Workshop 5: Encourage the Heart

Leadership Theory: Leader-Member Exchange (LMX)

Unlike the previous, follower-focused theory, LMX Theory focuses on the interactions between leader and follower. It’s not just motivation, but recognition and appreciation.
(Continued)

Although many of the claim people in the office could act as field representatives, Jim typically calls on Ted and Jana because of their willingness to take on the public relations challenge and because of their special capabilities in this area. This is advantageous for Jim for two reasons: First, these people do an outstanding job representing the office to the public. Second, Jim is a reticent person, and he finds it quite threatening to be in the public eye. Ted and Jana like to take on this additional role because it gives them added prestige and greater freedom. Being a field representative has its perks because field staff can function as their own bosses when they are not in the office; they can set their own schedules and come and go as they please.

A third area in which Jim calls on a few representatives for added effort is in helping him supervise the slower claim representatives, who seem to be continually behind in writing up the case reports of their clients. When even a few staff members get behind with their work, it affects the entire office operation. To ameliorate this problem, Jim calls on Glenda and Annie, who are both highly talented, to help the slower staff complete their case reports. Although it means taking on more work themselves, Glenda and Annie do it to be kind and to help the office run more smoothly. Other than personal satisfaction, no additional benefits accrue to them for taking on the additional responsibilities.

Overall, the people who work under Jim's leadership are satisfied with his supervision. There are some who feel that he entertains too much to a few special representatives, but most of the staff think Jim is fair and impartial. Even though he depends more on a few, Jim tries very hard to attend to the wants and needs of his entire staff.

Questions

1. From an LMX theory point of view, how would you describe Jim's leadership at the district social security office?

2. Can you identify an in-group and an out-group?

3. Do you think the trust and respect Jim places in some of his staff are productive or counterproductive? Why?
By completing the LMX 7, you can gain a fuller understanding of how LMX theory works. The score you obtain on the questionnaire reflects the quality of your leader-member relationships, and indicates the degree to which your relationships are characteristic of partnerships, as described in the LMX model.

You can complete the questionnaire both as a leader and as a subordinate. In the leader role, you would complete the questionnaire multiple times, assessing the quality of the relationships you have with each of your subordinates. In the subordinate role, you would complete the questionnaire based on the leaders to whom you report.

**Scoring Interpretation**

Although the LMX 7 is most commonly used by researchers to explore theoretical questions, you can also use it to analyze your own leadership style. You can interpret your LMX 7 scores using the following guidelines: very high = 30–35, high = 25–29, moderate = 20–24, low = 15–19, and very low = 7–14. Scores in the upper ranges indicate stronger, higher-quality leader-member exchanges (e.g., in-group members), whereas scores in the lower ranges indicate exchanges of lesser quality (e.g., out-group members).

SUMMARY

Since it first appeared more than 30 years ago under the title “vertical dyad linkage (VDL) theory,” LMX theory has been and continues to be a much-studied approach to leadership. LMX theory addresses leadership as a process centered on the interactions between leaders and followers. It makes the leader-member relationship the pivotal concept in the leadership process.

In the early studies of LMX theory, a leader’s relationship to the overall work unit was viewed as a series of vertical dyads, categorized as being of two different types: Leader-member dyads based on expanded role relationships were called the leader’s in-group, and those based on formal job descriptions were called the leader’s out-group. It is believed that subordinates become in-group members based on how well they get along with the leader and whether they are willing to expand their role responsibilities. Subordinates who maintain only formal hierarchical relationships with their leader become out-group members. Whereas in-group members receive extra influence, opportunities, and rewards, out-group members receive standard job benefits.

Subsequent studies of LMX theory were directed toward how leader-member exchanges affect organizational performance. Researchers found that high-quality exchanges between leaders and followers produced multiple positive outcomes (e.g., less employee turnover, greater organizational commitment, and more promotions). In general, researchers determined that good leader-member exchanges result in followers feeling better, accomplishing more, and helping the organization prosper.

The most recent emphasis in LMX research has been on leadership making, which emphasizes that leaders try to develop high-quality exchanges with all of their subordinates. Leadership making develops over time and includes a stranger phase, an acquaintance phase, and a mature partnership phase. By taking on and fulfilling new role responsibilities, followers move through these three phases to develop mature partnerships with their leaders. These partnerships, which are marked by a high degree of mutual trust, respect, and obligation, have positive payoffs for the individuals themselves, and help the organization run more effectively.

There are several positive features to LMX theory. First, LMX theory is a strong descriptive approach that explains how leaders use some subordinates (in-group members) more than others (out-group members) to accomplish organizational goals effectively. Second, LMX theory is unique in that, unlike other approaches, it makes the leader-member relationship the focal point of the leadership process. Related to this focus, LMX theory is noteworthy because it directs our attention to the importance of effective communication in leader-member relationships. In addition, it reminds us to be even-handed in how we relate to our subordinates. Last, LMX theory is supported by a multitude of studies that link high-quality leader-member exchanges to positive organizational outcomes.

There are also negative features in LMX theory. First, the early formulation of LMX theory (vertical dyad linkage theory) runs counter to our principles of fairness and justice in the workplace by suggesting that some members of the work unit receive special attention and others do not. The perceived inequalities created by the use of in-groups can have a devastating impact on the feelings, attitudes, and behavior of out-group members. Second, LMX theory emphasizes the importance of leader-member exchanges but fails to explain the intricacies of how one goes about creating high-quality exchanges. Although the model promotes building trust, respect, and commitment in relationships, it does not fully explicate how this takes place. Third, researchers have not adequately explained the contextual factors that influence LMX relationships. Finally, there are questions about whether the measurement procedures used in LMX research are adequate to fully capture the complexities of the leader-member exchange process.

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REFERENCES

