LEADER MEMBER EXCHANGE: RAMIFICATIONS
IN THE GLOBAL ORGANIZATIONAL ENVIRONMENT

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Abstract

Leader member exchange (LMX), a concept fostered beginning in 1975 and then largely marginalized because of some associated limitations, is enjoying a resurgence in its appeal. Much of the credit for the renewed popularity of the concept attaches to successful efforts to quantify the quality of the leader-to-member relationship and hence to quantify the impact upon organizational effectiveness in the organization under scrutiny. This ability enhances LMX as a tool for success.

Scholars, worldwide have proposed ways to overcome some challenges remaining in the measurement tool. The concept is now the subject of scholarly investigation in cultural economies which are at an early stage in development. Indeed some major advancements in our ability to measure LMX performance and the connection to organizational performance have emerged from work being done in these econo-cultures. While the work extant is by no means comprehensive in terms of its cross cultural coverage, a more complete picture emerges in this work. In particular, authors in New Zealand, Turkey and Malaysia are attempting with some success to establish a positive correlation between LMX quality and Organizational Citizenship Behaviors (OCB). Researchers in China examine trends in job performance with an eye toward the impact of LMX quality as a progenitor. In Australia and India, studies examine the effect upon turnover intention created by the quality of LMX relationships. Korean scholars cite job satisfaction as one of the factors driven by LMX. This article examines the progress reported in these contributions. It goes on to suggest some additional strategies for investigation.
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A Brief History of LMX

From the very beginning of organized scholarly examination of supervisory relationships, Dansereau, Graen and Haga (1975) saw the tenets of Leader Member Exchange as a force multiplier in working toward organizational effectiveness. Scholars reasoned that the quality of the relationship between a supervisor and the persons he or she supervises will have a correlative impact upon the quality of work those supervised will produce. They set about describing the relationship permitting their description to settle upon the understanding which survives to this day.

A model emerged which embodied dyadic relationships between one supervisor and one person supervised. To clarify, the relationship involves only two individuals; the supervisor or “leader” and the person being supervised, referred to as the “member”. Dansereau, et al. postulated that the relationship will take on a uniqueness that is driven by the behaviors, traits and interests of the leader and the member and the ways in which these features impact the human interaction between the participants in the dyad. In instances where one leader supervises more than one member, a unique relationship will develop between that leader and each of the members. That is to say that a leader who supervises, for example, four members will be a participant in four different leader member exchange dyads. Further, each dyadic relationship will be unique.

The model embodies a natural extension. Since these relationships are unique, it will be assumed that some relationships will be positive involving quality interaction between leader and member. Conversely some relationships suffer from deficiencies engendered by poor interaction between the leader and the member. Where multiple Vertical Dyadic Linkages (VDL) exist, an organizational climate will develop in which members with positive VDLs will be perceived to be members of the “Ingroup” and members with negative VDLs will be perceived to be members of the “Outgroup” (Graen & Cashman, 1975; Liden & Graen, 1980).
The Effect upon Organization Effectiveness

Researchers found a weak but demonstrable correlation between the quality of the leader member exchange climate manifested in good relationships as reported by participants in the study and productivity in the organization (Graen, Novak, & Sommerkamp, 1982; Scandura & Graen, 1984). In one of these studies researchers noted an improvement in performance which roughly matched the administration of a training program for supervisors which was intended to enhance the quality of the VDL in leader member linkages within the organization (Scandura & Graen, 1984). The correlation demonstrated in these studies was tenuous, nonetheless the correlation did exist.

Challenges in Measuring the Quality of the LMX Relationship

Expansion of the initial concept of LMX (Graen & Cashman, 1975) found its place as scholars hypothesized that behaviors on the part of the supervisor that serve to influence the quality of the relationship in a positive way should be engaged to more clearly define the role into which a member gravitated. Serving as the antecedent to the studies mentioned previously, the concept took its place in leadership training strategies contemporary to those explorations. The objective of the associated strategies was to reduce, ultimately to zero, the number of VDLs in which the member perceives him or herself to be part of the outgroup to the extent that organizational effectiveness suffers.

After more than ten years, scholars continued to struggle with three weaknesses in LMX methodology and theory (Dienesch & Liden, 1986). Initially, authors on the topic complained of a lack of data to support continued thought. Secondly, measurements failed to focus on organizational outcomes attaching to LMX climate. Possibly the most damaging weakness was that little commonality in LMX operationalization was identified. Dienesch and Liden (1986) proposed a partial remedy to their primary concern as they suggested three dimensions of LMX which they proposed to subject to quantification.

(a) Perceived contribution to the exchange – perception of the amount, direction, and quality of work oriented activity each member puts forth toward the mutual goals of the dyad.
(b) Loyalty – the expression of public support for the goals and the personal character of the other member of the LMX dyad
(c) Affect – the mutual affection members of the dyad have for each other rather than work or professional values. (Dienesch and Liden, 1986)

While these two researchers presented a model (See Figure 1.) by which the dimensions of LMX can inform the understanding of VDL development, they were mute on the topic of how the development or ultimate quality could be measured.

Figure 1. Model of the Leader-Member relationship developmental process.
As has been shown the ultimate pay-off flowing from high quality LMX relationships is enhanced performance of the organization. As has also been shown we do not need to rest upon that assumption of a positive correlation since one has been shown to exist. What has more consistently eluded efforts to quantify and what is capably informed in Figure 1. as the measurement of those factors impacting the nature of LMX (the inputs) as well as the measurement of the quality of the LMX in the first place.

Early attempts to examine the inputs focused on the traits of the leader (Fielder, 1961) and the traits of the member (Zaccaro, Foti, & Kenny, 1991). Two studies conducted in relative close chronological proximity looked at leader behavior (Yetton, 1984) and member behavior (Yukl, 1988). These were preceded as has been said by the analysis of the actual interactions, from Dansereau et al (1975) and the impact of charisma in the leader (House, 1977).

Bhal and Ansari, (1996) developed a scale which they used to more clearly establish the quality of the interaction between leader and member. They developed construct definitions of relationship factors, however their work suffered in that it considered only two of the dimensions mentioned above, leaving out dimension b; Loyalty. Their work did add substantively because of the definitions and the features of the measurement.

Leader member exchange relationship measurement continues to suffer from two impediments. Primarily, the methodology to measure the psychometric factors present in the LMX relationship (Schriesheim, Castro, and Cogliser, 1999) do not adequately consider all factors which might contribute to the participant’s responses in the survey. The tool extant makes use of a question and response survey in which participant response may be challenged as succumbing to mood. Finally, measurements may not be consistently appropriate to measure the relationship (Graen & Uhl Bien, 1995). Survey data analysis may lead one to conclude that the relationship is good, when performance of the organization indicates otherwise. LMX7 the most recent tool has been challenged on these grounds. Law, Wang, and Hui (2009) suggest an amendment which revises the dimensions of LMX including professional respect as the fourth dimension. They cite the need for more research to validate their hypothesis.

Why is the Quality of the LMX Relationship Important?
As has been said, the original researchers on the topic of LMX believed that an understanding of the relationship and the antecedents to which the relationship responds could serve two essential purposes. Initially they successfully attempted to show that there is a positive correlation between high quality LMX relationships over a broad spectrum of dyads within an organization and the effectiveness of that organization. Additionally, they developed strategies to influence supervisory behaviors in ways which promoted the development of universally positive relationships. The ultimate goal of these strategies was and is to reduce “outgroup” membership to zero.

We are informed by Varma, Stroh and Schmidt (2001) of two pivotal observations which relate to the globalization of business and commerce. These authors concluded that women are chosen for international assignment most often because their past performance including their LMX performance has been laudable. The researchers also demonstrated that there appears to be continued superior performance of these female managers while executing their foreign assignments.

A perhaps unanticipated outcome of high quality LMX relationships is to be found as we learn that negotiations between supervisors and workers enjoy more positive outcomes when LMX quality is high. In their study, Mieners, and Boster, (2012) found that leader member exchange quality was a predictor of the occurrence of mutual concessions during the negotiation process. The correlation was direct and positive implying that when those relationships can be described as being of high quality, the likelihood of a positive outcome in a negotiation event was also high.

Low quality LMX impacts employee’s intention to remain with the organization. Studies by Brunetto, Farr-Wharton, and Shacklock, (2010) and McWilliams, (2011) drew a parallel between low quality LMX and turnover intention. These two studies examined a sample population from different industries and from different cultures. Brunetto, et al, studied an international sampling of medical field workers. McWilliams reviewed information technology workers in Australia. Nevertheless, their conclusions were identical. Both studies demonstrated that LMX relationship quality is a factor in employee retention. Those organizations in which long term employment is part of the organizational strategy are informed by these studies which suggest the application of measures to positively influence LMX relationships.
The connection between Organizational Citizenship Behavior (Organ, 1988) and LMX has been long established (Dansereau et al., 1975; Liden & Graen, 1980; Vecchio & Gobdel, 1984, and Deluga, 1994) and has recently been confirmed not only in organizations domestic to the United States, but in developing econo-cultures as well (Lo, Ramayah, and Kueh, 2006). In their study, Lo et al. confirmed once again that positive LMX relationships lead to increased frequency of occurrences of organizational citizenship behaviors. One additional dimension of Lo et al is that the relationship between LMX and OCB appears not to be influenced by the gender of the supervisor, the gender of the member, or the fact that the gender of supervisor and member may be different.

While the above cited study examined the manufacturing industry, a more recent parallel study, also conducted in Malaysia, (Kandan & Ali, 2010) confirmed these findings in public sector employees. Bhal and Gulati, (2007) writing in India, obtained similar results from a very robust study which examined members of the information technology industry. This robust study made use of a sample of 700 IT professionals from all over India.

LMX as a Tool for Success.

In a study in South Korea, researchers identified a profound effect in that high quality LMX relationships were demonstrated to cause enhanced career satisfaction and hence lower turnover. The authors suggested employment of techniques which are useful in improving supervisory behaviors leading to improved LMX relationships as a way of reducing turnover (Joo & Ready, 2012). This study is particularly useful in that it served to confirm the moderating effect of LMX upon those workers who are goal oriented. Those employees who are able to positively visualize their future in the industry were more likely to view that future as facilitated by remaining with the organization when high quality LMX relationships were part of the picture.

Opportunities for Future Research

A common thread in the research and literature on the topic of leader member exchange assumes that the organizational model involves one leader and several members. This thread is woven through the fabric of LMX and informs the studies upon which the research is based. The idea of ingroup versus outgroup has always implied that members of the group may see themselves as being in competition with one another. Those in the ingroup see ways in which they can prevail
or succeed in the organization relative to those who they perceive to be members of the outgroup. Conversely members of the outgroup are at pains to find ways to maintain control over their personal situation while occupying the disadvantaged position in which they perceive themselves to be.

However, it has always been the case that many organizations include at least one LMX dyad in which the member has no parallel. The situation in which an office manager is supervising one and only one administrative person is quite common. It is not a strenuous undertaking to imagine similar situations. Indeed these situations which may be awarded the moniker, “single dyad Structures” may actually be more numerous than the multiple dyad model which is suggested in the literature.

In these cases, the member has two alternatives. He or she can view the organizational structure as being devoid of ingroup and outgroup. Hence the member’s self-image has nothing to do with the perception that he or she is performing in a way that enhances or diminishes personal affection of the leader relative to other members of the organization, since there are no other members. In this case, turnover intention, occurrence of OCBs, and task effectiveness rest not upon competition on the one hand or frustration on the other. They rest upon the ability of the supervisor to create a dyadic relationship which is positive. One might argue that the techniques which might be employed by the supervisor in this endeavor are very similar to those which would reduce the number of members who perceive themselves to be in the out group in multiple dyad situations. This presents a potential gap in the body of knowledge which calls for additional experimentation.

The second alternative presented to the member who is in a single dyad situation is to consider him or herself to be a member of a multiple dyad situation in which the other members are imaginary employees. This presents two possibilities as personified by the parameters of the two imaginary employees. The first of the imaginary employees is the member’s own conceptualization of what a perfect employee is and how a perfect employee would behave. The second possibility is the member’s own conceptualization of the supervisor’s desires in a perfect employee. The member is including him or herself in the ingroup or outgroup in comparison to the two imaginary employees. This latter situation can lead to some interesting and indeed humorous mental gymnastics.
Again the gap in the research inferred by this train of thought leaves us with a clear direction for future research. One potential hypothesis might be:

Techniques which enhance leader member exchange relationships in multiple dyad situations will enhance the quality of the leader to member relationship in a single dyad situation.

One additional consideration addresses the application of the precepts of leader member exchange to group self-perception and hence group leadership. The research has always addressed the dyadic relationship between leader and member as individuals. However, this need not be the case. It is entirely plausible that the commonalities in the perceptions of a team of employees about the team of which they are members can be described in ways that are not dissimilar to the perceptions of an individual. In this way, the team is taking on the persona of a member in a dyadic relationship with a leader in the organization. Group members are comparing themselves as a group with other groups. As an example, we might envision a sales organization with several different teams, each responsible for a different geographical region. In one of the teams does consistently well in comparison with other teams, the members of the team might assume membership in the ingroup while viewing members of other teams as outgroups. We are prompted to imagine which of the techniques that a supervisor my use to enhance the LMX relationship with an individual might be useful in enhancing the relationship with members of the team.

Taking it “Global”

It is interesting to note that the exploration of LMX precepts has gone global. Of the sources cited in this paper, fully half of them originated in nations other than the United States.
References


