

Flexibility Idiosyncratic Deals and Employee Performance: The Mediating Role of Leader-Member-Exchange-Affect

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Abstract

Employee job performance is an important factor in achievement of organisational goals. The need by organisations to improve employee performance has raised scholarly interest in employee performance overtime. This study investigates flexibility idiosyncratic deals and leader-member exchange quality as factors that provide a viable link to desirable employee performance. The purpose of the study was to examine the mediating effect of leader-member exchange affect on the relationship between flexibility idiosyncratic deals and employee performance. The study is anchored on the social exchange and I-deals theories. The hypotheses were tested on a sample of 325 employees of Information & Communications Technology (ICT) firms in Uganda, using a cross-sectional survey. The results confirmed the relationship between flexibility idiosyncratic deals and employee performance and Leader-member exchange affect (LMX affect) and employee performance. Results from this study revealed a significant mediating role of LMX affect on the relationship between flexibility idiosyncratic deals and employee performance. This paper contributes to employee performance literature through flexibility idiosyncratic deals and Leader-Member exchange affect lens of antecedents, as well as the I-deals and Social exchange theories. Recommendations and areas of further study were drawn from the findings.

Keywords: Flexibility idiosyncratic deals, Leader-Member-Exchange-Affect, Employee Performance

Introduction

Performance, both contextual and task are is an important factor in the management of people (Pawirosumarto et al., 2017). Given that the metrics through which a company measures its workforce is a supplement to the fact that its success relies on individual performance (Aguinis et al., 2011), it is evident that the success and failure of an organization have its roots ground on the performance of the employees. For example, in the service industry such as the ICT, job performance typically requires interaction between customers and employees. This makes it essential for such organisations to put in place Human Resource (HR) practices that ensure the attainment of desired levels of outcomes. Performance augmentation practices such as the granting of flexible customized work schedules and developing affectionate exchange relationships between leaders and subordinates come in handy to enhance employees' job performance. This has been confirmed by empirical literature (Liao et al., 2017; Singh & Vidyarthi, 2018). Even with this stream of evidence, employee job performance in the wake of granting of customized work schedules in the ICT industry remains a challenge. This study seeks to address this gap through

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investigating the relationship between employee performance, leader-member exchange affect and flexibility idiosyncratic deals.

Employee performance however does not stand alone, it comes with varied antecedents. One of the contemporary factors that have been linked to positive job outcomes is idiosyncratic deals. This study examined the nature of a specific dimension of idiosyncratic deals which is the schedule flexibility. A deeper understanding of these processes was necessary (Liao, Wayne, and Rousseau, 2016), to extensively understand the how and why of these relationships by examining an individual dimension of Leader- member exchanges, affect. This is in response to the call by (Liao & Hui, 2019) for investigation into the underlying dimensions of LMX other than the whole to test for difference therein. Also, the high-power distance among leaders and subordinates in many African contexts, (Galperin et al., 2017; Tene et al., 2021), which have the potential to influence the relationship between the granting of customized work schedules and employee performance necessitates a study on the leader-member affect in the workplace. This study takes on LMX affect dimension in the relationship between flexibility idiosyncratic deals and employee performance to address this gap.

Theoretical Anchorage

We use the social exchange theory and I-deals theory to anchor our study. The central principle of social exchange theory is that individuals tend to reciprocate contributions and favours with partners in a relationship, even when not otherwise required to do so (Blau, 1968). Applying social exchange theory in the context of Idiosyncratic deals would imply that employees that are granted customized flexible schedules are bound to feel obligated to reciprocate through positive work attitudes and behaviours that ultimately benefit the employer; Reflecting on the norm of reciprocity (Gouldner, 1960). Flexibility I-deal recipients may reciprocate their favourable treatment by contributing in ways that benefit the employer who granted the deal (Greenberg et al., 2004) taking the form of discretionary contributions beneficial to the employer, such as organizational citizenship behaviour (OCB). From the employer's perspective, flexibility idiosyncratic deals may be a way to respond to an employee's contributions.

The Idiosyncratic deals theory (Arthur & Rousseau, 2001) explains the basis of non-standardized work arrangements instigated by the employee to the employer or representative of the employer (Supervisor, Heads of Department, Heads of units, and other agents of the employer). The I-deals theory provides the foundation for the distinguishing features from other employment arrangements; they are individually negotiated, they are heterogeneous and may vary from one employee to another, they are mutually beneficial, and vary in scope (Rousseau & Kim, 2006). This theory was adopted in this study to pin the individualized negotiations that occur within the ICT sector. It supports the seeking and granting of customized work schedules by the employees and employers respectively.

Literature review and Hypothesis development

Flexibility idiosyncratic deals are personalized schedules of work in terms of when and where work is done (Hornung et al., 2008). Flexibility idiosyncratic deals are pursued by employees that seek to balance their work and non-work lives (Rosen et al., 2013). These idiosyncratic deals act as an important intervention tool for managers in dealing with the work and non-work dilemmas of their workforce. The nature of work of staff in ICT firms can enable employees to complete

work-related tasks when and where they feel most productive and creative (Van Zyl et al., 2019), supporting the use of flexible schedules.

Employee performance; Audenaert et al. (2016) suggest that a desirable level of employee performance can be acquired through a proper performance management cycle and ensuring that job expectations are carefully translated to the required competencies and behavioural descriptions. An organisation's desirable level of employee performance encompasses both the contextual and task performance. Task performance is defined as the potency with which employees perform activities that contribute to an organization's technical core either directly by implementing a part of its technological process or indirectly by providing it with needed materials or services (Borman & Motowidlo, 1997), while contextual performance refers to the behaviours that influence and maintain the broader organizational, social and psychological environment (Motowidlo et al., 1997).

LMX Affect refers to the fondness of team members for one another and is based solely on personal connections (Liden & Maslyn, 1998). According to Lyubikh et al. (2020), workplace affect encompasses the mutual liking members in a relationship that the parties to it have for each other based primarily on interpersonal attraction rather than work or professional values. Affect in the relationship varies from one relationship to another. Leaders' affect with the subordinate is dependent on the followers' perception to be similar to themselves in attitudes toward family, money, career strategies, goals in life, and education. Leaders and followers perceived affect with one another can have an impact on many workplace outcomes (Kim et al., 2018).

Flexibility Idiosyncratic deals and employee performance

The transition of economic structure, globalization, and increased competition has caused uncertainty in organizations, which has had implications on work engagement and individual performance (Kooij et al., 2017; Sekhar et al., 2018). Researchers have suggested that such developments require employees as well as employers to anticipate and engage in proactive behaviours for desired levels of performance to be realized (Kooij *et al.*, 2017). Grosch and Scholl (2020) advocate for increased flexibility in the organization through customization of workplaces. This drive to flexibility has given birth to the rise of idiosyncratic deals in a bid to improve employee performance. Staff in the Information and Communications Technology sector rely heavily on ICTs for coordination and performance with a higher likelihood of operating virtually (Müller & Antoni, 2020). Empirical findings on flexibility Idiosyncratic deals specify that employees that negotiated customized work schedules were found to display higher levels of well-being, motivation, commitment, and performance (Hornung et al., 2014; Rosen et al., 2013). Indeed, scholars agree on the need for and benefits of customized jobs. Engaging in individual negotiations on flexible work schedules gives employers access to otherwise private information regarding worker preferences and interests, helping them to better target rewards to those workers who value them. We thus hypothesize that;

H₁: Flexibility idiosyncratic deals is positively related to employee performance

Leader-Member exchange affect and employee performance

Khan et al. (2020) in their study found that leadership behaviour enhances the quality of relationships between employers and employees, which are necessary for improving the

employment outputs. The nature of the leader–subordinate relationship influences the extent to which subordinates choose to accept or resist the influence attempts of leaders. Supervisors use abstract categorizations based on affect and feelings about the subordinate in making performance judgments. Also, workplace affect plays an important role in supervisory in supporting the contextual performance of the employee (Lyubykh et al., 2020). Research has been inconsistent on the results of LMX quality on employee outcomes. Some studies have found the multidimensional LMX quality to have a positive effect on employee performance and engagement (Ahmed et al., 2021; Gutermann et al., 2017), others for example (Michel & Tews, 2016) have found a non-significant relationship of leader’s affect on employee outcomes such as OCB. The study on the individual dimensions of LMX however remains scarce. We, therefore, investigate the leader and subordinate’s workplace affect as a dimension of LMX. In this study, we respond to the call by scholars (Tse et al., 2016) on the need to investigate Affect in leaders’ and followers’ interactions and emerging patterns regarding the role of affect in LMX processes. Therefore;

H₂: Leaders-member exchange affect is positively related to employee performance

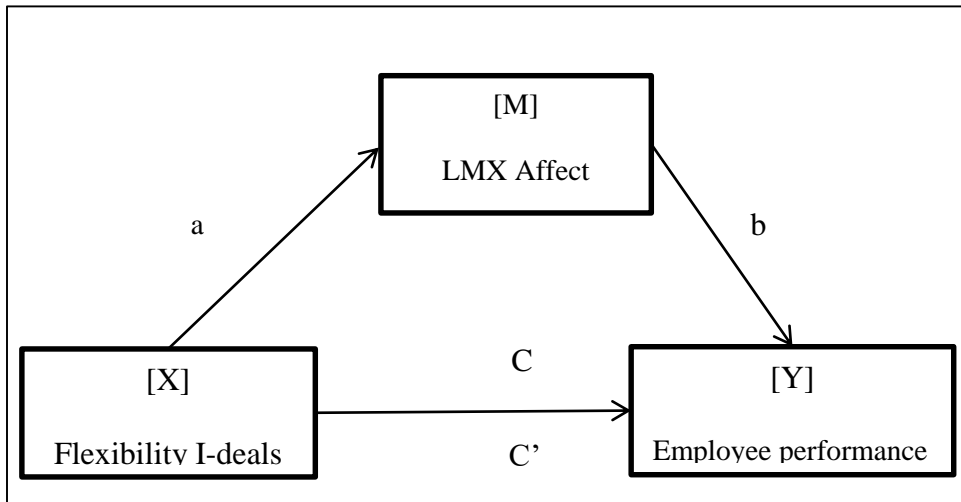
The mediating effect of Leader-member exchange affect

A leadership behaviour that enhances a positive work climate for recipients of Idiosyncratic deals to reciprocate more favourably to their employers. However, relatively little is known about why employees improve their reactions in response to receiving Idiosyncratic deals (Ng & Feldman, 2015). The strength of these reactions may vary substantially due to differences in the quality of workplace relationships with their leaders, in particular, transformational leadership, which has been identified to be high on affect, to be linked to desired employee reactions (Bottomley et al., 2016).

Based on the reciprocal principle of the social exchange theory, leaders’ positive behaviours can build an obligation to employees by forming a favour exchange (Li et al., 2012). This favour exchange leads employees to feel be more trusting, competent on the job, and considerate. Prior studies also explore the many potential positive outcomes of high-quality relationships between employees and leaders, including organizational commitment, satisfaction with the supervisor, job satisfaction, and frequency of promotion (Testa, 2002). Drawing from the social exchange theory, research has generally shown that employees perceiving a high level of LMX with their leader may feel an obligation to work harder, which in turn will result in favourable organizational consequences (Kim et al., 2018). This is mainly based on emotional attachment. We, therefore, hypothesize that;

H₃: Leader-Member-Exchange affect mediates the relationship between flexibility idiosyncratic deals and employee performance.

Figure 1. Statistical model showing the hypothesized relationships between the variables



Methodology

The study employed a cross-sectional survey design with a population of 680 employees from six ICT institutions in Kampala. A sample of 325 employees was chosen using simple random sampling. 302 usable questionnaires were returned. The sample comprised of employees from middle and operational levels. We used a close-ended questionnaire to collect quantitative data on a drop and pick basis. The items were anchored on a five-point Likert-type scale. The instrument was tested for validity using content validity where CVI of 0.8 and above for items were retained. For reliability, we used the Chronbach alpha coefficients and only items with scores above the cut-off point of .70 as recommended by (Ercan et al., 2007) were retained. The data were collected with the approval and consent of the individual institutions and respondents. The respondents were guaranteed confidentiality and anonymity.

The measurement of variables was based on literature. Flexibility Idiosyncratic deals was measured using five items adopted from the scale by (Rosen et al., 2013), Leader-Member-Exchange-Affect was measured using three items adopted from LMX Multidimensional scale by (Liden & Maslyn, 1998). Employee performance was measured using a twenty items scale by using items from (Williams & Anderson, 1991).

Results

The demographic characteristics results showed that the majority of the respondents were aged between 25-35 years and these comprised 55.5% of the sample. The results from the age demographics reflects the composition of the workforce in the ICT sector to be of mid-age, consistent with the structure of the population of the country. The results further indicated that the respondents in the age bracket 57–67 and those 68 comprised 10% and 0.3% of the sample. This is an indication that fewer employees in this age range could be due to the nature of jobs in the ICT sector that require versatility and pro-technology skills which the majority of these may not be as efficient in. Additionally, 60.2% of the respondents were male, indicating the nature of the ICT to be one that is perceived to be more masculine given the nature of technical activities

involved. Also, 60% of respondents had spent 1-5 years and only 6% had spent more than 10 years with their current employer.

Correlations results

Correlation analysis was done using the Pearson correlation coefficient to test the strength and direction of the relationships.

Table 1: Correlation matrix

	1	2	3
Flexibility I-deals (1)	1.000		
LMX-Affect (2)	0.219**	1.000	
Employee Performance (3)	0.622 **	0.427**	1.000

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

Flexibility idiosyncratic deals and employee performance were positively and significantly related ($r=.622^{**}$, $\text{sig}.<.01$), denoting a moderate strength of the relationship. This implies that granting ICT employees with customized flexible work schedules is associated positively with employee performance. This was in support of H_1 . The relationship between flexibility idiosyncratic deals and LMX-affect was found to be significant and positive ($r = .219^{**}$, $\text{sig}. <.01$), revealing a small strength in the relationship. Employees that receive flexibility Idiosyncratic arrangements is associated with affectionate relationships with their supervisors creating a fun working relationship. The findings further show a significant positive relationship between LMX-Affect and employee performance ($r = .427^{**}$, $\text{sig}. <.01$), the strength of the relationship was small. The significant relationship implies that a warm, friendly relationship with one's employee supervisor relationship is associated with positive employee performance. This finding supported H_2 .

Mediation Analysis

Table 2: Mediation Analysis Results

	Effect	P	LLCI	ULCI
Total effect of X on Y	0.634	0	0.5449	0.7226
Direct effect of X on Y	0.567	0	0.4834	0.6512
Indirect effect	0.066	0	0.0326	0.1059

Key: (X= Flexibility idiosyncratic deals, Y=Employee performance, M= LMX affect).

Mediation analysis was carried out using the Hayes Process macro model 4 to examine the mediating effect of Leader-member-exchange affect on the relationship between flexibility idiosyncratic deals and employee performance. Prior to this, the tests for the assumptions of multiple regression were tested and the data conformed to the thresholds. The result revealed a total effect of X on Y $\beta=.634$, $p<.000$. The direct effect of X on Y was $\beta=.567$, $p<.000$ and the indirect effect was $\beta=.066$, $p<.000$. These were all found to be significant, confirming the partial mediation effect based on the reduction in size from the total effect, direct effect to the indirect effect. The significant mediation effect is further confirmed by the non-existence of the zero value between the Lower limit confidence interval (LLCI) and the Upper limit confidence interval

(ULCI). It reveals that LMX affect mediates the relationship between flexibility idiosyncratic deals and employee performance among ICT staff. From these results, we fail to accept the hypothesis H₃; Leader-member affect has a mediating effect on the relationship between idiosyncratic deals and employee performance.

Discussion

Customized work schedules for employees in ICT firms positively and significantly related to their performance, implying that granting of flexibility Idiosyncratic deals is associated with positive employee performance. This is because the granting of flexible tailored schedules enables employees to enjoy individualized preferences of terms in their employment relationship with their employer hence giving them the urge to reciprocate through positive employee performance. This means flexibility for employees to perform tasks when and where they feel more productive. Leader-member-exchange affect is significantly and positively related to employee performance. The quality of the exchange relationship between leader and subordinate is associated with positive employee performance. Friendly and emotionally supportive supervisors create a thriving workplace mood for employees pushing them to reciprocate the offer through achieving the desired levels of tasks and contextual performance. This also further confirms the reciprocity principle of the social exchange theory.

Findings further indicated that leader-member-exchange-affect mediates the relationship between flexibility I-deals and employee performance. This means that granting employees customized flexible schedules in form of preferred workstations and hours of work on the job is associated with positive employee performance and augmented by their ongoing affect exchanges with their supervisors. Contextually, this is justified by the nature of the work of ICT staff which is mostly individual rather than team-oriented warranting the relevance of the quality of these personal exchanges with supervisors. Furthermore, the nature of leadership in the African context is characterized by high power distance (Søndergaard & Hofstede, 2001) which means that for the flexibility ideals and employee performance relationship to be heightened leader-member-exchange-affect is important. This explains the significant mediation of LMX affect in the relationship between Flexibility Idiosyncratic deals and employee performance. These results are consistent with (Anand et al., 2018) who found a significant relationship between LMX and performance relations and also justify the reciprocity in the social exchange theory..

Conclusion and Implication

ICT organizations are thus should adopt and incorporate flexibility idiosyncratic deals as contemporary workplace practices to help drive positive job performance. Personalized workplace schedules have proven to create a reciprocity obligation on the employee as supported by the social exchange theory. Given the nature of ICT firms, granting flexibility Idiosyncratic deals can improve productivity by allowing the employee to work remotely and at the times when they feel most productive. This stance has further been demonstrated recently following the Covid-19 pandemic outbreak that called for practices such as social distancing and advocating for working in varied places other than the official designated company premises. Also given the constant advancement of technology, ICT firms being at the forefront of the provision of ICT services ought to be up to date with the latest trend, which warrants the provision of flexible idiosyncratic deals to drive employee performance.

The main contribution of this study is on the significant interaction of the leader-member exchange affect on the relationship between flexibility idiosyncratic deals and employee performance. We therefore draw the following implications and recommendations for organisations. Despite the importance of standardized work practices in the workplace over the years, modern people management practices such as idiosyncratic deals have changed the dynamics. The results presented in this study gives sufficient evidence of the role of granting customized work place conditions to meet individual unique needs while driving the desired levels of job outcomes. Managers of organizations are encouraged to evaluate the benefits of addressing individual unique needs for flexibility in order to accrue the benefits of the same. The implication of this is that these privileges should be granted through a transparent process and communicated equitably.

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