

Leader-Member Exchange as a Mediator in the Relationship between Benevolence Value and Leader Effectiveness: An Insight into the Hotel Industry of Bali

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ABSTRACT

Manuscript type: Research paper.

Research aim: Some studies indicate that benevolence value directly affects leader effectiveness while others argue for the potential of the leader-member exchange (LMX) as a mediator. Aiming to delineate the mechanism of benevolence value and its influence on leader effectiveness, this paper specifically investigates the mediating role of the LMX on the two elements.

Design/ Methodology/ Approach: A survey is conducted on 131 leader-subordinate pairs who are from the hotel industry in Bali. The scales measuring the outcomes are adapted from previous studies and they carry strong reliability scores of between .78 to .95. The regression analysis is then used with the PROCESS to obtain results.

Research findings: Results indicate that the relationship between benevolence value and leader effectiveness is fully mediated by the LMX.

Theoretical contribution/ Originality: This research contributes to the body of literature by suggesting that: (1) the impact of benevolence value only occurs if subordinates perceive and feel a good relationship with their leaders; and (2) the degree of importance of LMX as a powerful mediator between leaders' values and positive outcomes depends on its context.

Practitioner/ Policy implication: This study highlights the importance of leaders to pay prime attention on their relationship with

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their subordinates, in order for their subordinates to understand and feel the leaders' concerns for them and thus become more motivated. This effort is especially important in the service industries, such as the hotel industry, in vertical-collectivistic culture.

Research limitation: In addition to the usual restraint of cross section design, the impact of this study is limited by its focus on only a single value (benevolence) from Schwartz et al.'s (2012) ten values.

Keywords: Benevolence Value, Indonesia, Leader Effectiveness, Leader-Member Exchange, Vertical-Collectivistic Culture.

JEL Classification: L20

1. Introduction

Despite the fact that research on leader effectiveness has been done extensively for many decades, it is nevertheless a perpetual area of research particularly in today's environment as work demands, work competitiveness and work challenges increase at the workplace. The term leader effectiveness has different meanings to different people. DeGroot, Aime, Johnson, and Kluemper (2011) define it as the subordinates' evaluation and perception of their leader's behaviour that is relevant in building team performance; it includes various aspects that are visible in the leader for example his/her interpersonal abilities such as communication, conflict resolution and problem solving as well as his/her task-management skills which include goal setting and goal planning. Leader effectiveness can also be described as the leader's ability to influence the subordinates into making high-quality decisions (Judge, Bono, Ilies, & Gerhardt, 2002; Rhee & Sigler, 2015), into understanding and agreeing with what needs to be done effectively for the organisation (Mesterova, Prochazka, Vaculik, & Smutny, 2015) as well as in achieving the team's purposes or goals (Zhang, Li, Ullrich, & Dick, 2015). In this regard, leadership effectiveness thus refers to the subordinates' perception and evaluation of their leaders' behaviour and ability in directing their subordinates into achieving the organisation's goals and objectives.

Among the various approaches used to evaluate leader effectiveness, one of the earliest used was the trait approach (Zaccaro, 2007). However, it was dismissed for its inability to offer a clear distinction between leaders and non-leaders and for its failure to account for situation variance in leadership behaviour. Of late, new approaches of leadership theory have been offered and most of the current theories tend to focus

on identifying leader actions or decisions with observable aspects and then relating these to indicators of effectiveness, particularly in regard to how their behaviour affects their followers (Yukl, 2013).

One of the most extensive groundwork in this area was undertaken by Robert Lord and his colleagues (e.g., Lord, Foti, & De Vader, 1984; Lord & Maher, 1993; Phillips & Lord, 1986). They developed the theoretical foundation of implicit leadership theories which mainly focused on the images of effective and ideal leaders. In line with this, recent scholars (Hannah, Sumanth, Lester, & Cavarretta, 2014) have also emphasised on leader effectiveness from the subordinates' point of view. According to Hannah et al. (2014), leader effectiveness depends not only on the leader's decisions and actions in certain situations but also on how the subordinates perceive their leader's decisions and actions. These perceptions of the subordinates can influence their responses towards their leaders such as the subordinates' support on the guidance and vision of their leaders (Haslam & Platow, 2001). Haslam and Platow (2001) showed that positive interactions and positive relationships between leaders and subordinates could be one of the important keys that determines the effectiveness of the leaders within an organisation. Although the theoretical foundation on the issue of the subordinates' perception of leader effectiveness has been developed, it is still important to empirically investigate other factors that are related to the interpersonal relations between leaders and their subordinates. The outcomes drawn from such investigations can enable others to better understand the concept of leader effectiveness.

Among the many elements that are responsible for leadership effectiveness, benevolence value has been identified to be a concern of leaders who want to resonate with their subordinates at the affective level (Caldwell & Dixon, 2010). Leaders who focus on the welfare of their subordinates in everyday interactions can create motivated groups at the workplace and this can instil a sense of belongingness among the subordinates or followers (Schwartz et al., 2012; Bruno & Lay, 2008). Termed as benevolence value, such a quality is very much expected of leaders especially in Indonesia, a country that is characterised by high collectivism (Hofstede, 2007). This is because benevolence value serves to build and nurture a warm relationship between leaders and their subordinates, thereby enhancing the bond they create. In the collectivistic culture, subordinates tend to emphasise on the interconnectedness between them and their leaders. Thus, leaders in Indonesia who are able to demonstrate the quality of benevolence will

be better perceived as effective leaders than those who are unable to demonstrate this quality.

Nonetheless, the mechanism of how benevolence value influences leader effectiveness has remained unclear. Some scholars argue that benevolence value directly impacts on the leader's effectiveness (Hannah et al., 2014) because the leader's attention to their subordinates' welfare potentially affects their subordinates' performance, work satisfaction and commitment (Karakas & Sarigollu, 2012). In contrast, some scholars are convinced that the relationship between benevolence value and leader effectiveness is mediated by the quality of the relationship (Chan & Mak, 2012; Henderson, Liden, Glibkowski, & Chaudhry, 2009; Walumbwa, Mayer, Wang, Workman, & Christensen, 2011).

In looking at leader effectiveness and their subordinates' performance, the quality of their relationship has also been considered. Scholars (Dulebohn, Bommer, Liden, Brour, & Ferris, 2012; Eisenberger et al., 2014) who look at the quality of the relationship between leaders and their subordinates have defined such relationship as the leader-member exchange (LMX). Past studies as stated above have described the exchange relationship between the leaders and their subordinates from time to time (Dansereau, Graen, & Haga, 1975). The exchange relationship that exists between the superiors and their subordinates can occur in various forms, for example in work related forms like suggestions and workflows or non-work related forms like friendship (Liden & Maslyn, 1998). A good quality relationship exchange is obvious when a leader expresses concerns for each of his/her subordinates' well-being and happiness and that same leader also shows his/her intentions to promote positive interactions with the subordinates. This display of concern from the leader will endorse various positive outcomes from their subordinates such as an increase in the overall organisational citizenship behaviour (OCB) (Harris, Li, & Kirkman, 2014), organisational commitment (Chen, Yu, & Son, 2014) and job satisfaction (DeRue, Nahrgang, Wellman, & Humphrey, 2011; Liu, Lin, & Hu, 2013; Venkataramani, Graen, & Schleicher, 2010; Zhou, Wang, Chen, & Shi, 2012).

The role of the LMX as a powerful mediator has received support from prior studies. Chan and Mak (2012), for instance, argue that benevolent leaders envisage a unique dyadic relationship with different followers within the same work group, depending on the subordinates' contributions and interests. This relationship can trigger positive outcomes from the subordinates including improved task performances

and OCB (Chan & Mak, 2012; Henderson, Wayne, Shore, Bommer, & Tetrick, 2008) all of which are the outcomes of leader effectiveness (Hassan, Mahsud, Yukl, & Prussia, 2013).

Based on the explanations given above, it can be deduced that there are two possibilities on how benevolence affects leader effectiveness: directly or indirectly through the LMX. Since studies focusing on this area are still limited, the current paper aims to investigate whether or not benevolence value is directly related to leader effectiveness or whether the relationship between the two is mediated through the LMX. For this purpose, two hypotheses were developed before the research setting, the samples and the measurement tools are described.

2. Hypothesis Development

2.1 *Benevolence Value and Leader Effectiveness*

Values are important beliefs or ideals held by an individual as a result of one's upbringing or cultural influence. Values can affect the behaviour of the individual and such a behaviour may be used by others as a means of evaluating or assessing the character of the individual. Schwartz (1992) defines value as a "trans-situational goal, varying in importance as it serves as the guiding principle in the life of a person or group" (p. 4). Parks-Leduc, Feldman, and Bardi (2014) describe value as a stable broad life goal which is important to people and their lives because the value guides their perception, judgement and behaviour. Values are usually used as a benchmark to identify the customs of a group, community or individual and values may be used to explain the motivation behind the attitude or behaviour of those groups, communities or individuals.

Although there are various categories of values, Schwartz (1992) has formulated ten basic values and they encompass self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, universalism and benevolence. These ten values are deemed to be universal elements that trigger individual motivations. This means that values are formed in many types of groups irrespective of their habit and pattern of behaviours. Even though values may be universal, some groups and individuals may place one value to be more important than another when compared with others. This is because every individual or group has their own prioritised values (Cieciuch & Davidov, 2012).

In looking at leadership qualities, the benevolence value has been identified as an important element that a leader needs to possess in order to be able to improve his/her subordinates' performance (Chan & Mak, 2012). In addition, the benevolence value is important to a leader because a benevolent leader tends to create a virtuous cycle of encouraging and initiating positive changes in his/her organisation (Karakas & Sarigollu, 2012). A recent empirical study (Pellegrini & Scandura, 2008) conducted in East Asia found that benevolence is positively associated with the outcome variables such as subordinates' identification, compliance, gratitude towards leaders, subordinates' motivation and productivity. This finding is also supported by the studies conducted by Hannah et al. (2014) and Walumbwa et al. (2011) who noted that the benevolence value is able to generate positive outcomes from the subordinates such as their job satisfaction, work commitment and work performance. The benevolence value is one powerful quality that shapes good leaders. Based on the outcomes noted by previous studies, this research thus hypothesises that:

H₁: Benevolence value directly influences leader effectiveness.

2.2. The Mediating Effect of the LMX

Since the current research aims to examine the role of the LMX in mediating the relationship between benevolence value and leader effectiveness, it will focus on the concept of the benevolence value as one that concerns positive relationships and subordinate happiness. Studies (Chan & Mak, 2012; Jha & Jha, 2013; Hassan et al., 2013) have indicated that there is a strong potential connection between the benevolence value in leaders and their relationship exchange with their subordinates. This is endorsed by Jha and Jha (2013) who proposed that a high-quality relationship exchange (LMX) is more likely to occur when the leaders are honest, trustworthy and genuinely concerned about the well-being of their subordinates. In their study, Chan and Mak (2012) focused on 223 pairs of leader-members from non-profit organisations in Hong Kong. They observed that the LMX has a potential of acting as a mediator between benevolence value and leader effectiveness. They stated that benevolent leaders tend to have an impact on leader effectiveness particularly when these leaders have a good relationship with their subordinates.

The role of the LMX as a mediator between benevolence value and leader effectiveness is made even clearer through the findings of

Hassan et al.'s (2013) study. Focusing on 259 subordinates working in the public and private sectors of the U.S., the researchers investigated the relationship between the LMX and leader effectiveness. They identified the influence of ethical and empowering relationship on the affective commitment and perception of subordinates regarding leader effectiveness with the LMX acting as a mediator. Their findings revealed that there is a significantly positive relationship between the LMX and subordinates' perception of leader effectiveness. Other studies (DeRue et al., 2011; Henderson et al., 2008; Venkataramani et al., 2010; Zhou et al., 2012) have also investigated the relationship between the LMX with subordinates' job satisfaction and task performance. Their findings highlighted that a good LMX or relationship between the leader and the subordinates is likely to indicate subordinate satisfaction towards the leader thereby, enhancing subordinates' performance.

Since current literature supports the claim that benevolence value relates to the quality of the relationship between leaders and their subordinates and how the LMX has a significant positive relationship with leader effectiveness, this study further hypothesises that:

- H₂: The LMX mediates the relationship between benevolence value and leader effectiveness.

3. Method

3.1 *Participants and Procedure*

One-hundred and thirty-one pairs of leader-member who have been working for at least six months in their current organisations: 10 five-star hotels (each has between 100 to 900 employees) in Bali, participated in this research. Participation was voluntary and responses were made to be anonymous. A questionnaire was administered to 172 pairs of leader-member and a total of 138 pairs of responses were received. These were screened for usability and incomplete survey questionnaires were excluded. The final samples eventually came to a total of 131 pairs of leader-member, showing a survey response rate of 76 per cent. The hotel industry was considered to be the most competitive industry in Bali as the number of hotels have been increasing consistently over the years. Moreover, the competitiveness of the hotel industry is high thus it was deduced that the leaders of such organisations need to be effective in order to be capable and competitive in managing the industry. The 10 five-star hotels that participated in this research were

selected based on convenience sampling and networks were established through the links and circle of personal contacts.

The designated questionnaires were distributed to the participants through the help of the human resource (HR) division of the hotels concerned. Two sets of questionnaires were developed - one for the leader and one for the subordinate-member respectively. The questionnaires were placed in unsealed envelopes and participants were instructed (through written instructions) to place the completed questionnaires back into the envelopes provided. They were to seal the envelopes and then return these envelopes to the representative of the HR division without any indication of their identity (name or job position of the participants) to be written anywhere in the questionnaire. By excluding the participants' identity inside and outside the envelope, the issue of confidentiality is thus secured.

Two levels of subordinates were targeted. This is based on the assumption that good leaders would have an impact not only on their immediate subordinates but also on their subordinates who are two levels below. Previous studies, for example, Mann (2013) and Zenger, Folkman, Sherwin, and Steel (2012) have taken this approach. Further to this, Dvir, Eden, Avolio, and Shamir (2002) have also conducted a field experiment on transformational leadership by measuring the effect of leadership on their indirect followers (i.e., two levels below). In the context of this research, most of the participants involved were directors and managers (leaders), and staff and supervisors (subordinates). To ensure that each subordinate is able to rate the leader two levels above them, the name of the leaders were written on the envelopes of the subordinates' questionnaires. To ensure that the responses from the leaders matched the subordinates', a numerical code was applied on the top of each envelope. For example, "A-01" for the response from the first leader participant and "B-01" for the corresponding subordinate.

To limit common method bias, two different sources of data (leaders and subordinates) were used. First, the self-reported benevolence value data were collected from the leaders and next, data for the other variables, the LMX and leader effectiveness were obtained from the leaders' subordinates who were two levels below their leadership. In addition to that, the psychological separation technique (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003) was applied by separating the questionnaires into two parts: one that consists of scales to measure LMX and benevolence values, and the other that consists of scales to assess the dependent variable (i.e., leader effectiveness). These two questionnaires were given different titles and different cover pages,

suggesting that they were not part of the same research (i.e., psychological separation between the dependent variable and the other two variables). As a final test for the common method bias, the Harman technique was performed. If a significant amount of common method bias exists in the data, then a factor analysis (unrotated solution) of all the variables in the model was expected to give rise to a single factor accounting for most of the variance (Podsakoff et al., 2003). The factor analysis yielded three factors accounting for 58.41 per cent of the variance, indicating that no common method bias existed.

3.2 Measures

All the scales used in this research were adapted from previous studies and as mentioned, the scale reliability was good, ranging from .78 to .95. Back-to-back translation was applied in translating the questionnaire (i.e., English to Bahasa Indonesia and Bahasa Indonesia to English). Each item in the questionnaire was scored on a six-point Likert-type scale ranging from 1 (*strongly disagree*) to 6 (*strongly agree*). The use of the six-point Likert-type scale was chosen to avoid participants' tendency to choose the middle range scale that is only possible with an odd number of options (Chang, 1994; Chomeya, 2010).

The *Leader Effectiveness Scale* was adapted from DeGroot et al. (2011) and nine out of 10 items were extracted from this Leader Effectiveness scale which resulted in an excellent Cronbach Alpha (.95).

The *Benevolence Value Scale* consists of six items ($\alpha = .78$) which were adapted from the Portrait Values Questionnaire (PVQ) (Schwartz, 1992). These items were specifically chosen for their ability to measure benevolence value which is the focus of this research.

The *Leader-Member Exchange Scale* was measured through five items ($\alpha = .84$) which were adapted from Scandura and Graen (1984).

The measurements are presented in the Appendix.

3.3 Control Variables

Control was applied on the tenure of the leaders and the subordinates, the age of the leaders (Kirkman, Tesluk, & Rosen, 2004), the gender of the leaders (DeRue, Nahrgong, Wellman, & Humphrey, 2011) and the education background of the leaders. To ensure that each participant has been with the organisation for at least six months, the questionnaires were distributed by the human resource manager in each participating hotel.

4. Results

4.1 Respondents' Demographic Profile, Descriptive Statistics and Variable Correlations

Table 1 shows the overall respondents' demographic profile. The means, standard deviation, reliability score and correlations are presented in Table 2. The mean scores of the leader effectiveness, benevolence value and the LMX are 5.11, 4.68 and 4.86 respectively,

Table 1: Respondents' Demographic Profile

| Characteristic | N | % | N | % |
|-------------------|--------|-------|-------------|-------|
| | Leader | | Subordinate | |
| Gender | | | | |
| Female | 28 | 21.4 | 47 | 35.9 |
| Male | 96 | 73.3 | 80 | 61.0 |
| Not provided | 7 | 5.3 | 4 | 3.1 |
| Total | 131 | 100.0 | 131 | 100.0 |
| Age | | | | |
| 20-35 years | 27 | 20.6 | 77 | 58.7 |
| 36-45 years | 54 | 41.2 | 28 | 21.4 |
| 46-55 years | 50 | 38.2 | 22 | 16.8 |
| Not provided | - | - | 4 | 3.1 |
| Total | 131 | 100.0 | 131 | 100.0 |
| Education | | | | |
| High School | 19 | 14.5 | 40 | 30.5 |
| Associate degree | 60 | 45.8 | 48 | 36.7 |
| Bachelor's degree | 43 | 32.8 | 38 | 29.0 |
| Master's degree | 9 | 6.9 | 2 | 1.5 |
| Not provided | - | - | 3 | 2.3 |
| Total | 131 | 100.0 | 131 | 100.0 |
| Tenure | | | | |
| < 6 months | 6 | 4.6 | 8 | 6.1 |
| 6-12 months | 12 | 9.2 | 10 | 7.6 |
| 1-2 years | 28 | 21.4 | 21 | 16.0 |
| 2-5 years | 20 | 15.3 | 17 | 13.0 |
| 5-10 years | 8 | 6.1 | 21 | 16.0 |
| 10-15 years | 5 | 3.8 | 8 | 6.1 |
| > 15 years | 52 | 39.6 | 40 | 30.5 |
| Not provided | - | - | 6 | 4.7 |
| Total | 131 | 100.0 | 131 | 100.0 |

Table 2: Descriptive Statistics, Correlations, and Reliabilities

| Variable | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------------|------|------|-------|-------|-------|--------|------|-------|-------|-------|
| 1 Leader's Age | 4.84 | 1.51 | 1 | | | | | | | |
| 2 Leader's Gender | - | - | .29** | 1 | | | | | | |
| 3 Leader's Education | 3.50 | 1.63 | -.21* | -.13 | 1 | | | | | |
| 4 Leader's Tenure | 4.79 | 2.05 | .63** | .21* | -.15 | 1 | | | | |
| 5 Subordinate's Tenure | 4.74 | 1.96 | .50** | .30** | .06 | .54** | 1 | | | |
| 6 Benevolence Value | 4.68 | .74 | -.22* | -.03 | .28** | -.24** | -.19 | (.78) | | |
| 7 LMX | 4.86 | .71 | -.07 | -.07 | .04 | .03 | -.01 | .20* | (.84) | |
| 8 Leader Effectiveness | 5.11 | .70 | .04 | .09 | .07 | .07 | .04 | .21* | .82** | (.95) |

Notes: n = 131; *p < .05; **p < .01; Cronbach's alphas are in parentheses on the diagonal.
 LMX = leader-member exchange.
 Gender was coded as 0 = male; 1 = female.
 Tenure was coded as the following: 2 = between 6 months and 12 months, 3 = between 1 and 2 years, 4 = between 2 and 5 years, 5 = between 5 and 10 years, 6 = between 10 and 15 years, 7 = more than 15 years.

indicating that the leader respondents obtained high scores for all the variables measured. Table 2 also shows that the control variables have no effects on leader effectiveness, therefore the control variables were not included in the hypotheses testing. Although the leaders' age has no correlation with the leaders' effectiveness, this study finds that the leaders' age, education and tenure have a significant relationship with the benevolence value.

4.2 Hypotheses Testing

The analysis using the PROCESS (Hayes, 2013) is presented in Table 3. Here, the R² score on the M (LMX) column was .04, showing that 4 per cent of the variance of the LMX can be explained by the benevolence value while the R² score on the Y column (Leader Effectiveness) was .50, indicating that there was a 50 per cent variance of leader effectiveness which can be explained by the benevolence value and the LMX. In H₁, it was predicted that there was a direct relationship between benevolence value and leader effectiveness. Nonetheless, Table 3 illustrates that

Table 3: The Relationship between Benevolence Value and Leader Effectiveness through LMX as Mediator

| Antecedent | Consequent | | | | | |
|-----------------------|--------------------|-----|----------|--------------------------|-----|----------|
| | M (LMX) | | | Y (Leader Effectiveness) | | |
| | Coeff. | SE | <i>p</i> | Coeff. | SE | <i>p</i> |
| X (Benevolence Value) | .20* | .09 | < .05 | .05 | .06 | .33 |
| M (LMX) | - | - | - | .75 | .05 | < .05 |
| Constant | 3.92 | .43 | < .05 | 1.23 | .30 | < .05 |
| | $R^2 = .04$ | | | $R^2 = .69$ | | |
| | $F(1,125) = 5.11,$ | | | $F(2,124) = 124.99,$ | | |
| | $p < .05$ | | | $p < .05$ | | |

Notes: * $p < .05$; ** $p < .01$.
 LMX = Leader-member exchange.

benevolence value has no significant relationship with leader effectiveness ($\beta = .04, ns$) (H_1 is not supported). The simple mediation model of this research is presented in Figure 1.

In H_2 , it was predicted that the LMX would fully mediate the relationship between benevolence value and leader effectiveness. In order to test this hypothesis, it is necessary to compare the direct effect of the benevolence value on leader effectiveness and the mediated effect of the LMX. Between two leaders who are experiencing the same level of LMX, it can be noted that the direct effect of the benevolent

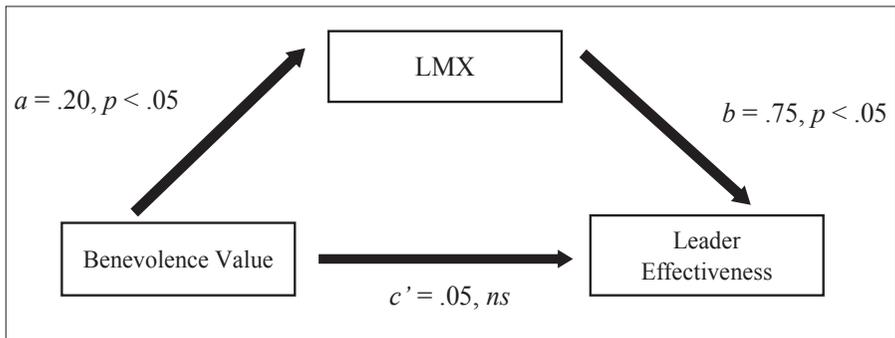


Figure 1: Simple Mediation Model

leader, as shown in Figure 1 ($\beta = .04$), is differing by one unit in their benevolence value score. Multiplying a and b yields the mediated effect ($\beta = .12, p < .05$) and this means that two leaders who differ by one unit in their benevolence value scores are estimated to differ by .12 units in their leader effectiveness. This shows a tendency for those leaders with a relatively high benevolence score to create a higher quality LMX (because a is positive) which in turn, translates into greater leader effectiveness (because b is positive).

Table 4 shows the comparison between the direct and mediated effect of benevolence value on leader effectiveness. The yield indicates that the mediated effect ($\beta = .12$) exceeds the direct effect ($\beta = .04$). Table 4 also indicates that the direct effect is not significant ($p > .05$) whereas the mediated effect is ($p < .05$). This means that the relationship between benevolence value and leader effectiveness will only be significant if it is mediated by the LMX. In other words, the LMX fully mediates the relationship between benevolence value and leader effectiveness (H_2 is supported).

Table 4: Comparison between Direct and Indirect Effect of Benevolence Value on Leader Effectiveness

| | Effect | <i>P</i> |
|-----------------|--------|----------|
| Direct Effect | .05 | .33 |
| Mediated Effect | .15* | .02 |

Note: * $p < .05$; ** $p < .01$

5. Discussion

The results of the current research indicate that benevolence value is positively associated with the LMX and the LMX is significantly associated with leader effectiveness. There is no direct relationship between benevolence and leader effectiveness. Zaccaro's (2007) study which focused on the trait-based perspective of leaders offers an explanation for the findings of the current research. According to Zaccaro, a complex behaviour such as leadership cannot be predicted by only a single attribute or trait but by an integrative explanation of several attributes. Zaccaro (2007) introduced a model where personality, cognitive skills, motive and values are grouped as distal attributes which are said to have an indirect effect on leadership criteria

such as leader emergence, leader effectiveness and leader advancement and promotion. These distal attributes should pass through several proximal variables and leader processes before affecting the leadership criteria. In light of those arguments, the current research demonstrates that the relationship between benevolence value and leader effectiveness is fully mediated by the LMX. This result contributes to the current debate which states that leader effectiveness can be detected in at least two areas.

The first contribution of this research can be traced to the critical role of the LMX in the relationship between benevolence value and leader effectiveness. It appears that the impact of the benevolence value can only occur when subordinates perceive and feel that they have a good relationship with their leaders. The results of this research is slightly different from the outcomes noted by Chan and Mak (2012) who found that the LMX partially mediates the relationship between benevolence value and the positive outcomes of subordinates such as their job satisfaction and OCB. The current research suggests that the LMX plays a more critical role in how followers perceive leader effectiveness. In other words, leader's benevolence value and subordinates' perception of leader effectiveness is mediated by the quality of their relationship. In this regard, the current research has contributed to the literature by demonstrating that leaders' decisions and actions may not necessarily contribute to leader effectiveness in the absence of a quality relationship between leaders and subordinates. This is unlike previous studies (Hannah et al., 2014; Karakas & Sarigollu, 2012; Pellegrini & Scandura, 2008) which tend to investigate such relationship in fragmented ways. For instance, the relationship of benevolence value and leader effectiveness, the relationship between benevolence value and the LMX (Chan & Mak, 2012; Henderson et al., 2009; Walumbwa et al., 2011) and the relationship between the LMX and leader effectiveness (DeRue et al., 2011; Hassan et al., 2013; Henderson et al., 2008; Venkataramani et al., 2010; Zhou et al., 2012). The current research has however, been successful in demonstrating this relationship in one research model, with the LMX acting as the mediator between benevolence value and leader effectiveness.

The second contribution is that the current research shows the degree of importance of the LMX as a powerful mediator between leaders' values and the positive outcomes of subordinates in different contexts. Schyns and Day (2010) argued that context can hinder or enhance the development of the LMX, thereby suggesting that the

mediating impact of the LMX may be different in different contexts. Prior studies have been emphasising on this issue and this implies that the influence of the LMX on several outcomes seems more powerful in vertical-collectivistic cultures than in horizontal-individualistic cultures (Rockstuhl et al., 2012). Other research (Pellegrini & Scandura, 2006) shows some variation. Looking at Turkey, a country which is considered as having higher power distance, Pellegrini and Scandura (2006) found that the LMX holds a more critical role in mediating two observed variables – paternalism and job satisfaction but this is not the case in the U.S. which is considered as having a lower power distance. Similar results are also found in the study of Schyns, Paul, Mohr, and Blank (2005) which compared the effect of the LMX and its consequences (delegation and commitment) in Germany and the U.S. The researchers note that the relationship between the LMX and its outcome variables is greater in Germany than in the U.S. It is noted that the relational identity of the leaders and the subordinates may be crucial in affecting the quality relationship of the two parties. It is further noted that this relational identity may have been influenced by culture (Rockstuhl, Dulebohn, Ang, & Shore, 2012). Therefore, future research needs to take culture into consideration when investigating the role of the LMX.

Although it seems that the impact of the LMX may differ based on cultural contexts, other scholars offer a different research result. Pellegrini, Scandura, and Jayaraman (2010), for example, focused on the relationship between paternalism, the LMX and job satisfaction in India and the U.S. They found that the LMX is significantly related with paternalism and job satisfaction, both in India and the U.S. They explained that this result occurs because the business contexts in the U.S. are using downsizing and outsourcing modes. This induces low employees' morale that underlines the importance of quality relationship between leaders and subordinates in achieving effectiveness. Their research indicates that the LMX may take an even more important function in leader effectiveness.

6. Conclusion

The current research has a number of limitations. Besides the usual caveat of cross sectional design, another potential limitation of the research is the measurement taken of one single value, which is benevolence. Although Schwartz et al. (2012) postulated that the

measurement of individual values should involve the ten basic values together, the current research has only focused on one value. This is in line with other scholars who have also focused on one single value only in their measurements (Chan & Mak, 2012; Caldwell & Dixon, 2010; Karakas & Sarigollu, 2012; Tan, 2015). Though this research focused on only one value, the outcome is still valuable as it significantly contributes to the leadership literature.

The data and respondents of the current research were gathered from only the hotel industry in Bali, Indonesia. Future research in this field should consider other contexts or industries so as to get a more balanced view of the LMX in leader effectiveness. The context and sample characteristic differences may have different relationships between variables involved; hence future studies could provide a more comprehensive explanation about leader effectiveness. It is also necessary to conduct a similar research in other areas that have different cultures and backgrounds so as to explore the possibilities that may involve other moderator variables such as culture as suggested by Schyns and Day (2010) and Rockstuhl et al. (2012).

Finally, studies focusing on the relationship between leaders' values and leader effectiveness are currently still limited. Therefore, future research may build upon the current findings by exploring the relationship between leader effectiveness and other values such as achievement, power, tradition, universalism and conformity (Schwartz, 1992). This may help others to better understand the role of values as a unit for predicting leader effectiveness.

The current research has revealed the mediating role of the LMX in the relationship between benevolence value and leader effectiveness; thus, it contributes to the organisational behaviour literature by demonstrating that the role of quality relationship (LMX) is more important now than previously understood.

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Appendix (Measurements of Variables)

Leader Effectiveness

Items

- 1 Deal with conflict within the team.
- 2 Frequently offer ideas and solutions.
- 3 Actively encourage others to contribute ideas.
- 4 Actively encourage the participation of others and assert their right to be heard.
- 5 Help identify the team's goals.
- 6 Help clarify the team's goals.
- 7 Openly give other team members' feedback on their contributions to the team.
- 8 Help coordinate and synchronise the team's activities.
- 9 Ensure the workload is properly balanced within the team.

Benevolence Value

Items

- 1 It is important to him that people he knows have full confidence in him.
- 2 It is important to him to be a dependable and trustworthy friend.
- 3 It is important to him that all his friends and family can rely on him completely.
- 4 It is important to him to take care of people he is close to.
- 5 It is very important to him to help the people dear to him.
- 6 It is important to him to concern himself with every need of his dear ones.

Leader-Member Exchange

Items

- 1 How well do you feel that your manager understands your problems and needs?
- 2 How well do you feel that your manager recognises your potential?
- 3 Regardless of how much formal authority your manager has built into his/her position, what are the chances that he/she would be personally inclined to use power to help you solve problems in your work?
- 4 Again, regardless of the amount of formal authority your manager has, to what extent can you count on him/her to "bail you out" at his/her expense when you really need it?
- 5 My manager has enough confidence in me that he/she would defend and justify my decisions if I am not present to do so.

