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## Trust and Self-Efficacy: Interlink Between LMX and Service Performance

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### **Abstract:**

*Leader Member Exchange represents relationship between immediate supervisor and subordinate. LMX, a dyadic relationship characterized by mutual trust, favor, respect. LMX categorize subordinates as in-group and out-group members. In-group members avail more access, resources, praise of supervisor, while as out-group members maintain distance and confine them to job contract, economic exchange. LMX has been linked to several job attitudes like job satisfaction, engagement, involvement, organizational commitment, and organizational citizenship behavior across different service sectors like health, hospitality. However, linkage of LMX with trust and self-efficacy is very scarce in management literature. Therefore, current study would study LMX in relation with trust, self-efficacy and service performance of employees across banking, insurance and postal service sectors of Kashmir region of the State of Jammu and Kashmir. A sample consists of 150 respondents representing middle management, lower staff and customers. Survey method with techniques like Structured Questionnaires and face to face Interviews were for data collection purposes. SPSS data analysis tool was used to analyze data through techniques like mean, standard deviation, correlation and multiple regression analysis. The statistical coefficients revealed significant influence of LMX on trust, self-efficacy and service performance of employees. Also, trust and self-efficacy positively and significantly influence employee service performance. LMX quality act as cornerstone for establishment of mutual trust between supervisors and subordinates and increases self-efficacy of employees, thereby enhancing productivity and performance of employees leading to superior service quality and image of an organization.*

**Keywords:** Leader member exchange, trust, self-efficacy and service performance

### **1. Introduction**

Leadership has been an important dimension among multiple dimensions required for organizational survival, growth and prosperity. Strategies are being formulated and implemented by top leadership of an organization. Leadership behavior influence employee personality, attitude, and efficacy. Leadership shape employee behavior, performance (Milner, et al., 2007). Leadership theory like LMX explained the change in leadership behavior from traditional thought of general or same treatment of all employees to individual treatment of few employees as in-group members. Leader Member Exchange Theory believes that leaders or supervisors engage in different relationships with their subordinates varying from high to low quality. Subordinates in high quality relationships receive more benefits, resources, flexibility, and while as low quality relationship members are deprived of these, but confined to formal relationships, job contract, and economic exchanges (Martin, et al., 2005).

LMX and its influence on work attitudes like job satisfaction, engagement, involvement, organizational commitment, citizenship behaviors etc, (Tierney, et al., 2002), have received attention of researchers in the past. However, work attitudes like trust and self-efficacy have received least or no attention at all, especially in service sectors like insurance, banking and postal services. The current study would explore LMX and its impact on trust, self-efficacy and service performance of employees in sectors like banking, insurance and postal services. The integration of these sectors would be first of its kind in LMX literature and would add valuable insights to LMX construct. Also, relationship of trust and self-efficacy with service performance would be part of the current study.

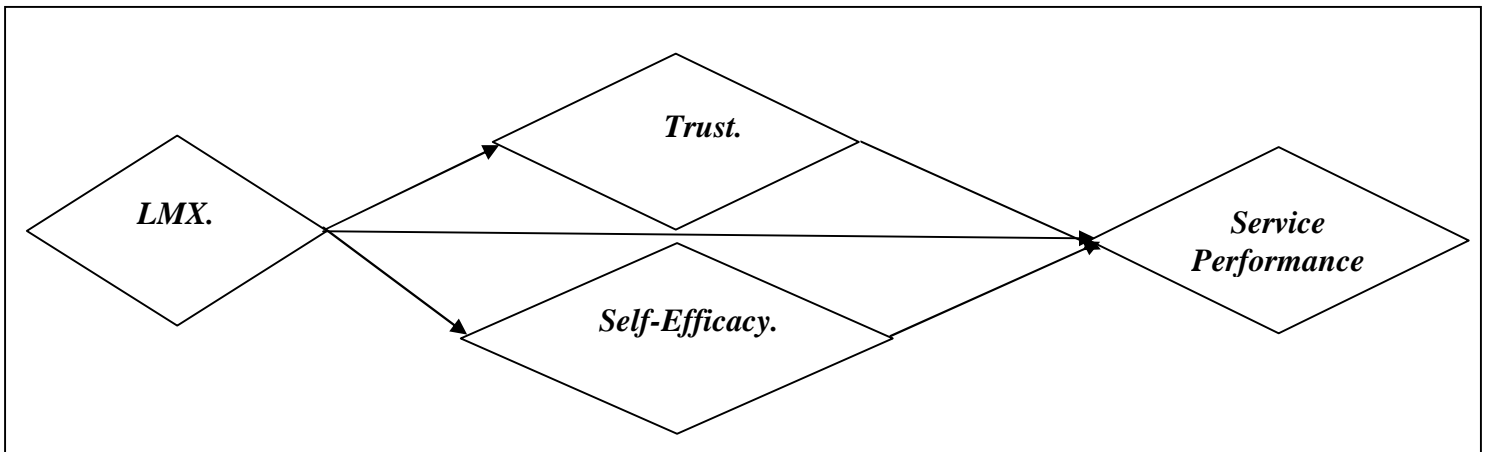


Figure 1: Influence of LMX on Trust, Self-Efficacy and Service Performance Model

## 2. Review

### 2.1. LMX.

Leader Member Exchange Theory believes that supervisors form different relationships with their subordinates Graen & Cashman (1975). Relationships vary from high quality to low quality. High quality relationships exhibit features like mutual trust, respect, confidence, expectations etc. Low quality relationships are restricted to mere economic exchanges, activities within job contract; low trust, feedback, interaction, affection; etc. High quality relationships are formed with In-group members while as low quality with Out-group members. In-group members are deemed as competent, responsive, able, by the supervisors. Also, features like matching of personality traits, gender, ethnicity, etc, contribute for In-group membership status.

Models that explain LMX development include Dinesch and Liden (1986) Multi- staged model, Graen and Scandura's 1987 Role-Making and Graen and Uhl-Bein's (1995) Leadership-Making models. Multi staged model of LMX development given by Dinesch and Liden (1986) explains that development process moves from an initial interaction phase through a leader delegation phase to behavior attribution phase. Interaction phase begins with mere interaction related to formal job tasks only; no assignment of responsibilities, challenging tasks; less information sharing. Delegation phase involve sharing of responsibilities, information, interaction to some extent. Delegation phase form basis for future relationships.

Leaders evaluate the authenticity of members in this phase to classify in-group and out-group members. Members who respond to assigned tasks, having competence, ability, skill, ethics, authenticity qualify to in-group status. Members deemed as incompetent, non-responsive, distrustful act as out-group members. Behavior attribution phase actually determines nature and quality of exchange between leader and subordinate. Behavior attribution phase is characterized by frequent interactions, feedback, knowledge sharing, informal interactions, trust, confidence etc.

Graen and Scandura's, Role-making model explained three stages of LMX development namely role-taking, role-making and role-reutilization. Role-taking stage represents initial stage of interaction between supervisor and subordinate. This stage is more formal in nature and less interactive. Role- taking stage represents opportunistic stage for LMX development. At this stage, supervisors allocate responsibilities to subordinates to check their potential and character. Subordinates who respond to challenging tasks qualify for next stage. Next, stage that is Role-routinization represents the mature stage of LMX development, where in more information exchange, confidence, responsibilities, etc being shared between supervisors and subordinates.

Graen and Uhl-beins Leadership-making model emphasizes three stages of LMX development. First stage that is stranger's stage reflects features like less interaction, formal; relationship, low trust, etc. Acquaintance stage represents next that include sharing information, assigning tasks; validating trustworthiness, potential; building relationship etc. Final stage that is Mature or Partnership stage exhibit sharing more resources, confidence, information, etc between supervisors and subordinates.

LMX influence work attitudes like employee satisfaction, involvement, engagement, trust, etc. LMX also influence outcomes like employee performance, productivity; return on investments, profitability; customer satisfaction, retention, loyalty, service quality, image. Organizational practices like fair procedures for rewards, promotion, recognition Tansky (1993); organizational support in terms of resources, knowledge sharing, equipments; enhances LMX quality.

### 2.2. Trust.

Trust refers to the expectation of an individual that the words or promises of another individual can be relied upon. Trust is a multidimensional construct and include dimensions like integrity, competence, benevolence, affective, cognitive McEvily and Tortoriello (2010), loyalty, fairness, reliability, openness. Integrity involves honesty, ethics, and faithfulness. Affective represents emotions for others like taking care. Cognitive include rational dimensions like ability, competence. Trust can be categorized as knowledge based, identification, deliberation and calculus based trust. Knowledge based trust refers to the information that leader and member have regarding each other. The more information ensures more cooperation, better relationship, and understanding of each other.

Identification based trust involve the understanding of each other's needs. Members are confident that interests will be protected and there is no need of surveillance. Deliberation based trust represents the knowledge of each other's behavior stability and penalties for discrepancy or failure in stability of behavior. Calculus based trust refers to the estimation of costs and benefits, while being involved in a relationship. Economic exchanges, transactions, dominate in calculus based trust. Trust influence processes like information exchange, credibility, confidence, power-sharing, conflict rate etc. Trust is influenced by organizational culture, structure, perception of organizational effectiveness, etc. Open cultures having frequent communication enhance trust. Decentralized organizations ensures more interactions between leaders and members, thus enhances trust.

### 2.3. *Self-Efficacy.*

Self-efficacy refers to belief in one's abilities for successful accomplishment of a given task Bandura (1986). Self-efficacy is characterized by self control, resilience, effective problem solving in difficult times. Self efficacious employees respond to organizational changes like change in techniques, procedures, processes for accomplishing tasks with firm effort and self belief. Task commitment, performance is influenced by self-efficacy Bandura and Schunk (1981). Self-efficacy can be enhanced through mastery experience, verbal persuasion, vicarious experience and physiological and emotional states. Mastery experience includes completion of tasks with success that boosts one's confidence and establishes standard of excellence. Verbal persuasion by supervisors, co-workers instills courage and excitement that drives effort and performance. Vicarious experience involves inspirations from the success of other people. Physiological and emotional states include enthusiasm, energized etc.

Self-efficacy represent positive relationship with motivation level, quality of functioning and negative relationship with stress, depression, adversity Schwarzer (1992). Self-efficacy determines the course of action needed, magnitude of effort, sustainability. Self-efficacy influence decision making, performance quality. Employees low in self-efficacy lags behind while achieving goals although having necessary skills. Individuals high on self-efficacy assign challenging goals for themselves and exert more effort to achieve them. Challenging goals instill more motivation Locke and Latham (1990).

### 2.4. *Service Performance.*

Employee performance in service industry refers to activities that create value for organizational stakeholders like management, employees, customers, shareholders. Services Employee performs tasks beyond their scripts, contracts, meeting demand of situations than routine, real time and autonomous. Employee performance in service sector include service quality, citizenship behaviors, productivity Dyer & Reeves (1995), customer satisfaction, retention, loyalty; return on investments, profitability, image. Citizenship behaviors like helping co-workers, attending customer complaints with tolerance Organ (1988), showing courtesy to co-workers, customers enhance customer perception of service quality and increase frequency of repeat purchases, retention and loyalty.

Employee performance antecedents include empowerment, social support, employee friendly organizational practices, rewards and incentives. Empowerment includes participation indecision making, autonomy etc. Social support from co-workers, supervisors, management. Employee friendly Organizational practices like flexible work schedule, less working hours, less supervision Datta et al. (2005). Rewards, incentives, enhance extrinsic motivation.

### 2.5. *LMX and Trust.*

Trust, a multidimensional construct, composed of dimensions like loyalty, fairness, integrity, cognitive (competence, ability), openness McEvily and Tortoriello (2010). LMX involve relationship between immediate subordinates and supervisors based on affection, competence, honesty, feedback Graen & Cashman (1975). Thus, having similarities among attributes between LMX and Trust, we hypothesize that the quality of LMX relationship has a positive impact on trust between supervisors and subordinates.

- H1: LMX exert significant positive impact on trust between supervisor-subordinate.

### 2.6. *LMX and Self-Efficacy.*

Self-efficacy represents confidence in an individual to complete a given task with firm effort and hard work. Self-efficacy gets enhanced through verbal persuasion. LMX include sharing of information, resources, confidence between supervisor and subordinates. Since, self-efficacy has been associated with positive feedback, encouragement Bandura and Schunk (1981) that is vital attributes of LMX. We, therefore, hypothesize that LMX have a positive impact on self-efficacy of employees (subordinates).

- H2: LMX exert significant positive impact on self-efficacy of employees.

### 2.7. *LMX and Service Performance.*

Employees feel motivated when asked to participate in decision making, provided support from management, co-workers. Delegating authority and autonomy enhance employee performance Datta et al. (2005). LMX ensure that subordinates are given autonomy regarding their job tasks, participation in key decision making, feedback, by their immediate supervisors Graen and Uhl-Bein (1995). Thus, having common or interdependent features of LMX and service performance, we, hypothesize that LMX have a positive impact on employee service performance.

- H3: LMX exert significant positive impact on service performance of employees.

### 2.8. Trust and Service Performance.

Employee performance has been found having significant relationship with support from co-workers, management, organization Datta et al. (2005). Employees put their efforts with more firmness, when they realize that their hard work is valued, appreciated, encouraged and rewarded. That, means when they find procedures fair, honest management, helpful co-workers. Since, trust composes dimensions like honesty, fairness, loyalty, competence. We, therefore, hypothesize that trust between supervisors and subordinates have a positive impact on employee service performance.

- H4: Trust exerts significant positive impact on service performance of employees.

### 2.9. Self-Efficacy and Service Performance.

Employee performance reported enhancement, when employees feel motivated, confident, competent, able, and skilled. Employees who perform routine tasks develop mastery, over, these tasks and become experts in the concerned field. Employees also register boost in their performance when given positive feedback, encouragement Locke and Latham (1990). Since, self-efficacy comprises of attributes like self-confidence, mastery experience, and verbal persuasion. We, therefore, hypothesize that self-efficacy has a positive impact on employee service performance.

- H5: Self-efficacy exerts significant positive impact on service performance of employees.

## 3. Methodology

### 3.1. Data Collection Method and Sample Size.

Survey method was used for data collection purposes. 200 Structured questionnaires were distributed among middle management, lower level, frontline employees and customers from State bank of India, Life Insurance Corporation and Department of Posts. 150 Questionnaires were returned with response rate of 75%. 30 Leaders or Supervisors, 10 each from SBI, LIC and DOPS; 60 subordinates, 20 each from SBI, LIC and DOPS; 60 customers, 20 each from SBI, LIC and DOPS form respondent profiles. Confidentiality of responses was ensured by distribution of survey packets enclosing questionnaires along with cover letters bearing assurance for maintenance of anonymity. LMX perceptions from both supervisors and subordinates were recorded and then averaged out to avoid same source biasness. Trust between supervisors and subordinates were measured from subordinate's point of view only. Employee service performance was measured by measuring two dimensions of performance that are empathy and excellent performance from customers point of view, who assessed performance of immediate subordinates of supervisors. Self-efficacy was measured from subordinate's point of view.

### 3.2. Research Instruments.

#### 3.2.1. LMX.

LMX was measured using Graen et al. (1982), 7-item scale to ascertain the quality of LMX between subordinates and supervisors. Responses were recorded on Likert 5 point scale, ranging from 1- strongly disagree to 7- strongly agree. Cronbach's alpha as reliability estimate was at .79 for current study.

#### 3.2.2. Trust.

Trust between supervisor and subordinate was measured by using Tzafirir and Dolan (2004) multi-item scale. Three dimensions of trust that are benevolence, competence and integrity were measured by 9-items, 3 from each. Likert 5 point scale was used to measure responses ranging from 1- strongly disagree to 5- strongly agree. Cronbach alpha for Tzafirir and Dolan study was at .92. However, for current study it is estimated at .78.

#### 3.2.3. Self-efficacy.

Self-efficacy was measured by using Ellen Usher (2005) sources of self-efficacy scale. 3 items from each source like mastery experience, vicarious experience, social persuasion and physiological and emotional states. Likert 5- point scale was used to measure responses ranging from 1- strongly disagree to 5- strongly agree. Cronbach alpha for current study is .76.

#### 3.2.4. Employee Service Performance.

Service performance of employees was measured by using a composite of scales like empathy and excellent job performance scales with 3 items each based on SERVQUAL empathy scale Parasuraman, Zeithaml and Berry (1988) and Service Provider Performance Scale Price, Arnould and Tierney (1995). Likert 5- point scale was used to measure responses ranging from (1) – strongly disagree to (5) – strongly agree. Cronbach alpha for the current study is .77.

## 4. Data Analysis and Results.

Correlation and multiple regression analysis, revealed positive and significant relationship between the given variables. Mean and standard deviation also were in favor of significant performance of all variables. The statistical values are presented in table 1. Product moment Correlation Coefficient ( $r = .36$ ) is in favor of significant positive relationship between LMX and Trust. Multiple regression analysis revealed significant relationship between LMX and Trust and explained as:  $Y_1 = \beta_1 + \beta_2 + \dots + \beta_7$ . Where 'Y<sub>1</sub>'

represents dependent variable i.e. Trust and  $x_1$  to  $x_7$  represent 7 items or statements of independent variable i.e. LMX. Trust related data were entered as dependent variable 'Y<sub>1</sub>' and data pertaining to 'x<sub>1</sub> to x<sub>7</sub>' i.e. LMX were entered as independent variable. The results obtained are presented in Table 2. All items of LMX are positively influencing on Trust with item no 5, being the most influential with (b=.37, p <.05). Item numbers 3, 6, 2, and 4 represents the decreasing order of influence on Trust with regression coefficients (b=.33, .32, .31 and .31 respectively) with significance level of (p <.05). Item no 1 and 7, representing the least influence among all items of LMX on Trust with regression coefficient i.e. (b=.29 and p <.05).The overall influence of LMX on Trust i.e. (R<sup>2</sup> =.34), reflecting a 34% of variation in the dependent variable, evidences that there exists a positive relationship between LMX and Trust, thus proving our first hypothesis i.e. LMX have a positive impact on work attitude like Trust.

S. No.	Variables.	Mean.	Standard Deviation.	1.	2.	3.	4.
1.	LMX.	3.54	0.67	1			
2.	Trust	3.33	0.57	.36	1.		
3.	Self- Efficacy	3.22	0.60	.34	.30.	1.	
4.	ServicePerformance.	3.35	0.61	.37	.34	.33	1.
	Cronbach's alpha.			.65	.67	.68	.71

Table 1: Descriptive Statistics, Inter item Correlations and Alpha Values of the Variables.

\*All Significant from <.01 to <.05; Source: Data collected by Scholars for the study.

S. No.	Independent Variable. LMX (Subordinate Version Items).	Dependent Variable. Trust.
1.	Do you know where you stand with your supervisor...do you usually know how satisfied your leader is with what you do?	0.29*.
2.	How well does your supervisor understand your job problems and needs?	0.31*.
3.	How well does your supervisor recognize your potential?	0.33*.
4.	Regardless of how much formal authority he/she has built into his/her position, what are the chances that your supervisor would use his/her power to help you solve problems at work.	0.31*.
5.	Again, regardless of the amount of formal authority your supervisor has, what are the chances that he/she would "bail you out," at his/her expense?	0.37*.
6.	I have enough confidence in my supervisor that I would defend and justify his/her decision if he/she were not present to do so?	0.32*.
7.	How would you characterize your working relationship with your supervisor?	0.29*.
	<b>R<sup>2</sup></b>	<b>0.34</b>

Table 2: Regression Coefficients from Multiple Regressions between LMX and Trust.

\*All Significant at <.05; Source: Data collected by Scholars for the study.

Product moment Correlation Coefficient (r= .34) is in favor of significant positive relationship between LMX and self-efficacy. Multiple regression analysis revealed significant relationship between LMX and self-efficacy and explained as:  $Y_2 = bx_1 + bx_2 + \dots + bx_7$ . Where 'Y<sub>2</sub>' represents dependent variable i.e. self-efficacy. And  $x_1$  to  $x_7$  represent 7 items or statements of independent variable i.e. LMX. Self-efficacy related data were entered as dependent variable 'Y<sub>2</sub>' and data pertaining to 'x<sub>1</sub> to x<sub>7</sub>' i.e. LMX were entered as independent variable. The results obtained are presented in Table 3. All items of LMX are positively influencing on self-efficacy with item no 3, being the most influential with (b=.37, p <.05). Item numbers 7, 5, 6, and 4 represents the decreasing order of influence on self-efficacy with regression coefficients (b=.35, .34, .33 and .32 respectively) with significance level of (p <.05). Item no 2 and 1, representing the least influence among all items of LMX on self-efficacy with regression coefficient i.e. (b=.31, 30 and p <.05). The overall influence of LMX on self-efficacy i.e. (R<sup>2</sup> =.33), reflecting a 33% of variation in the dependent variable, evidences that there exists a positive relationship between LMX and self-efficacy, thus proving our second hypothesis i.e. LMX have a positive impact on self-efficacy.

S. NO.	Independent Variable.	Dependent Variable.
	LMX.	Self-Efficacy.
1.	Do you know where you stand with your supervisor...do you usually know how satisfied your leader is with what you do?	0.30*.
2.	How well does your supervisor understand your job problems and needs?	0.31*.
3.	How well does your supervisor recognize your potential?	0.37*.
4.	Regardless of how much formal authority he/she has built into his/her position, what are the chances that your supervisor would use his/her power to help you solve problems at work	0.32*.
5.	Again, regardless of the amount of formal authority your supervisor has, what are the chances that he/she would “bail you out,” at his/her expense?	0.34*.
6.	I have enough confidence in my supervisor that I would defend and justify his/her decision if he/she were not present to do so?	0.33*.
7.	How would you characterize your working relationship with your supervisor?	0.35*.
	<b>R<sup>2</sup></b>	0.33

Table 3: Regression Coefficients from Multiple Regressions between LMX and Self-efficacy.  
 \*All Significant at < .05; Source: Data collected by Scholars for the study.

Product moment Correlation Coefficient (r= .37) is in favor of significant positive relationship between LMX and Service performance. Multiple regression analysis revealed significant relationship between LMX and Service performance and explained as:  $Y_3 = bx_1 + bx_2 + \dots + bx_7$ . Where ‘Y<sub>3</sub>’ represents dependent variable i.e. service performance and x<sub>1</sub> to x<sub>7</sub> represent 7 items or statements of independent variable i.e. LMX. Service performance related data were entered as dependent variable ‘Y<sub>3</sub>’ and data pertaining to ‘x<sub>1</sub> to x<sub>7</sub>’ i.e. LMX were entered as independent variable. The results obtained are presented in Table 4. All items of LMX are positively influencing on service performance with item no 1, being the most influential with (b=.36, p < .05). Item numbers 7, 4, 3, and 5 represents the decreasing order of influence on service performance. With regression coefficients (b=.35, .35, .34 and .33 respectively) with significance level of (p < .05). Item no 6 and 2, representing the least influence among all items of LMX on service performance with regression coefficient i.e. (b=.32, .29 and p < .05). The overall influence of LMX on service performance i.e. (R<sup>2</sup> =.35), reflecting a 35% of variation in the dependent variable, evidences that there exists a positive relationship between LMX and service performance, thus proving our third hypothesis i.e. LMX have a positive impact on service performance.

S.NO.	Independent Variable.	Dependent Variable.
	LMX.	Service Performance.
1.	Do you know where you stand with your supervisor...do you usually know how satisfied your leader is with what you do?	0.36*.
2.	How well does your supervisor understand your job problems and needs?	0.29*.
3.	How well does your supervisor recognize your potential?	0.34*.
4.	Regardless of how much formal authority he/she has built into his/her position, what are the chances that your supervisor would use his/her power to help you solve problems at work	0.35*.
5.	Again, regardless of the amount of formal authority your supervisor has, what are the chances that he/she would “bail you out,” at his/her expense?	0.33*.
6.	I have enough confidence in my supervisor that I would defend and justify his/her decision if he/she were not present to do so?	0.32*.
7.	How would you characterize your working relationship with your supervisor?	0.36*.
	<b>R<sup>2</sup></b>	0.35

Table 4: Regression Coefficients from Multiple Regressions between LMX and Service Performance.  
 \*All Significant at < .05; Source: Data collected by Scholars for the study.

Product moment Correlation Coefficient (r= .34) is in favor of significant positive relationship between Trust and Service performance. Multiple regression analysis revealed significant relationship between Trust and Service performance and explained as:  $Y_4 = bx_1 + bx_2 + \dots + bx_9$ . Where ‘Y<sub>4</sub>’ represents dependent variable i.e. service performance and x<sub>1</sub> to x<sub>9</sub> represent 9 items or statements of independent variable i.e. Trust. Service performance related data were entered as dependent variable ‘Y<sub>4</sub>’ and data pertaining to ‘x<sub>1</sub> to x<sub>9</sub>’ i.e. Trust was entered as independent variable. The results obtained are presented in Table 5. All items of Trust are positively influencing on service performance with item no 5, being the most influential with (b=.36, p < .05). Item numbers 9, 7, 3, 2, 4, and 6 represents the decreasing order of influence on service performance. With regression coefficients (b=.35, .34, .33, .31, .31 and .31 respectively) with significance level of (p < .05). Item no 8 and 1, representing the least influence among all items of Trust on service performance with regression coefficient i.e. (b=.30, .29 and p < .05). The overall influence of Trust on service performance i.e.

( $R^2 = .34$ ), reflecting a 34% of variation in the dependent variable, evidences that there exists a positive relationship between Trust and service performance, thus proving our fourth hypothesis i.e. Trust have a positive impact on service performance.

S. No.	Independent Variable.	Dependent Variable.
	Trust.	Service Performance.
1.	I can count on my supervisor to help me if I have difficulties with my job.	0.29*.
2.	Supervisor makes personal sacrifices for employees.	0.31*.
3.	There is a cordial relationship between the supervisor and worker.	0.33*.
4.	Supervisor is successful in the work he attempt to accomplish.	0.31*.
5.	.Supervisor has much knowledge about the work that needs to be done.	0.36*.
6.	Supervisor is capable of performing his job.	0.31*.
7.	Supervisor takes actions that are consistent with his words.	0.34*.
8.	My supervisor is open and upfront with me.	0.30*.
9.	Supervisor keeps the promises he make.	0.35*
	<b><math>R^2</math>.</b>	0.34

Table 5: Regression Coefficients from Multiple Regressions between Trust and Service Performance.

\*All Significant at  $< .05$ ; Source: Data collected by Scholars for the study.

Product moment Correlation Coefficient ( $r = .33$ ) is in favor of significant positive relationship between Self-efficacy and Service performance. Multiple regression analysis revealed significant relationship between Self-efficacy and Service performance and explained as:  $Y_5 = bx_1 + bx_2 + \dots + bx_{12}$ . Where 'Y<sub>5</sub>' represents dependent variable i.e. service performance and  $x_1$  to  $x_{12}$  represent 12 items or statements of independent variable i.e. self-efficacy. Service performance related data were entered as dependent variable 'Y<sub>5</sub>' and data pertaining to 'x<sub>1</sub> to x<sub>9</sub>' i.e. self-efficacy was entered as independent variable. The results obtained are presented in Table 6. All items of self-efficacy are positively influencing on service performance with item no 11, being the most influential with ( $b = .35$ ,  $p < .05$ ). Item numbers 10, 6, 5, 4, 8, 12, 1, 9 and 7 represents the decreasing order of influence on service performance. With regression coefficients ( $b = .34, .33, .33, .32, .32, .32, .31, .31, .31$  and  $.30$  respectively) with significance level of ( $p < .05$ ). Item no 2 and 3, representing the least influence among all items of self-efficacy on service performance with regression coefficient i.e. ( $b = .29, .28$  and  $p < .05$ ). The overall influence of self-efficacy on service performance i.e. ( $R^2 = .33$ ), reflecting a 33% of variation in the dependent variable, evidences that there exists a positive relationship between self-efficacy and service performance, thus proving our fifth hypothesis i.e. self-efficacy have a positive impact on service performance.

S.No.	Independent Variable.	Dependent Variable.
	Self-Efficacy.	Service performance.
1.	I am good at my job.	0.31*.
2.	My last job evaluation was excellent.	0.29*.
3.	I have developed a number of strategies to help me succeed at my job.	0.28*.
4.	By watching excellent co-workers around me, I often learn better ways to approach my own job.	0.32*.
5.	There are a number of excellent co-workers at my work place.	0.33*.
6.	Seeing others co-workers doing better than me push me to do better.	0.33*.
7.	The management at my organization are happy with my performance as long as I am making improvements.	0.31*.
8.	People have told me that I'm successful in the organization because I work hard.	0.32*.
9.	I have been recognized for excellence at my job.	0.31*.
10.	I look forward to going to work each day.	0.34*.
11.	My job puts me in a good mood.	0.35*
12.	I feel relaxed when I am working at my job.	0.32*
	<b><math>R^2</math>.</b>	0.33

Table 6: Regression Coefficients from Multiple Regressions between Self-efficacy and Service Performance.

\*All Significant at  $< .05$ ; Source: Data collected by Scholars for the study.

## 5. Findings

The major findings from the current study include, LMX influences interpersonal trust, self-efficacy and employee service performance significantly. LMX enhance trust among supervisor and subordinate. Pearson's coefficient of correlation between LMX and trust stand at significant level of ( $r = .36$ ). Multiple Regression coefficient ( $R^2 = .34$ ) revealed significant relationship between LMX and trust. LMX positively influence self-efficacy of subordinates. Coefficient of correlation for LMX and self-efficacy stand at ( $r = .34$ ). Self-efficacy shows significant variation as dependent variable in relation with LMX with ( $R^2 = .33$ ). LMX and service performance shows significant correlation with ( $r = .37$ ). Dependence of service performance on LMX with ( $R^2 = .35$ ) favors significant relationship between them. Trust exerts positive influence on service performance of employees with coefficient of

correlation ( $r = .34$ ). Trust and service performance again found in significant relationship with each other having ( $R^2 = .34$ ). Self-efficacy and service performance of employees are highly correlated with ( $r = .33$ ). Multiple regression coefficient ( $R^2 = .33$ ) also reveals significant relationship between Self-efficacy and service performance.

## 6. Limitations and Future Research

The current study would be confined to service sectors like banking, insurance and postal only. Sectors like health, hospitality, entertainment, were deprived of participation. Geographical reach of the survey was restricted to regional level only, than national or international. The future researchers could explore LMX, trust, self-efficacy and service performance relationships across multi-sector service economy. Sample size of larger than present could bring in new insights in data analysis, interpretation of results and implications. Data collection techniques apart from structured questionnaires and interviews, like observations, could add subjective dimension, besides having objective results.

## 7. Recommendations

The following recommendations would enhance leader member exchange, trust between supervisors and subordinates, self-efficacy and service performance of employees. Organizational support in terms of more resources, autonomy, and flexibility to leaders who in turn could transfer same to subordinates would elevate quality of LMX. Leaders need to establish strong bonds of loyalty with in-group as well as out-group members irrespective of competence, ability to strengthen bonds of trust. Leaders should create the culture of appreciation and encouragement of subordinates that could enhance their self-efficacy and thereby increases service performance. Tasks that create intrinsic motivation and challenge should be given to subordinates for increasing their efficacy and performance at work.

## 8. Implications

Leader Member Exchange influence work outcomes like performance, productivity, profitability etc. Managements need to create organizational culture that promotes cordial relationships among supervisor-subordinates, employee- management, co-workers. Trust among supervisor and subordinates enhance relationships, performance, motivation, goal achievement, commitment. Organizations need to foster climate of trust among employees-management, employee-leaders, employee-employee, employee-organization. Organizations should encourage practices that strengthen the bonds of interpersonal as well as organizational trust. Leadership behaviors like infusing enthusiasm, excitement, among subordinates enhances their self-efficacy that results in more accomplishment of challenging tasks, goal achievement, higher confidence level. Organizations should ensure development of their leaders through development programmers. Also, practices like recognition of employees for their achievements in front of their co-workers, management, top leadership would boost their self-efficacy and in turn performance.

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