

**Navigating Uneven Terrain: The Roles of Political Skill and LMX Differentiation in
Prediction of Work Relationship Quality and Work Outcomes**

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Abstract

Drawing from social/political influence, leader-member exchange (LMX), and social comparison theories, the present two-study investigation examines three levels of LMX differentiation (i.e., individual-, meso- and group-level LMX differentiation), and further tests a model of the joint effects of political skill and LMX differentiation on LMX, relative LMX, and employee work outcomes. In Study 1, we used data from 231 employees, and found support for the interactive effect of political skill and individual perceptions of LMX differentiation on LMX quality. We also found partial support for the moderating role of individual-level LMX differentiation on the indirect effects of political skill on self-rated task performance and job satisfaction via LMX. In Study 2, we used data from 185 supervisor–subordinate dyads, and examined both meso- and group-level LMX differentiation via a multilevel moderated-mediation model. Results supported the moderating role of group-level LMX differentiation and group-mean LMX on the indirect effects of political skill on supervisor-rated task performance and contextual performance/citizenship behavior as well as job satisfaction via relative LMX. Overall, the results suggest that politically skilled employees reap the benefits of LMX differentiation, as they enjoy higher absolute LMX and relative (i.e., to their peers) LMX quality.

Keywords: Political skill, LMX, LMX differentiation, social comparison theory

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The study of work relationships is fundamental to understanding organizational behavior (Ferris, Liden, Munyon, Summers, Basik, & Buckley, 2009), and few work relationships have more impact than those between leaders and followers. As a result, researchers have examined the quality of leader-follower dyadic relationships for more than four decades. Leader-Member Exchange (LMX) theory has been at the center of this line of inquiry, and has been shown to be a key predictor of focal employee attitudes and performance outcomes (for recent reviews, see Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Erdogan & Bauer, 2014; Martin, Epitropaki, Thomas, & Topakas, 2010).

LMX theory argues that supervisors form relationships of differing quality levels with subordinates (Dansereau, Graen, & Haga, 1975; Graen & Uhl-Bien, 1995). Mature and high-quality leader-follower relationships have been described as partnerships (Graen & Uhl-Bien, 1995) characterized by increased levels of trust, support, and mutual influence, while low-quality relationships have been said to be mainly transactional, and based on the hierarchical authority of the supervisor (Graen & Uhl-Bien, 1995). As such, within workgroups, a great deal of variance in relationship quality is possible between the leader and each follower (Henderson, Wayne, Shore, Bommer, & Tetrack, 2008).

Although differentiation has been an inherent assumption of LMX theory since its inception, explicit examination of LMX differentiation is a relatively recent development, making it one of the most important current and future areas of inquiry for LMX research (Henderson, Liden, Glibkowski, & Chaudhry, 2009; Vidyarthi, Liden, Anand, Erdogan, & Ghosh, 2010). According to Anand, Vidyarthi and Park (2015), prior research has examined LMX differentiation in three distinct ways: at the individual level with perceived LMX

differentiation (e.g., Hooper & Martin, 2008; Van Breukelen, Konst & Van Der Vlist, 2002), at the meso level with relative LMX (e.g., Harris, Li, & Kirkman, 2014; Henderson et al., 2008; Vidyanthi et al., 2010), and at the group level with objective LMX difference calculations (e.g., Erdogan & Bauer, 2010; LeBlanc & González-Romá, 2012).

Perceived LMX differentiation (e.g., Hooper & Martin, 2008) is a perceptual measure residing at the individual level of analysis. It captures perceived variability of LMX relationships within a group (i.e., employees' assessments of whether their coworkers are close or distant from the leader, but it doesn't actually tap the individual's perceived standing within a work group). On the other hand, relative LMX and LMX differentiation directly incorporate the team context. Relative LMX reflects the frog pond approach, and captures the individual-within-group level (i.e., a meso-level of analysis; Anand et al., 2015; Henderson et al., 2008). It represents the actual degree to which an individual's work relationship differs (i.e., is better or worse) from the average LMX relationships in the group (Vidyanthi et al., 2010). Finally, group-level LMX differentiation addresses actual within-group LMX variability that creates a group-level context, which is meaningful to the experience and sensemaking of both leaders and members (e.g., Erdogan & Bauer, 2010; Henderson et al., 2009).

Within this segment of the literature, researchers have argued that LMX differentiation triggers social comparison processes (Festinger, 1954; Hu & Liden, 2013; Vidyanthi et al., 2010). Social comparison theory suggests that one's relative standing influences attitudes, aspirations, and behaviors (Wood, 1989). It is, thus, likely that the recognition of differing LMX quality within the workgroup influences a number of workplace outcomes (Vidyanthi et al., 2010). A number of studies of both relative LMX and LMX differentiation have indicated that differentiation has negative effects on attitudes, such as work unit commitment, organizational commitment, and job satisfaction (Henderson et al.,

2009; Martin & Hooper, 2008). However, researchers have also argued that variability is not necessarily a bad thing and found support for the positive role of differentiation (e.g., Erdogan & Bauer, 2010; Henderson et al., 2008; LeBlanc & González-Romá, 2012; Ma & Qu, 2010). Thus, a low degree of differentiation may not always be a desired or optimal situation. To date, the overall evidence regarding the role of differentiation for employee outcomes remains inconclusive (e.g., Harris et al., 2014). Henderson et al. (2008) speculated that while certain employees might respond negatively to differentiation, other employees might respond positively. Thus, it is possible that groups with a low degree of LMX differentiation are likely to be constraining and frustrating for ambitious and achievement-oriented individuals (Erdogan & Liden, 2002).

Interestingly, LMX differentiation research has yet to investigate personal characteristics that may shed light on whether and why some individuals may or may not thrive in environments of high LMX differentiation. Thus, we extend the LMX differentiation literature by examining its joint effect with political skill – a personal characteristic that helps employees successfully navigate social situations at work (Ferris, Treadway, Perrewé, Brouer, Douglas, & Lux, 2007) to achieve desired work outcomes.

Additionally, research on LMX differentiation indicates that it operates at multiple levels of theory (Henderson et al., 2008). However, most studies have explored only one or two of the three theoretical levels, leaving gaps in our understanding of the relationships between LMX differentiation and studied constructs. Thus, by employing a two-study research design that examines all three theoretical levels of LMX differentiation, we provide a more comprehensive test of the interactive effects of political skill and LMX differentiation on work outcomes (i.e., as they operate through LMX and relative LMX quality). In the process, we contribute to theory by providing additional evidence of political skill's ability to help employees manage potentially difficult situations (i.e., high LMX differentiation

workgroups) with potentially deleterious consequences on job performance and job satisfaction.

More specifically, we use social/political influence (Ferris et al., 2007), LMX (Graen & Uhl-Bien, 1995) and social comparison (Festinger, 1954) theories to argue that politically skilled employees are aware of LMX differentiation within the workgroup (Vidyarathi et al., 2010), and use their social savvy to help them decode social cues, recognize opportunities for influence, and craft behavioral responses that enable them to build favorable relationships with supervisors. Furthermore, we suggest that the interactive effects of political skill and LMX differentiation (i.e., both perceived and actual) on work outcomes operate through LMX (absolute standing) and relative LMX (relative standing to the work group) as mediators, thus testing a moderated mediation model.

Theoretical Background and Hypotheses Development

Political Skill and Social/Political Influence Theory

Political skill is defined as the “ability to effectively understand others at work, and to use such knowledge to influence others to act in ways that enhance one’s personal and/or organizational objectives” (Ferris, Treadway, Kolodisky, Hochwarter, Kacmar & Douglas, 2005, p. 127). Political skill enables actors to manage relationships in politically savvy ways, and direct efforts and means of influence towards personal and organizational goal attainment (Ferris, Treadway, Brouer, & Munyon, 2012). Pfeffer (1981) and Mintzberg (1983) independently asserted political skill was necessary to succeed in organizations, because of the requirement to interact with and influence other individuals with competing agendas. Building on this, Ferris and colleagues (2007) argued that political skill enables individuals to interpret work contexts accurately, select situationally appropriate behaviors, and execute those behaviors in a manner that increases their effectiveness.

Composed of the four underlying dimensions of social astuteness, networking ability, interpersonal influence, and apparent sincerity, political skill is a set of social competencies that helps individuals navigate ambiguous, uncertain, and often threatening organizational settings, enabling them to be effective in their job and successful in their careers (Ferris et al., 2007; Perrewé, Zellars, Ferris, Rossi, Kacmar, & Ralston, 2004). More specifically, cumulative findings, recent reviews (e.g., Ferris et al., 2012; Kimura, 2014), and a recent meta-analysis on political skill (Munyon, Summers, Thompson, & Ferris, 2015) highlight the effects of this personal resource on task performance, contextual performance/citizenship behaviors, and other work outcomes. Further, other investigations have noted its interactive effects with contextual factors such as organizational justice (Andrews, Kacmar & Harris, 2009), perceptions of organizational politics (e.g., Kapoutsis, Papalexandris, Nikolopoulos, Hochwarter & Ferris, 2011), and role overload and strain (e.g., Perrewé et al., 2004).

Political skill and LMX. Within the LMX literature, three prior studies have focused on the interactive effects of political skill and LMX on work outcomes. The first found that, in low-quality LMX conditions, politically skilled individuals had more positive perceptions of subjective career success (Breland, Treadway, Duke & Adams, 2007). In the second study, politically skilled employees reported lower turnover intentions, but also lower job satisfaction, when LMX was high (Harris, Harris & Brouer, 2009). More recently, Kimura (2013) reported that the negative effects on organizational commitment caused by politics perceptions attenuate only when both political skill and LMX are high.

Our review of the literature indicated that no prior studies have examined the direct effects of subordinate political skill on LMX quality. However, because political skill captures the ability to understand situations and to use such knowledge to influence others, we argue that politically skilled employees use their abilities to form high-quality exchanges with their leaders. More specifically, Shi, Johnson, Liu, and Wang (2013) claimed that

politically skilled members interact more frequently with their supervisors because they are motivated to build stronger connections and accrue valuable resources (Ferris et al., 2012), such as information about the types of behaviors that supervisors recognize and reward as important.

Thus, by masking their self-serving motives (i.e., employing apparent sincerity) and using their interpersonal influence ability, politically skilled employees are able to craft favorable impressions and influence the quality of their interactions with supervisors. To this end, theory has argued that a particularly important effect of political skill on others is its tendency to elicit favorable evaluations (Ferris et al., 2012). In support of this view, Wei, Chiang, and Wu (2012) found that subordinates' political skill is positively related to the establishment of informal social ties with their supervisors (i.e., s-guanxi), which in turn facilitates their career development.

Additionally, politically skilled members are socially astute, which enables them to evaluate social contexts and adjust their behavioral responses accordingly (Ferris et al., 2005; Wihler, Blickle, Ellen, Hochwarter, & Ferris, in press). This ability to read and react to situations, including supervisor demands, allows followers to perform consistent with unstated supervisor expectations. Further, their interpersonal style and the display of genuine interest can inspire confidence and trust in others (Perrewé et al., 2005) - two essential elements for establishing and maintaining cooperative relationships. As a result, politically skilled individuals are able to develop positive and beneficial relationships with influential others (Ferris et al., 2007), including their leaders.

Hypothesis 1a: Political skill is positively related to individual LMX (Study 1).

Politically skilled members also are equipped to establish higher relative LMX standing in their work group. Via controlled (i.e., conscious) and automatic (i.e., unconscious) processes, politically skilled employees seek information and effectively

decode the leader's verbal and non-verbal behavior, as well as their co-workers' reactions towards the leader. Cognizant of the dynamics of the leader-follower relationships in their groups, politically skilled individuals actively seek ways to stand out from their peers and capture the leader's attention.

Politically skilled followers are savvy enough to realize that the absolute value of their LMX quality may not suffice in the social marketplace for two reasons. The first is that leaders may tend to form high-quality relationships with all their members and, second, it is their relative position in the group that will determine any favorable treatment in their supervisors' assessments or distribution of valuable resources. Therefore, politically skilled individuals are interested in forming stronger relational ties compared to the rest of the group.

Networking ability makes politically skilled members more visible and central to the group, granting them relatively more access to their direct supervisors. Such frequent interactions may increase the likelihood that the supervisor becomes more dependent on politically skilled members, and thus increase their relative standing within the group (i.e., RLMX). Further, interpersonal influence ability enables employees to make positive impressions on others and effectively sell their ideas (Ferris et al., 2007; Ferris et al., 2012). Thus, these arguments suggest that political skill represents an important personal resource that can help members improve their relative LMX standing within their work group.

Hypothesis 1b: Political skill is positively related to relative LMX (RLMX; Study 2).

LMX Differentiation and Social Comparison Theory

LMX represents a major theoretical and empirical approach to leadership within organizations. The central premise behind LMX is that within work units, leaders develop differentiated relationships with their subordinates (Liden, Sparrowe & Wayne, 1997).

Empirical research consistently has shown that LMX plays an important role for a number of employee outcomes, such as task performance, contextual performance/citizenship behavior,

organizational commitment, job satisfaction, and well-being (e.g., Dulebohn et al., 2012; Epitropaki & Martin, 1999, 2005, 2015; Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Ilies, Nahrgang, & Morgeson, 2007; Martin et al., 2010). However, by treating their employees differently, managers foster a work group that is characterized by variability in the nature and quality of leader-member relationships (Liden et al., 1997).

Generally, LMX differentiation is defined as the degree of within-group variation that exists when a leader forms different quality of relationships with different members (e.g., Erdogan & Bauer, 2010; Liden, Erdogan, Wayne, & Sparrowe, 2006), and variability in LMX quality within the group may differ to a greater or a lesser extent (Henderson et al., 2009; Henderson et al., 2008). With regard to relationships within a workgroup, low LMX differentiation implies that leaders form relatively consistent (i.e., in terms of quality) exchanges with all followers. This is argued to enhance predictability, fairness perceptions (Harris et al., 2014), and neutralize, rather than exacerbate, political activity (Nishii & Mayer, 2010). When LMX differentiation is low, members are likely to share a common reality concerning fairness perceptions and predictability of leaders' actions (Gooty & Yammarino, in press). Conversely, high LMX differentiation implies that leaders develop relationships of varying quality with followers, which has been noted to result in a number of adverse outcomes (Henderson et al., 2009; Henderson et al., 2008).

Social comparison theory (Festinger, 1954) represents a key foundation of theoretical development regarding LMX differentiation (Henderson et al., 2008; Vidyarthi et al., 2010). As applied to LMX, social comparison theory suggests that followers evaluate leaders within, and in relation to, a specific context (i.e., their workgroup). Hu and Liden (2013) used social comparison theory to examine how and when relative LMX (RLMX) impacts individual effectiveness in teams. They specifically argued that RLMX is a salient reference point that triggers three key motives of social comparison in work group members. That is, RLMX

triggers a comparison regarding (a) how a worker's skills compare with those of comparative others within the workgroup, (b) how well a worker performs tasks relative to comparative others within the workgroup, and (c) whether workers are respected and accepted by others within the group.

Hu and Liden (2013) suggested that high RLMX members who compare themselves with their worse-off teammates are more likely to form a positive self-image, whereas low RLMX members will tend to develop unfavorable self-evaluations after comparing with better-off others. They further showed that self-efficacy partially mediated the relationship between RLMX and in-role performance and job satisfaction, and fully mediated the relationship between RLMX and OCB.

Relatedly, we argue that social comparison processes can inform understanding regarding the effects of perceived LMX differentiation and group-level LMX differentiation. More specifically, the assimilation-contrast model of social comparison (e.g., Mussweiler, 2001; Mussweiler, Rüter & Epstude, 2004; Pelham & Wachmuth, 1995) suggests that social comparisons that emphasize similarities lead to *assimilation*, whereas comparisons that focus on dissimilarities lead to *contrast*. The role of psychological closeness with the comparison targets has been identified as an important moderator of assimilation or contrast processes (e.g., Brewer & Weber, 1994; Buunk, Collins, Taylor, VanYperen, & Dakof, 1990; Pelham & Wachmuth, 1995). For example, people who work together as collaborators may begin to treat the successes or failures of their teammates as their own (assimilation), whereas competitive contexts will trigger contrast processes, and lead to sharp upward or downward comparisons (Pelham & Wachmuth, 1995).

Prior LMX differentiation research has argued that a high degree of variability creates conditions that promote competition and antagonism among team members, as individuals maneuver for a larger proportion of available attention and resources (i.e., conditions of

uncertainty and volatility). Conversely, low levels of variability might enhance cooperation and social harmony within the group (Hooper & Martin, 2008). Thus, it is possible that in highly differentiated LMX environments, which promote competition and potentially antagonism among members, social comparison processes of *contrast* are more prevalent. Members will actively compare themselves with better-off (upward comparison) or worse-off (downward comparison) others, and actively engage in behaviors that will improve or protect their LMX status with the leader, as well as their relative LMX status within their work group.

Interestingly, the overall evidence regarding the role of all three facets of LMX differentiation for individual outcomes remains inconclusive (e.g., Harris et al., 2014). Some researchers have found evidence for the positive role of differentiation (e.g., Henderson et al., 2008; LeBlanc & González-Romá, 2012; Ma & Qu, 2010), whereas others have found support for the negative impact of LMX differentiation on work attitudes, but its positive effect on work behaviors (e.g., Erdogan & Bauer, 2010; Hooper & Martin, 2008; Nishii & Mayer, 2009).

Recently, Gooty and Yammarino (in press) argued that LMX differentiation moderates the relationship between employees' LMX and job performance ratings. They found that the relationship between LMX and performance was weaker when LMX differentiation was high. Interestingly, Kaupilla (in press) found the impact of LMX differentiation on work outcomes was stronger for employees with low rather than high LMX. His explanation was that when LMX differentiation is high, followers with low LMX see that it is possible to form high-quality relationships with the leader because some group members have succeeded in doing so. This sign of hope will motivate followers to try harder, adopt more positive attitudes, and pursue behaviors that make a good impression on the leader (Gooty & Yammarino, in press; Kaupilla, in press; Liden et al., 2006).

Relatedly, we argue that in conditions of high LMX differentiation, followers will recruit personal resources that will help them capitalize on the situation and enhance their absolute LMX relation with their leader, as well as their relative LMX status within the work group. Liao, Liu, and Loi (2010) demonstrated that such contexts offer valuable information to those who engage in social comparison evaluations. Specifically, they found that the relationship between self-efficacy and LMX is stronger in environments where LMX differentiation is high.

Thus, it is reasonable to assume that if leaders differentiate among followers, politically skilled followers will use their interpersonal prowess to benefit from the opportunity, and establish a better relationship with their leader. That is, we argue that politically skilled individuals who perceive high degrees of LMX differentiation will view the environment as an opportunity (rather than a threat) that they can use to their advantage. Conversely, we argue that low perceived LMX differentiation (i.e., conditions that neutralize political activity) will attenuate the relationship between political skill and LMX, as environments marked by low LMX differentiation offer little chance for politically skilled individuals to use their social prowess to improve LMX or relative LMX status.

Furthermore, we don't expect the social comparison processes to operate differently in the case of perceived versus actual LMX differentiation. That is, when politically skilled individuals perceive differentiated LMX relationships within the workgroup, they will draw on their social abilities to improve and/or maintain a high-quality relationship with their leader. Similarly, in environments where actual LMX differentiation is high, social astuteness enables politically skilled individuals to recognize (i.e., perceive) the leaders' differential treatment of followers within the work group. Thus, politically skilled individuals will recognize the differentiated LMX environment as an opportunity (Wihler et al., in press) to improve their relationship with the leader, or as an environment susceptible to changing

relationships, which necessitates effort to maintain an existing high-quality relationship with the leader. So, for both perceived and actual LMX differentiation, the social comparison process will operate the same because awareness of each is gained, and then reacted to, as we note above.

Hypothesis 2a: Individual perceptions of LMX differentiation moderate the relationship between political skill and LMX, such that the positive relationship will be stronger when LMX differentiation is perceived to be higher (Study 1).

On the group level, we expect politically skilled employees to be able to successfully read the cues in their work environment regarding the leader's behaviors towards various members, and accurately assess the LMX variability actually prevalent in the work group. In conditions of high group LMX differentiation, politically skilled employees will use their savvy to gain a competitive advantage over their colleagues, and form relations with the leader that objectively exceed the work-group average (RLMX). At low levels of group LMX differentiation, the likelihood for preferential treatment decreases, and even politically skilled individuals may tend to assimilate towards the average LMX status, and invest their personal resources in other higher-yield arenas.

Hypothesis 2b: Group LMX differentiation moderates the relationship between political skill and relative LMX, such that the positive relationship will be stronger when group LMX differentiation is higher (Study 2).

Relatedly, the mean LMX of the work group (GLMX) will be an important factor that can alter the strength of the relationship between political skill and relative LMX.

Methodologically, the emerging multilevel research literature has emphasized that the group mean (e.g., GLMX) and the group dispersion (e.g., LMX Differentiation) of the variables represent distinct structural and functional properties of organizational phenomena (Liu et al., 2012). Therefore, researchers recommend that "both mean and dispersion measures should be

examined simultaneously when developing multilevel models to increase the models predictive validity and utility” (Liu et al., p. 1361). Prior LMX literature has also been supportive of the inclusion of both group mean LMX and LMX differentiation (e.g., Liao et al., 2010; Erdogan and Bauer, 2010; Hu and Liden, 2013; Kauppila, 2015).

In addition to methodological reasons, there are conceptual grounds for examining GLMX in our investigation. Prior research has shown GLMX to have positive effects on group outcomes such as cohesiveness (Cogliser & Schriesheim, 2000) and group potency (Boies & Howell, 2006), and Nishii and Mayer (2009) further argued that GLMX influences the perception of psychological safety in the environment. In this respect, high GLMX portrays a psychologically safe environment in which the leader systematically promotes social bonds and seeks to fulfill the socio-emotional needs of the majority of work group members. In such environments, politically skilled members may fully exploit the benefits that the properties of political skill may offer (e.g., networking with others, decoding needs of peers and supervisors, display sincere emotions and mask self-serving motives).

In contrast, work groups characterized by low GLMX may engender perceptions that the environments are not safe, or that leaders are socio-emotionally detached, which may subsequently render political skill inactive. Low GLMX suggests that the leader systematically develops mainly economic and task-related exchanges with work group members, and pays less attention to members’ efforts to improve relational aspects. Thus, the odds that the politically skilled would stand out in a positive way (i.e., higher RLMX) would be higher in environments where social ties do matter for the leader.

Hypothesis 2c: Group-mean LMX moderates the relationship between political skill and relative LMX, such that the positive relationship will be stronger when group-mean LMX is higher (Study 2).

Political Skill and Job Performance

In the present research, we focus on two main categories of job performance distinguished by prior research: task performance and contextual performance/citizenship behavior (Borman & Motowidlo, 1993). Task performance represents the substantive duties and tasks that differentiate one job from another, whereas, contextual performance/citizenship behavior constitutes those behaviors that “support the organizational, social, and psychological environment in which the technical core must function” (Borman & Motowidlo, 1993, p. 91). Organ (1988) characterized these behaviors as helpful acts that are beyond the person’s job description and are not explicitly rewarded by the organization. As they are not formally required, they often are initiated by work members at their own discretion.

The role of political skill for job performance has been well documented by prior research (e.g., Kapoutsis et al., 2011; Munyon et al., 2015). Additionally, prior studies (e.g., Andrews et al., 2009) have suggested that politically skilled individuals may engage in contextual performance/citizenship behaviors in order to distinguish themselves from other organizational members, realizing that such a competitive advantage may be beneficial with respect to future career outcomes and relationships with superiors.

Prior research and meta-analyses have demonstrated the significant impact of LMX on performance (e.g., Dulebohn et al., 2012; Gerstner & Day, 1997; Martin, Thomas, Guillaume, Lee & Epitropaki, 2016), as well as the role of relative LMX standing for performance (e.g., Henderson et al., 2008). Social exchange and reciprocity motives have been used in LMX literature to explain why employees in high-quality exchanges may offer greater task contributions and extra-role behaviors in order to reciprocate their manager’s generous rewards and recognition. In the context of relative LMX, the relationship with task and contextual performance can be explained via the social comparison process in which employees engage, contributing to evaluations of higher obligation towards the leader and the

organization, and subsequently to greater levels of performance. Thus, we contend that LMX and relative LMX standing will account for (i.e., mediate) the relationship between political skill and job performance (i.e., task performance and contextual performance/citizenship behavior).

Political Skill and Job Satisfaction

The link between political skill and job satisfaction has received limited attention in prior research (e.g., Kolodinsky, Hochwarter & Ferris, 2004), and as Ferris et al. (2007) pointed out, the specific relationship appears to be complex. Other studies have examined the interactive effects of political skill and variables, such as political decision making (Gallagher & Laird, 2008), job-limiting pain (Ferris et al., 2009), perceived organizational politics (Brouer, Harris, & Kacmar, 2011), and LMX (Harris et al., 2009), on job satisfaction. Results seem to suggest that even in unfavorable conditions (e.g., low political decision making, high job-limiting pain, or low-LMX), politically skilled individuals remained more satisfied than those with low political skill.

In the LMX literature, there is mounting evidence regarding the mediating role of LMX on followers' job satisfaction (e.g., Dulebohn et al., 2012). A similar positive relationship between relative LMX and job satisfaction has been proposed (Henderson et al., 2009), and empirically examined (Hu & Liden, 2013). Based on social comparison processes, employees who view their LMX standing as higher compared to their work group members also are likely to exhibit more positive attitudes towards their work. Because the relationship with the leader is a focal lens through which employees make sense of their work environment and appraise their job experiences, we argue that both the absolute value of the LMX relationship, as well as the relative LMX standing in the work group, will be important mediators of the relationship between political skill and job satisfaction.

A Moderated-Mediation Framework

Considered together, the aforementioned mediating and moderating effects imply a moderated-mediation model (e.g., Bauer, Preacher & Gil, 2006; Edwards & Lambert, 2007; Preacher, Rucker & Hayes, 2007). Therefore, we suggest that the mediated effects of LMX and relative LMX in the relationships between political skill and employee outcomes depend upon the levels of LMX differentiation in the work group. We expect LMX and relative LMX to be more powerful filters of political skill on job performance and job satisfaction in conditions of high perceived LMX differentiation, as well as high group-level LMX differentiation and high group-mean LMX, rather than in conditions of low differentiation.

Hypothesis 3: Individual-level LMX differentiation moderates the indirect effect of political skill on (a) self-rated task performance and (b) job satisfaction via LMX, such that the effects are stronger when individual-level LMX differentiation is higher (Study 1).

Hypothesis 4: Group-level LMX differentiation moderates the indirect effect of political skill on (a) job satisfaction, (b) supervisor-rated task performance, and (c) contextual performance/citizenship behavior via relative LMX, such that the effects are stronger when group-level LMX differentiation is higher (Study 2).

Hypothesis 5: Mean group LMX moderates the indirect effect of political skill on (a) job satisfaction, (b) supervisor-rated task performance, and (c) contextual performance/citizenship behavior via relative LMX, such that the effects are stronger when GLMX is higher (Study 2).

Overview and Plan of the Research

Hochwarter, Ferris, and Hanes (2011) argued that multi-study research packages (i.e., multiple studies presented together in a single manuscript) make important contributions to knowledge in a number of ways. For example, the use of multiple studies provides the opportunity for literal and/or constructive replication, additional theory testing, and theory

extension. Given our interest in testing the relationships between political skill and LMX differentiation at different levels of analysis, a multi-study research design was deemed most appropriate to capture all relationships of interest, and expand our understanding of the ways in which LMX differentiation operates in organizations. Thus, the present investigation consists of a two-study research design that tests the effects of political skill on job performance and job satisfaction via LMX and relative LMX (meso-level), and of the moderating role of both perceived (individual-level) and actual LMX differentiation (group-level).

Specifically, in Study 1, we tested a model (see Figure 1) of the moderating role of perceived LMX differentiation on the indirect effects of political skill on self-rated task performance and job satisfaction via LMX (Hypotheses 1a, 2a, and 3). Then, in Study 2, we utilized multi-source field data to test a multi-level model (see Figure 2) of the moderating role of group-level LMX differentiation and group-mean LMX on the indirect effects of political skill on task performance, contextual performance/citizenship behavior, and job satisfaction via relative LMX (Hypotheses 1b, 2b, 2c, 4, and 5).

 Insert Figures 1 and 2 about here

Study 1: Method

Sample and Procedure

A total of 231 full-time working adults participated in the first study. Data were collected via both traditional and online methods. 126 participants (54.5% of the final sample) worked in two retail organizations in Greece, whereas the remaining 105 (45.5% of the sample) were recruited via a local professional social networking site. In the case of the two retail organizations, respondents took the surveys on their own time, and returned them anonymously in a pre-paid envelope directly to the researchers (46% response rate).

Participants recruited through the social networking site completed the questionnaire online. In order to be eligible, they had to be in full-time employment during the time the survey was conducted. The online survey platform used did not allow for multiple entries from the same IP address. All surveys were administered in Greek. Prior to the administration of the questionnaires, all questions were translated in Greek, and then back-translated in English to ensure that the Greek version of the questionnaire captured the same constructs as the English version (Brislin, Lonner, & Thorndike, 1973).

Male respondents accounted for 56% of the sample. The average age was 36.10 years ($SD = 9.92$ years), and the mean organizational tenure was 7.6 years ($SD = 8.1$ years). 11% of the respondent had a high-school diploma, 51.5% a Bachelors' degree and 42.5% a postgraduate degree. Services employees accounted for 77.4% of the sample whereas 18.8% were in manufacturing/production. Also, 84% of the sample was non-managerial personnel. On average, respondents had received 1.40 promotions throughout their career (range: 0-4 promotions) and their average tenure with the same manager was 4.1 years ($SD = 5.25$).

Measures

Leader-Member Exchange (LMX). LMX quality was assessed with the LMX-7 scale (Graen & Uhl-Bien, 1995). A 5-point scoring format was used ranging from strongly disagree (1) to strongly agree (5). A sample item is: "How would you characterize your working relationship with your supervisor?" ($\alpha = .88$).

Perceived LMX differentiation. We used the single-item LMX distribution measure developed by Hooper and Martin (2008). Participants were asked to rate the LMX quality of each of their team members (including themselves) and specifically indicate the number of people in the team that had a "very poor" (1), "poor" (2), "satisfactory" (3), "good" (4) or "very good" (5) relationship with the leader. Perceived LMX differentiation was operationalized by calculating the coefficient of variation (i.e., the standard deviation of

LMX relationships within the team divided by the team mean as reported by the participant).

Political skill. We used the 18-item *Political Skill Inventory (PSI)* (Ferris et al., 2005) to measure political skill ($\alpha = .91$). Responses were obtained on a 7-point scale ranging from “strongly disagree” (1) to “strongly agree” (7), and a sample item is: ‘I spend a lot of time and effort at work networking with others.’

Task performance. Participants used a 7-item scale, developed by Williams and Anderson (1991), to rate their in-role task performance ($\alpha = .92$). Responses were obtained on a 5-point format ranging from strongly agree (1) to strongly disagree (5), and a sample item is: “I adequately complete assigned duties”.

Job satisfaction. We used a three-item measure developed by Cammann, Fichman, Jenkins, and Klesh (1983) to assess job satisfaction. Responses were obtained on a 7-point format, and a sample item is “All in all, I am satisfied with my job” ($\alpha = .89$).

Control variables. We controlled for employee gender and age, as these variables have been theoretically suggested and empirically shown to be related to the variables of interest in the study (e.g., Andrews et al., 2009). We also controlled for the duration of the relationship between manager and employee (dyadic duration: in months) and the frequency of their contact (measured with a 5-point scale from “Not at all” to “Always”). Furthermore, because preliminary analyses showed significant differences between respondents working in the two retail organizations and those recruited via the social networking site on job satisfaction (t -value = -3.60, $p < .001$), we controlled for the type of data source in all regression analyses. We further controlled for team size (Hooper & Martin, 2008), as well as the perceived group mean LMX, as reported by the participants.

Study 1: Results

Prior to testing our hypotheses, we conducted confirmatory factor analyses of our key individual variables (i.e., LMX, political skill, job performance, and job satisfaction) to

ensure that they were independent. We estimated a four-factor solution with one factor representing each of the scales. Both multiple and single indicators were used to represent the latent variables of the present study, following Jöreskog and Sörbom (1986), and Moorman (1991). They were created by averaging items for each subscale (in the case of political skill), or for each scale (in the case of the remaining uni-dimensional constructs). For the constructs with single indicators, we followed Williams and Hazer (1986) and fixed the path from the latent variable to the indicator at the square root of the reliability, and the error variance at the scale variance multiplied by one minus the scale reliability.

Parceling has been an issue of debate among methodologists (e.g., Bandalos & Finney, 2001; Little, Cunningham, Shahar & Widaman, 2002). However, as Little, Rhemtulla, Gobson, and Schoemann (2013) pointed out "...no absolute pro or con stance is warranted. Parcels are an analytic tool like any other. There are circumstances in which parceling is useful and those when it is not" (p. 285). Parceling generally is considered appropriate when the researcher is interested in examining relations among latent variables rather than the relation among items representing a latent variable (e.g., in the process of a new scale development) (e.g., Little et al., 2013; Williams & O'Boyle, 2008). Furthermore, parceling provides a potential easement of non-normality issues, as well as of large sample size requirements (e.g., Williams & O'Boyle, 2008).

Fit indices showed that the four-factor model had a good fit, $\chi^2(11, N = 231) = 49.62$, $p < .01$, CFI = .99, NNFI = .98, RMSEA = .06. To further explore the discriminant validity of the scales, we compared the four-factor model to a series of models that each had constrained the correlation of one pair of constructs to be 1.00. A significant chi-square difference would indicate that the pair of constructs is not collinear. All chi-square differences were significant at the .01 level, indicating high discriminant validity among constructs (Anderson & Gerbing, 1988; Epitropaki & Martin, 2005). We then tested the hypothesized direct effects and

moderated-mediated model using Hayes's (2012) PROCESS (Model 7). Table 1 provides the means, standard deviations and correlations for the main variables in Study 1. The regression results of PROCESS are shown in Table 2.

 Insert Tables 1 and 2 about here

Political skill was positively related to LMX ($b = .47, p < .05$), providing support for Hypothesis 1a. Also, the interaction between political skill and perceived LMX differentiation was positively and significantly related to LMX ($b = .49, p < .05$), providing support for Hypothesis 2a. As displayed in Table 1, perceived LMX differentiation and political skill were not significantly correlated, which mitigates possible concerns of multicollinearity. However, perceived LMX differentiation was negatively related to follower ratings of LMX quality. This is consistent with prior arguments, as perceived LMX differentiation appears to exhibit negative effects, in general. However, as we argued, this context is considered beneficial for politically skilled followers.

In order to better understand the form of the significant interaction between political skill and perceived LMX differentiation, we plotted it graphically, following procedures outlined by Cohen and Cohen (1983). For the levels of perceived LMX differentiation, we chose values one standard deviation above and below the mean. Figure 3 illustrates the moderating effect of perceived LMX differentiation on the relationship between political skill and LMX. The form of the interaction suggests that in conditions where high LMX differentiation is perceived, political skill is positively related to LMX. However, in conditions of low perceived LMX differentiation, this relationship is not as strong.

 Insert Figure 3 about here

To test the moderated-mediation hypothesis of political skill on self-rated task performance and job satisfaction via LMX, we bootstrapped 10,000 samples and used the bootstrap estimates to construct bias-corrected confidence intervals (CI). Results showed that in conditions of low perceived LMX differentiation, political skill did not exhibit an indirect effect on self-rated task performance ($b = -.03$, 95% bias-corrected CI [-.18, .01]) or job satisfaction ($b = -.01$, 95% bias-corrected CI [-.44, .35]) via LMX. In conditions of high perceived LMX differentiation, political skill did not demonstrate an indirect effect on self-rated task performance ($b = .001$, 95% bias-corrected CI [-.04, .06]); however, it did show an indirect effect on job satisfaction ($b = .41$, 95% bias-corrected CI [.07, 1.06]) via LMX. Thus, Hypothesis 3a was not supported, but Hypothesis 3b was. Overall, the results of Study 1 provided support for all but one of our hypothesized relationships.

Study 2: Method

Sample and Procedure

We used data collected from 206 employees and their 55 immediate supervisors of twelve multinational organizations operating in Greece that represented both services and industrial sectors. Surveys were prepared in English and then translated into Greek following Brislin et al.'s (1973) recommended back-translation procedure. Each survey was assigned a unique identification code to ensure that the matching of employee-supervisor data. After removing employee surveys with no matching supervisor data, as well as those with insufficient responses, we were able to match 185 subordinate-supervisor dyads (90% response rate) representing 50 different work groups.

In terms of demographics, our subordinate sample was 49.2% female, their average age was 34.98 years, the average job tenure was 4.75 years, and the average organizational tenure was 7.54 years. The 50 supervisors were 34% female, had an average age of 40 years, their average job tenure was 3.50 years, and their average organizational tenure was 9.04

years. Consistent with prior studies on LMX differentiation at the meso and group levels (Erdogan & Bauer, 2010; Henderson et al., 2008), we further eliminated work groups with fewer than three employee responses. Thus, our analyses were based on a final sample of 164 employees and 34 supervisors.

Subordinate-Reported Measures

LMX. LMX quality was assessed with the same LMX-7 scale (Graen & Uhl-Bien, 1995) as in Study 1 ($\alpha = .88$).

Relative LMX. Consistent with prior studies (e.g., Henderson et al., 2008), we calculated RLMX by subtracting the mean individual-level LMX score from each group member's individual LMX score.

LMX differentiation. Consistent with recent research on actual LMX differentiation (e.g., Erdogan & Bauer, 2010; Liden et al., 2006; Nishii & Mayer, 2009), we assessed LMX differentiation by calculating the within-group *SD* on the aforementioned LMX-7 measure.

Political skill. We used the same 18-item *PSI* (Ferris et al., 2005) to measure political skill ($\alpha = .89$) as in Study 1.

Job satisfaction. Once again, as in Study 1, we used Camman et al.'s (1983) 3-item scale to assess job satisfaction ($\alpha = .89$).

Supervisor-Reported Measures

Task performance. Supervisors used the 7-item scale developed by Williams and Anderson (1991) to rate their subordinates' in-role task performance ($\alpha = .87$). Responses were obtained on a 10-point format ranging from strongly agree to strongly disagree and a sample item is: "Adequately completes assigned duties".

Contextual performance/citizenship behavior. Supervisors were asked to indicate the extent to which subordinates exhibited extra-role behaviors using the 14-item scale developed by Williams and Anderson (1991). A sample item is "Helps others who have

heavy work load”. Responses were obtained on a 10-point format ranging from “not at all” to “to a very high degree,” and the reliability estimate was .86.

Data Analyses

The data in Study 2 consists of a hierarchical structure in which responses of individual level variables (i.e., political skill, relative LMX, job satisfaction, task performance, OCB) are nested within groups/supervisors. The use of multilevel modeling allows the partitioning of variance due to individual effects (within-level) from variance due to group level (between-level) effects, providing information regarding the degree to which given relationships are due to individual or group-level effects. Such an approach is necessary to remedy violations of the independence assumption of ordinary least square (OLS), which can result in biased standard errors, and, thus, to overestimated relationships (Preacher, Zyphur, & Zhang, 2010). In addition, our research model is an example of first-stage multilevel moderated-mediation, because the indirect effect of political skill on each job outcome (i.e., job satisfaction, task performance, contextual performance/citizenship behavior) through relative LMX (level 1 mediation model) is moderated by GLMX and LMX differentiation at level 2 in the first stage of the mediation. In multilevel models, the inclusion

Thus, to test the mediation, moderation, and moderated-mediation hypotheses in a single model, we followed Preacher et al.’s (2010) multilevel mediation approach using *Mplus 7* (Muthén & Muthén, 2010), with robust full maximum likelihood estimation. Specifically, we modeled the within-group mediation (level 1) and then added both cross-level moderators (level 2) in the same equation, at the first stage of the mediation. This approach allows us to separate the individual-level and the group-level relationships and test the indirect effects simultaneously (Preacher & Hayes, 2004), rather than on a step-by-step procedure proposed by Baron and Kenny (1986).

First, to test the lower-level mediation of the lower effect hypotheses, the two moderators at level 2 were held constant at zero. Next, we calculated the first-stage

moderation hypotheses (Hypotheses 2a and 2b) at different levels of GLMX and LMX differentiation, which specified the cross-level relationships between GLMX and political skill and LMX differentiation and political skill on relative LMX. Finally, we described the direct, indirect, and total effects of political skill on each dependent variable at high and low values of GLMX and LMX differentiation, which would provide support for the moderated mediation hypotheses (Preacher, Rucker, & Hayes, 2007).

GLMX and LMX differentiation were grand mean centered, whereas political skill was group mean centered to obtain unbiased estimates (i.e., no conflation between level 1 and level 2 effects) of the cross-level interactions (Enders & Tofighi, 2007). Also, we fixed the random effects of relative LMX and political skill on each of the three job outcomes, since we found no evidence from prior analyses that these relationships varied between groups. Finally, to calculate the confidence intervals of our multilevel mediation hypothesis, we used a Monte Carlo parametric bootstrap proposed by Preacher, et al. (2010) using the MCMED macro developed by Hayes (2013).

Study 2: Results

Prior to testing our hypotheses, we conducted confirmatory factor analyses of our key individual variables (i.e., political skill, LMX quality, task performance, contextual performance/citizenship behavior, and job satisfaction) to ensure that they were independent, following the same approach as in Study 1. We estimated a five-factor solution with one factor representing each of the scales. Fit indices showed that the five-factor model had a good fit, $\chi^2(14, N = 185) = 21.95, p < .01, CFI = .99, NNFI = .99, RMSEA = .05$, and all standardized factor loadings were significant ($p < .01$). To further explore the discriminant validity of the scales we compared the five-factor model to a series of models that each had constrained the correlation of one pair of constructs to be 1.00. A significant chi-square difference would indicate that the pair of constructs is not collinear. All chi-square

differences were significant at the $p < .01$ level, indicating high discriminant validity among constructs (Anderson & Gerbing, 1988; Epitropaki & Martin, 2005). Table 3 provides the means, standard deviations and correlations for the main variables in Study 2.

 Insert Table 3 about here

Prior to testing the multilevel moderated-mediation hypotheses, we had to examine the Level 1 (within group level) mediation while accounting for the nesting of individuals within groups. Relative LMX was hypothesized to mediate the relationships between political skill and three job-related outcomes; namely, job satisfaction, task performance, and contextual performance/citizenship behavior. The results (see Figure 4) indicate that political skill is positively associated with relative LMX ($\gamma = .43, p < .001$), which provides support for Hypothesis 1b. In turn, relative LMX is positively related to each of the three job outcomes (job satisfaction: $\gamma = .44, p < .01$; task performance: $\gamma = .25, p < .05$; contextual performance/citizenship behavior: $\gamma = .27, p < .05$). To estimate the confidence intervals for the hypothesized multilevel indirect effect of political skill on the three job outcomes via relative LMX, we used 10,000 Monte Carlo replications to build 95% confidence intervals. Results indicate a positive indirect effect of political skill on job satisfaction (estimate = .19, $p < .05$), task performance (estimate = .11, $p < .05$), and contextual performance/citizenship behavior (estimate = .12, $p < .05$) via relative LMX.

 Insert Figure 4 about here

Moderation

Next, we predicted that LMX differentiation and GLMX moderated the relationship between political skill and relative LMX (Hypotheses 2b and 2c). The multilevel modeling results show that both LMX differentiation and GLMX have a positive effect on the random

slope between political skill and relative LMX (LMX differentiation: $\gamma = 1.07$, $SE = .38$, $p < .01$; GLMX: $\gamma = .69$, $SE = .31$, $p < .05$), providing support for our hypotheses. To illustrate the nature of the interactions, we plotted the equation at conditional levels of LMX differentiation and GLMX (1 *SD* above and below the mean) following Aiken and West's (1991) recommendations. For both moderators, the plots depict similar patterns, such that political skill shows a stronger relationship with relative LMX when LMX differentiation or GLMX is higher rather than lower (see Figures 5 and 6, respectively). Thus, Hypotheses 2b and 2c were supported.

 Insert Figures 5 and 6 about here

Moderated-Mediation Hypotheses Testing

Finally, we predicted that political skill had an indirect effect on each of the three job outcomes through relative LMX at different conditions (1 *SD* above and below the mean) of GLMX and LMX differentiation (Hypotheses 4 and 5). In Table 4, we summarize the moderated-mediation results, including the average indirect effect of political skill on the three work outcomes via relative LMX, and the indirect effect at high vs. low levels of our moderators (i.e., GLMX and LMX differentiation). To test for significance we used 10,000 re-samples to produce 95% bias-corrected confidence intervals. Our analyses show that the indirect effect of political skill on job satisfaction via relative LMX is stronger only at high levels (+1 *SD*) of GLMX (estimate = $.37$, $p < .05$) or LMX differentiation (estimate = $.38$, $p < .05$). In addition, the indirect effect of political skill on task performance via relative LMX is significant when GLMX or LMX differentiation is high (estimate = $.21$, $p < .05$; estimate = $.22$, $p < .05$, respectively). Finally, the indirect effect of political skill on contextual performance/citizenship behavior via relative LMX is significant at high levels of GLMX (estimate = $.23$, $p < .05$), and at high levels of LMX differentiation (estimate = $.23$, p

= .08). Path coefficients of the moderated-mediated model are presented in Figure 4. Overall, these results provide support for our moderated-mediation hypotheses.

 Insert Table 4 about here

Study 1 and Study 2 Post-Hoc Analyses

Although we hypothesized a first-stage moderated mediation model in both studies, our research design prevents definitive claims regarding causality. As such, we recognize that it is important to consider possible alternative models. For example, recent research (e.g., Gooty & Yammarino, in press; Henderson et al., 2008; Kaupilla, in press) has investigated the interaction of LMX and LMX differentiation on work outcomes. Therefore, it is possible that LMX differentiation interacts with LMX (Study 1) and RLMX (Study 2) as a second-stage moderator in our models. One argument is that high-quality exchanges (high LMX) and being closer to the leader than one's peers (i.e., high RLMX) can result in greater advantages only when the within-group relationships differ.

For example, Gooty and Yammarino (in press) found that the relationship between LMX and performance was weaker when LMX differentiation was high. Furthermore, Henderson et al. (2008) argued and found empirical support for a positive relationship between RLMX, LMX differentiation, in-role performance, sportsmanship, as well as helping behaviors, through subordinates' perceptions of psychological contract fulfillment. Thus, we conducted post-hoc analyses to evaluate the potential interaction of LMX (Study 1) and RLMX (Study 2) with LMX differentiation on our dependent variables.

In Study 1, PROCESS (Model 14) was used to examine the possibility of perceived LMX differentiation being a second-stage moderator in the relationship between LMX and outcomes. Results showed that the interaction was not significant for either outcome (self-rated task performance: $b = -0.03$, $p = .87$; job satisfaction: $b = -.31$, $p = .53$). Similarly, post-

hoc analyses for Study 2 showed that, the interaction of LMX differentiation and RLMX was not significant for all three outcomes (task performance: $b = -.08$; OCB: $b = .01$; job satisfaction: $b = -.57$; all $p > .05$). Further, we tested alternative models with GLMX being in either stage of the model. In both cases, the interaction between RLMX and LMX differentiation did not demonstrate a significant impact on the three outcomes. Such findings indicate that the hypothesized model provides the best representation of the data.

Discussion

Researchers have argued that, through social comparison processes (Festinger, 1954; Vidyanthi et al., 2010), LMX differentiation has negative effects on a number of important work outcomes (Henderson et al., 2009). However, recent research has questioned that stance, and some have suggested that variability is not necessarily a bad thing (e.g., Erdogan & Bauer, 2010; Erdogan & Liden, 2002). Similarly, a low degree of differentiation may not be universally beneficial. Thus, based on the Henderson et al. (2008) speculation that some employees might respond positively to differentiation, while other employees might not, we employed a two-study research design to examine the positive impact of political skill on LMX relationships, specifically within differentiated LMX contexts.

Consistent with our predictions, results indicated that politically skilled individuals are able to develop high LMX relationships (Study 1), as well as relatively higher LMX relationships than their workgroup peers (Study 2). Thus, it appears that when politically skilled followers believe leaders develop relationships of varying quality with followers within the work group, they leverage their interpersonal skills to forge positive bonds with their leaders.

Further consistent with our predictions, these relationships were stronger in both perceived (Study 1) and actual (Study 2) LMX differentiation contexts. More specifically, a review of the interaction plot for Study 1 indicates that there was no significant difference

between the relationship of low versus high political skill and LMX in contexts perceived as low differentiation. Conversely, there was a significant difference in contexts perceived as high differentiation, as politically skilled employees had significantly higher quality LMX relationships. A very similar pattern exists in the interaction plot for actual LMX differentiation x political skill on relative LMX (Study 2). That is, there is no significant difference between low versus high political skill and relative LMX for low LMX differentiation contexts. However, there is a significant difference in high differentiation contexts. Further, this relationship holds while controlling for the interaction of group mean LMX and political skill. Thus, we conclude that in high differentiation environments, politically skilled individuals are able to use their social prowess in a manner that is relationally beneficial.

Finally, consistent with prior results on LMX and relative LMX, these high (and relatively higher) quality relationships benefit followers through higher task and contextual performance ratings from supervisors (Study 2), as well as higher levels of job satisfaction (Study 1 and Study 2). Interestingly, we did not find a significant moderated indirect effect of political skill on self-rated task performance (Study 1). This result was surprising, considering that we found a significant moderated indirect effect on supervisor-rated task performance in Study 2. One possible explanation for the difference in results could be the fact that task performance was self-rated in Study 1 and supervisor-rated in Study 2. A consistent finding in the performance evaluation literature is that the ratings obtained from different sources do not converge (e.g., Fecteau & Craig, 2001; Harris & Schaubroeck, 1988). The lack of convergence may reflect substantive differences in the social-cognitive processes involved in performance ratings by different raters and be less a function of the measurement system used (e.g., Fecteau & Craig, 2001; Heidemeier & Moser, 2009). Such a differential process can be inferred from the difference in correlations between political skill and task

performance we observe in our two studies. In Study 1, political skill was positively and significantly related to self-rated performance whereas in Study 2 the correlation between political skill and supervisor-rated task performance was non significant. In other words, politically skilled individuals perceived themselves as high performers but the supervisors did not necessarily share that view. Thus, it was their relative LMX standing (Study 2) that acted as a powerful mediator, and influenced supervisory perceptions of politically skilled individuals' task performance. Taken together, the collective results from both studies contribute to knowledge on LMX differentiation in several ways.

Contributions to Theory and Research

More specifically, we extend the LMX differentiation literature by examining its joint effect with political skill – a characteristic that enables employees to navigate interpersonal situations effectively, and achieve desired work outcomes. Prior research has made conflicting arguments and found conflicting results regarding the effects of LMX differentiation. Thus, some scholars (e.g., Henderson et al., 2008) have argued that certain employees actually might thrive in contexts marked by high LMX differentiation. Thus, we contribute to this literature by identifying a personal characteristic (i.e., political skill) that enables individuals to successfully navigate highly differentiated LMX environments, and develop high-quality relationships with leaders.

Further, by investigating three different facets of differentiation (i.e., perceived LMX differentiation, relative LMX, and group-level LMX differentiation), our two-study investigation provides a comprehensive test of the effects of LMX differentiation on the relationships between political skill, LMX/relative LMX, and important work outcomes. More specifically, the results of our two studies tell a complimentary story regarding the role political skill plays in differentiated LMX contexts. That is, we found that in contexts perceived as high differentiation, politically skilled individuals leverage their abilities to

develop high-quality relationships, ostensibly to reap the rewards associated with being close to the leader. Similarly, in actual high differentiation environments, politically skilled individuals are able to recognize social cues that indicate the leader differentiates, and then use their skills to develop higher quality relationships with the leader, relative to their workgroup peers.

Both LMX and relative LMX quality are important for followers, as prior research has demonstrated that individuals with high quality LMX and higher relative LMX relationships reap a number of benefits. However, in a context where leaders tend to develop high quality LMX relationships with many followers (i.e., the group mean LMX is high), having a higher quality relationship with the leader than your peers (i.e., having high relative LMX) would seem to be more important, as having a comparatively higher quality relationship with the leader puts followers in a more favorable position for receiving better assignments, more attention, and additional resources.

Collectively, our results suggest that politically skilled employees see LMX differentiation as an opportunity to improve their standing with the leader, and are able to develop high-quality (i.e., both objectively and relatively) relationships with supervisors. Consequently, these improved relationships translate to higher performance and satisfaction at work. Thus, politically skilled employees seem both adept and content when presented with the need to navigate “uneven terrain.”

Strengths and Limitations

There are several strengths in this study that warrant mentioning. First, we examined three different facets of LMX differentiation (i.e., perceived, individual-within-the group, within-group) in two different studies, and thus provided a more complete view of the important role of political skill for LMX and work outcomes at multiple levels of analysis. Second, the data in Study 2 were collected from two sources, with subordinates providing

data for the independent variables and job satisfaction and supervisors providing data for the performance outcomes. Such a design provides some confidence that our results are not due to common method variance (Podsakoff, MacKenzie, Lee & Podsakoff, 2003).

Additionally, this investigation represents a multi-study research package (Hochwarter et al., 2011), which is advantageous to test and extend theory. By conducting the investigation across two studies with different conceptualizations of LMX differentiation, we were able to provide a more comprehensive understanding of the relationship between LMX differentiation, political skill, and important work outcomes. In both studies, we found evidence for the moderating role of LMX differentiation on the indirect effect of political skill on job satisfaction, whereas in the case of performance, Study 2 revealed stronger evidence for the role of political skill via relative LMX in conditions of high LMX differentiation and high GLMX. Finally, our use of multi-level, two-source data in Study 2 is definitely a strength of the present investigation.

Despite the interesting findings, the present research is not without limitations. First, Study 1 results relied on self-reports which could be susceptible to common method bias. However, the fact that we constructively replicated the findings in Study 2, using a rigorous methodological design (e.g., multi-level data from two different sources and supervisor reports of subordinate performance) reduces such concerns. Additionally, Study 1 did not include a measure of contextual performance/citizenship behavior. Thus, the results of our present research provide evidence of a relationship between RLMX and contextual performance, but not absolute LMX and contextual performance. However, this relationship has been established in prior research and meta-analyses (e.g., Dulebohn et al., 2012; Martin et al., 2016). Therefore, a similar relationship could be expected here.

Second, the fact that we did not have responses from complete work groups in Study 2 may introduce non-respondent bias to our group-LMX differentiation and group-mean

LMX data. This is a common limitation of field research which stems from the voluntary nature of employee participation in the study. Prior studies on LMX differentiation (e.g., Henderson et al., 2008; Vidyanthi et al., 2010) also noted a similar limitation. We followed a similar approach to that employed in these previous studies, and excluded groups with fewer than three responses in order to adequately test the multilevel hypotheses. Further, our measurement of LMX from only the member's perspective is another possible limitation. Even though we were mostly interested in the subordinates' perspective of the relationship, the leaders' perceptions of relationship quality with each of their members would have provided additional insights as prior research has indicated that leaders' and members' views of the relationship often do not converge (e.g., Gerstner & Day, 1997; Sin, Nahrgang & Morgeson, 2009).

Finally, although prior research (e.g., Henderson et al., 2008) has employed the algebraic measure of RLMX we used in the present research, more recent studies (e.g., Hu & Liden, 2013) have followed Edwards' (1994) suggestion for polynomial regression in congruence measures. As Hu and Liden (2013) pointed out using Edwards' (1994) arguments, the advantage of polynomial regression in LMX differentiation research is that it partials the effects of the component parts of the measure. In this way, the polynomial regression technique does not confound the effects of LMX and group LMX on the outcomes of interest.

Thus, when the research question involves the effects of RLMX on outcomes, it is advantageous to understand whether it was the actual difference in scores, over one or both component parts, driving the effects. However, our research was focused on the effects of political skill in environments of LMX differentiation; even our hypotheses that include outcomes of RLMX discuss them relative to the indirect effects of political skill via RLMX. Thus, although polynomial regression arguably represents a more accurate assessment of the

effects of incongruence on outcomes of interest, our research focus should temper concerns about the effect of using the algebraic difference measure of RLMX.

Directions for Future Research

Future research might include other contextual variables of interest, such as team-member exchanges (TMX: Seers, 1989) and member-member exchanges (MMX: Gerstner & Tesluk, 2005), group conflict, and social networks to cast additional light on the complex nature of the relationship between political skill and work outcomes relative to work relationship differentiation. In this respect, our model suggests that politically skilled employees can develop high quality relationships with their supervisors. Yet, what happens with the dispersion of political skill within the group and the average political skill of the group? Future research may build on the findings of Lvina, Johns, and Vandenberghe (in press) and explore different configurations of team political skill composition (high vs. low group mean political skill and high vs. low political skill dispersion), and examine how such configurations influence our understanding of LMX, at both the individual and group level, as well as various work outcomes. Further, research might expand theoretically on the present results, and consider the implications of LMX differentiation as a context that can serve as either a ‘challenge stressor’ to others, or a ‘hindrance stressor’ (e.g., LePine, Podsakoff, & LePine, 2005).

Additionally, future research might more broadly investigate the nature of work relationships, beyond LMX. Ferris et al. (2009) proposed a multidimensional conceptualization of dyadic relationships at work, focusing on the key underlying dimensions of work relationships, such as trust, affect, commitment, distance, and so forth. It seems that future research here might want to sharpen the focus on the dimensions of work relationships as they are more or less differentiated in different work environments. Furthermore, it seems that relationships characterized by a predominance of particular dimensions might be

fundamentally different than those characterized by other relationship dimensions. This might contribute greater depth and specificity to our understanding of LMX (or work relationships, more generally) differentiation, thus adding a qualitative dimension to such differences. Furthermore, future work also might want to examine the characteristics of leaders and members that influence how such qualitatively different relationships are formed and managed.

Finally, future research should pursue more specific questions regarding the nature of the relationship between political skill, LMX differentiation (i.e., both perceived and actual), and outcomes. That is, our research was focused on the existence of the relationship between political skill and LMX quality in differentiated environments. However, we did not address exactly how politically skilled individuals would respond based on their existing LMX quality. More specifically, employees might behave differently when they have higher versus lower LMX than their peers. For example, low LMX employees may attempt to take advantage of differentiated environments using ingratiation or other tactics to improve their LMX. However, high LMX employees may engage in different impression management tactics in efforts to maintain their high status. In summary, future research should investigate what specific behaviors individuals employ in each of these scenarios, based on their level of political skill.

Practical Implications

As prior research has shown, LMX differentiation is not a good or bad thing, *per se* (e.g., Henderson et al., 2008). Its functional or dysfunctional outcomes depend on several individual and situational factors (e.g., people's capacity to navigate on uneven terrain, perceived fairness and transparency of leaders' communication efforts, and undoubtedly the culture and the strategic objectives of the organization). For individuals, our findings are important because they provide evidence regarding a personal resource that can enable them

to thrive in work contexts marked by differentiated relationship quality. Unlike other potentially related characteristics (e.g., core self-evaluations or locus of control), political skill has both dispositional and experiential antecedents (Ferris et al., 2007). Thus, although political skill has been found to be relatively stable, the possibility exists for individuals to improve their political skill over time, enabling them to capitalize on situations where leader-follower relationships are more differentiated.

Organizations also can benefit from our findings on LMX differentiation. For example, we can see an analogous situation regarding the impact of forced-distribution performance appraisal systems in organizations. There are people who thrive in conditions of extreme differentiation of performance, are named ‘star’ performers, and reap multiple benefits, whereas others suffer in such a competitive environment. To effectively manage the LMX differentiation process, organizations should ensure that it is enacted in ways that are consistent with strategic goals and cultural characteristics. Also, they can make sure that managers are aware of the double-edged effects of differentiation, and emphasize open and candid communication in their workgroups regarding their decisions and actions.

Conclusion

In contemporary organizations, work relationships explain a lot about how individuals achieve effectiveness, and whether they are satisfied with their jobs. Certainly, over the past four decades, LMX theory and research has contributed meaningfully to our understanding of work relationships, and their associations with important work outcomes. Much less has been learned about the variability across these relationships (i.e., which have been referred to as LMX differentiation), and the consequences of such variability, which was the focus of this research investigation. Overall, the present two-study investigation contributes to the political skill literature by highlighting the critical role of LMX differentiation as a context that provides politically skilled individuals with the opportunity to use their interpersonal prowess

to generate positive outcomes. We hope the results of this investigation stimulate more interest in these important areas of inquiry.

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Table 1. Means, Standard Deviations and Intercorrelations among Variables (Study 1)

Variables	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9	10
1. Gender	1.44	.50	----									
2. Age	36.10	9.92	.04	----								
3. Dyadic tenure	4.2	4.99	-.00	.24**	----							
4. Group size	9.06	10.7	-.11	-.07	.01	----						
5. Perceived GLMX	3.91	.74	.04	.01	-.04	-.02	---					
6. LMX quality	3.72	.97	-.03	.18*	.08	-.06	.38**	(.85)				
7. PLMXD	.77	.43	.09	.02	.11	-.04	-.45**	-.15	----			
8. Political skill	5.22	.72	.01	.19**	.12	.07	.11	.25**	.02	(.91)		
9. Self-rated task performance	3.74	.69	-.05	.07	.08	-.05	.01	.16*	-.06	.40**	(.92)	
10. Job satisfaction	5.19	1.41	-.09	.06	.05	.03	.36**	.43**	-.20**	.15*	.08	(.89)

* $p < .05$; ** $p < .01$; $N = 231$; GLMX = Group mean LMX; PLMXD = Perceived LMX differentiation

Table 2. Regression results of PROCESS (Study 1)

Path estimated	LMX		Self-rated Task Performance		Job Satisfaction	
Employee gender	-.07	(.13)	.04	(.13)	.06	(.27)
Employee age	-.01	(.00)	.01	(.01)	.02	(.01)
Dyadic tenure	-.01	(.00)	.01	(.00)	.00	(.00)
Frequency of manager-employee contact	.21**	(.07)	.27***	(.07)	.31*	(.15)
Data source type	.18	(.18)	.28	(.19)	.15	(.37)
Team size	-.03	(.01)	-.01	(.01)	-.05	(.03)
Perceived GLMX	.10	(.10)	-.11	(.10)	.35	(.20)
Political Skill	.47*	(.22)	.20*	(.09)	-.10	(.19)
Perceived LMX Differentiation	-1.84	(1.40)				
Political skill x Perceived LMX Differentiation	.49*	(.15)				
LMX			.11	(.12)	1.25***	(.23)
R²		.40***		.29**		.56***

Note: Table values are path estimates from the estimated model and their respective standard errors. Entries are unstandardized coefficient estimates.

* $p < .05$; ** $p < .01$; *** $p < .001$

Table 3. Means, Standard Deviations, and Intercorrelations among Variables (Study 2)

Variables	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8
Group level										
1. Supervisor gender	1.35	0.49	-							
2. Supervisor age	39.62	5.96	-.15	-						
3. LMX differentiation	0.79	0.41	.02	.08	-					
4. LMX mean	5.79	0.61	.10	.16	-.63**	-				
Individual level										
1. Employee gender	1.49	0.50	-							
2. Employee age	35.34	7.38	-.13	-						
3. Job tenure	7.77	6.58	-.03	.51**	-					
4. Relative LMX	0.00	0.80	-.05	-.03	-.13	-				
5. Political skill	5.46	0.74	-.03	.13	-.06	.25**	-			
6. Task performance ^a	8.08	1.16	.06	-.13	-.12	.19*	.14	-		
7. OCB ^a	7.79	1.08	-.09	-.16*	-.12	.21**	.20*	.66**	-	
8. Job satisfaction	5.71	1.11	.05	.17*	.06	.34**	.21**	.01	.01	-

Notes: ^a Supervisor-rated; OCB = Organizational Citizenship Behavior; *N*(level 1) = 162; *N*(level 2) = 34; **p* < .05; ***p* < .01

Table 4. *Summary of Indirect Effects of Political Skill on Job Satisfaction, Task Performance, and OCB via Relative LMX at High and Low Levels of GLMX and LMX differentiation (Study 2)*

	Job satisfaction	Task performance	OCB
Political skill			
average indirect effect	.19* [.04, .40]	.12* [.02, .27]	.11* [.00, .28]
GLMX			
high	.37* [.08, .79]	.21* [.00, .53]	.23* [.04, .51]
low	.01 [-.18, .27]	.00 [-.02, .05]	.01 [-.13, .16]
LMX differentiation			
high	.38* [.06, .89]	.22* [.01, .57]	.23* [.03, .54]
low	.00 [-.06, .06]	.00 [-.07, .08]	.00 [-.08, .08]

Note. All estimates were tested for significance (*) using bias-corrected confidence intervals based on 10,000 Monte Carlo re-samples; 95% confidence intervals are reported in brackets.

Figure 1. Research Model – Study 1

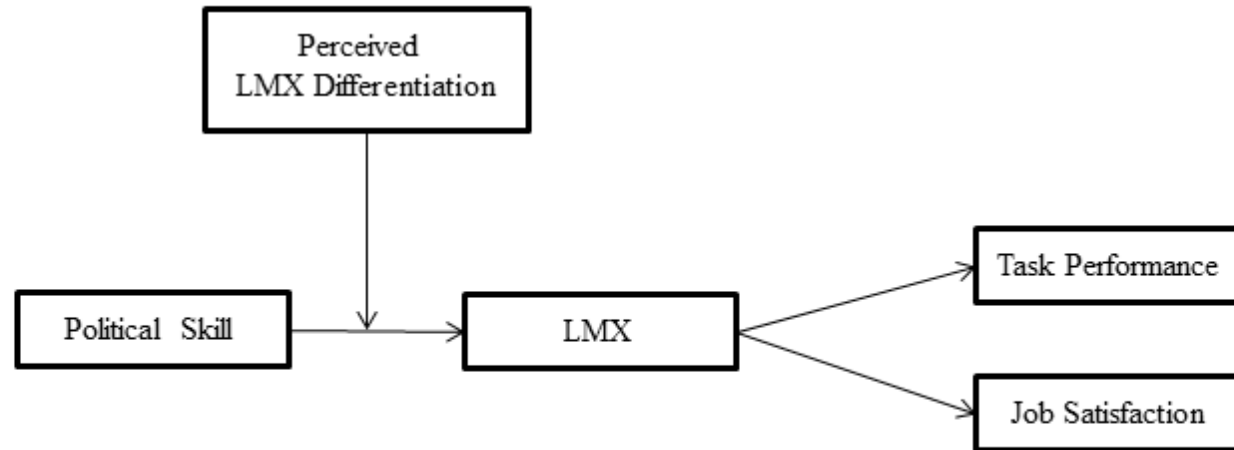


Figure 2. Research Model – Study 2

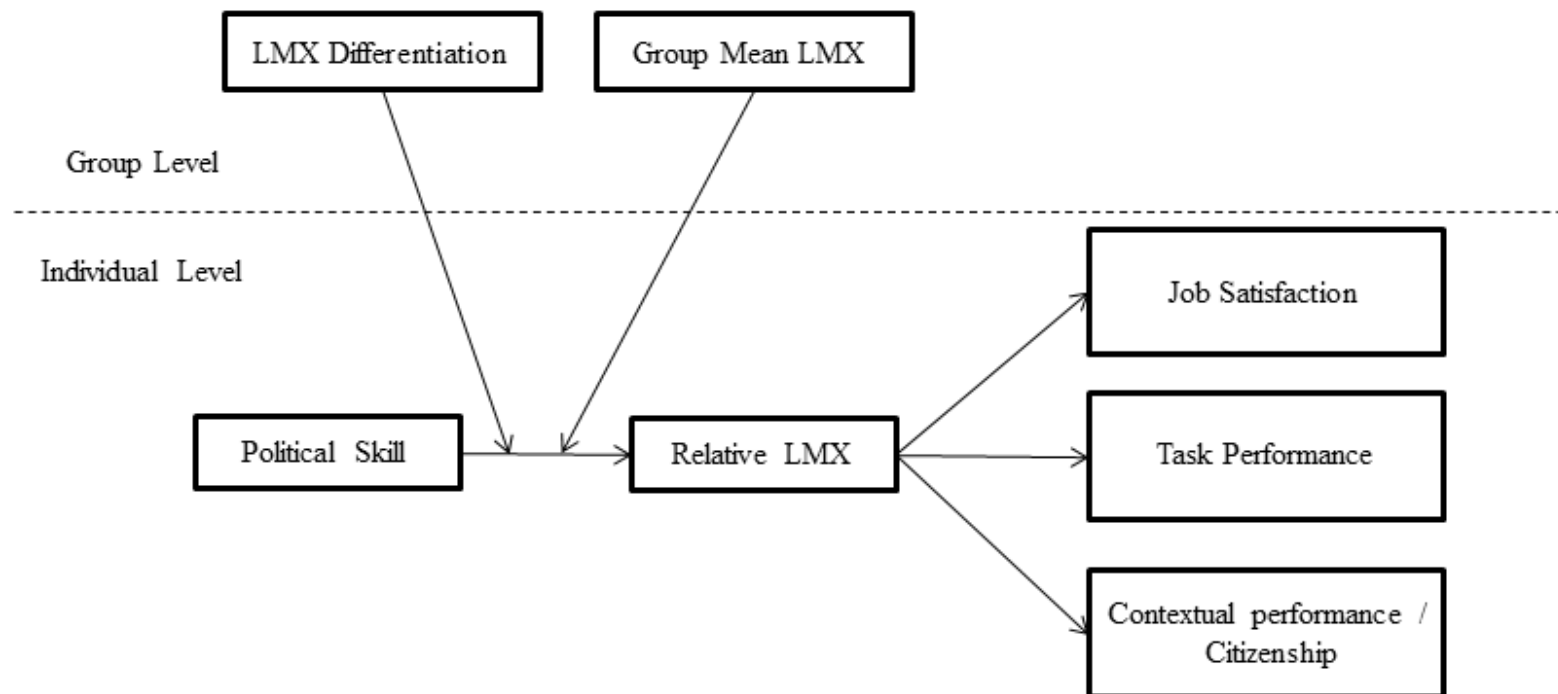


Figure 3. The Moderating Effect of perceived LMX Differentiation on the Political Skill – LMX Relationship (Study 1)

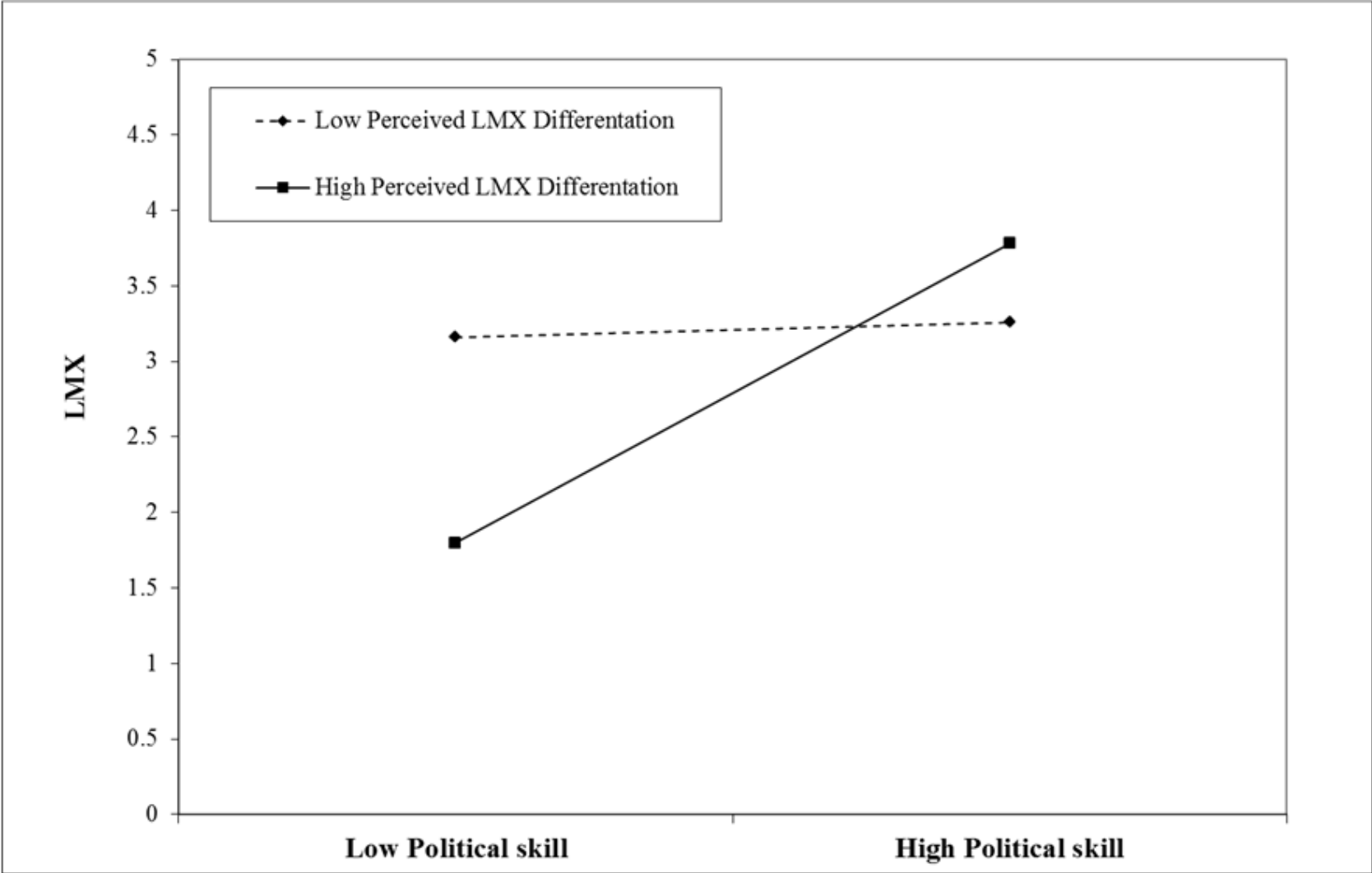
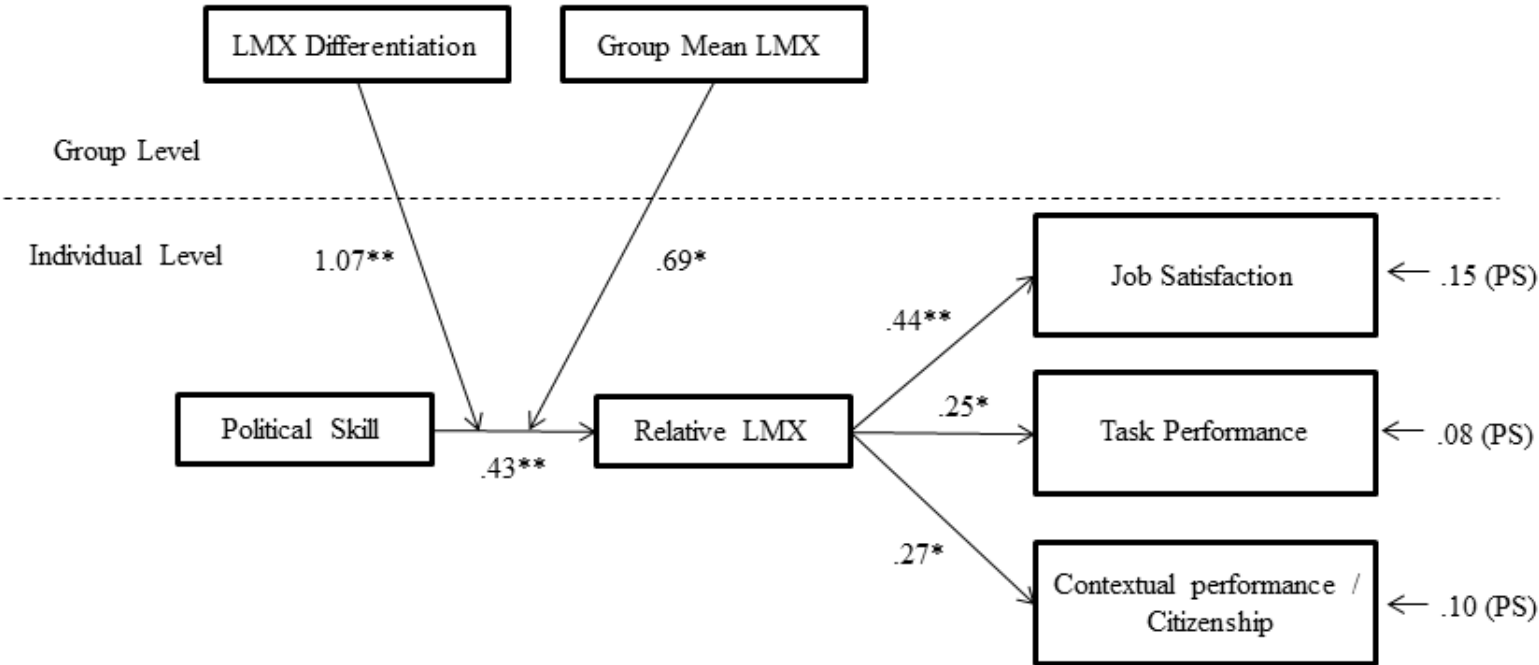


Figure 4. Path Coefficients of the Moderated Mediation Model – Study 2



Notes: Unstandardized path coefficients are reported; (PS) represents the direct effect of political skill.

* p < .05 ; ** p < .01

Figure 5. The Moderating Effect of LMX differentiation on the Political Skill – Relative LMX Relationship (Study 2)

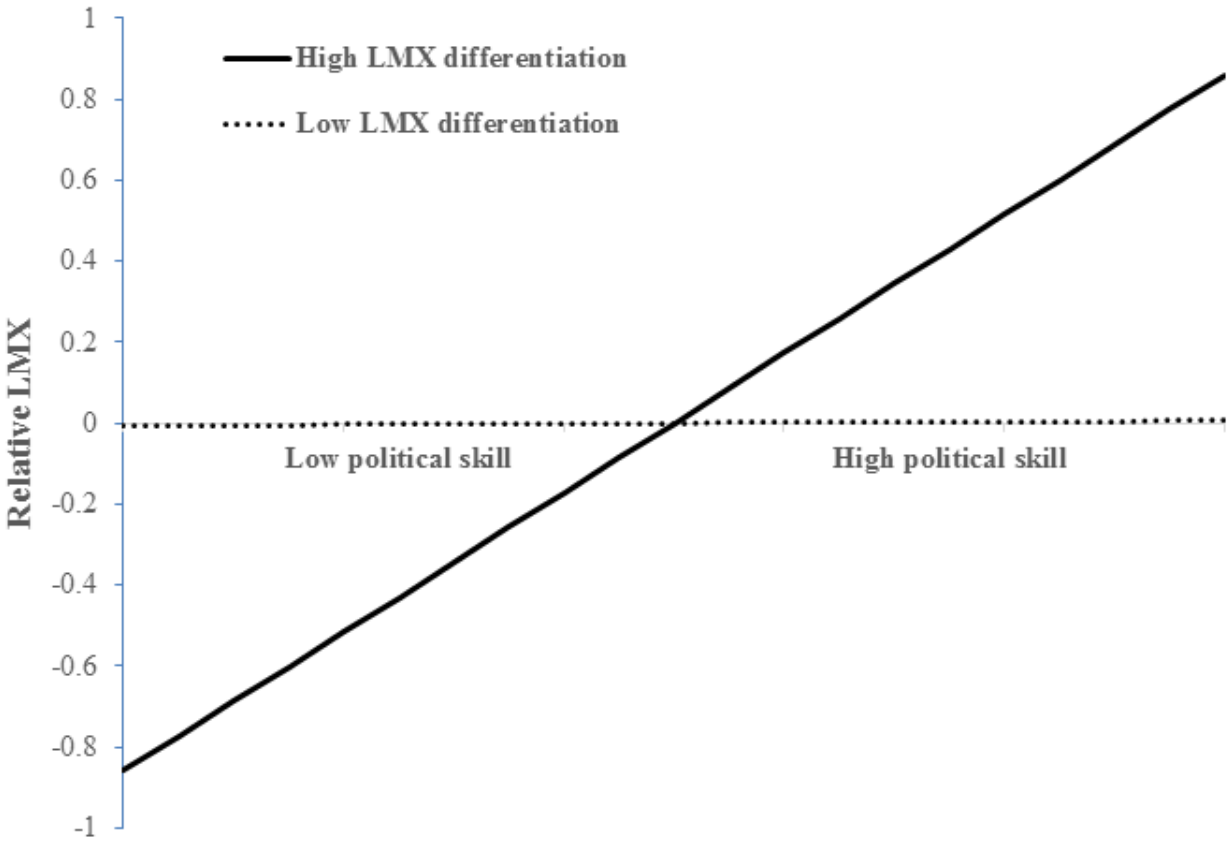


Figure 6. The Moderating Effect of GLMX on the Political Skill – Relative LMX Relationship (Study 2)

