THE RELATIONSHIP BETWEEN PSYCHOLOGICAL PERFORMANCE AND LEADER MEMBER EXCHANGE

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Abstract - There are many studies being done in Organizational Behavior field, but as it can be seen from the existing literature about individuals' performance and its relationships with other organizational variables such as leadership behaviors. There might be a number of factors with physical and psychological contents which would influence the employees' behavior in organizations. From the existing gap in the Organizational Behavior literature, this study aimed to establish a literature background for psychological performance and leader member exchange theory.

Keywords - Psychology, Performance, Psychological Performance, Leader Member Exchange

I. INTRODUCTION

People are complex with a number of distinctive features and along with features, the personality is one of the important factors. People are naturally multi-dimensional, and it means that people don't have only physical features but also psychological, cognitive and social skills.

The transformation from the classical management period to the knowledge management period, employees became the most important asset for organizations and societies as well, and it increased competitions. Because of the shortage of skilled employees, organizations are motivated to create better working conditions. Especially, organizations are trying to improve physical and psychological conditions to be able to attract more prospective skilled employees. The reason for considering the improvement of the conditions is mental and emotional factors can affect employees' performance.

According to Tsearenko, Leao, and Tse (2018) employees have good relations with their co-workers and supervisors. Thus, it can be said that leader-employee relations are very important component for higher level individual and organizational outcomes. In addition, as an important factor for the positive organizational outcomes, psychological side of the employees' performance has significant relations with leader member relations.

II. LITERATURE REVIEW

Psychological Performance

According to Demirtas (2009) performance can be described as carrying out or completion of a given task in the manner of expectation. In general, a positive performance reflects the degree to which a person's efforts advance important organizational goals (Hogan& Shelton, 1998). A number of researchers indicated that performance evaluation could contribute to employee development (Wexley, 1979) and improvement of future job performance (Murphy & Cleveland, 1995; Jawahar, 2006).

Psychological performance theory is based on human motivation, development, well-being, self-esteem, self-efficacy, affectivity, hardiness and mental toughness. It can be defined as a psychological mood of organizational members towards individual job performance in their working environment.

Many studies supported that a lot of factors influence the individual's performance which affects the organizational outcomes. Although the psychological performance of the employees has an important role in a working environment no significant research are found in the available literature. Thus, the importance of psychological performance for organizations is discussed in this paper.

Leader-Member Exchange

As expressed by House and Adiya (1997) effective leadership is significantly affected by the good relationships between leader and subordinates. Leader-member exchange (LMX) theory is regarded as one of the most interesting theories, and includes the leadership processes as well as examination of the relationship between the outcomes of this process (Gerstner and Day, 1997). This theory, first named as Vertical Dyad Linkage Theory (Dansereau et al, 1975) and then as the LMX, principally assumed – from a different perspective compared to other leadership theories parallel to this idea – that the leaders do not present similar leadership styles in their relations with subordinates in the organization.

Leader-Member Exchange (LMX) was first introduced and studied as a vertical dyad linkage. LMX concept was described as a dyadic yet individual connection between leaders and their followers (Dansereau, Graen, & Haga,1975; Graen & Cashman, 1975; Graen, 1976). The LMX theory was originated in the 1970s by Dansereau and his colleagues. They designed the vertical dyad linkage theory (VDL) (Graen, Uhl-Bien, 1995; Day & Miscenko, 2015) that

concentrates the actual relationships between the leaders and their subordinates. LMX has become a widely utilized concept in business management and leadership literature; in addition business professionals and practitioners have been adopting this idea in their day-to-day management practices to ensure the effective performance of their teams. The LMX theory approaches the leader & follower case putting the dyadic interaction into the center of the issue.

In the context of LMX approach, followers move toward becoming team individuals dependent on how well they interact with the leader and whether they will extend their job duties. Followers who keep up just formal and title-based relationships with their leaders have difficulties to be a part of the group. Therefore, followers who are able to be in the informal group get additional attention, awareness, new possibilities and incentives.

According to this theory, roles of employees are shaped by the interaction with their superiors and as a result of this process, uneven relationship networks are established between leaders and followers of at various levels. The theory also suggests that the relationships between leaders and members follow a high-to-low quality process. Meaning, members attached to a leader can engage in high to low skilled employment relationships. Members of the organization in a high relationship type put more effort and enthusiasm and exhibit feelings for personal commitment; in some similar way leaders, by providing more social support to subordinates who are in this practice, offer rewards and motivational resources. Such high interaction evolves over time with the mutually reinforcing behaviors.

As emphasized by the literature findings, LMX has some positive influences for individual or organizational outcomes such as performance improvements, turnover intention, organizational identity and some others (Gerstner and Day, 1997; Dulebohn et al., 2012). Janssen and Yperen, (2004) also stated that employees will complete important and difficult tasks with good performance results if they have good relationships with their leaders. Thus, establishing a good LMX relationship will have a positive relationship with psychological performance of employees.

DISCUSSION

In today's more complex and dynamic environment, it is much more important to have sustainable growth for organizations. We also know that there are many internal and external factors that can have an important influence on individual and organizational outcomes. Thus, in this study we examined the relationship between psychological side of an employee's performance and leader member exchange. The main purpose of this literature review is to create awareness about the importance of having a psychological perspective of performance at work and its relations with leader member relations. In addition, this review is the first one which examines the literature on psychological performance at work and LMX relations.

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