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When Managers Decide Not to Decide Autocratically: An Investigation of Leader-Member Exchange and Decision Influence

Terri A. Scandura and George B. Graen
Department of Management, University of Cincinnati

Michael A. Novak
University of Massachusetts

Results of a cross-sectional research study that attempts to identify the antecedents of decision influence in managerial dyads are reported. Data were collected from a large U.S. manufacturing organization, and LMX and decision influence were measured from both subordinate and superior points of view. Results indicate that important antecedents of Decision Influence are the quality of leader-member exchange (LMX) and the subordinate's performance level. This research constitutes a U.S. replication of the interaction pattern of LMX and subordinate performance on career outcomes that have been documented in Japanese work organizations. These Japanese findings are extended by the inclusion of both superior and subordinate points of view. It was found that superiors show a noncompensatory model regarding decision influence: The subordinate must possess high performance and exchange skills. In contrast, subordinates show a compensatory model in which higher performance can compensate for lower LMXs.

Making decisions is one of the most important functions performed by managers in organizations. So many of the activities of managers involve decision making that the nature of managerial work can be characterized as the making of decisions that enhance the effectiveness of the work unit and ultimately the organization. From a career perspective, executives advance based in large part on their decision-making performance. Hence, the process of decision making is a central aspect of the managerial role.

A manager may make a decision alone or together with other persons in the organization. It is common practice for managers to have subordinates participate in making decisions. The involvement of subordinates in a manager's decisions is usually referred to by the term *participation*. This term has been defined in different ways by various writers, and it is sometimes used synonymously with other terms such as *consultation*, *joint decision making*, *power sharing*, *decentralization*, and *democratic management*. In the literature on organizational behavior, participation usually refers to a management style or type of decision procedure through which subordinates exert influence on some of the manager's decisions through shared decision making (Loeke & Schweiger, 1979; Yukl, 1981). In this article, joint decision making on nontrivial decisions will be referred to as the degree of decision influence the subordinate is permitted to exert.

Decision Influence

Decision influence, however, is not an all-or-none process. There are a variety of different decision procedures that can be

used by a manager to involve subordinates in making nontrivial work unit decisions. Some procedures provide more subordinate influence over a decision than do others. Several different typologies of participative decision procedures have been proposed (Heller & Yukl, 1969; Strauss, 1977; Tannenbaum & Schmidt, 1958; Vroom & Yetton, 1973). Any of these sets of decision procedures can be ordered along a decision influence continuum, ranging from no subordinate influence at one end of the continuum to a great deal of subordinate influence at the other end of the continuum. Although more elaborate typologies exist, the minimum number of distinct and meaningful decision procedures appears to be the following four:

1. Autocratic decision. The leader makes a decision without asking for the opinions or suggestions of subordinates, and subordinates have no direct influence.

2. Minimal decision involvement. The leader asks for subordinates' opinions and suggestions and then makes the decision by himself or herself; the decision is likely to reflect limited subordinate influence.

3. Consultation. The leader meets with a subordinate to discuss the decision problem and seeks information, ideas, and suggestions about aspects of the issue. The manager makes the decision, which reflects as much subordinate input as possible.

4. Collaboration. The leader and subordinate analyze the entire problem, ideas, and suggestions; subordinate input often approaches that of the leader.

5. Delegation. The leader allows the subordinates to make the decision after having shared his or her input to the problem.

Despite numerous prescriptive guidelines regarding decision participation (Tannenbaum & Schmidt, 1958; Vroom & Jago, 1978), empirical research on the topic is sparse. The purpose of this research is to increase our understanding of an aspect of decision participation (decision influence) by examining dyadic processes that appear to be antecedents to manager-member collaboration where a subordinate experiences a high degree of decision influence.

At the dyadic level of analysis, subordinate decision influence

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Correspondence concerning this article should be sent to Terri A. Scandura, Department of Management, University of Cincinnati, Cincinnati, Ohio 45221-0165.

is an understudied facet of the more widely researched and complex construct called "participative decision making" (Locke & Schweiger, 1979; Wood, 1973). Decision influence has also been recognized as a major indicator of managerial power sharing (Heller, 1971) and, as such, may be seen as a major contributor to leader effectiveness (Kanter, 1980; Pfeffer, 1981). It is, therefore, reasonable to expect that higher quality manager-member relations will be related to the subordinate's decision influence.

Leader-Member Exchange

One way to examine the decision influence process within managerial dyads is the model of leader-member exchange (LMX; Graen & Scandura, in press). Leader-member exchange is (a) a system of components and their relationships (b) involving both members of a dyad (c) in interdependent patterns of behavior and (d) sharing mutual outcome instrumentalities and (e) producing conceptions of environments, cause maps, and value. Let us unpack this complex set of phrases and discuss each component. First, a system of components and relationships indicates that it is not merely a perception of one or even both parties. Rather, it is an interrelated set of possible events that are coupled. Second, this system involves both members of the dyad and can be affected by the action of either member. When either member of the dyad changes, the LMX is dissolved, and a new exchange is produced. Third, the two members are in interdependent patterns of behavior. Hence, they depend upon each other for task completion. Fourth, they share mutual outcome instrumentalities. This means that the valued outcomes accruing to each party are dependent, and they gain or lose together. They share both credit and blame—good fortune and ill fortune. Fifth, they produce through their interdependent patterns of behavior, shared conceptions of their environments, cause maps, and value. This means that the output of the dyad is the development of (a) methods of understanding various situations (conceptions of environments), (b) solutions to various puzzles (cause maps), and (c) valued services or products.

Although this definition is admittedly complex, it contains most of the essentials of the construct called "leader-member exchange." Clearly, it is assumed to have both organizational and career relevance. In support of these assumptions, a series of longitudinal studies conducted by Graen and his colleagues to investigate the developmental activities of managers has revealed that a measure of LMX between a manager and his or her immediate supervisor predicted a number of organizational and career relevant outcomes: The amount of manager attention and support and the severity of job problems (Dansereau, Graen, & Haga, 1975), the level of job satisfaction and the magnitude of member contributions to work unit goals and performance (Graen & Cashman, 1975; Liden & Graen, 1980), the degree of agreement between leader and member on job issues (Graen & Schiemann, 1978), and employee turnover (Graen & Ginsburgh, 1977; Graen, Liden, & Hoel, 1982). Results of these longitudinal studies support the predictive validity of the LMX concept for a variety of career outcomes.

Decision influence is a career outcome that has been predicted by the LMX measure (Dansereau et al., 1975; Graen & Cashman, 1975; Wakabayashi, Minami, Sano, Graen, & Novak, 1980). According to the LMX model, subordinates experi-

encing the reciprocal trust characteristic of high-quality exchanges with their immediate supervisors should be asked to participate in many nontrivial decisions affecting the work unit.

A second factor contributing to decision influence is the performance level of the subordinate. Locke and Schweiger (1979) reviewed the literature on participative decision making and concluded that the single most important contextual factor determining the usefulness of joint decision making was subordinate expertise. Because decision influence is a career outcome that has been shown to be related to the quality of LMX and subordinate expertise, the present research will extend previous research by examining the interaction of LMX and the subordinate's performance as predictors of decision influence. The interaction of LMX and subordinate performance potential as a predictor of career outcomes has been examined in a study of managerial progress in Japanese organizations. Wakabayashi and Graen (1984) showed that LMX demonstrates strong (52% of total variance) and significant ($p < .001$) predictions over time (a 7-year criterion period) for the management progress of Japanese managers. In this study of 72 college graduates, the quality of the LMX (measured by a Japanese translation of the LMX measure) during the first 3 years predicted 7th-year speed of promotions. Among the managers who developed the higher quality exchanges, 62% were promoted early (fast track) and only 2% were promoted late (slow track). In contrast, among those who did not develop high-quality exchanges, only 40% were promoted early and 23% were promoted late. In addition, a moderated regression analysis showed that the LMX combined (interacted) with measured performance potential to predict 7th-year promotions. Performance potential only made a difference when the quality was lower; it appears that higher potential compensated for the lower LMX. These results suggest that Japanese managers may have two alternative career paths: Possess higher performance potential or develop higher quality LMX. The present research will attempt to replicate this finding in a U.S. manufacturing organization. Based on the Wakabayashi and Graen (1984) results, the following interactions are hypothesized.

Hypothesis 1. The interaction of subordinate LMX and the performance of the subordinate will be related to the degree of decision influence, as perceived by the subordinate.

Hypothesis 2. The interaction of subordinate LMX and the performance of the subordinate will be related to the degree of decision influence, as perceived by the superior.

Hypothesis 3. The interaction of superior LMX and the performance of the subordinate will be related to the degree of decision influence, as perceived by the subordinate.

Hypothesis 4. The interaction of superior LMX and the performance of the subordinate will be related to the degree of decision influence, as perceived by the superior.

To test these hypotheses, data were collected on 58 managerial dyads in a large manufacturing facility. Results of this cross-sectional research study will be reported in which perceptions of the degree of subordinates' decision influence were obtained from both the superior and subordinate points of view. In addition, measures of the superior's perception of the subordinate's performance and of the quality of the LMX viewed by both superiors and subordinates were obtained.

Table 1
Correlations Among LMX, Performance, and
Decision Influence Variables ($N = 58$)

	<i>M</i>	<i>S</i> ²	1	2	3	4	5
1. Leader—member exchange (LMX)	26.86	25.81	(.86)				
2. Superior leader—member exchange (SLMX)	28.14	6.66	.24	(.63)			
3. Subordinate decision influence (DI)	27.76	59.75	.45**	.18	(.90)		
4. Superior decision influence (SDI)	31.81	19.18	.25*	.32**	.41**	(.73)	
5. Subordinate performance (ERS)	29.07	20.16	.36**	.47**	.30**	.41**	(.88)

Note. The main diagonal contains reliability estimates (internal consistency coefficients using Cronbach's alpha), computed on unit-weighted scales.
* $p < .05$. ** $p < .01$.

Method

Site and Participants

The participants in this research study were 58 salaried employees and their respective superiors in a large, midwestern manufacturing facility. All but 11 of the participants had bosses above first-level management positions. All were volunteers and came from the major functional departments of the organization: Production, finance, marketing, personnel, engineering, management information systems (MIS), and purchasing. Their superiors spanned several levels of management. All the superiors reported on were male, whereas 93% of the subordinates were male. Thus, the point should be noted that this male-dominated sample, typical of many industries though it may be, essentially examines male's perceptions of males and their behavior.

Procedure

The questionnaires were administered to the sample of 101 participants while they were attending a management training program. Each was given a separate packet for his or her superior to complete, should he be willing. Superiors' responses were mailed directly back to the researchers. A total of 96 subordinates completed the questionnaire, and the superiors of 61 subordinates completed questionnaires, of which 58 superior-subordinate paired questionnaires were usable.

Instrumentation

Subordinates' report. To assess the quality of the leadership relationship, the 7-item LMX measure was used (Graen, Novak, & Sommerkamp, 1982; Scandura & Graen, 1984). This form of the LMX is an expanded version of the 4- and 5-item versions developed by Graen and Cashman (1975) and Graen and Schiemann (1978). The reliability estimate (Cronbach alpha) for this measure was .86.

An 8-item Likert-style measure of subordinate decision influence with the leader developed by Novak (1984) based upon Heller (1971) was included. In this study, decision influence refers to the subordinates' perception of the extent to which the superior involves him or her in nontrivial decisions facing the superior and potentially affecting the subordinate. The reliability estimate (Cronbach alpha) for this measure was .90.

Superiors' report. The superiors completed a questionnaire that contained a parallel scale of decision influence and leader-member ex-

change (SLMX). The reliability estimate (Cronbach alpha) for the superior's decision influence measure was .73. The SLMX measure contains a set of seven questions, which parallel those asked of the member about the relationship. As in the LMX, the centroid question asks about the relative effectiveness of the dyadic working relationship. The main difficulty with this and other measures of the dyad taken from the superior's point of view is the tendency for superiors to respond somewhat defensively and give "socially desirable" answers. For example, there appears to be a tendency for superiors to say that they treat all subordinates alike. They are reluctant to discriminate between lower and higher quality LMXs. Apparently, they are apprehensive about a perceived evaluation of the adequacy of their role performance. It is not unusual on the first wave of data to get a severe restriction of range of superiors' reports compared to their members' reports about the same LMXs. Fortunately, over repeated waves the superiors' reports become less restricted and show progressively higher agreement with their members' reports. In this study, superiors' reports showed restriction of variance: Superior standard deviation was 2.58 and that for member was 5.08 on the respective measures of LMX. Cronbach alpha for this measure was .63. Reports on decision influence showed a similar restriction of range. In addition, the superiors completed a 7-item performance measure entitled Employee Rating Scale (ERS), developed by Graen, Dansereau, and Minami (1972), which assessed the superior's view of the subordinates' performance level. The reliability estimate (Cronbach alpha) for this measure was .88.

Analysis

Moderated multiple regression analysis (Cohen & Cohen, 1975; Zedeck, 1971) was used to detect the presence of significant interaction effects. These effects are analogous to multiplicative effects in factorial analysis of variance (ANOVA) designs. In the moderated regression procedure, leader-member exchange (LMX and SLMX) and subordinate performance (ERS) were first treated as predictors. The dependent variables (supervisor and subordinate perceptions of decision influence) were separately regressed on the two and three predictors and the significance of the unique contributions (in criterion variance) made by the interaction terms were determined.

If significant interactions were found, then the distributions of the predictor variables were dichotomized (low vs. high), and the cell means for this 2×2 matrix were calculated. These means were then plotted to illustrate the form of the interaction effect, as suggested by Arnold (1982, 1984).

necessary condition for decision influence. Subordinates in this group receiving low performance ratings from their superiors perceived very low levels of decision influence. This interaction was not significant from the superior's point of view.

Results of the moderated regression analysis for the SLMX \times ERS interaction on superior and subordinate perceptions of decision influence are shown in Table 3. As shown in the table, a significant interaction ($p < .05$) for SLMX \times ERS on superior decision influence was found. The interaction term accounted for 9% unique variance in decision influence, from the superior's point of view. The full regression model accounted for 28% of the variance in superior perceptions of decision influence. The form of this significant interaction is depicted in Figure 2. As this interaction plot shows, superiors who reported higher levels of LMX and who gave their subordinates high performance ratings (ERS) reported higher levels of subordinate decision influence. The means for the other cells in the matrix are not significantly different. This interaction was not significant from the subordinates' point of view.

Discussion

The purpose of this research study was to identify the antecedents of decision influence from both the superior and subordinate points of view. Specific antecedent variables examined were the quality of the leadership relationship (LMX and SLMX) and superiors' ratings of the subordinates' performance (ERS). Specific hypotheses regarding the relations among these variables were tested, and Hypotheses 1 and 4 were supported by data collected from a large manufacturing facility.

First, it is interesting to note that two different interactions were significant for subordinate and superior perceptions of decision influence. Although significant agreement was found between the two measures, relevant antecedent factors appear to be different for superior and subordinate perceptions of decision influence. From the subordinates' point of view, the quality of LMX and the supervisor's perception of subordinates' performance (ERS) appear to be critical conditions for decision influence. Subordinates having high-quality LMXs reported high levels of decision influence, regardless of their superior's ratings of their expertise. However, for subordinates having relatively poor-quality LMXs, it is critical that their superior perceive them as having a high level of performance, in terms of decision influence. These results suggest a compensatory model for the subordinates' perceptions of decision influence. High levels of rated performance can compensate for a poor-quality LMX and vice versa. This empirical finding replicates the pattern found by Wakabayashi and Graen (1984) in Japanese organizations.

In contrast, for the superiors' perceptions of decision influence, a noncompensatory model appears to be more appropriate. The superiors report that both high ability and LMX are necessary for the subordinate to participate in nontrivial decisions facing the superior.

We speculate that the model of the underlying process of sharing influence is only partially compensatory. Specifically, high effectiveness can compensate for low exchange quality but not vice versa. In other words, the pattern of influence sharing shown in Figure 1 with the adjustment of the low effectiveness and high exchange mean downward to close to the low effec-

tiveness and low exchange mean is compatible with this hypothesized model. This model also is compatible with the superior's results shown in Figure 2. The difference between our hypothesized model and the results for the subordinates is an apparent overestimation by one group—the low effective and high exchange group.

To check on this interpretation, an agreement analysis was performed on supervisor and subordinate views of decision influence. Results showed that only one of the four groups demonstrated significant disagreement—the low effective and high exchange group. In this group, the decision influence perceived by the subordinates was higher than that seen by their immediate supervisors.¹

One interpretation of this is that all subordinates may not be in positions to accurately evaluate the decision influence allowed by their superiors. Some may believe that they are getting a good deal of decision influence when they are participating in a large number (quantity) of decisions but their role is passive and neutral. This is more likely to occur when the subordinate's role is more of a "sounding board" than a "devil's advocate."

In the "sounding board" role the subordinate is primarily an audience concerned with the form of the argument (passive and neutral). In contrast, in the "devil's advocate" role the subordinate is an inquisitor who focuses on logic and counter argument (active and evaluative). Whereas the former requires patience and presence from the subordinate, the latter requires respect and trust by both parties.

In terms of the above four groups, the following hypotheses are offered. (a) The low effective and low exchange group would be unlikely to participate in many critical decisions of their superiors. (b) The low effective and high exchange group probably would be involved in many decisions but as a "sounding board." (c) The remaining two groups would have higher probabilities of being engaged as "devil's advocates" with the high exchange group somewhat more than the lower exchange group.

This has implications for studies on participation in decision making. When measures are taken of perceived decision influence, ratings of those subordinates not in positions to accurately assess the influence that they have received need to be calibrated. A process suggested involves collecting information from both parties to vertical dyads (superiors and subordinates) concerning not only evaluations of decision influence (e.g., perceived decision influence) but also descriptions of the decision process roles played by each (e.g., sounding board or devil's advocate). Triangulation of these data from both points of view could then guide appropriate calibration.

Decision influence is an important outcome for both the subordinate and superior alike. Having influence in decisions allows the subordinates to "practice" managing and is thus an important part of the socialization of managers. From the superior's point of view, being able to depend on subordinates for input or being able to share decision tasks will improve the superior's effectiveness. As such, decision influence is an impor-

¹ Moderated regression analysis on the agreement scores between superiors and subordinates within dyads showed a significant interaction contribution of the interaction and main effects model over the main effects model. All agreement means for the four groups were close to zero (highest agreement), except the low effective and low exchange group, which was significantly ($p \leq .05$) different (Z score mean of .70).

tant organizational resource that is exchanged in managerial dyads (Graen & Scandura, in press).

This research has replicated and extended the Wakabayashi and Graen (1984) results in a U.S. manufacturing facility. In addition, the findings of this research have provided some direction for future research on decision influence. Important antecedent conditions appear to be the quality of the LMX and the performance level of the subordinate involved in the exchange. The empirical research reported in this study found that subordinates appear to operate under a compensatory model, where high performance can compensate for a poor LMX. However, the superiors appear to operate under a noncompensatory model, in which the subordinate must possess both high performance and a high-quality LMX. Based on these findings, future research on decision influence and its antecedent conditions from multiple viewpoints appears to be warranted.

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