

Role of Work Engagement and Job Performance in an LMX Environment

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Abstract

The banking environment in Pakistan is quite demanding. Employee motivation level is generally low and turnover intentions are high which has made it difficult for banks to retain talented employees. In view this problem, the study has developed a conceptual framework that has six direct and three indirect relationships. The scope of the study was restricted to the banking sector of Karachi, Pakistan. A self-administered questionnaire was used in the study and the sample size was 220. The results suggest that LMX has a significant effect on creative work involvement, work engagement, job performance and turnover intentions. The study also found that work engagement mediates leader member exchange (LMX) and job performance. Moreover, job performance mediates LMX and turnover intentions while job performance mediates work engagement and turnover intentions. The results suggest that organizations must focus on developing a sustainable LMX environment as it will improve work engagement, job commitment and organizational commitment. This study was restricted to the banking industry of Karachi. Future studies may examine the consequences of LMX in firms based in other cities of Pakistan.

Keywords: *Job performance, LMX, turnover intentions, work engagement, creative work involvement.*

Introduction

Most firms encourage their employees to share innovative ideas as it has a potential to improve organizational performance (Adil & Awais, 2016; Atwater & Carmeli, 2009). Past studies have documented that successful firms focus on building and maintaining a pool of talented and creative employees for enhancing organizational performance (Mumford, Scott, Gaddis & Strange, 2002). It is been argued that a positive relationship between employees and leaders stimulate a positive attitude, creativity and motivation (Tierney, Farmer & Graen, 1999). A healthy relationship between leaders and employees positively

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effects employee performance and job satisfaction (Eatough et al., 2011; Podsakoff, LePine, & LePine, 2007). It has also been documented that a conducive LMX environment in an organization enhances employees' job performance and negatively affects their turnover intentions (Schaufeli, Bakker & Salanova, 2006). Chaurasia & Shukla (2013) suggest that firms need to create a conducive environment that promotes LMX and work engagement. Similarly, Christian, Garza, and Slaughter (2011) are of the opinion that a conducive LMX environment helps in changing employee attitudes towards their jobs (Christian, Garza, & Slaughter, 2011; Rich, Lepine, & Crawford, 2010). Organizations with a high turnover ratio struggle to retain talented employees which adversely effects employee morale and organizational performance (Saeed, Waseem, Sikander & Rizwan, 2014). Moreover, an effective LMX environment promotes interactive interpersonal relationships between employees and leaders, which positively effects organizational performance (Burch & Guarana, 2014). In view of the importance of LMX, we have developed a new conceptual framework that examines the effect of creative work on LMX, work performance and turnover intentions. The study also examines the mediating role of work engagement and job performance.

Literature Review

Leader Member Exchange Theory

Leadership styles have a profound effect on employee productivity and performance (Rowe & Guerrero, 2011). Northouse (2010) reports that "leadership is a process in which an individual influences a group of people to achieve a common goal". Moreover, leader-member exchange (LMX) theory assumes that a good leader in an organization promotes social interaction and social bonding (Northouse, 2010). Consequently, both leaders and followers benefit from the developed relationship (Graen & Uhl-Bien, 1995). Volmer et al., (2012) suggest that LMX theory in comparison to other theories is more effective as it considers both the leaders and followers performance and quality of social interaction.

LMX also assumes that the relationship between leaders and members develop over a period of time and vary from one individual to another. For example, some leader-member relationships are informal and friendly while others are more formal and restricted to the terms of the employment contract (Volmer et al., 2012). The mutually developed relationship between leaders and members have a direct association with job satisfaction, career development and employee behavior.

A sustainable social and professional relationship between leaders and members depends on several factors including personality traits (Schyns & Day, 2010). Graen and Uhl-Bien (1995) has divided LMX process into three stages. In the first stage, both leaders and

members initiate the relationship based on formal role obligations and rules of economic exchange. In the second stage, the member fulfills the leaders' job expectations and receives feedback. In the final stage, the relationship becomes stronger or weaker depending on the dyadic evaluation and exchange. The level of interaction varies from one individual to another with different consequences. For example, some relationships become mature as a result of reciprocal partnership. Members falling in this category get all the benefits and support from the leader and the organization. However, other relationships remain formal and do not extend beyond the employment contract. Members in this category get lesser support from the leader and the organization (Van-Gils et al, 2015). It has also been found that outside group members get routine tasks, receive less supervision and have negative mind-set towards their job. Moreover, growth opportunities for inner group members are greater in comparison to outer group members (Becker & Huselid, 2006).

Hypotheses Development

Based on the previous literature, we have developed a new model that contains six direct relationships and three indirect relationships. The theoretical and empirical support for each hypothesis is presented in the following sections.

Job Performance and Turnover Intentions

The quality of job performance may positively or negatively affect an employees' intention to stay with the organization (Jiang & Yang, 2015). For example, employees who are not compensated according to their performance may search for better opportunities in other organizations (Flickinger, Allscher, & Fiedler, 2016). On the contrary, employees who perform poorly may become frustrated and switch to other organizations (Martin et al., 2015). Prior studies have found that monetary and non-monetary rewards, organizational support and job commitment mediate job performance and turnover intentions (Jiang & Yang, 2015). It has also been found that employees associated with organizations that have high staff turnover generally lack motivation and commitment giving rise to high turnover intentions. Thus, it can be inferred that employees' job performance and intention to stay with an organization are interrelated.

H1: Job performance and turnover intentions are negatively associated.

LMX and Creative Work Involvement

Work creativity is an antecedent to LMX. It refers to the "creation of fresh and beneficial ideas by an employee or group of employees" (Amabile, 1988). Blau (1960) argues that LMX theory has stemmed from the social exchange theory. The theory assumes that supervisors and employees' relationship depends on various factors. Two important factors

that may contribute towards the relationship include the personality traits of the employee and supervisor and the intensity of interaction. The relationship builds over time and depends on how well the supervisors and employees reciprocate with each other (Graen & Uhl-Bien, 1995). A good LMX environment has numerous positive outcomes including higher job commitment, job satisfaction and mutual understanding between leaders and employees (Ilies et al., 2007). It has been observed that employees who develop a conducive relationship with supervisors are more creative with greater inclination to accept challenging assignments. Such employees generally receive greater recognition from the organization and the supervisor (Tierney et al., 1999). Moreover, a LMX environment provides social support to employees which promotes innovation and creativity (Tierney, 2008).

Kark and Carmeli (2009) report that employees working in a conducive LMX environment positively reciprocate with supervisors by being more creative and involved. Thus, the empirical results of many studies suggest that LMX stimulates an innovative and creative environment. Van-Dyne et al., (2002) conclude that employees working in a LMX environment are more creative, innovative and efficient. Similarly, Amabile (1988) also concluded that LMX is a strong predictor of innovative and creative employees. On the contrary, some studies report that LMX has an insignificant association with innovative and creative employees (Erdogan & Enders, 2007).

H2: LMX and creative work involvement are positively associated.

LMX and Job Performance

Job performance is a function of employee's knowledge, skills and abilities to complete the assigned task (Firth et al., 2004). Many past studies have extended the LMX theory to examine the causal effect of LMX on job performance (Cogliser, Schriesheim, Scandura, & Gardner, 2009). Dulebohn, Bommer, Liden, Brouer & Ferris (2012) found that LMX is an essential driver of job performance. However, in a poor LMX environment a few supervisors develop a biased attitude towards employees that negatively affect their job performance (Shan, Ishaq & Shaheen, 2015). Trincherro, Elio Borgonovi, & Farr-Wharton (2014) argue that the LMX environment not only promotes interactive relationships between leaders and members but it also positively effects job performance, decreases turnover intentions and increases productivity. Therefore, many studies have suggested that organizations should focus on creating a sustainable LMX environment for improving employee attitude and behavior towards work (Cogliser, Schriesheim, Scandura, & Gardner, 2009).

H3: LMX and job performance are positively associated.

LMX and Turnover Intentions

Turnover intentions adversely affect organizational performance and employee morale (Ghosh, Reio Jr, & Bang, 2013). Only a few studies have explored the casual effect of LMX on turnover intentions. Most of those studies based on the empirical results concluded that a conducive LMX environment is positively associated with low turnover intentions (Gerstner & Day, 1997). Moreover, many studies based on socialization theory conclude that interpersonal, social and professional interactions motivate employees to stay with their organizations. For example, Rahman et al., (2017) found that relationship building decreases employee turnover intentions. Based on the empirical results, they recommended that organizations should develop a conducive LMX environment, provide social support to employees and timely feedback to them. Consequently, employees will develop a strong affiliation and a sustainable relationship with the organizations. Portoghese, Galletta, Battistelli & Leiter (2015) also found that LMX and turnover intentions are negatively associated. Thus, employees working in a conducive LMX environment have lesser inclination to search for job opportunities in other organizations.

Similarly, Graen et al., (1982) found that a poor leader and member relationship increases employees' turnover intentions. Masterson et al., (2000) explored the association between new employees' expectation and job-related outputs in hospitals. Based on a sample size of 248, the study found that subordinates are of the opinion that LMX quality and turnover intentions are negatively associated. Similarly, Wilhelm, Herd and Steiner (1993) examined the association between LMX and organizational outcomes in manufacturing establishments. The data set was based on 141 respondents. The results confirmed that LMX and employee turnover intentions are inversely associated. Tomprou, Nikolaou & Vakola (2012) extended the psychological contract theory to examine the association between employee obligations and expectations. The study found that employees' expectations from organizations is a significant predictor of job satisfaction and commitment. On the contrary, employee job satisfaction is low when their expectations are violated which increases employees turnover intentions.

H4: LMX and turnover intentions are negatively associated.

LMX and Work Engagement

Energetic employees generally exhibit higher work-engagement (Christian, Garza & Slaughter, 2011). LMX theory assumes that leaders build sustainable social and interactive relationships with members which promote work engagement (Graen & Scandura, 1987). Moreover, Liden, Sparrowe & Wayne (1997) suggest that leaders are more inclined to give timely feedback and appropriate rewards to those members with whom they have developed an interactive and social relationship. Consequently, it inspires and motivates

employees which improves their work engagement (Jordan & Troth, 2011).

Employees' general perception is that their supervisor represents the organization. Therefore, supervisors' behavior affects employees' attitude towards their work (Flickinger, Allscher, & Fiedler, 2016). In a conducive LMX environment, members are inspired by their good relationship with leaders which enhances their inspiration and engagement towards work. Walumbwa, Cropanzano and Hartnell (2009) are of the opinion that LMX environment promotes trust, loyalty and respect between leaders and members due to which employees' motivation and work involvement increases. Atwater and Carmeli (2009) argue that leaders are considered as mentors, therefore, it is expected that they will contribute towards employees and organizational development. Moreover, leaders also inspire and motivate employees to enhance the level of work engagement. Many researchers have extended the Social Exchange Theory for examining the causal effect of LMX on work engagement (Saks, 2006). For example, Martin et al., (2005) found that when a leader provides growth opportunities and fairly treats all employees, they reciprocate with a high level of work commitment and citizenship behavior.

H5: LMX and work engagement are positively associated.

Work Engagement and Job Performance

According to Schaufeli et al., (2006) work engagement is an active, positive work-related state that is characterized by vigor, dedication and absorption. On the other hand, job performance refers to those officially required outcomes and behaviors that directly serve the goals of the organization (Motowidlo & Van-Scotter, 1994). Saks (2006) argues that highly-engaged employees have a higher inclination towards the job in comparison to less-engaged employees. It is also documented that highly-engaged employees generate positive emotions due to which their job performance is significantly higher than less-engaged employees (Ansari, Hung, & Aafaqi, 2007). On the other hand, employees who are not highly engaged suffer with negative emotions and their job performance is not satisfactory. It has also been documented that highly-engaged employees not only focus on their own job performance but they also help other employees to achieve organizational goals.

Zhang, Tsingan & Zhang (2013) found that highly involved school teachers are positively evaluated by their supervisors. Moreover, these school teachers have a high inclination to get involved in specialized tasks. Similarly, Salanova and Schaufeli (2008) collected customers' feedback on organizational resources, engagement and service climate. The study found that organizational resources and work engagement stimulates service climate, customer loyalty and job performance. Moreover, Tims, Bakker and Xanthopoulou (2011)

also concluded that the level of work engagement significantly improves an organizations profitability.

H6: Work engagement and job performance are positively associated.

LMX, Work Engagement and Job Performance

In a conducive LMX environment, members are inspired by a close relationship with leaders which increases the inspiration and engagement towards work. Walumbwa, Cropanzano and Hartnell (2009) are of the opinion that an LMX environment promotes trust, loyalty and respect between leaders and members due to which employees' work involvement increases significantly. Atwater and Carmeli (2009) argue that in a LMX environment leaders are considered as mentors. Therefore, they motivate employees in their personal and professional development. Moreover, leaders also inspires and motivates the employees to enhance the level of work engagement. For example, Zhang, Tsingan, & Zhang (2013) in a study on the school teachers found that the teachers who are highly involved are more appreciated and rewarded by the peers and supervisors respectively. Moreover, they always volunteer to take demanding and challenging assignments. Similarly Salanova, and Schaufeli (2008) suggest that organizational resources and work engagement are significant antecedents to customer loyalty and job performance. Thus based on the above theoretical discussions we argue:

H7: Work engagement mediates the association between LMX and job performance.

LMX, Job Performance and Turnover Intentions

LMX is an essential driver to job performance. However, in a poor LMX environment a few supervisor develops biased attitude and behavior towards the employees that negatively effects employees' job performance (Shan, Ishaq, & Shaheen, 2015). Trincherro, Elio Borgonovi, & Farr-Wharton (2014) stresses that social and professional relationships between supervisors and employees positively effects job performance, decreases turnover intention and increases productivity. Therefore, many studies have suggested organizations should focus on creating a sustainable LMX environment for improving job performance, organizational commitment, job satisfaction and turnover intentions (Cogliser, Schriesheim, Scandura, & Gardner, 2009).

It has been documented in many studies that monetary and non-monetary rewards, organizational support and job commitment mediate job performance and turnover intention (Gutermann et al., 2017). It has also been found that the employees associated with the organization that have high turnover ratio generally lacks motivation, job commitment, and have high turnover intention. Thus, it can be inferred that the job performance and turnover intention have bi-directional relationship. The above theoretical discussion shows

that LMX promotes job performance and job performance is positively associated with turnover intention. Therefore, we argue:

H8: Job performance mediates the association between LMX and turnover intentions.

Work Engagement, Job Performance and Turnover Intentions

Highly engaged employees not only focus on their own performance but also guide and mentor other employees. This attitude significantly enhances their and organizational performance. For example, Zhang, Tsingan, & Zhang (2013) in a study on the school teachers found that highly dedicated teachers receive appreciation from both their colleagues and supervisors. Moreover, they are also involved in other not delegated assignments. Similarly, Salanova and Schaufeli (2008) concluded that “organizational resources and work engagement” promote customer loyalty and job performance. Moreover, Tims, Bakker, & Xanthopoulou, (2011) also validated that level of work engagement has strong association with financial returns.

Similarly, many studies found monetary and non-monetary rewards; organizational support and job commitment mediate job performance and turnover intention (Tharenou, Donohue, & Cooper, 2007). It has also been found that the employees associated with the organization that have high turnover ratio generally lacks motivation, job commitment, and have high turnover intention. Thus, it can be inferred that the job performance and turnover intention have bi-directional relationship. Thus, based on the theoretical discussions the following hypothesis is proposed:

H9: Job performance mediates the association between work engagement and turnover intentions.

Conceptual Framework

Based on the above theoretical discussions we have proposed a model that contains five variables, which are LMX, work engagement, job performance, creative work and turnover intentions.

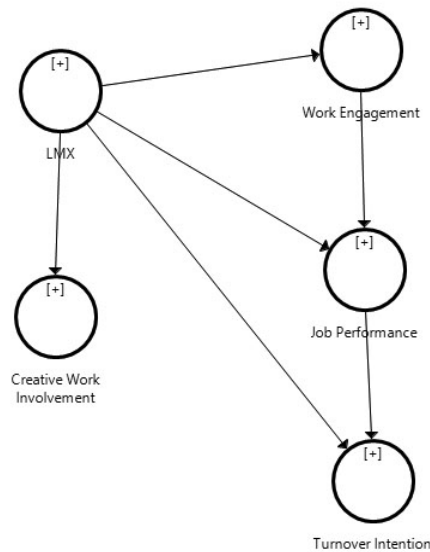


Figure 1: Conceptual Framework

Methodology

This research was conducted in the banking sector of Karachi, which is highly competitive and contributes significantly towards the development of the Pakistan's economy. A sample of 220 banking employees were selected for study. Judgment sampling technique was used for selecting the respondents. Adapted questionnaire was used for collecting the data. Data was collected from three hierarchical levels. Of the total 220 respondents, 15 respondents were from the top hierarchy; 120 from Middle management and 85 from lower management. Of the total respondents 129 (58.6%) were males and 91 (41%) were females. A sum of 71 (32%) were under graduate degree, 120 (54%) had master's degree and the remaining 29 (13%) had MS/ M.Phil. 47% respondents were in the age group of 41-50, and the rest 53 from other age groups (i.e.20-40 and 50 to 65). 10% respondents work experience was between 1-10 years; 77% respondents work experience was between 11-20 years, and the rest 13% respondent experience was between 10 to 20 years.

Scales and Measures

All the scale and measures were adapted from earlier scales and measures which are detailed in Table 1.

Table 1: Scales and Measures

Construct	Source	Items	Cronbach's Alpha ¹
LMX	Lee, Scandura, Kim, Joshi, and Lee (2012)	7	.75 to .85
Creative work involvement.	Carmeli and Schaubroeck (2007)	9	.70 to .87
Job performance	Bouckenoghe, Raja, & Butt (2013)	6	.77 to .85
Work Engagement	Mills, Culbertson, and Fullagar (2012)	9	.78 to .89
Turnover Intentions	Wayne, Shore, and Liden (1997)	5	.75 to .85

¹Cronbach's Alpha values in earlier studies

Results

Descriptive Statistics

Table 2 shows the results related to internal consistency and descriptive statistics.

Table 2: Descriptive Statistics

Construct	Mean	Std. Dev	Skewness	Kurtosis	Cronbach's Alpha
Creative Work Involvement	3.88	0.98	-0.37	0.08	0.98
Job Performance	4.00	0.96	-0.98	0.09	0.97
LMX	4.08	1.01	-0.78	0.10	0.88
Turnover Intentions	3.98	1.11	-0.798	0.88	0.76
Work Engagement	4.11	1.0	-0.90	0.98	0.59

The results suggest that job performance (Mean=4.00, STD=0.96, SK= -0.98) has the highest skewness and creative work involvement (Mean=3.88, STD=0.98, SK= -0.37) has the lowest skewness. Additionally, work engagement (Mean=4.11, STD=1.0, KR= 0.98) has the highest value of kurtosis and creative work involvement (Mean=3.88, STD=0.98, KR= 0.08) has the lowest value of kurtosis. As the skewness and kurtosis value lies between ± 3.5 , therefore, the variables can be considered to have univariate normality. In addition, creative work involvement (Mean=3.88, STD=0.98, α = 0.98) has the highest value of Cronbach alpha while work engagement (Mean=4.11, STD=1.0, α = 0.59) has the lowest. Therefore, the variables have an acceptable level of internal consistency (Hair, Black, Babin & Anderson, 2010).

Convergent Validity

Convergent validity was ascertained through average variance explained and composite reliability. The results are provided in Table 3.

Table 3: Convergent Validity

	Mean	Std. Dev	Composite Reliability	(AVE)
Creative Work Involvement	3.88	0.98	0.608	0.469
Job Performance	4.00	0.96	0.902	0.65
LMX	4.08	1.01	0.879	0.595
Turnover Intentions	3.98	1.11	0.885	0.608
Work Engagement	4.11	1.0	0.877	0.59

The results show that job performance (Mean=4.00, STD=0.96, CR = 0.902) has the highest composite reliability while creative work involvement (Mean=3.88, STD=0.98, CR=0.608) had the lowest. Moreover, turnover intentions (Mean=3.98, STD=1.11, AVE = 0.608) has the highest value of average variance explained while creative work involvement (Mean=3.88, STD=0.98, AVE=0.608) had the lowest. The values of composite reliability and AVE are greater than 0.7 and 0.6, respectively, therefore we may conclude that the variables have acceptable convergent validity.

Discriminant Validity

The Fornell & Larcker (1981) criterion was used for analyzing the discriminant validity of the constructs. The results are presented in Table 4.

Table 4: Discriminant Validity

	1	2	3	4	5
Creative Work Involvement	0.685				
Job Performance	0.745	0.806			
LMX	0.531	0.589	0.771		
Turnover Intentions	0.686	0.821	0.511	0.78	
Work Engagement	0.651	0.716	0.725	0.708	0.768

Table 4 shows that the square of each pair of correlation is lower than the square root of the average variance explained. Therefore, the variables may be considered as unique and distinct (Fornell & Larcker, 1981).

SEM Results

The study used Smart PLS to test the hypotheses. The statistical results are presented in Table 5. In addition, the measurement and structural models are presented in Figures 2 and 3 respectively.

Table 5: SEM Results

	Beta	Std.Dev	T-Stats	P-Val	Results
Job Performance -> Turnover Int. (H1)	0.796	0.023	34.584	0	Accepted
LMX -> Creative Work Involvement (H2)	0.535	0.028	18.792	0	Accepted
LMX -> Job Performance (H3)	0.151	0.056	2.633	0.004	Accepted
LMX -> Turnover Int. (H4)	0.041	0.027	1.539	0.062	Rejected
LMX -> Work Engagement (H5)	0.726	0.023	31.819	0	Accepted
Work Engagement -> Job Perform (H6)	0.607	0.062	9.817	0	Accepted
LMX -> Work Eng .-> Job Perform (H7)	0.441	0.049	8.922	0	Accepted
LMX -> Job Perf -> Turnover Int. (H8)	0.12	0.044	2.677	0.004	Accepted
Work Eng -> Job Perf -> Turnover Int. (H9)	0.484	0.055	8.741	0	Accepted

The results suggest that five direct hypotheses and three indirect hypotheses were accepted.

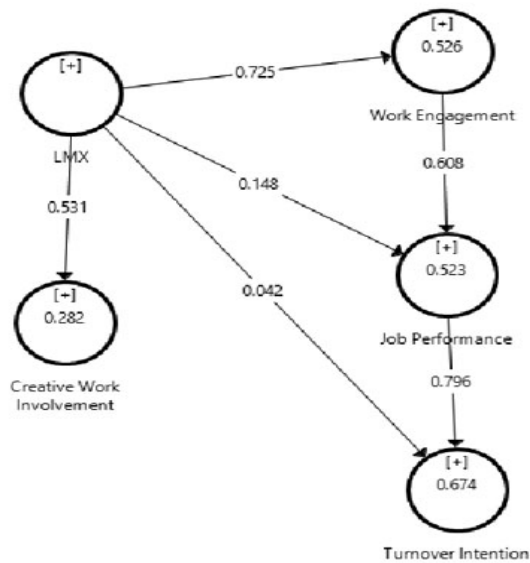


Figure 2: Measurement Model

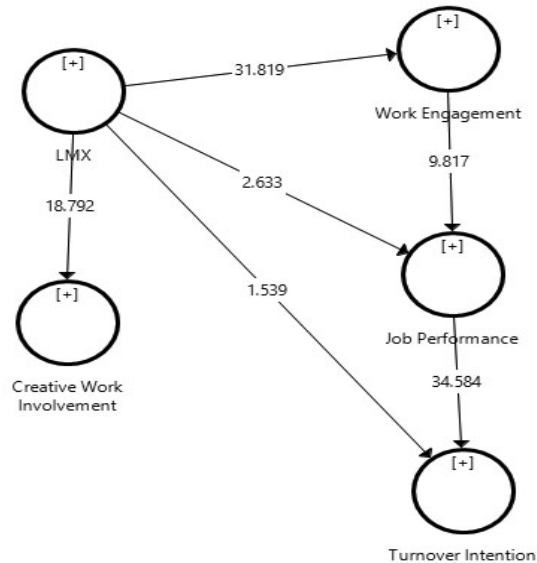


Figure 3: Structural Model

Discussion and Conclusion

The conceptual framework was developed containing six direct relationships and three indirect relationships. The results and their relevance with the earlier literature is discussed below

Our results suggest that bank employees found a positive association between job performance and turnover intentions. Earlier studies found a positive effect of job performance on turnover intentions (Zimmerman & Darnold, 2009). For example, employees who are not appropriately compensated according to their performance may search for new opportunities in other organizations (Jiang & Yang, 2015). On the contrary, employees who perform poorly become frustrated, therefore, they are more likely to switch to other organizations (Gerstner & Day, 1997).

The results suggest the bank employees perceive that a conducive LMX environment promotes creativity at the workplace. Work creativity is an antecedent to LMX, and it refers to the creation of fresh and beneficial ideas by an employee or group of employees (Amabile, 1988). The relationship between supervisors and employees develop over time and depends on how favorably each party reciprocates with one another (Graen & Uhl-Bien, 1995). A good LMX environment has positive outcomes including improved job commitment, job satisfaction and mutual respect between leaders and employees (Ilies et al., 2007).

The study found that conducive that LMX motivates employees and enhances their job performance. Dulebohn, Bommer, Liden, Brouer, and Ferris (2012) found that LMX is an essential driver of job performance. However, in a poor LMX environment, supervisors develop a biased attitude towards employees that negatively effects employees' job performance (Shan, Ishaq & Shaheen, 2015). The results suggest that LMX has a positive effect on turnover intentions. On the contrary, the literature suggest that turnover intentions adversely affects organizational performance and employee morale (Firth, Mellor, Moore & Loquet, 2004; Gerstner & Day, 1997).

The results also suggest that LMX promotes work engagement. Highly involved and energetic employees have a positive attitude towards work-engagement (Lua, Xieb & Guo, 2018). LMX theory assumes that leaders develop sustainable social and interactive relationships with members which promotes work engagement (Graen & Scandura, 1987). Moreover, Lin et al., (2016) suggest that leaders are more inclined to give timely feedback and appropriate rewards to those members with whom they have developed social and interactive relationships.

The hypothesis of the association of work engagement and job performance was accepted. Demerouti & Cropanzano (2010) argue that work engagement enhances employees' job performance. Moreover, highly engaged employees generate positive emotions which stimulates job performance (Ansari, Hung & Aafaqi, 2007). On the other hand, employees who are not highly engaged suffer from negative emotions and their job performance is not satisfactory.

The result suggests that work engagement mediates LMX and job performance. Highly involved and energetic employees are highly involved in work which benefits both employees and organizations (Runhaar, Konermann & Sanders, 2013). LMX theory assumes that leaders develop sustainable social and interactive relationships with members which promotes work engagement (Graen & Scandura, 1987; Lin et al., 2018). On the other hand, employees who are not highly engaged suffer from negative emotions and their job performance is not satisfactory.

The hypothesis on the mediating effect of job performance on LMX and turnover intentions was accepted. Trincherro, Elio Borgonovi, & Farr-Wharton (2014) suggest that a professional relationship with supervisors positively effects job performance and decreases turnover intentions. Portoghese, Galletta, Battistelli & Leiter (2015) also found that LMX positively effects low turnover intentions. Thus, they conclude that employees in a conducive LMX environment have a low intention to quit their jobs. Similarly, Graen et al., (1982) found that a poor leader and member relationship increases employees' turnover intentions.

The hypothesis on the mediating roles of job performance on LMX and turnover intentions was accepted. Many past studies have extended the LMX theory and concluded that LMX has a causal effect on job performance (Cogliser, Schriesheim, Scandura, & Gardner, 2009; Dyne et al., 2002). Dulebohn, Bommer, Liden, Brouer and Ferris (2012) found that LMX is an essential driver of job performance. Wilhelm, Herd & Steiner (1993) examined the association between LMX and organizational performance in manufacturing firms. The data set was based on 141 supervisor-employee interactions. The results also confirmed that LMX and employee turnover intentions are inversely associated. On the contrary, employees' job satisfaction is low if their job expectations are not met and also leads to high turnover intentions.

Conclusion

The study has developed and empirically tested a new conceptual framework on a sample of respondents working in the banking sector of Karachi. The results suggest that LMX has a significant effect on creative work involvement, work engagement and job performance. However, LMX had an insignificant effect on turnover intentions. This finding is inconsistent with earlier studies which suggest that LMX promotes low turnover intentions. As employment opportunities in Pakistan are limited, employees tend to have low turnover intentions despite being dissatisfied with their jobs. The results also suggest that job performance promotes low turnover intentions. Prior studies have found that job performance and turnover intentions are inversely related while others conclude that both job performance and turnover intention are positively associated. The study has also found that work engagement and job performance are significant mediating variables. Thus, organizations must focus on developing a sustainable LMX environment which will improve employees' attitude towards work. This study has several limitations and suggestions for future research. This study was restricted to the banking industry of one city. Other studies may be extended to other cities of Pakistan. Future studies may also examine the consequences of LMX in large manufacturing firms and the mediating effects of employee loyalty and job commitment.

Annexure 1

Constucts and Items in the Questionnaire

Leader Member Exchange

My supervisor is satisfied with my work.

My supervisor understands my problems and needs.

My supervisor recognizes my potential.

My supervisor is always willing to solve problems at work.

I can count on my supervisor to 'bail me out' at his/her expense.

I have enough confidence in my supervisor to defend and justify his/her decisions.

My working relationship with my supervisor is effective.

Creative Work Involvement

I demonstrate originality at my work.

I take risks while generating new ideas.

I always try to be innovate while doing my job.

I am efficient in solving job related problems.

I use new ideas and approaches to solve a problem

I always look for developing new products/processes

I search for novel work-related ideas.

I look for creative ideas related to my field

I inspire others creativity

Work Engagement

I am always full of energy while doing my job.

I do my job vigorously

It feels good when I go to work.

My job inspires me.

I am enthusiastic about my job.

I am proud of the work delegated to me.

I feel happy while performing my assigned duties.

I am immersed in my work assignment.

When I am working I lose track of time.

Job performance

I efficiently complete assigned duties.

I complete responsibilities related to my job description

I complete all tasks beyond supervisor's expectations.

I always volunteer for challenging assignments.

I engage in activities that will affect my performance.

I fail to perform essential duties.

Turnover Intentions

As soon as I can find a better job, I will leave.

I am actively looking for a job outside the company.

I am seriously thinking of quitting my job.

I often think of quitting my job.

I think, I will be working in the organization for another five years.

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