria, assigning rater and seeking goals were related to fairness perceptions in PA (McNall, 2010). For raters, they are impelled to develop appraisals for fulfillment of distributive norms like equity or they make appraisals corresponding to social status leading to the possibility of unfair perceptions of rating, (Leventhal, 1980). However, raters may have their own goals or motivation like avoiding conflicts. Individuals' perceptions are associated with their reactions, and reactions have association with their behavior. So researchers investigated how justice perceptions explaining employee reactions and behaviors in performance appraisal context. Analysis showed employees would perceive procedure more just and have helpful behaviors when they are satisfied with appraisal system and perceive distribution fairly in organization; and if they satisfy with their leaders, they would have helpful behaviors to their leaders with perceptions of interpersonal and informational justice (McNall, 2010). And this research made a positive impact on investigating justice perceptions in the context of PA and it provided a possibility to insist in exploring the relationship between social exchange theory, justice theory and reactions of social context in PA.

2.1.3 Perceptions of organizational politics

Perceptions of politics in performance appraisal can be considered a subset of perception of organizational politics. In the past researchers focus on organizational politics and we could learn politics firstly from these relating researches.

Pfeffer (1981) indicated that organizational politics are activities people took for obtainment of favorite outcomes by using power and resources in organizations where choices are uncertain. And Cropanzano et al. (1995) defined organizational politics as

social influence for rewards or promotion with self-interest. Perception of politics is regarded as a shared perception of political behaviors such as impression management and influence tactics, and these behaviors are commonly and often enacted in the organization where individuals endeavor to make a difference in relationships at work by political skill. Kacmar and Ferris (1991) proposed perceptions of Politics Scale (POPS) developed by the psychometric properties and it concluded three factors: general political behavior (behaviors of individuals with self-serving manner for value outcomes), go along and go ahead (lack of actions by individuals to secure value outcomes) as well as pay and promotion politics (organization behaving politically through politics it enacted). Many researches focus on negative definition of perceptions of organizational politics, however, it may ignore the positive aspect of politics which is positive to individuals or organizations. Fedor et al. (2008) indicated that it can be sorted by perception of positive politics or negative politics in organization. And they found positive politics have a positive association with beneficial reactions such as satisfaction with job, supervisor and work environment. That is interesting because these reactions of alternative dimension in politics may be influenced by moderators.

Recently, there have been more depth investigations of organizational politics including antecedents, predictors, moderators and outcomes. Vigoda-Gadot (2000) found that perceptions of organizational politics predicted both in-role and OCB performance and high perceptions of organizational politics are related to strain and low morale. In 2013, Jocelyn Wiltshire et al. found that the impact of POP in the workplace will be more adverse when employees have lower Honesty-Humility. Specifically, when low honesty-humility individuals have political perceptions of workplace, they were more likely to have counterproductive work behavior and impression management behavior with more job stress and less job satisfaction. For moderators, Chang et al. (2012) found that high self-monitoring attenuates the negative relationship between political perceptions and OCB of highly conscientious employees. Conversely, perceived politics has a negative relation with the OCB of

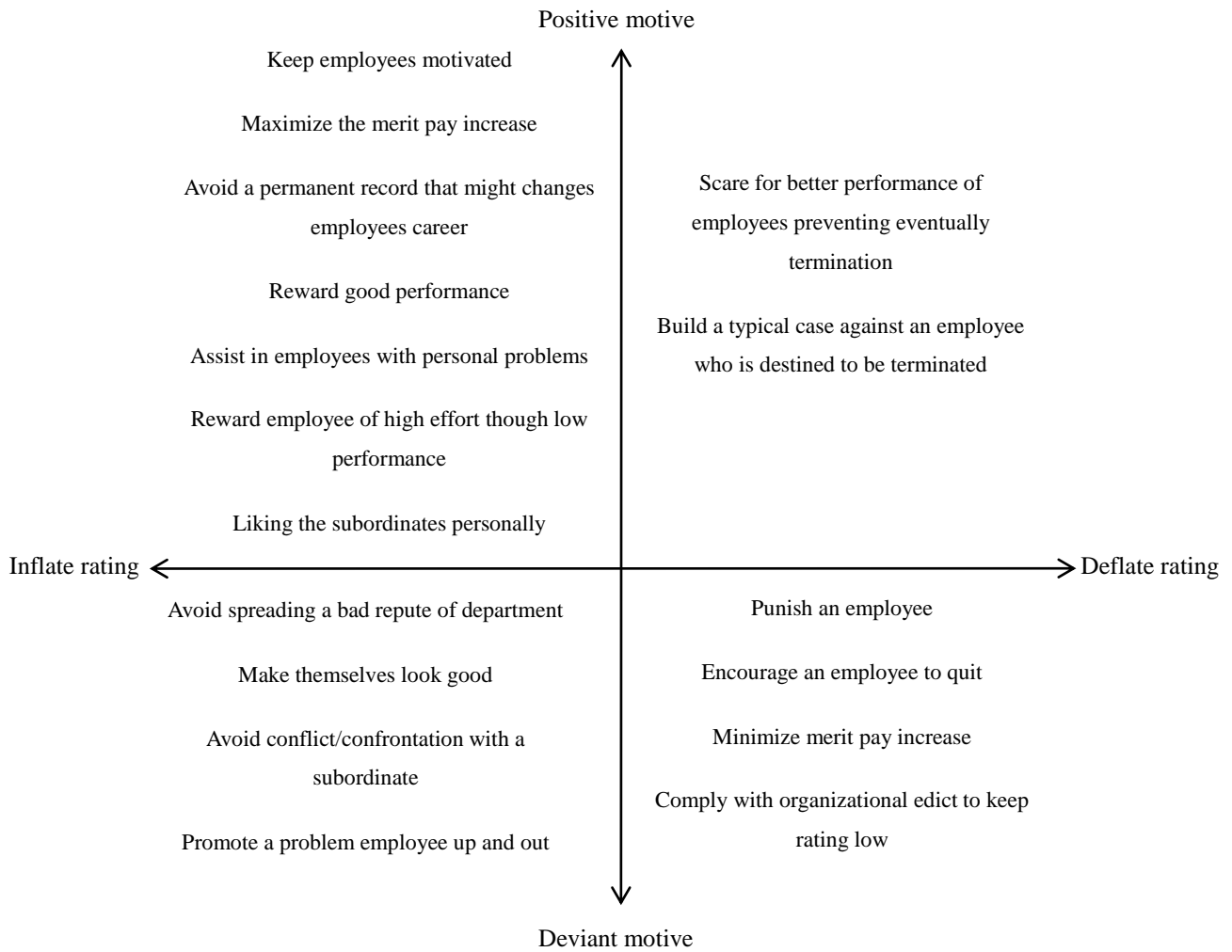
employees with either low self-monitoring and high conscientiousness or high self-monitoring and low conscientiousness. Kacmar et al. (2010) indicated that political perceptions have a significant influence on the pattern of employees' citizenship of different gender related to ethical leadership. Specifically, for male employees, ethical leadership has a positive relationship with OCB when POP are high, however, this relationship will disappear when POP are low. In contrast, for female employees, the positive relation between ethical leadership and OCB is stronger when POP are low, on the other hand, the positive relation will decrease when POP are high. The study of Kimura (2013) indicated that the relationship between political perception and affective commitment will be weaker when both political skill and LMX quality are high. A meta-analysis revealed that POP has a strong association with organizational trust and interactional justice, and it is positively related to stress, burnout, turnover intentions and counterproductive work behavior. However, POP is negatively related to job satisfaction, citizenship behavior, and job performance (Bedi et al. 2013).

2.1.4 Theoretical framework of organizational politics in performance appraisal

As we had introduced, performance appraisal is a formal organizational procedure and as measures it evaluates performance of employees. Lately there states that PA is inaccurate and some researchers tried to improve instrument for effectiveness. However, as perspective of PA suggested, performance appraisal is a political process because ratings are influenced by organizational politics and raters have their own motivation in PA. Thus, organizational politics in performance appraisal (performance appraisal politics) was defined as managers manipulate ratings with own personal goals or motivation and such motives could obtain reward for subordinates or require additional resource in department (Longenecker et al. 1987). Longenecker and Gioia (2000) identified that appraisers consider PA as legitimate administrative authority, for example, PA is a pathway for appraisers to communicate with their subordinates and it is often utilized as powerful tool for appraisers to make influence in motivation and accountability of subordinates. Also, appraisers can send this signal to the audience

like top management and other departments about their performance and power. For appraisees, they were interested in their reward like pay and promotion linking ratings. Both appraisers and appraisees aspire to high ratings and they all have their self-interest might not be served in accurate ratings.

Longenecker and Ludwig (1990) described the performance appraisal politics as that appraisers have their own motives with manipulating behaviors, which developed by the study of Longenecker et al. (1987). Appraisers inflate or deflate ratings with positive or deviant motives (Figure 1) which is also named as motivational motive and punish motive in the study of Tziner et al. (1996). Managers have inflating or deflating ratings in order to achieve their own goals neglecting the actual performances of subordinates. For positive motives, appraisers have inflating ratings to motivate their employees and reward good performance or employees of high effort to performance but with low performance. Also, they assist in solving problems of employees and avoid the possibility of effect on employees' career through high ratings. Sometimes they also inflate ratings to maximize the merit of a pay increase or they have their own interests to promote the employees. On contrary, they have low ratings to alert employees preventing termination or set a case for an opponent of employees who should be terminated. On the other hand, raters have their deviant motives for inflating ratings to avoid conflicts or bad repute of department and promote employees up or out. Also, they punish an employee for substandard performance and encourage them to quit by deflating ratings. Sometimes, they need to have low ratings for minimizing merit of pay increase or complying with organizational edict.



Source: Longenecker and Ludwig (1990) p.963

Figure 1 Motives of raters for inflate and deflate rating model

In 2013, Dhimana et al. organized literature review and made the framework of appraisal politics. As we introduced, social context like culture and social context of PA will have an impact on appraisal process. It involved social factors not just instrumentality of administration of PA for political games. Cultural context such as high power distance, paternalism, relationship orientation and family ownership in the organizations will only enhance the impact of context in this political appraisal. Furthermore, justice elements would affect employees' perceptions of PA that would mitigate appraisal politics and associated reactions.

Due process elements of PA as we introduced will be beneficial to mitigate appraisal

political perceptions. For example, due process of PA focus on sharing an accepted standard of behaviors and values, which is advantaged for further understanding of decision-making process. As a result, employees may perceive less appraisal politics with positive perception of control on appraisal decision or on various process (Dhimana et al., 2013). And due process on appraisal political perceptions is explained by organizational justice theory. Politics has a negative correlation with justice (Dulebohn and Ferris 1999; Andrews and Kacmar 2001; Aryee et al. 2004). Thus some researchers relate justice theory to appraisal process for mitigating political perceptions.

2.1.5 Empirical findings of organizational politics in performance appraisal

In order to quantitatively measure political behavior in the appraisal, Tziner et al. (1996) developed a 25-item questionnaire: Questionnaire of political considerations in performance appraisal (QPCPA). These considerations included acquiring personal benefits, exercising control, avoiding conflicts with subordinates over low ratings, motivating employees and sustaining a positive climate. Poon (2004) developed and linked it to reactions of employees, which indicating two factors: motivational motive and punish motive. There is few researches focus on antecedents of OPPA. Reviewed by Latham and Dello Russo (2008), Tziner et al. (1996) found it was needed to investigate perceptions of politics in performance appraisal and then Tziner indicated that personal variable like rater's self-efficacy negatively predicted political considerations in performance appraisal ($-0.27, p < 0.01$), whereas context variable such as continuance commitment positively predicted political distortion ($0.15, p < 0.05$). The study of Rosen, Levy and Hall (2006), found feedback quality, delivery and availability between supervisor and subordinates correlated negatively ($r = -0.65$) with employee perceptions of politics. Leadership as predictor is also proved to relate with reactions of PA. Dello Russo et al. (2008) found that coaching leaders are regarded as less political and only when leaders have a high orientation toward their development do older employees report less OPPA.

2.2 Leader member exchange

In 1975, Dansereau et al. indicated that supervisors have differentiated relationships with their subordinates. Leader-member exchange theory (Graen & Uhl-Bien, 1995) explains the effect of leadership in processes and outcomes of a relationship reciprocity and highlights the quality of exchange relationships between leaders and members. Among these exchange relationships, leadership plays an important role and generate basic impacts (Gerstner & Day 1997; Graen & Uhl-Bien 1995; Schyns & Day 2010; Uhl-Bien 2006). It purports that leaders develop different quality relationships with different subordinates through incremental influence of the social exchange process (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Graen & Scandura, 1987; Liden & Graen, 1980). These varies are caused by personality differences, liking and subordinate capability. In 2008, Giles & Walker proposed that diverse personalities such as emotional stability, intellectual openness, agreeableness and conscientiousness were negative related to perceptions of LMX. Engle and Lord (1997) investigated the relation of cognitive factors to liking and LMX and found that liking mediates the relationship between perceived similarity and LMX quality. All of these drive behavioral and attitudinal reactions and influence LMX relationship.

LMX literature distinguished between high and low quality relationship. The theory suggested that subordinates with high quality LMX will have characteristics of mature trust, liking, loyalty, professional respect and reciprocal behaviors that benefit their supervisors. Compared with low quality LMX employees, they will gain more support and information from their leaders because low quality LMX employees tend to trust their supervisors less leading to value of information they received from discount. High quality LMX subordinates have a better relationship with their leaders than those of low quality LMX resulting in better performance as they gain more information and requirements about their leaders, on the other hand, leaders also learn more about their subordinates to motivate them perform well (Davis & Gardner 2004; Suechan et al 2011).

LMX is constituted by three different theoretical levels influencing perceptions and behaviors in the employee relationship. Usually it operated at three levels including individual level, individual-within-group level and group level. At individual level, it assessed by reciprocation of behaviors consistent with rewards in exchange relationships. At individual-within-group level, it emphasizes that how employees perceive their treatments by managers when comparing with others in group. At group level, it concentrates on variance in groups where exit comparisons among employees of distinct treatments involved exchange between employee and organization (Henderson et al, 2008).

For these different level of LMX, different theories will be associated and measurements of LMX differentiation will be introduced. With empirical findings, it will be more clear to learn the impact of LMX by different levels.

2.2.1 Social exchange theory

Individual level of LMX is assessed by reciprocation of behaviors consistent with rewards in exchange relationships. And this can be attributed to social exchange theory.

Social exchange theory is one of the most influential conceptual model in understanding the behaviors on the workplace. And this theory is rooted in many areas such as anthropology, social psychology and sociology. These different views of SET mostly focus on the interaction that generates the obligation. Usually this interaction is seen as interdependent and contingent on actions of other people (Cropanzano and Mitchell, 2005). There is no explicit definition of SET but for different views it will have different explanations. SET also emphasized the interdependent transactions that generated high quality relationships.

Diverse areas such as social power, networks, board independence, organizational politics, psychological contract and leaderships were explained by SET. But recently

it occurred some misunderstandings and some researchers combine roots of SET to learn SET better. And nearly it can be concluded by these three ideas: rules and norms of exchange, resources exchange and relationship emerge (Cropanzano and Mitchell, 2005).

For rules and norms of exchange, it usually involved reciprocity rules and negotiated rules. With outline of nature in reciprocity with exchange, it has three distinct types: reciprocity as interdependent transactions, reciprocity as a folk belief and reciprocity as a moral norm (Cropanzano and Mitchell, 2005). An exchange demands two-way transactions and people give or receive something in this exchange, which based on interdependent considered a defining characteristic of SET (Molm, 1994). Reciprocity as a folk belief refers to the expectation that people receive something they are worthy of (Gouldner, 1960). Lerner (1980) put forward a well-known expectation on perception of just world which acts as perceptual biases where individual maintain a universal justice belief. A norm provides a standard for individuals to follow and they should have reciprocal behaviors with others. But with universal principle, individuals may act by different degree on reciprocity traced to culture and individual differences. Specifically, people prefer to behave more reciprocally when they have strong exchange orientation than those of low exchange orientation (Cropanzano and Mitchell, 2005). In 1991, Witt indicated that exchange norm reinforces the influence of equal opportunity and attitudes. For instance, if individuals have equal opportunities in exchange, they may have higher job satisfaction, procedural justice as well as less sensitivity to organizational politics. Also, they would be willing to stay in the organization with positive attitudes. In contrary, they will perceive less fairness and leave the organization when they are lack of opportunities in exchange. Overall, universal principle may be affected by culture and exchange orientation that influences organizational relationships. For negotiated rules, individuals may negotiate tasks and responsibilities but sometimes it is incited less quality. Thus, some researchers suggested to integrate reciprocity and negotiation for six rules to guide the choices: rationality, reciprocity, altruism, group gain, status

consistency and competitions (Meeker, 1971).

For resources exchange, Foa and Foa's (1974, 1980) displayed six varieties of resources: love, status, information, money, goods and services. All of these fall into two matrices: particularism and concreteness and they may be exchanged by different ways. Also, these resources were concluded into two forms: economic and socioemotional outcomes. Based on this, Tsui, Pearce, Porter and Tripoli (1997) presented a typological strategy of relationship between employer and employee. All of these are limited that only comparing economic and socioemotional resources.

For social exchange relationship, it most contributes on workplace relationships. Blau (1964) argued that characterize relationships of exchange partners would influence procedure of social exchange. And one successful exchange would also affect a relationship, which may prompt one individual to have a commitment to another. Setton, Bennett and Liden (1996) suggested that perceptions of organizational support are one of assessments for the quality of social exchange and it always occurs between employee and employer. Moreover, leader member exchange was rooted in the exchange relationship between employee and supervisor (Wayne, Shore & Liden, 1997). Social exchange relationship in the workplace usually takes place when a party with more power reaches out to a less powerful party. Desirous of these relationships, employee may reciprocate the favorable treatment through behaviors and attitudes (Cropanzano & Rupp, 2008). If the supervisor provides high quality LMX subordinates with opportunities, the subordinate will satisfy their job with more positive work attitudes and more organizational citizenship behaviors (Cropanzano and Mitchell, 2005). These researchers concluded that low LMX relationships are on the basis of contract agreement for economic exchange, while high LMX relationships generate reciprocal behaviors and attitudes.

For understanding the cause of relationship, researchers imply justice theory to social exchange theory as an antecedent. Trust as centrality of justice theory is an indicator for social exchange relationship (Konovsky & Pugh, 1994). When people perceive

procedure justly, they will be more trust with their leaders leading to improvement of OCB (Konovsky & Pugh, 1994). Also, procedural justice is strongly related to perceptions of organizational support which has an influence of OCB in turn (Moorman et al., 1998).

Overall, social exchange explains what the partners such as leaders and subordinates allocate like exchange resources with different norms and ways. And sometimes it involves justice in this exchange process.

2.2.2 Empirical findings on leader member exchange (LMX)

In traditional leadership approach, it was premised that leaders to the extent dominate the quality of LMX, however, lately some researchers suggested that followers also influence the process. In 1997, Lord and his colleagues proposed that bidirectional perceptions are engendered by both leaders and members, on the other hand, these have an effect in dyadic reactions to relationship. By integrating researches about antecedents and consequences of LMX, Dulebohn et al.(2011) proposed a theoretical framework and made a meta-analysis to verify it. It concluded that dyadic characteristics (leaders & followers) and interpersonal relationship variables influence LMX quality, and these relationships are moderated by contextual variable resulting in consequences.

For antecedents, as it was displayed, follower characteristics include competencies, agreeableness, conscientiousness, extraversion, neuroticism, openness to experience, locus of control and negative or positive affectivity. In 1980, Liden and Graen posited that for early LMX theory, leaders have a preference for subordinates of high quality relationship as these followers are expected to be motivated and possess great obligation with excellent skills and competencies. On meta-analysis, follower competence is positively related to perceptions of LMX ($r=0.32$, $p<0$). Follower characteristics also include personality factor such as big five personality factors. Researchers contented that LMX is reliable on member achievement and dependability as two domains of conscientiousness (Graen and Scandura, 1987;

Mount and Barrick, 1995). Extraversion is described by R. Hogan (1986) as sociability and ambition. Furthermore, agreeableness has positive correlation with interactional behaviors, which is crucial to social exchange relationship and LMX (Gouldner, 1960; Erdogan and Liden, 2002; Perugini, Gallucci, Presaghi, and Ercolani, 2003). By meta-analysis, agreeableness ($r=0.16$, $p<0$), conscientiousness ($r=0.17$, $p<0$) and extraversion ($r=0.13$, $p<0$) are positively related to subordinate's perceptions of LMX, while LMX is not significantly associated with emotional stability (neuroticism) and openness to experience. Moreover, it was proved by meta-analysis that the relation between LMX and locus of control or positive affectivity of followers were both positively correlated. And subordinate with high negative affectivity are found to be negatively related to perceptions of the relationship with their supervisors that followers are likely to have a low quality of LMX (Dulebohn et al. 2011).

Leader characteristics such as contingent reward behaviors ($r=0.65$, $p<0$), transformational leadership ($r=0.66$, $p<0$), leader expectation of follower success ($p=0.37$) are positively associated with LMX. Also, leader extraversion ($r=0.16$, $p<0$) and agreeableness ($p=0.18$) were found to be positively associated with LMX (Dulebohn et al. 2011).

For interpersonal relationship, perceived similarity of LMX ($r=0.45$, $p<0$), follow affect and liking for leaders ($r=0.43$, $p<0$), ingratiation of both leader ($r=0.21$, $p<0$) and subordinate ($r=0.22$, $p<0$) and self-promotion tactics ($r=0.38$, $p<0$) as well as leader trust ($r=0.62$, $p<0$) in followers are all positive associated with LMX, however, assertiveness and LMX are not significant related (Dulebohn et al. 2011).

Contextual variables are potential moderators of the relations between antecedents and LMX. LMX scale and different measurement may influence relationships between antecedents and LMX, but it was not significant by meta-analysis. Work setting or industry, participation location is also not proved to be moderators, while individualistic culture moderates the relation between trust and LMX.

Researchers also analyze the consequences of LMX, and it is divided into several dimensions: behavioral, attitudinal, perceptual outcomes and role status. And the LMX is stronger related to perceptual outcome, followed by attitudinal outcomes, the role states and behavioral outcomes (Dulebohn et al. 2011). The two prior meta-analyses found that LMX is significantly correlated with the behavioral outcomes. Gerstner and Day (1997) found LMX is significantly and positively associated with the attitude outcomes such as satisfaction with supervision, overall satisfaction, and organizational commitment, however, it has a negative relationship with the role conflict and positive correlation of role clarity. On meta-analysis, LMX is negatively associated with turnover intentions ($r=-0.34$, $p<0$) and actual turnover ($r=-0.15$, $p<0$), but positively correlated with OCB ($r=0.34$, $p<0$). Recently there are meta-analysis by Martin et al.(2015) showing that LMX has positive associations with task performance ($\rho=0.30$) and citizenship performance ($\rho=0.34$) while there is a negative relationship between LMX and counterproductive performance ($\rho=-0.24$). Besides, trust, motivation, empowerment and job satisfaction mediate the relationship between LMX and task or citizenship performance while trust in the leader performing the greatest impact (Martin et al., 2015). For attitudinal outcomes, LMX have positive relationship with organizational commitment ($r=0.41$, $p<0$), affective commitment ($r=0.36$, $p<0$), normative commitment ($r=0.27$, $p<0$), job satisfaction ($r=0.42$, $p<0$) and satisfaction with supervisor ($r=0.57$, $p<0$). For perceptual outcomes, LMX is positively associated with procedural justice ($r=0.48$, $p<0$), distributive justice ($r=0.38$, $p<0$) and empowerment ($r=0.58$, $p<0$), however, LMX has negative correlation with perceptions of politics ($p=-0.49$). Furthermore, LMX has a negative relationship with role ambiguity ($r=-0.34$, $p<0$) and role conflict ($r=-0.27$, $p<0$) (Dulebohn et al. 2011).

2.2.3 Leader-member exchange differentiation theory

Leader–member exchange theory is that leaders form distinct relationships with all subordinates who report directly to them in their work groups. Prior researches concentrated on individual perceptions of LMX quality and outcomes. However, as a

practice, leaders often develop differential relationships with subordinates, for a result that subordinates compare with others in the work group or different groups, which is referred to LMX differentiation (Liden, Erdogan, Wayne, & Sparrowe, 2006). As Graen Dansereau, & Minami (1973) contented, these differences between each subordinate's perceptions of the leader reflected valid differences in leader-member relationship quality. LMX differentiation creates the context among groups in which varied qualities of leader-follower relationship exist in nature (Liden et al., 2006). This context outlines the experiences and cognition of dyadic members, since they evaluate their own relationships with leaders compared with those of other dyadic relationships in groups (Henderson et al., 2008; Schriesheim et al., 2001).

Due to these differentiation of exchange between leaders and subordinates in work groups, LMX theory was described by multilevel forming a general construct. Excepted individual level of LMX quality resulting from social exchange theory, LMX process operate at the 1) individual-within-group-level resulting from comparison with others in group that how employees perceive their treatments by managers in nature as quality of their LMX relationships; and 2) at the group-level as the LMX differentiation for variance in groups where exit comparisons among employees about distinct treatments involved subordinate outcomes. Many researches focus on the individual level before, however, the differentiation such as individual-within group and groups levels was worth to be investigated that may influence the relationship between LMX and outcomes (Hooper & Martin, 2008).

For understanding the LMX general constructs, it is necessary to imply social comparison theory and social identity theory to LMX differentiation, which will fill the vacancy of theoretical supports for LMX. On definition of social comparison, it was developed for years. Wood (1996) defined social comparison as “the process of thinking about information about individuals relative to other people”. Bunk and Gibbons (2007) defined social comparison as “a key characteristic of human social life”, suggesting that comparison processes are crucial in employees' evaluation of work environments (Greenberg, Ashton-James, & Ashkanasy, 2007). A rich body of

literature based on social comparisons put forward that one's standing relative to referents has an effect on attitudes, aspirations, and behaviors (Wood, 1989). For example, LMX comparison process should invoke contrast effects in which individuals compare downwardly with good feelings and perform well or they feel bad to have upward comparisons and perform even worse depending on their relative position in team (Thomas et al., 2013). Relationship with leaders and attitudinal or behavioral responses are driven to be evaluated when there is various magnitude of difference in LMX (Vidyarthi, Liden et. al. 2010). Thus, social comparison theory was implied with LMX theory by researchers and they defined it as leader member exchange social comparison ("LMXSC").

Comparison often occurs among groups not just between individuals. On social comparison, people evaluate their group with reference to relevant out-groups (Festinger, 1954). And group members are encouraged to think and behave in ways that endanger and sustain a positive distinguishing feature from other relevant groups, which referred to social identity theory. Tajfel and Turner (1979) suggested that a purely interpersonal interaction involves people relating entirely as individuals, with no awareness of social categories, however, a purely intergroup interaction is one in which people relate entirely as representatives of their groups, and where one's idiosyncratic, individualizing qualities are overwhelmed by the salience of one's group memberships.

Social identity refers to "...individuals' knowledge that he belongs to certain social groups together with some emotional and value significant to him of his group memberships"(Tajfel, 1972.p292). Individual is more likely to become one member of new groups when he/she discovers benefits of these groups which strengthen their positive identity, however, if these groups do not satisfy these requirements, individuals will leave it (Tajfel, 1972). The features of one's group as a whole (such as its status, its richness or poverty, its skin color or its ability to achieve its goals) achieve valuable connotations that is different from other groups (Tajfel, 1972). A group generates in the environment perceived as having common characteristics or a

common fate (Tajfel, 1972). Social identity theory explains that how social context affects intergroup relations. From the standpoint of social identity, intergroup comparison is associated with values derived by culture. There is a requirement of individuals to form positive and valuable identity by intergroup comparison in a dimension where his group has a clear value differential relative to other groups. (Turner, 1975). Consideration of LMX theory, social identity theory is expanded to intragroup dynamics because subgroup members imbue a sense of identity and shape social identity in a team. And this is consisted with LMX theory which states distinct processes can create LMX based in-group and out-group (Danserau et al., 1975; Duchon et al., 1986; Thomas, et al., 2013). Researchers (Tse, Ashkanasy & Dasborough, 2012) use team identification to link social identity theory and social comparison theory. For example, under condition of high team identification assimilative effects are likely to dominate followers' responses to LMX relative position (Hu and Liden, 2013).

Combined with Justice Theory, differential LMX is lined with two fundamental principles (equity and equality). One principle of justice theory is equity, which states that individuals seek to sustain the balance between inputs and outcomes by comparison with others. Another principle is equality, which states that outcomes and rewards should be equally distributed across all members without respectful of relative inputs (Adams, 1965; Greenberg, 1982). Equity norms are more in line with individual than team goals and are likely to engender competition rather than cooperation in teams (Deutsch, 1975; Hooper & Martin, 2008). As Liden et al.(2006) indicated that at least for high LMX followers, high RLMX that is based on equity principle is likely to have a positive influence in individual outcomes. Low LMX variance (LMXD) fulfills the norm of equality whereas high LMX variance (LMXD) fulfills the norm of equity in relation to rewards (Martin et al.,2016).

2.2.4 Measurement of leader member exchange differentiation

Henderson *et al.* (2008) conclude that LMX influences cognitive and behavior of

employees from multilevel, which is operated at three levels: individual level, individual-within group level, and group level. LMX is a concept belongs to the individual level, and it emphasizes a series of dyadic reciprocity. However, LMX does not reflect subordinates' relative standings in a team. Another two levels (individual within groups and group level) represent differentiation of LMX. For individual within groups level, it can be measured by RLMX, LMXSC, and LMXRS. In group level, it can be measured by LMX differentiation (LMXD).

Relative leader–member exchange (RLMX) refers to the actual level of one's own LMX quality as compared with the average LMX within the team (Hu and Liden, 2013). By conclusion of researches (Li &Ye, 2015), there are two measurements of relative LMX (RLMX). For direct synthetic method, it is calculated by LMX scale through collecting data of all the team members. Then we can use these collecting data for calculation of mean LMX of each group, and RLMX is derived from one's LMX by subtraction of mean LMX of group (Graen and Liden, 1982; Tse,et al., 2012). For indirect synthetic method, RLMX cannot be simply merged together by LMX and team LMX as LMX is constructed of individual level while team LMX is a construct of the group level. Therefore, researchers suggest utilizing a hierarchical linear model, polynomial regression and response surface analysis. As Edwards et. al. (1993,2001,2007) indicated, when calculating the effect of RLMX on result variable, estimated parameter can be got by using LMX's regression coefficient minus GLMX's regression coefficient, and examining the significance of the quotient by hierarchical bootstrapping. In response surface analysis, RLMX is represented by the slope of the inconsistency line, and it can be speculated from this slope that whether outcomes are increased or not in modification of RLMX. If the slope is positive, the effect of RLMX will increase.

Leader-member exchange social comparison (LMXSC) describes that subordinates have subjective perceptions of their own LMX when comparing with other members' LMX in a work team (Vidyarthi et. al, 2010). It is a subjective evaluation by individuals themselves, however, RLMX is objective evaluation by all members'

LMX. Leader-member exchange relational separation (LMXRS) involves the different degree of one's LMX in relation to others' LMX in a work team (Harris and Kirkman, 2014). In a formula of LMXRS, it is drawn from parameter calculated by the totality of squares of deviation and headcount, while deviation is considered to variance between one's LMX and others' LMX in a work team. High LMXRS means one's LMX is significantly higher than others' LMX in a work team, and low LMXRS means one's LMX is consistent with others' LMX (Tyler and Blader, 2003; Li &Ye, 2015). Compared with RLMX, LMXRS only contains information of different degree, but do not contain direction information. Especially, the larger difference represents greater RLMX. And a positive RLMX means one's LMX is above average LMX of the team, while a negative RLMX means one's LMX is below average LMX of team (Li &Ye, 2015).

LMX differentiation describes the difference degree of dyadic relationships and it uses the variance (in most of cases, standard deviation) of individual level LMX score for every group to capture group level differentiation (Erdogan & Bauer, 2010; Henderson et al., 2008; Liden et al., 2006). It is the variance of LMX but not the relative standing of one's LMX in a team. LMX differentiation captures a distribution range of LMX quality which generates among all the dyadic relationships in a work team. Low LMX differentiation represents that leaders have similar relationships with all members, on the other hand, high LMX differentiation represents that leaders form quite distinct relationships with all members of the team. And these distinct relationships are aroused by various qualities of LMX. Leaders may form a close and stable relationship with some employees or they also form distant and unstable relationship with other employees (Li &Ye, 2015).

2.2.5 Empirical findings of leader member exchange differentiation

By conclusion of prior researches, it can be found that there are fewer investigations of antecedents of leader member exchange differentiation. In 2009, Henderson et al. outlined antecedents of leader member exchange differentiation by theoretical level:

individual, work group and organizational levels. For individual level of antecedents, the more leaders exhibit transformational or servant leadership behaviors, the less LMX differentiation that occurs within the work group. At group level, group size is positively associated with the LMX differentiation. Besides, LMX differentiation is negatively correlated to work group's culture which is characterized by collectivism, team orientation or respect for people, however, it is positively related to those characterized by aggressiveness. Furthermore, cultural norms and values of work-group level mediate the relation between organizational-level cultural prescriptions and LMX differentiation (Henderson et al.,2009). In their proposal, mechanistic structure of organization and human resource practices to some extent also influence LMX differentiation.

For outcomes of leader member exchange differentiation, it is better to investigate by differentiation of within-group level and group level. And it was concluded by Henderson et al. (2009) that individual–within-group LMX quality is more strongly related to subordinate-level outcomes as group-level LMX differentiation increases. More specifically, Van Breukelen, Konst, & Van Der Vlist (2006) found a significant interaction between individual-level LMX quality and perceived LMX differentiation in accounting for subordinate reports of work unit commitment. Henderson et al. (2008) used a sample of 31 intact work groups in 4 manufacturing facilities and found that RLMX has a positive relationship with psychological contract (PC) fulfillment reported by subordinates after controlling for perceptions of LMX quality of individual level. This relationship was strengthened as LMX differentiation increased. Furthermore, they found that PC fulfillment mediated the relationship between individual–within-group LMX quality and subordinate performance and sportsmanship. In 2009, Hu and Liden indicated that RLMX is positively associated with job satisfaction and job performance. Developed by Vidyarthi et al. in 2010, they found that LMXSC fully mediated the relationship between RLMX and OCBs, however, LMXSC was a partial mediator of the relationship between RLMX and job performance after controlling for the effect of LMX. For more excellent work

performance as individuals with high RLMX, Tse, Ashkanasy and Dasborough (2012) explained that individuals of high RLMX form self-concept more positively treating themselves as absolutely necessary and extremely important roles in the work team, and regarding team's success as their own success. In 2013, Epitropaki and Martin investigated the effect of RLMX and perceptions of organizational support (POS) in upward influencing tactics of individuals in work team. They put forward two situations in an organization: constrained resource which represents low RLMX and POS and abundant resource that refer to high RLMX and POS. The results indicate that in resource-abundant organization, individual is less motivated to use upward influence tactics, while in resource-constrained organization, individual is strongly motivated to have upward influence tactics for reinforcing one's power which is beneficial to interest achievement. In review of Li & Ye (2015), it indicated that RLMX had positive correlation with affective commitment and perceived justice climate, employee relations and leader support.

2.3 Summary

In this paper, I link leader member exchange theory to organizational politics in performance appraisal. Organizational politics in performance appraisal (OPPA) was defined as managers manipulate ratings with own personal goals or motivation and such motives could obtain reward for subordinates or require additional resource in department (Longenecker et al. 1987, Longenecker and Gioia 1988). Leader-member exchange theory (Graen & Uhl-Bien, 1995) explains the effect of leadership in processes and outcomes of a relationship reciprocity and highlights the quality of exchange relationships between leaders and members (Gerstner & Day 1997; Graen & Uhl-Bien 1995; Schyns & Day 2010; Uhl-Bien 2006). It purports that leaders develop different quality relationships with different subordinates through incremental impact of the social exchange process (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Graen & Scandura, 1987; Liden & Graen, 1980). OPPA as a part of

performance appraisal, it generates from PA process, which has three distinct perspectives: rational perspective, political perspective and due process. Social context such as rater-ratee relationship and perceptions of justice is an important effect on PA process and ratee reactions. Hence, social context and justice theory are introduced in this part. And it lists some empirical findings of OPPA for understanding and supporting our hypotheses. Appraiser-appraisee relationship is related to reactions of PA, so leader member exchange may relate to reaction of PA, which effected by justice theory. Based on this we introduce leader member exchange theory and different LMX constructs of three different levels: individual level, individual within group level and group level. Leader member exchange is embedded in social exchange theory, while differentiation of LMX is associated with social comparison theory and social identity theory. According to different measurements of LMX constructs, it lists out some empirical findings of altered levels of LMX.

3. Hypotheses Development

3.1 Relations between LMX and perceptions of OPPA

Leader member exchange may be correlated with organizational politics in performance appraisal, which may influence leaders' behavior in performance appraisal and change reactions of subordinates. Organizational politics in performance appraisal (OPPA) was defined as managers manipulate ratings with own personal goals or motivation and such motives could obtain reward for subordinates or require additional resource in the department (Longenecker et al. 1987, Longenecker and Gioia 1988). Subordinates also have their own purpose such as pay and promotion that is related to political behavior of leaders, and they may gain these rewards by upward influencing tactics. Leader member exchange theory (Graen & Uhl-Bien, 1995) explains the effect of leadership in processes and outcomes of a relationship reciprocity and highlights the quality of exchange relationships between leaders and members (Gerstner & Day 1997; Graen & Uhl-Bien 1995; Uhl-Bien 2006). Desirous of these relationships, subordinates would reciprocate favorable treatment through behaviors and attitude by upward influencing tactics. And with the purpose of rewards, subordinates may benefit from these relationships with leaders that generating leadership influence in rewards or performance ratings. Thus, these exchange relationships may impact political behaviors in performance appraisal.

Previous researches investigated the relation between LMX and organizational politics. Andrews and Kacmar (2001) suggested LMX is positively correlated to organizational politics ($r=0.11$). LMX may enhance perceptions of organizational politics because it makes salient to all parties the difference in treatment of employees between in-groups and out-groups. And leaders exercise discretion in performance appraisal of employees with whom they have a close relationship (Mohrman and Lawler, 1981). However, there were opposite findings by other researchers.

Supervisors have different quality of relationships with their subordinates (Graen & Uhl-Bien, 1995). Subordinates of high quality exchange relationships have characteristics of mutual trust, liking, loyalty, professional respect, and reciprocal behaviors that benefit their supervisor. However, low-quality LMX subordinates are more likely to receive less from their supervisors (Erdogan et al., 2004). Some researchers (Burton, Sablinski, & Sekiguchi, 2008; Piccolo et al., 2008; Rose et al., 2011) indicated that high LMX subordinates perceived less organizational politics according to social exchange theory because higher quality LMX subordinates are demonstrated stronger reactions to their perceptions of fairness. For high quality subordinates, they will be more trust with their supervisors and they have salient fairness perceptions of context. Performance appraisal politics is a subset in organizational politics. According to these researches, it could be speculated that LMX is related to perceptions of OPPA.

Usually, contextual factors such as rater-ratee relationship/behavior affect reactions of ratee in PA. A meta-analysis by Pichler (2012) indicated that rater-ratee relationship quality has a strong relationship with ratee reactions to performance appraisals. Ratees' perceptions of fairness as reaction of the PA process is essential to appraisal politics because the process provide an acceptable standard and fairness with consensus of treatment among employees. Leader member exchange also focus on relationships among dyadic reciprocity as contextual factor and it has effects on perceptual outcomes, which is embedded in justice theory. In 2003, Tyler and Blader suggested that leader member relationship is antecedents of justice and fairness perceptions. According to leader-member exchange theory, supervisors have different treatment with subordinates and high-quality leader-member relationship has characteristics of an increased level of mutual support and trust. Therefore, it is sensible to explore the relationship between LMX quality and reactions of PA, and to some extent this relation can be connected by procedural justice.

Furthermore, these are also supported by some findings between LMX and perceptual outcomes: LMX is positively associated with procedural justice ($r=0.48$, $p<0$) and

distributive justice ($r=0.38$, $p<0$), however, LMX has negative association with perceptions of politics ($p=-0.49$) (Dulebohn et al. 2011).

Thus, it could be inferred that leader member relationship related to justice perceptions would have an impact on PA. High quality LMX are perceived by the high level of trust between leader and subordinates, which make subordinates feel more trust with their supervisors and perceived PA procedure more just. Political behaviors are always perceived as unfair. Hence, high quality LMX subordinates may feel more fair in PA that they may perceive less organizational politics in performance appraisal. However, low quality LMX subordinates would get less resource from their supervisors and they may feel more unfair in performance appraisal, which may lead to high perceptions of organizational politics in performance appraisal. Here is hypothesis 1:

Hypothesis 1: LMX is negatively related to perceptions of OPPA.

3.2 Moderation role of RLMX in relation between LMX perceptions of OPPA

Previous hypothesis displays the main relationship between LMX and perceptions of OPPA. However, it is worth to investigate whether interaction between LMX and RLMX would affect perceptions of OPPA. As conceptual paradigm describes, it is obvious that LMX is associated with RLMX. Leader member exchange emphasizes leaders develop exchange relationship with their subordinates by reciprocation behaviors to generate leadership influence, while relative LMX concentrate that leaders develop different exchange relationship among subordinates in groups, as a result, subordinates have different standing relationships within group compared with other relative members. Hogg (2005) proposed that LMX is not only considered as an absolute value, it can also generate relative value in a team. For instance, if most subordinates have low quality of LMX with their leaders in a team, an individual who has medium level of LMX may receive more extra resources, while if there is high average LMX in a team, individual may experience less optimistically in the situation (Li&Ye, 2015). Moreover, it is supported by LMX constructs that RLMX is

individual-within-group-level, which is different from individual level and group level (LMXD). As researches indicated, differentiation of LMX creates the context among groups in which varied qualities of leader-follower relationship exist in nature (Liden et al., 2006). RLMX as one of differentiation of LMX is context factor influence the relationship between LMX and perceptual outcomes. That means subordinates' perceptions of OPPA may be influenced by LMX quality and relative standing of LMX quality when comparing with others in group. More specifically, when subordinates of absolute low quality of LMX is above the average level of LMX, they may think that most of them have low quality with their leaders resulting from manipulation of evaluations by leaders, so they attribute less justice to their leaders with more perceptions of OPPA. On contrary, subordinates who are above the average level of LMX with overall high quality of LMX will perceive less OPPA because they think all the relationships are of good quality. Thus, here is hypothesis 3:

Hypothesis 2: RLMX moderates the relationship between LMX and perceptions of OPPA such that the negative relationship between LMX and perceptions of OPPA will be stronger when RLMX is high.

3.3 Moderation role of LMX differentiation (LMXD)

In addition to the main effect of LMX in perception of OPPA, differentiation of LMX may influence this relationship. As Hooper and Martin (2008) proposed, LMXD interacts with other LMX constructs to influence follower outcomes. Previous investigations have examined the interaction between LMX and LMX differentiation. For example, Kathleen and Jane (2006) proposed that the relationship between mean LMX and team conflict or potency will be stronger with higher LMXD. Henderson et al. (2008) indicated that the relationship between RLMX and subordinate reports of psychological contract (PC) fulfillment will be stronger when LMXD is higher.

LMX differentiation creates a group-level context, which outlines the experiences and cognition of dyadic members, since they evaluate their own relationships with leaders compared with those of other dyadic relationships in groups (Henderson et al., 2008;

Schriesheim et al., 2001). And this context provides information of members to form just perception and develop identities in the group. High LMXD represents that LMX qualities among all the dyadic reciprocity are different from high to low with a degree of variance, while low LMXD represents that leaders have similar relationships with all the team members. Andrews and Kacmar (2001) suggested LMX may enhance perceptions of organizational politics because it makes salient to all parties the difference in treatment of employees between in-groups and out-groups, which captures the difference of LMX with groups in perceptions of organizational politics. That means salient different treatments from leaders in all groups will make subordinates to feel more unfair, which enhances the perceptions of organizational politics. With high LMXD, high LMX quality individuals will feel unfair because there are diverse in LMX which occurred by manipulation from their leaders and the perceptions of OPPA would be influenced less by LMX in this situation. On contrary, subordinates of low LMX quality may think they have salient different LMX with others attributing more unjust perceptions so they will have more perceptions of OPPA. However, when LMXD is low, low LMX quality individuals may feel fair because all of individuals have similar LMX and they are more in the same situation, so individuals will perceive not so “more” OPPA. On the other hand, individuals of high LMX quality perceive their LMX quality similar with others in low LMXD group and they may have more justice perceptions leading to fewer perceptions of OPPA. Hence, here we make hypothesis 3:

Hypothesis 3: LMXD moderates the relationship between LMX and perceptions of OPPA such that the negative relationship between LMX and perceptions of OPPA will be weaker when LMXD is high.

4. Method

4.1. Participants and procedure

The data were collected by students enrolled in the Leadership & Communication course of the Master in HRM in exchange of credits. Each student had to contact and collect one questionnaire from the leader and three questionnaires from related collaborators. In this article, we only use the collaborators' questionnaires.

These data were collected by self-reported questionnaires in diverse organizations from 8 different countries: Portugal, Brazil, Switzerland, USA, China, France, Slovenia and Germany. These organizations are in the public or private sectors, which spanned tourism, hotel, education, rehabilitation service, construction, food retailing, banking services, insurance, hospital, and international relation office etc. Participation was voluntary and anonymous. In order to analyze data of individuals with the same leader conveniently, each questionnaire is coded representing the leader.

After eliminating invalid data, the sample consists of 99 subordinates nested under 32 supervisors. The size of groups reporting to the same leader ranged from 2 to 4, of which the size of 3 occupies 93.8% while the size of 2 and 4 account for the same perception (3.1%). As for job title, 94% of these participants are white-collar employees, followed by manager (5%) and director (1%). Of these respondents, female and male are 54.5% and 45.5% respectively. The age of these respondents ranged from 19 to 67, with a mean age of 32.81 ($SD=10.005$). The average of job tenure is 5.50 years ($SD=6.18$), while the average of organizational tenure and dyadic tenure is 5.72 years ($SD=6.76$) and 3.12 years ($SD=3.96$) respectively.

As for 32 supervisors of these respondents, 36.4% of them are female and 63.6% of them are male. Compared with group size of this sample, these supervisors manage people in reality ranged from 3 to 37 with a mean of 9.12 ($SD=6.605$). The age of

these supervisors is from 25 years to 70 years with an average age of 43.77 years (SD=9.92). The average of job tenure and organizational tenure is 8.84 years (SD=9.53) and 9.73 years (SD=9.45) respectively.

4.2. Measures

The questionnaire included several variables, those that are the focus of this study and others that are not taken into consideration in this analysis.

Organizational politics in performance appraisal (OPPA): Respondents' perceptions of political considerations in performance appraisal are measured by 12 items from the questionnaire of Political Considerations in Performance Appraisal (Tziner et.al, 1996). Some sample items include: Supervisors inflate performance ratings of those employees who are able to procure them special services, favors or benefits or who have access to valuable sources of information; Supervisors inflate performance ratings in order to maximize rewards offered to their employees (e.g., salary increases, promotions, prestigious assignments, etc.). Respondents were assessed by each item on a six-point Likert-type scale ranging from "1" (very unlikely) to "6" (very likely). The alpha coefficient of scale is 0.89.

Leader member exchange: LMX is assessed by 7 items from LMX-7 (Graen & Uhl-Bien, 1995). Some sample items include: Regardless of how much formal authority my manager has, he/she would "bail me out" at his/her expense; I have enough confidence in my manager that I would defend and justify his/her decision if he/she were not present to do so; I would characterize my working relationship with my manager as very good. And respondents are requested to their degree for each item using 7-point Likert-type scale ranging from "1" (totally disagree) to "7" (totally agree). The alpha coefficient of scale is 0.865.

Relative leader member exchange (RLMX): Consistent with the research approaches of Graen & Liden (1982), RLMX is calculated by individual's LMX minus the mean of all team members' LMX collected by LMX-7 scale.

Leader member exchange differentiation (LMXD): it is measured by the standard deviation of the individual-level LMX scores for each work group to capture group-level variability in LMX (Liden et al., 2006).

4.3. Control variables

Consist with prior study of LMX differentiation affecting the influence by LMX in outcomes (Harris et al., 2014) and coaching leadership impact on OPPA (Dello Russo et al., 2016), we include gender and age as demographic control variables. Dyadic tenure which affects on the quality of supervisors-subordinates relationships (Liden, Wayne, & Stilwell, 1993) is also taken into the measurement as control variable. Moreover, age, gender and dyadic tenure are collected by self-reported questionnaire.

4.4. Data analysis

Before analyzing all statistics collected by these questionnaires, it is necessary to ensure the measurements of the two main variables are valid. Through analysis of reliability of OPPA and LMX, the alpha coefficient of OPPA and LMX scale are 0.89 and 0.865 respectively. These coefficient values are closer to 1, which signifies that the internal consistency of answers given by respondents is measured a certain set of questions. Conducting principle component analysis extracted two factors in SPSS, it is significant that these items loaded clearly and exclusively on hypothesized structure of OPPA and LMX (KMO=0.807, Bartlett's test = 945.367, $P < 0.05$). Extraction of two factors, first factor includes all items of OPPA range from 0.560 to 0.769, however, second factor range from 0.392 to 0.901, which represents all items of LMX. Hence, it can be inferred that these variables are significantly related to their original variables, which signifies these measures in the sample are valid.

To test our hypotheses, hierarchical linear regression analyses were carried out to detect main effects of LMX, moderation of RLMX and LMXD in perceptions of OPPA. All variables are incorporated into the regression equations after being mean-centered. In first step, except control variables (age of employee, gender and

dyadic tenure), we enter LMX and RLMX/LMXD as independent variables into the equation with OPPA as dependent variable. Also, interactions of LMX and RLMX/LMXD as a multiplied variable are entered into the second step.

5. Results

5.1. Descriptive statistics and correlations

Mean, standard deviations and correlations are reported in Table 1. For control variables, it shows that only age of employees is significantly and negatively related to LMXD ($r=-0.204, p=0.043$) and perceptions of OPPA ($r=-0.253, p=0.012$) but it has a significant and positive correlation with LMX ($r=0.284, p=0.005$).

In close inspection of these correlations, there are two significant relations among the rest of variables. LMX is significantly and positively correlated to RLMX ($r=0.707, p=0.000$). And LMX has a nearly and negatively relationship to perceptions of OPPA ($r=-0.198, p=0.051$). Thus, hypotheses 1 is supported.

As table 1 shows, it can be seen that LMXD has no significant relationship with LMX, RLMX and perceptions of OPPA. All will be discussed in next chapter.

Table 1 Descriptive statistics and correlations (n=99)

Variable	M	SD	1	2	3	4	5	6
1. Age	32.810	10.005						
2. Gender	1.455	0.500	-0.147					
3. Dvadic	3.116	3.962	-0.083	-0.030				
4. LMX	4.989	1.054	0.284**	0.076	-0.060			
5. RLMX	0.000	0.745	0.101	0.038	-0.087	0.707**		
6. LMXD	0.740	0.537	-0.204*	-0.084	-0.032	-0.152	0.000	
7. OPPA	3.224	0.874	-0.253*	0.181	-0.058	-0.198*	0.000	-0.185

Gender is coded as male=1, female=2

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

5.2. Moderation of RLMX

Using SPSS to run hierarchical linear regression analysis for moderation of RLMX, in the first step, I entered the control variables (employee age, gender, dyadic tenure), LMX and RLMX, which yields significant R^2 for perceptions of OPPA. As Table 2 displays, Adj R^2 is 0.098; the beta of LMX and RLMX effect on perceptions of OPPA are -0.343 and 0.247 respectively with p less than 0.05. Interaction of LMX and RLMX was entered in Step 2 and it explained a significant amount of variance in perceptions of OPPA. The beta weights associated with the interaction of LMX and RLMX in the regression equation are significant ($\beta=-0.643, p<0.05$) and increased the explained variance (Adj $R^2=0.142, \Delta R^2=0.050, p<0.05$).

Table 2 Hierarchical linear regression for moderation of RLMX (n=99)

Variable	B	SEB	β	Adj R^2	ΔR^2	SS _{reg}	SS _{residual}
Step1				0.098*	0.145*	10.696	63.316
Age	-0.015	0.009	-0.164				
Gender	0.303	0.171	0.174*				
Dyadic	-0.015	0.021	-0.067				
LMX	-0.284	0.119	-0.343*				
RLMX	0.289	0.162	0.247*				
Step2				0.142*	0.050*	14.407	59.605
LMX	-0.317	0.117	-0.383*				
RLMX	1.027	0.348	0.876*				
LMX*RLM	-0.151	0.063	-0.643*				

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The moderation effect was plotted and is depicted in Figure 1. As showed in Figure 1, when relative LMX is low, the relation between LMX and perceptions of OPPA is less negative. Oppositely, when individuals have high relative LMX , the absolute quality

of LMX matters more in affecting the perceptions of OPPA. Hence, hypothesis 2 is supported.

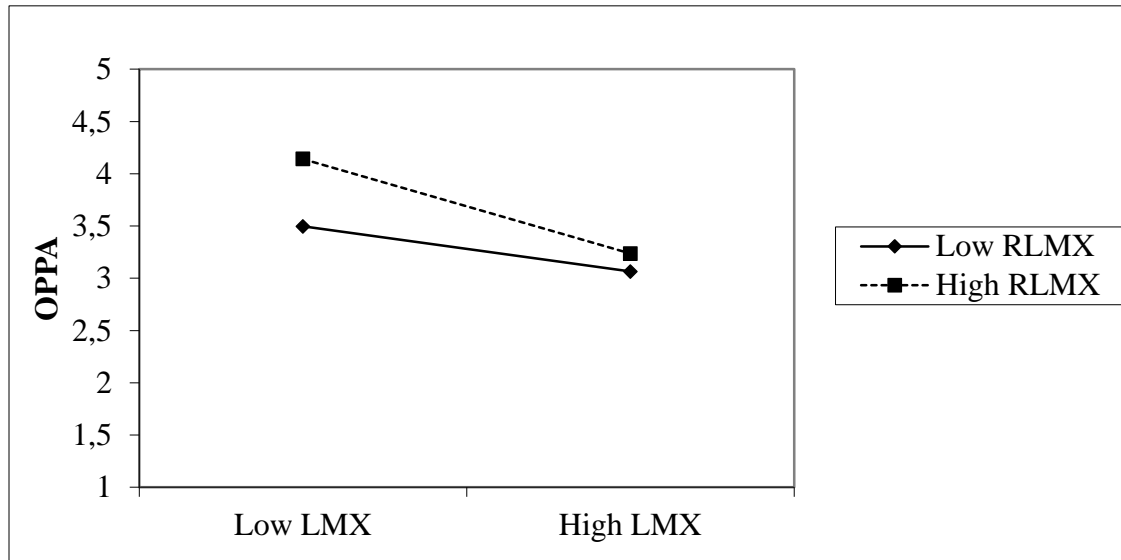


Figure 2 Moderation of RLMX between LMX and perceptions of OPPA

5.3. Moderation of LMXD

The hypothesis test for the moderation of LMXD in the relation between LMX and perceptions of OPPA is presented in Table 3. In the first step, LMX and LMXD are entered and there is a significant relation with perceptions of OPPA. The beta of LMX and LMXD is -0.183 and -0.261 respectively with p less than 0.05 (Adj $R^2=0.133$, change of $R^2=0.178$, $p<0.05$). However, in step 2, the change of R^2 is 0.001, which means that moderation of LMXD in relations between LMX and perceptions of OPPA is not significant ($B=0.033, \beta=0.107, p>0.05$). Hence, hypothesis 3 is not supported.

Table 3 Hierarchical linear regression for moderation of LMXD (n=99)

Variable	B	SEB	β	Adj R ²	ΔR^2	SS _{reg}	SS _{resid}
Step1				0.133*	0.178*	13.186	60.826
Age	-0.022	0.009	-0.250*				
Gender	0.241	0.168	0.138				
Dyadic	-0.021	0.021	-0.096				
LMX	-0.151	0.083	-0.183*				
LMXD	-0.423	0.159	-0.261*				
Step2				0.125*	0.001	13.259	60.753
LMX	-0.190	0.144	-0.230				
LMXD	-0.581	0.503	-0.358				
LMX*LMX	0.033	0.101	0.107				

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

6. Discussion

In this article, we aimed to investigate the relations between LMX, LMX differentiation and OPPA. For LMX differentiation, it is measured by two different constructs: relative LMX and LMXD. Controlling for variables which may influence the relation between LMX and OPPA, it was found that LMX is negatively correlated with perceptions of OPPA and RLMX moderates this relationship. Also, LMXD has a negative relation with perceptions of OPPA, however, it does not moderate the relation between LMX and perceptions of OPPA.

LMX is negatively correlated to perceptions of OPPA, which is consistent with previous research (Dulebohn et al. 2011) that LMX has a negative association with perceptions of politics. Organizational politics in performance appraisal is a subset of perceptions of politics. Previous studies (Burton, Sablinski, & Sekiguchi, 2008; Piccolo et al., 2008) suggested that subordinates of high quality exchange relationship with their leaders have stronger reactions to perceptions of fairness because they have higher expectation of treatment by organizations and it makes justice perceptions more salient. Supervisors form different quality (high vs. low) relationship with subordinates (Graen & Uhl-Bien, 1995). High quality LMX subordinates are characterized by trust, loyalty, support by their leaders, however, low quality LMX subordinates get less resource from their leaders (Erdogan et al., 2004). High quality of LMX subordinates will have more trust in their leaders and have more salient fairness perceptions of context.

Moreover, contextual factors such as rater-ratee relationship affect reactions of ratee in PA. A meta-analysis by Shaun Pichler (2012) indicated that rater-ratee relationship quality has a strong correlation with ratee reactions to performance appraisals. Rater-ratee relations are negative related to appraisees' perceptions of appraisal politics (Dhimana and Maheshwari 2013). Ratees' perceptions of fairness as reaction

of the PA process is essential to appraisal politics because the process provide an acceptable standard and fairness with a common view of treatment in the organization. Politics and justice are negatively related (Dulebohn and Ferris 1999; Andrews and Kacmar 2001; Aryee et al. 2004). When appraisees perceive PA process with an acceptable standard and fairness, they will have fewer perceptions of appraisal politics.

Usually, rater-ratee relationship can be regarded as leader-follower relationship in an organization, which is rooted in leader-member exchange relationship. In LMX theory, leaders develop different relationships with their followers in different ways of social exchange (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Graen & Scandura, 1987; Liden & Graen, 1980). Leader-follower relationship is the central unit analysis and it concentrates on two-ways relationship between a leader and a follower leading to different relationships ranging from low to high quality. And these LMX qualities are always related to reactions of followers.

Hence, perceptions of OPPA as reactions of ratee in PA, are influenced by LMX. High quality LMX subordinates feel more trust with their supervisors and perceive PA procedures as more just, which means that the process provides an acceptable standard and fairness according to shared views and subordinates perceive less organizational politics in performance appraisal. However, low quality LMX subordinates receive less resource from their supervisors and they may feel more unfair in performance appraisal, which leads to high perceptions of organizational politics in performance appraisal.

While LMX theory is dyadic in nature, it is necessary to investigate the relations between LMX and perceptions of OPPA in group-level phenomena. LMX differentiation creates the context among groups in which varied qualities of leader-follower relationship exist in nature (Liden et al., 2006). And in this article we analyzed the impact of LMX differentiation on perceptions of OPPA.

First of all, we found that there is significant positive relation between LMX and

RLMX. It is obvious that this strong relation is encountered because of how RLMX is calculated. LMX is measured by a questionnaire and RLMX corresponds to team member's LMX minus the average LMX in team. That means RLMX is derived from LMX and that the higher one's LMX the higher one's RLMX. Thus, RLMX is positively related to LMX.

LMXD is another measurement of LMX differentiation, which refers to standard deviation in the individual-level LMX scores for each work group to capture group-level variability in LMX (Liden et al., 2006). There is no similar results of two different measurements of LMX differentiation (RLMX & LMXD) on relations between LMX and perceptions of OPPA as these two measurements are different conceptual constructs, which can also be inferred by our correlation analysis of RLMX and LMXD (insignificant correlation). As Martin et al. (2016) reviewed, the RLMX is relative standing with multi-source measurement and it is the team member's LMX minus the mean team LMX (Ferris, 1985). Therefore high RLMX represents the team members' LMX being higher than the average LMX of their work team (Martin et al., 2016). It assesses the relative standing position that each team member's LMX compared to others in the work team. However, LMXD is measured by multi-source and it is calculated as the dispersion measure (in most cases, standard deviation). The higher score of LMXD, the greater is the variance in team member's LMX (Martin et al., 2016). Although these two measure LMX differentiation, they refer to diverse levels and constructs in work team so it is obvious that they are different concepts.

As regression analysis showed, RLMX moderates the negative relations between LMX and perceptions of OPPA. Subordinates have different standing relationships within groups compared with other relative members. And LMX is not only in form of absolute value but also in form of relative value (Hogg, 2005).

Combined with social comparison theory, it is inevitable for team members to compare their relative standings of LMX relationships with other members (close and

similar workers) or more commonly the team average. As researchers (Hu & Liden, 2013; Festinger, 1954; Thomas et al., 2013; Martin et al., 2016) suggested, these team members have highly similar situations, for example, possessing the same leader, skills, capabilities and similar daily events as well as they are given objective standard of relationship quality for a benchmark comparison, which makes team members confronted with these evidence of different relationships with leaders leading to inevitable comparison. Therefore, subordinates would like to compare their LMX quality with others who are close or similar to them or the team average level in nature. Thus it is interesting to take into account the relative position of members within the team.

These can be explained by social identity theory which states that individuals are motivated to form their self-concepts and see themselves positively through salient group classifications and characteristics such as group attitudes, process and composition (Tajfel & Turner, 1986; Tse et al., 2012). And subordinates compare their standing with other members' LMX to form their self-concepts. As researchers (Buunk & Gibbons, 2007; Henderson et al., 2008; Vidyarthi et al., 2010) indicated, low or high RLMX is related to self-concepts and high RLMX subordinates experience feelings of superiority and respect versus those with low RLMX, and these high RLMX subordinates access more benefits and resources from their leaders than those of low RLMX. However, it also depends on the overall quality of LMX. This is what we found, that RLMX is not directly related to OPPA but moderates the impact of LMX. Overall LMX quality influences perceptions of OPPA to a larger or smaller extent depending on whether an employee is low or high in relative standing. Specifically, when employees are above the average level of LMX, they perceive a higher level of OPPA if they are of absolute low quality of LMX. However, if they have high quality of LMX, they will have a lower level of perceptions of OPPA. On the other hand, when an employee is lower than the average level of LMX, the absolute quality of LMX is less important as there are not many differences in terms of perceptions of OPPA.

Hence, organizational justice theory provides the proper explanation for the result. When employees are above the average level of LMX but of low quality LMX, they think most of them are pretty low of LMX quality, so they will think that their leaders pursue self-interest, which attributes to unjust perceptions and more perceptions of OPPA. On contrary, when subordinates of high quality of LMX are above the average of LMX, they think all of them are of good quality with leaders resulting in fair perceptions and fewer perceptions of OPPA.

Another measurement of LMX differentiation is LMXD, which measures LMX variance (standard deviation). The regression analysis shows that LMXD is negatively related to perceptions of OPPA, but it does not moderate the relations between LMX and perceptions of OPPA. For the main effect by LMXD on perceptions of OPPA, it can be explained by LMX theory and justice theory. According to LMX theory, it is inevitable and reasonable to have some level of LMX variance because leaders possess insufficient time and resources to develop high quality relationships with all team members (for reviews see Graen & Uhl-Bien, 1995; Henderson, Liden, Glibkowski & Chaudry, 2009; Liden, Erdogan, Wayne & Sparrowe, 2006; Martin et al.,2016). And by resource utilization perspective, team members vary in the abilities, skills and motivation that they may not perform the roles effectively so differentiation of LMX allows a better fit between capabilities and work assignments for better performance (Danserau 1995; Danserau et al., 1995; 1998; Sparrowe & Liden, 1997). Thus, to some extent team members are tolerant for differential treatment by leaders, or even they accept this differentiation which is in nature. Considering justice theory, there are two opposing principles: the equity principle, which is in line with rewards commensurate to contributions, and the equality principle that states that outcomes and rewards should be equally distributed across all members irrespective of relative inputs (Adams, 1965; Greenberg, 1982). Low LMX variance (LMXD) fulfills the norm of equality whereas high LMX variance (LMXD) fulfills the norm of equity in relation to rewards (Martin et al.,2016). That means rewards are equally distributed when there is similar LMX in groups (low LMXD), which is not respected by their

relative inputs of rewards. And when team members have diverse LMX with their leaders in groups (high LMXD), followers are treated with consideration of their contributions. Hence, followers regard different LMX as nature and they think it is equal and fair for leaders to treat members differently according to varied performance and contributions. As a result of that, followers think they should have different rewards and resource from their leaders. When leaders have diverse LMX with subordinates (high LMXD), subordinates will perceive them as more fair leading to fewer perceptions of OPPA. However, when leaders have similar LMX with subordinates (low LMXD), subordinates may perceive unfair regardless inputs to rewards leading to higher perceptions of OPPA. This result of a negative main effect by LMXD on perceptions of OPPA is based more on equity of followers' inputs to rewards.

In this article, it is not supported that LMXD moderates the relations between LMX and perceptions of OPPA. If we also take the equity principle which explains the main effect of LMXD into consideration in this moderation, then it does not make a difference whether an employee has better LMX or worse LMX. In all cases, individuals perceive less OPPA when the leaders are able to have different relationships with all members because this is what is expected during performance appraisal regardless of employees' own quality of exchange. More interestingly, when it is included LMXD in the regression analysis, the impact of individual LMX quality is not significant. This means that the variance in the group affects one's perceptions of OPPA even more.

7. Limitation

In this article, we collect data through self-report from different organizations. The size of groups reporting to the same leader ranged from 2 to 4, however, in reality, leaders in this sample manage groups of subordinates ranging from 3 to 37. That means the data we collected do not necessarily represent all the team members. And it is hard to collect data from all team members. Also, the size of sample is 99, which is a small sample that may need to be improved. Moreover, we use LMXD (standard deviation) to conceptualize LMX variance, which is less appropriate analysis method compared with social network techniques. Hierarchical regression analyses are conducted at the individual level of analysis, which do not take into consideration that some employees report to the same supervisor, so we do not account for their group membership. Therefore, these limitations should be enhanced in future research.

8. Future Research

The first development area is to focus on other measurements of LMX variance. Many researchers tend to look at the dispersion but not at the shape as property of the LMX distribution. The shape of distribution focuses on the patterns of scores between team members. As Martin et al (2016) review, there are a number of potential dispersion patterns including; uniform (all team members have the same LMX quality), bell shape (normally distributed about a mid-point), bell shape (sub groups of good and poor LMX), skewed (proportionally more team members with high or low quality LMX). Thus, it is necessary to investigate more in potential dispersion of LMX variance.

The second development area concerns more appropriate statistical techniques. With

respect of RLMX, difference scores are notoriously difficult to interpret and recent advances in this area recommend the use of polynomial regression as a way to mitigate against many of these problems (Martin et al.,2016). Considering LMXD, there is social network technique that is more effective to assess LMX variance than standard deviation. And it is anticipated that these ways can examine more exactly about the relations between individual and other team member's LMX.

The third area for development is the leadership context. As LMX framework indicated, leadership as antecedents will influence the different quality of leader-follower relationships. Also, there are researches focusing on transformational -transactional leadership with upward influence by employees, which is related to RLMX and POS (Epitropaki & Martin, 2013). That means subordinates take upward tactics to influence leaders of different leadership in varied conditions (high/low RLMX and high/low POS). Moreover, coaching leadership style can reduce organizational politics in performance appraisal (OPPA) (Dello Russo et al., 2016). Thus, it is possible that leadership style has an impact on perceptions of OPPA and is in turn affected by LMX quality or LMX differentiation.

The fourth development area is to investigate these relationships in LMX dyad, which means to capture both perceptions of leader and member in LMX and appraisal politics. In this article, it is measured by only perceptions of subordinates, however, sometimes it is so different in the role of leaders. For appraisal politics, leaders manipulate ratings with their motivations but subordinates also have their political behaviors such as upward influencing tactics. Hence, dyadic LMX researches will make sense in this situation.

The fifth development area is to search for new theoretical models to support the relations between LMX differentiation and outcomes. In this article, we utilize organizational justice theory to explain the relations between LMX differentiation and perceptions of OPPA. However, it can be observed that some researches are in disagreement and propose alternative assumptions and results. Thus, it is necessary to

develop new theoretical models for innovative explanation of outcomes. Also, this disagreement of researches may result from lack of longitudinal research.

9. Practical Implication

These results are useful for leaders in conducting performance appraisal. They concentrate on justice context perceived by employees. Leaders that have different quality relationships with subordinates to some extent influence the perceptions of justice in performance appraisal. Members who have low quality relationship with leaders will perceive their leaders manipulating ratings. So leaders should be trained to implement performance appraisal systematically. Especially, leaders should avoid having low relationships with most of the members, because low LMX subordinate will perceive leaders have self-interest in performance appraisal when most of the members are low quality relationship with leaders,

It is interesting that when there are diverse relationships with leaders in groups, subordinates will perceive more fairness in performance appraisal, and it will not be influenced by their high or low relationships with the leader. It is what performance appraisal expected that leaders should have different relationships with members because team members vary in the abilities, skills and motivation that they may not perform the roles effectively. Therefore, leaders should be trained to utilize the resource and manage teams effectively according to different members' ability, skills and motivations. And performance management system should be designed based with the context effects.

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