

Chapter 2

The Effects of Perceived Organizational Support and Leader–Member Exchange on Contextual Performance: A Study in the Banking Sector

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ABSTRACT

In this research, the relationship between perceived organizational support (POS) and leader- member exchange (LMX) with contextual performance is analyzed on the basis of social exchange theory and the norm of reciprocity. To achieve this, data was collected from 314 employees working in twenty-five bank branches in Ankara, Turkey. According to the correlation analysis, it has been found statistically significant that POS and LMX have positive relationships with contextual performance. Besides, affect, loyalty, contribution and professional respect dimensions of LMX have positive and significant relationships in terms of statistics with contextual performance. According to multiple regression analysis, the positive effect of POS on contextual performance has been found statistically significant. Similarly, the positive effect of LMX on contextual performance has been found statistically significant, too. Again, it has been identified that the positive effects of affect, loyalty, contribution and professional respect dimensions of LMX on contextual performance are statistically significant.

INTRODUCTION

In recent years, it has been more important to observe social relations between employees in the organizations, due to increasing social exchanges and needs in the business environment. In this context, one of the most important theories in social sciences, social exchange theory, signals that if one party does a favor to another, and the other party responds by doing favor, then social exchange relationships are established (Blau, 1964). In this respect, social exchange theory designates the basis for the subject of

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this chapter which is investigating the effects of perceived organizational support and leader-member exchange on contextual performance of employees. It is because social exchange theory explains attitudes and behaviors of employees towards their organizations, supervisors and coworkers (Cropanzano and Mitchell, 2005).

In the organizational support, one party is the organization and the other one is employee (Eisenberger, Armeli, Rexwinkel, Lynch and Rhoades, 2001) whereas, in leader-member exchange one party is the leader and the other one is employee (Stinglhamber and Vandenberghe, 2003). On this basis, in organizational support, social exchanges are established between the employee and the organization. In leader-member exchange, social exchanges occur between the employee and his/her leader or supervisor.

According to literature review, although organizational support and leader-member exchange are different constructs, they have similar consequences. Among them the most striking ones are; organizational commitment (DeConnick and Johnson, 2009), job satisfaction (Shore and Tetrick, 1991), organizational citizenship behavior (Randall, Cropanzano, Bormann and Birjulin, 1999) and employees' job performance (Chen, Eisenberger, Johnson, Sucharski and Aselage, 2009). There has been a little interest among scholars especially on employees' task performance, even less interest on contextual performance. So, the aim of this study is to put forth the effects of social exchange relationships on contextual performance which is a relatively new concept in management literature and needs to be enlightened from many perspectives. In this chapter it will be figured out if there are significant effects of the social exchange relationship sources of the organization and the leader or supervisor on the contextual performance of employees which is a key component of job performance that in turn leads to organizational effectiveness.

BACKGROUND

Perceived Organizational Support

Perceived organizational support was firstly introduced by Eisenberger, Huntington, Hutchison and Sowa, (1986) to explain employees' organizational commitment (Wayne, Shore and Liden, 1997). The concept of perceived organizational support was defined as, general beliefs of employees on their organization's caring about their well-being and appreciating their contributions for the organization (Eisenberger, et al., 1986). These general beliefs help employees behave positively in the organization (Gakovic and Tetrick, 1993; Rhoades and Eisenberger, 2002; Riggle, Edmondson and Hansen, 2009).

The basis of the perceived organizational support is on the theories dealing with social relations (Baranik, Roling and Eby, 2010; Coyle-Shapiro and Conway, 2005; Eisenberger, Cummings, Armeli and Lynch, 1997). Among these are, social exchange theory (Blau, 1964; Emerson, 1962), norm of reciprocity (Gouldner, 1960), psychological contract theory (Schein, 1980) and organizational support theory (Eisenberger, et al., 1986). From the perspective of social exchange theory, Homans (1961), contributed to the literature by gaining the perspective of going on social exchange relations by the parties based on authority, power, justice and leadership. Blau (1964), handled the issue from the perspective of sustainable benefits. Emerson (1962), underlined the power issue on the social exchange relationships. In sum, according to all the stated theories, perceived organizational support is a form of social exchange relationship in which one party is employees and the other one is the organization. If the organization provide benefits to the employees and appreciate their performance, then they tend to reciprocate by perceived organizational support.

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