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# Leader-Member Exchange Paying Attention to Immediate Subordinate Pays Off

## **Abstract**

The author provides a brief review of leadership seen from the dyadic perspective, also known as leader-member exchange (LMX). This perspective focuses on the relationship between leaders and their immediate subordinates as individuals, with a review of the potential benefits and importance of this perspective. It is evident that hospitality leaders, managers, and supervisors and their organizations may gain much by paying attention to the relationship they have and that they develop with their immediate subordinates

# Leader-Member Exchange: Paying Attention to Immediate Subordinates Pays Off

by  
Carl P. Borchgrevink

*The author provides a brief review of leadership seen from the dyadic perspective, also known as leader-member exchange (LMX). This perspective focuses on the relationship between leaders and their immediate subordinates as individuals, with a review of the potential benefits and importance of this perspective. It is evident that hospitality leaders, managers, and supervisors and their organizations may gain much by paying attention to the relationship they have and that they develop with their immediate subordinates.*

Traditional leadership theories suggest that leaders have a usual leadership style that they use with all of their subordinates, and that leaders behave and interact in the same way with all subordinates.<sup>1</sup> A growing number of scholars and educators have criticized the traditional leadership approach, suggesting that leaders do not behave uniformly across subordinates.<sup>2</sup> Much research evidence has been offered to suggest that leaders intentionally and unintentionally vary their behavior. Even if leaders try to act consistently with all subordinates, the subordinates vary in their responses to the leaders. This is not surprising considering that most organizations do not have a homogenous body of employees. For example, employees may differ in terms of personality, educational background, experience, and expectations. This diversity in employees leads to a diversity of responses to leader behaviors which in turn may elicit varying leader behaviors. The fact that leaders act differently across subordinates must be acknowledged so that work can be done from and within that perspective.

Leader-member exchange (LMX) is the predominant label used to describe the dyadic approach to leadership. It has also been called vertical dyadic linkage (VDL). This stream of research started roughly

20 years ago<sup>3</sup> and has received an increasing surge of attention. Hospitality literature has also started to show evidence of LMX research and hospitality scholars have started to develop a body of hospitality-based LMX research.<sup>4</sup> Why should hospitality scholars, or hospitality leaders and operators, be interested in LMX research? The answer is that LMX has a great deal to offer the hospitality industry, particularly in these times of labor shortages and increased competition. LMX has been found to be related to a variety of variables important to organizations at large, including hospitality organizations. In addition, hospitality scholars have started to uncover the potential causes of LMX development.<sup>5</sup>

### **LMX May Alleviate Tight Labor Markets and Turnover**

Most hospitality companies face high turnover of employees and increasingly tight labor markets. LMX quality has proven to be a good predictor of turnover and occupational commitment.<sup>6</sup> Generally speaking, employees who experience low quality LMX tend to terminate employment more frequently than those experiencing high quality LMX. It is important to note, however, that in some cases researchers have not found a relationship between turnover and LMX quality. This result is not surprising because the leader-member relationship is only one of a multitude of potential predictors of turnover. Voluntary turnover is related to organizational commitment, and research reveals that organizational commitment and occupational commitment correlate highly with LMX quality.<sup>7</sup>

The hospitality industry is highly competitive and struggles with ways of maintaining or increasing the performance and productivity of its employees. Turnover may impact performance due to new employees' learning curves. Performance is, however, a concern in regard to the long-term employees, as well.

Early on LMX researchers predicted that LMX quality would have a positive relationship with performance.<sup>8</sup> The research is inconsistent here in that some find a relationship, while others find no significant relationship between LMX and performance.

Recently, researchers found that task characteristics moderate the LMX-performance relationship.<sup>9</sup> The findings indicate that LMX and performance are highly related under two conditions: when a task is unpredictable and highly variable, and when a task is mundane and routine. On the mid-range between these extremes, LMX was found not to have an impact on performance. This suggests that when a task is variable and unpredictable, direction and assistance from the supervisor are needed, while boring and perhaps mundane tasks may require the supervisor to provide socio-emotional support. For other tasks the supervisor is less necessary, and the relationship with the

supervisor, the LMX, is of less importance and impact. Hospitality companies have many jobs with tasks that fall within one of these two categories. The tasks performed by a prep-cook or a housekeeper may be seen as relatively mundane and routine, while the tasks a front desk agent or server faces vary greatly in demand and may be rather unpredictable. LMX may prove to have a significant impact on the performance of almost any employee in hospitality operations.

### **Communicating With Subordinates at Work Is Essential**

The hospitality work environment is labor intensive and involves a great deal of interaction between hospitality employees and hospitality guests/customers. In addition, there is a great deal of interaction among hospitality employees, and between employees and their immediate supervisors. As such, communication can be seen as playing an important role in delivering hospitality products and services. Furthermore, communication appears also to be relevant for developing satisfactory work relationships between supervisors and their immediate subordinates.

LMX quality has proven to predict the communicative patterns between leaders and their individual subordinates, and research suggests that leaders initiate more friendships with high quality LMX subordinates<sup>10</sup> than with low quality LMX subordinates. Hospitality researchers have replicated these results.<sup>11</sup> Strong relationships were found between LMX and job communication and non-job communication, respectively. In addition, a relationship between a subordinate's communicative responsiveness and LMX quality was found, communicative responsiveness being a perceptual measure of an individual's ability to say the right thing under most circumstances.

### **Job Satisfaction Is Related to Performance and LMX**

A great deal of research has demonstrated that LMX quality is positively related to job satisfaction. Hospitality researchers also report strong LMX-satisfaction relationships.<sup>12</sup> These findings are important for organizations to the degree that organizations value satisfied employees. Organizations should value employee job satisfaction in that recent meta-analytic research has shown, counter to the reigning paradigm, that the relationship between job satisfaction and performance is not trivial.<sup>13</sup> On a related note, organizational climate and LMX have also been found to have positive associations.<sup>14</sup> This is important to note, since many scholars point out that an individual's climate perceptions mediate the relationship between the organizational context and individual responses such as effect, motivation, and behavior at work.

Occupational tedium or burnout is a pervasive concern in many industries, including hospitality. LMX has been found to be negatively

related to burnout in hospitality companies.<sup>15</sup> Burnout has negative effects on both employees and the organization. Employee consequences include physiological and psychosomatic effects (e.g., insomnia and heart disease), general decreased job satisfaction, and negative behavioral adaptations such as heavy drinking. For the organization the consequences may be lost profits, dissatisfied employees and clients, increased turnover, and negative work attitudes.<sup>16</sup>

Some researchers have started to establish what causes high versus low quality LMX to develop.<sup>17</sup> The role negotiation process between superior and subordinate has been suggested to relate to LMX development. In addition, some suggest that individual characteristics such as gender, race, education, and attributional tendencies (e.g., assigning cause to person versus situation), as well as organizational context, structure, and culture are important determining factors. Demographic variables, such as academic case class status at an educational institution, were related to LMX quality. Moreover, training in role-making behaviors has been found related to increases in LMX, as has training focused on increasing non-job related behaviors.

Researchers have proposed that gender and ingratiation, such as pandering to the superior, may be related to LMX quality. In particular, the similarity-attraction paradigm has been suggested as a primary cause in LMX development. Within hospitality, superior-subordinate similarity was found not antecedent to LMX, but antecedent to superior-subordinate communication. Subsequent hospitality path analytic research has shown that superior-subordinate communication and supervisor reward power have positive paths to LMX, while coercive power has a strong negative path. Referent power (i.e., the degree to which subordinates find qualities they desire to model in their superior) was found to be a subsequent of LMX.

### **LMX's Potential Impact in Hospitality Should Not Be Overlooked**

Hospitality researchers, administrators, managers, and supervisors are strongly urged to consider LMX; the potential importance and benefits cannot be understated. The hospitality industry is faced with a labor crunch and unacceptable levels of turnover. Research has shown that increases in LMX quality are associated with decreases in turnover and burnout, and increases in commitment, job satisfaction, and job performance. These are significant findings, in that attention paid to LMX can alleviate some of the most challenging concerns that hospitality companies are facing.

Research has shown that supervisors and managers who communicate on a regular basis with their immediate subordinates develop much better LMX with them. Furthermore, those who use coercion with their subordinates develop low levels of LMX quality, while those

who control and use rewards and encouragement, when appropriate, develop high quality LMX.

Engaging subordinates in conversations about work and non-work issues has a positive impact on LMX quality. It is important to note that the conversations under consideration are conversations that take place one-on-one between a supervisor and a subordinate. It is not communication from the leader to all the members at large. Leaders need to take the time to interact with subordinates one-on-one. If they do, their efforts will pay off in that they will develop improved relationship with their subordinates. Organizations interested in improving LMX could implement mentoring programs, or other programs designed to increase communication and one-on-one interaction between supervisors and subordinates.

Subordinates who are led, managed, or supervised by individuals who are perceived as having the ability to reward, and reward accordingly, see the benefits of developing or maintaining a good work relationship with the supervisor. Leaders who do not have reward potential, or do not make use of such potential, have poorer LMX relationships. Hospitality companies that do not provide their leaders the ability to reward will find that their LMX potential is impaired.

Coercion carries a heavy price tag. When leaders are coercive, or simply use coercion to elicit desired work behaviors from subordinates, they will have a negative impact on relationships with subordinates. To minimize this potential negative effect, procedures could be instituted to distribute coercive powers across the various leaders, managers, or supervisors in a company, rather than have a single individual responsible for such action. Hospitality companies could, for example, refer issues of reprimand and punishment to a committee for review.

Finally, research has shown that training managers and supervisors in LMX-relevant behaviors has led to increases in LMX. Additional research is needed to understand LMX and the potential causes of LMX better within hospitality, as within organizations at large. On the other hand, enough is known about LMX and the potential benefits of improved LMX that hospitality companies should wait no longer, but start training the current and future hospitality managers and supervisors in LMX.

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