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**LEADER-MEMBER EXCHANGE THEORY: EXAMINING THE DYNAMICS  
AND POTENTIAL CONTRIBUTIONS OF THE MIDDLE-QUALITY GROUP**

by

Terry Annette Nelson

A Dissertation

Submitted in Partial Fulfillment of the

Requirements for the Degree of

Doctor of Philosophy

Major: Business Administration

The University of Memphis

May 2013

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## DEDICATION

This dissertation is dedicated to the memory of my mother, Barbara Jean Nelson. She continuously told me that I could achieve whatever my heart desired as long as I worked hard to obtain it. This dissertation is a testament to that. I know she would be proud of my accomplishment. This dissertation is also dedicated to the memory of my nephew, Keithen Hoof. While his time on earth was short, he left a lasting impression on everyone he loved.

I also dedicate this achievement to my network of family and friends who supported my dream and encouraged me every step of the way: my father, Ray Wallace Nelson, who in his quiet way encouraged me to do what I needed to do to finish; my favorite sister, Paula Brown, who was always there when I needed her and strong heartily endorsed this endeavor; my brothers, Anthony and Keithen Nelson, who, like our father, quietly nudged me along; my remarkable sister-in-law, Driea Nelson, who untiringly kept me inspired; Tyra Brown, my niece, who took time to send me a quick text or on occasions made me accept her facetime calls to let me know she was thinking of me. To my other family members who believed in me—my sister-in-law and niece, Teresa and Antwonia Nelson, my brother-in-law, Jerry Brown, Uncle Ozell, Aunt Rita, and Aunt Maxine—this dissertation is also dedicated to you.

This achievement is also dedicated to my dear close friends also known as the Ladies of the PPF Club: Tracy Bayes, Charlotte Wade, Dondi Black, Althea Thomas, Susan Lee and Princess Di. Finally, to Mrs. Martha Killen, who readily filled a personal void, and Charles Raines, my best friend, who has been a stalwart supporter of mine for over a decade, I dedicate this dissertation to each of you.

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My faith was instrumental in me completing this monumental goal along with several key individuals. First, I would like to thank my dissertation chair, Dr. Peter Wright, who believed in me from day one and allowed me to move forward with my dissertation topic. I have an enormous amount of respect for this kind gentleman. I definitely could not have accomplished this without Dr. Frances Fabian who was more than a dissertation committee member. Dr. Fabian served as a mentor, friend, supporter, teacher, and a firm, yet caring, taskmaster. Without her and her confidence in me, I would not have developed to this level. I also wish to express my gratitude to Dr. Robert Wiggins and Dr. Yonghong Jade Xu for serving on my committee and providing their guidance and knowledge. Chapter 3 was improved thanks to the thought-provoking comment made by Dr. Wiggins during my dissertation proposal defense. The results of Dr. Xu's teachings are evident in Chapter 4.

I send many thanks to my fellow PhD students who provided feedback, encouragement, and just as important, moments of fun and laughter that kept us sane and focused on our goals. I am blessed to have a great group of colleagues.

I express a special thank you to Dr. Ansley Abraham, Tammy Wright, and the Southern Regional Education Board who provided support and encouragement. Thanks to Dr. Tom Stafford who was instrumental in guiding me through my first couple years in the PhD program. Finally, a profound thank you to Dr. Karen Weddle-West—I definitely would not have had an opportunity to fulfill this dream if you had not stepped forward. You were my blessing.

## ABSTRACT

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Leader-member exchange (LMX) theory traditionally focuses on the characteristics and implications of low- and high-quality leadership exchange levels, to the exclusion of middle-quality employees' leadership relationships. The limited research that has been conducted suggests that middle-quality employees can rival high-quality LMX employees in most organizational outcomes. The focus of this dissertation is to explore the theoretical and empirical potential of the middle-quality group's role in the LMX relationship developmental process. We argue, in this three-paper dissertation, that examining the middle-quality group can facilitate and enhance our comprehension of how LMX relationships exist and evolve. In the first paper, we expand upon the traditional LMX theoretical framework and organize theory around the LMX developmental process, highlighting the ways in which implicit and belongingness theories may interact as integral components in that process. In addition, a typology that demonstrates the characteristics and dynamics of the middle-quality group is presented. Next, we introduce the concept *LMX fluidity* to support our conceptualization of how a subordinate's LMX quality status may shift between low-, middle-, and high-quality during the lifespan of the relationship. The purpose of the second paper is to disclose the potential for how research inclusive of the middle-quality group may enrich future investigations of LMX. We present a brief history of the literature regarding the middle-quality LMX group, summarize existing empirical studies that isolated the middle-quality group's outcomes, discuss measurement challenges, and lastly, we identify opportunities

for future theoretical and empirical research. In our last paper, we hypothesize that middle-quality subordinates would be less subjected to ostracism than low- and high-quality subordinates, in other words a curvilinear relationship between LMX quality and ostracism will exist. Employing a *too-much-of-a-good-thing-effect* (TMGT) methodological approach, our results illustrated a polynomial (S-shaped) effect existed between LMX quality and ostracism, therefore, supporting our hypothesis. Overall, this dissertation expands the current theoretical boundaries of the middle-quality LMX research stream.

## PREFACE

The purpose of this dissertation is to advance knowledge and theory concerning leader-member exchange (LMX) middle-quality group and its role in the relationship developmental process. Chapters 2 and 3 will be submitted to the *Academy of Management Review Journal*. Chapter 4 will be submitted to the *Academy of Management Journal*.



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## CHAPTER 1: INTRODUCTION

During its 40 plus years of existence, leader-member exchange (LMX) theory (Graen, Dansereau, & Minami, 1972a; Graen, Dansereau, & Minami, 1972b) has accumulated a substantial empirical foundation that demonstrates the value of high-quality relationships and, conversely, the negative implications of low-quality relationships for important organizational outcomes. A high-quality relationship is characterized as having high degrees of mutual trust, respect, and admiration. In contrast, a low-quality relationship lacks these merits. Indeed, studies have revealed that members of high-quality relationships exhibit organizational citizenship behaviors, tend to have higher performance, experience greater degrees of satisfaction, and have less turnover intent than their low-quality counterparts (Gerstner & Day, 1997; Graen, Novak, & Sommerkamp, 1982; Graen & Uhl-Bien, 1995; Liden & Graen, 1980; Liden, Wayne, & Stilwell, 1993; Scandura & Graen, 1984; Vecchio, 1995). Rather, a low-quality relationship is formulated around a strict economic exchange embodied by the formal job description (Liden, Sparrowe, & Wayne, 1997; Scandura & Graen, 1984).

While LMX theory is one of the first theories to focus on the dyadic relationship between leaders and followers, several persistent inquiries have not been adequately addressed by the theory. One such question is, “*How do high- and low-quality LMX relationships develop?*” (DeRue & Ashford, 2010; Erdogan & Liden, 2002; Uhl-Bien, 2003; Yukl, 2002). Uhl-Bien (2003) emphasized this need for “investigations addressing how leadership relationships form and evolve” (p. 130), which can advance LMX contributions to the leadership literature.

Generally, it can be assumed that most employees prefer a higher quality relationship with their managers as opposed to a lower quality relationship (Bolino & Turnley, 2009; Vecchio, 1995). This dichotomy prematurely closes options for LMX possibilities, as there may be a substantial portion of most employee pools who indeed desires to be a member of their supervisor's valued group, but do not aspire to "star" status due to internal, external, and/or personal reasons; importantly they do not desire to reside in the lowest hierarchal group, a group referred to as "hired hands" (Bolino & Turnley, 2009; Dienesch & Liden, 1986; Scandura, 1999; Vecchio, 1986). Hence, it is vital to consider the possibility that while employees may not universally aspire to reach high-quality status, they may almost universally aspire to move beyond the low-quality LMX status. As a result, there are likely employees residing in a category between these low- and high-quality extremes, hence their appellation as a "middle-quality" LMX group. Of course, as Graen (1976) theorized, some employees just may not make it beyond a certain status, suggesting that placement in specific quality categories is also dependent upon the leader.

The concerted focus on the high- and low-quality extremes of the LMX construct in research has left scholars oblivious to the ways an examination of this middle-quality group can help us understand how LMX relationships progress from low- quality to high-quality. Although Graen and Cashman (1975) early on recognized the existence of middle-quality LMX and pioneered a trichotomous construct that consisted of "in" (high-quality), middle, and "out" (low-quality) groups, there is a noticeable void of research on the middle-quality group. The limited empirical studies indicate that middle-quality employees' organizational outcomes can rival those of high-quality members. For

example, in several studies that have isolated the middle-quality group, these members have a higher level of job satisfaction, less propensity to leave their job, and less stress than their counterparts (Harris, Kacmar, & Witt, 2005; Kramer, 1995; Vecchio & Gobdel, 1984). This research contradicts the intuitive tendency to expect that the middle portion of a hierarchical grouping is associated with moderate job attitudes, characteristics, and behavioral outcomes. Hence, examining LMX's middle-quality group may provide us with the missing roadmap between the low- and high-quality groups. Specifically, exploring the middle-quality group will likely give us more insight into the LMX development process. Therefore, the current investigation of LMX development will expand and strengthen the theoretical linkage between the middle-quality group and low- and high-quality groups.

Historically, the LMX developmental process has been guided by its theoretical heritage in social exchange theory (Blau, 1964) as well as a connection to role theory (Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964). The social exchange component suggests that a perceived obligation of reciprocity exists between the leader and the member (Blau, 1964; Gouldner, 1960). Organizational role theory (Kahn et al., 1964; Katz & Kahn, 1966) suggests that work roles are developed or negotiated during the life span of the relationship and posits that there are expectations associated with roles in a relationship. To date, there is scant theoretical support to address the ways these expectations are formed (Huang, Wright, Warren, & Wang, 2008), and consequently how they affect the evolution of the relationship. Moreover, a lack of knowledge concerning the evolution of the LMX relationship is further amplified by our limited comprehension of the cognitive processes that shape the dyadic members' actions and behaviors toward

each other. These suppositions suggest a complexity in the development of LMX relationships that extends beyond its seminal foundation in role and social exchange theories. Therefore, to examine the cognition processes of leaders and members, we incorporate implicit theories, also referred to as schema theories (Epitropaki & Martin, 2005), into our theorizing of the LMX development process. Implicit theory has served as a universal framework for investigating interactions between the subordinate and the leader (Epitropaki & Martin, 2004, 2005).

As we consider the functionality of implicit theories, i.e., implicit follower theories (IFTs), implicit leader theories (ILTs), and implicit performance theories (IPTs), in the LMX development process, this opens an avenue for understanding the underpinning of how leaders and members make sense of, and respond to, each other within their relationships. Implicit theories are based upon the notion that individuals develop a prototype of the role of a leader or follower, which stems from their past experiences and assumptions of the traits and behaviors that individuals in these roles should have (Lord, Foti, & de Vader, 1984). Individuals then use their implicit theories as a benchmark to facilitate their current and future assessments of that person, hence representing their expectations from these roles (Dansereau, Yammarino, & Markham, 1995; Epitropaki & Martin, 2004, 2005; Lord & Maher, 1991). Furthermore, individuals use implicit theories as tactics to predict and interpret each other's behavior and to construct their own behavior in the relationship (Lord & Maher, 1991). In other words, implicit theories serve as "sensemaking" mechanisms (Weick, 1995). In addition to IFTs, leaders also utilize IPTs when assessing their followers (Sy, 2010). Engle and Lord (1997) indicated that performance is a critical determinant in a leader's cognitive process



in relation to LMX. Integrating the three implicit theories of leaders and followers (IFTs, ILTs, and IPTs), which provide a basis for performance, may provide us with a richer understanding of leadership (Sy, 2010), which can, in turn, enhance our understanding of the LMX process.

In addition to cognitive expectations, dyad members are likely to bring social expectations and needs into play for determining their contribution to a relationship. One understudied area of LMX research with the potential to elucidate a member's role in the process for social expectations is the "need to belong" (Baumeister & Leary, 1995). In particular, whereas leaders tend to form work-related expectations of followers, members tend to develop social-related expectations of leaders (Dockery & Steiner, 1990; Engle & Lord, 1997; Maslyn & Uhl-Bien, 2001). The main tenet of Baumeister and Leary's (1995) "belongingness" (need to belong) theory is that humans have a universal need to be socially included (Baumeister & Leary, 1995). Additionally, this theory suggests that people have a need to form and maintain strong, stable, and close relationships that require frequent interaction with people that care about their well-being. Furthermore, implicitly, this infers mutual respect, loyalty, trust, and support between two people and, consequently, reciprocity of similar behavior, thus forming a basis for social exchange (Blau, 1964) and a reflection of a high-quality LMX relationship.

Interpersonal work relationships can be complex and unstable (Eby & Allen, 2012); therefore, to appropriately theorize the LMX development process, consideration for a dynamic character should be a key feature. Historically, scholars have suggested that LMX relationships tend to be static and stable over time (Bauer & Green, 1996; Dansereau, Graen, & Haga, 1975; Graen & Scandura, 1987, Liden et al., 1993). Yet

Gerstner and Day's (1997) classic meta-analytic review suggests a substantial dynamism to LMX. Thus we introduce the concept "LMX fluidity" to illustrate and explain movements between and within established LMX quality statuses. We define LMX fluidity as "*the shifting or changing of the state of LMX quality, including changes that occur within a quality level.*" To this end, LMX fluidity encompasses the deterioration, progression, or redefinition of LMX relationships. The synthesis of this concept with implicit theories and belongingness theory (Baumeister & Leary, 1995), augmented with middle-quality's role, provides the theoretical framework for our conceptualization of the development and dynamism of LMX relationships in chapter 2.

Despite literature indicating the importance of investigating a middle-quality group (Fairhurst & Chandler, 1989; Graen & Schiemann, 1978; Graen & Uhl-Bien, 1995) researchers, have empirically lagged in proposing theoretical revisions of LMX theory that are more inclusive of this group. For example, Graen and colleagues (1987, 1995) have presented two theoretical models (leadership-making and role-making) of the LMX process, both of which are comprised of three stages. Both models imply that the LMX relationship process is dynamic and advances through a middle stage, yet little work has been done to offer important operational guidance for assessing the middle level. Consequently, the limited operational guidance supporting a measurement of the middle-quality LMX group is mixed, contradictory, and anecdotal (Kramer, 1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984). Essentially, research conducted with the middle-quality group in mind has failed to establish a consensus on a method to assess this group. Therefore, compiling and examining previous and current empirical studies on the middle-quality exchange concept may provide insight into developing a standardized

approach for statistically operationalizing this group. Moreover, it is an important empirical point in the psychology literature that neither excellence nor inferiority has operationally useful meaning without the presence of a substantial range of average performance against which to contextualize such polar judgments (e.g., Tversky & Kahneman, 1974). Chapter 3 will provide a comprehensive review and critique of the middle-quality group inclusive of measurement issues, and concluding with an overview of implications for future research.

Indirectly, a couple of recent studies have highlighted positive organizational outcomes of the middle-quality group, utilizing a *too-much-of-a-good-thing-effect* (TMGT) methodological approach. This statistical method suggests that positive outcomes increase to a certain point after which detrimental outcomes may occur (Pierce & Aguinis, 2013). For example, Harris and Kacmar (2006) revealed that members in high-quality LMX relationships experience more stress than middle-quality members. In another study, Harris et al. (2005) determined that the members of upper-end high quality relationships experience turnover intentions. In both studies, the results revealed a curvilinear effect (TMGT), suggesting the presence of a middle-quality group.

Studies revealing a curvilinear relationship between LMX and other constructs have significance, as they suggests that a “paradigmatic shift from linear to curvilinear models is needed to improve management theory and practice” (Pierce & Aguinis, 2013, p. 317). Therefore, investigating nonlinear LMX relationships can provide additional insight into the LMX stage progression and role of the middle-quality group. To this end, Chapter 4 is an empirical test for a curvilinear relationship between LMX and social ostracism, more specifically workplace ostracism. Social ostracism is defined as the

perception of a person or people ignoring you while in your presence (K.D. Williams, 1997). The core of LMX theory is the differential treatment of employees, and the degree of fairness in the differential treatment is the primary driver that can lead to workplace ostracism (Sias, 2009) of low- or high-quality members. Little attention has been given to ostracism in the workplace (Ferris, Brown, Berry, & Lian, 2008; Robinson, O'Reilly, & Wang, 2013), which is surprising since social interaction in the workplace may lead to one being in the “in” or “out” group and consequently affect one’s need to belong. Therefore, in Chapter 4, a curvilinear relationship between LMX and ostracism constructs is explored. Our argument is that middle-quality employees are less likely to be ostracized, as they do not hold an extreme relational position with the leader.

Each of the three studies presented here take a different approach to examining of the LMX developmental process. The first paper (Chapter 2) is a conceptual approach in which we coherently incorporate three implicit theories (ILTs, IFTs, and IPTs) and belongingness theory to explicate the LMX development process. We extend the developmental process by moving beyond the static notion and suggesting that much more fluidity exists within these dyadic relationships. The second paper (Chapter 3) offers a comprehensive review of middle-quality LMX and highlights possibilities, issues, and challenges of including this faction as an integral component of the LMX evolution. The last paper (Chapter 4) empirically tests a curvilinear relationship between LMX and ostracism, therefore initiating additional thoughts about the middle-quality group. A general conclusion follows these three chapters, identifying the overall contributions of this dissertation.

## **CHAPTER 2**

### **LEADER-MEMBER EXCHANGE FLUIDITY: A 21st CENTURY**

#### **PERSPECTIVE OF LMX DYNAMICS**

The face of the workplace has changed considerably since the inception of leader-member exchange theory (Graen, Dansereau, & Minami, 1972a; Graen, Dansereau, & Minami, 1972b). Four decades ago, “jobs for life” were more common, job stability was less of an issue, loyalty between subordinate and employer was bidirectional, telecommuting was virtually unheard of, and family issues were less intrusive to the work environment. Changes in internal and external factors such as these, though, have the potential to alter conformity to role expectations in leader-member exchange (LMX) relationships. Thus, these 21st-century workplace complexities contribute to a need to conceptualize a more contemporary perspective of LMX.

Indeed, we suggest much more fluidity and variability exists in 21st-century LMX relationships. This assumption deviates from prior research suggesting that LMX relationships tend to be static and stable over time (Bauer & Green, 1996; Dansereau, Graen, & Haga, 1975; Graen & Scandura, 1987, Liden, Wayne, & Stilwell, 1993), yet notably, Gerstner and Day (1997) suggest that “LMX can change over the course of a relationship” (p. 838). Indeed, it has been argued that interpersonal dyadic relationships are naturally dynamic, implying that relationships can initially start as one type and transform into another (Allen & Eby, 2012; Clark & Mills, 1993). We introduce the concept “LMX fluidity” to illustrate and explain such movements between and within established LMX quality statuses.

Secondly, irrespective of LMX theory's 40-year lineage (Graen, Dansereau, & Minami, 1972a; Graen, Dansereau, & Minami, 1972b), a persistent inquiry has not been adequately addressed by the theory more specifically, "*How do LMX relationships develop?*" (DeRue & Ashford, 2010; Erdogan & Liden, 2002; Nahrgang, Moregeson, & Ilies, 2009; Uhl-Bien, 2003). Most LMX research has been focused on the antecedents and consequences of LMX (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012), with limited research on the development of LMX relationships. Bauer and Green (1996) and other LMX scholars (Dienesch & Liden, 1986; Graen & Scandura, 1987; Graen & Uhl-Bien, 1995; Liden, Wayne, & Stilwell, 1993) have ventured to explore the LMX developmental process, but the dearth of research—given the lengthy heritage of the theory—indicates the process is still either ill-understood or vague in its empirical implications.

Relatedly, there is a lack of clarity concerning the behaviors and cognitive processes that leaders and followers implement in their efforts to initiate, develop, and maintain relationships (House & Batez, 1979). Rooted in social exchange theory and organizational role theory, LMX posits that a manager cultivates different quality relationships with different subordinates, ranging from low to medium to high based on interactions which involve the exchange of resources (Graen & Cashman, 1975; Graen & Uhl-Bien, 1995).

There are expectations associated with the roles of both the leader and the member in an LMX relationship. According to Huang, Wright, Warren, and Wang (2008), though, there is currently a minimal theoretical foundation addressing how these expectations develop and consequently, how these expectations then affect the evolution

of the LMX relationship. This lack of extension on the fundamentals of expectations and their evaluations, and furthermore, on any new relational criteria likely to come into play, suggests that LMX theory is ripe for added complexity beyond its foundation in role and social exchange theories.

With recent calls to address how LMX relationships develop (DeRue & Ashford, 2010; Erdogan & Liden, 2002; Uhl-Bien, 2003; Yukl, 2002), it would be remiss to attempt to advance LMX research without considering what conditions occur between the two extremes of low- and high-quality. We contend that the preponderance of LMX research has “leap frogged” the middle-quality stage, hence exacerbating our attempts to gain knowledge of the LMX process. Indeed, Graen and Scandura (1987) theorized a role-making model of LMX relationship development that encapsulates a three-stage progression (i.e., role-taking, role-making, role-routinization) that is reflective of the low-, middle-, and high-quality groups. We highlight the likelihood that there is an “arrival” or progression through some middle-quality stage before subordinates are deemed high quality.” Considering the limited research inclusive of this middle-quality group, studies reveal that organizational outcomes of this group rival those of high-quality groups (Harris, Kacmar, & Witt, 2005; Kramer, 1995; Vecchio & Gobel, 1984). Failure to isolate the middle-quality group’s outcomes from the low- or high- quality groups distorts researchers’ insight of the actual work environment and the actors that interact within them.

Thus, for the initial role-taking stage (e.g., low-quality group) of LMX, we draw on insights regarding leader and follower relational schemas, or “implicit theories.” but then put forth that the subsequent stage in the LMX development process, the “role-

making” stage (e.g., middle-quality group) (Graen & Scandura, 1987), implicates different processes in which both implicit performance theory (IPT) and belongingness theory come into play. According to Shondrick and Lord (2010) with IPT, both the leader and the member in a dyadic relationship rely on their respective implicit theories to define and make sense of their dyadic partner’s role and subsequently their expectations. As the relationship progresses beyond the initial stage, though, leaders may fall back on certain goal-oriented performance expectations, and ratchet up their evaluations before allowing subordinates entrance into their high-quality group.

Followers, on the other hand, may conform to the tenets of belonging theory as they advance to the role making stage. In this perspective, members’ behaviors and decisions stimulating the progression of an LMX relationship may reflect these members’ need to belong (referred to as the belongingness theory). The premise of the belongingness theory is that individuals strive to form positive, lasting interpersonal relationships which suggest an emotional component into the relationship along with the cognitive features. Specifically, socially identifying with a particular group, such as a high-quality group, may serve to satisfy an individual’s need for belonging (Ferris, Brown, & Heller, 2009; Pickett, Bonner, & Coleman, 2002). The need to make a clear theoretical linkage between cognitive and emotional motivations in leadership theory has been suggested by several scholars. For example, Shamir (2007) contended that members’ needs and cognitive schemas are aspects that may direct the emergence, endorsement, and acceptance of a leader. Uhl-Bien and Pillai (2007) suggested that followers’ needs operate in conjunction with their implicit theories.



This paper accordingly organizes theory on the development process in LMX relationships, highlighting the ways in which the implicit and belongingness theories may interact as integral components in that process. We first present a brief literature on LMX theory, focusing on the middle-quality group. Next, we will provide a theoretical model with testable propositions to illustrate the connection between the implicit and belongingness theories and LMX role expectations and evaluations. We consider the ways in which dyad members' ability to track changes across time contribute to effective LMX development. We then expand our conceptual model to demonstrate the dynamics of LMX relationships and introduce the concept of LMX fluidity. Specifically, we identify situational variables that serve as initiators of change. Finally, we offer theoretical and managerial implications and make suggestions for future research and practice.

## **A CONCEPTUAL MODEL OF LMX RELATIONSHIP DEVELOPMENT AND FLUIDITY**

Leader-member exchange has its theoretical heritage in role theory (Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964) and is also connected to social exchange theory Blau (1964). Role theory suggests that roles in the workplace are developed or negotiated during the lifespan of the relationship. The social exchange component contends that there is a perceived obligation of reciprocity between leader and member (Blau, 1964; Gouldner, 1960). Hence, LMX theory's primary premise is that relationship types between managers and their subordinates can vary (Graen & Scandura, 1987) and can be largely categorized as low quality, middle quality, or high quality (Fairhurst, 1993; Graen & Cashman, 1975; Graen & Uhl-Bien, 1995).

Historically central to LMX's perspective is the idea that both social interactions and obligatory reciprocity increase as a relationship progresses through the three quality groups. A high-quality relationship is characterized as possessing a high degree of mutual trust, respect, and admiration. In contrast, low-quality relationships lack these merits and are characterized by a strict economic exchange embodied within the formal job description (Liden, Sparrowe, & Wayne, 1997; Scandura & Graen, 1984). Consequently, high-quality members exhibit important and beneficial organizational citizenship behaviors (OCBs), have higher performance and job satisfaction, and have less turnover intent (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Harris & Kacmar, 2006; Liden, Wayne, & Stilwell, 1993; Scandura & Graen, 1984; Vecchio, 1995).

Graen and Cashman (1975) were first to recognize the existence of a middle-quality LMX group, pioneering a trichotomous construct that consisted of *in* (high-quality), *middle*, and *out* (low-quality) groups. Twenty years later, Graen and Uhl-Bien (1995) referenced a "middle stage" in their "life cycle of leadership making" model, which includes middle-quality LMX as a characteristic of this stage. Specifically, their leadership-making model details three LMX groups—stranger, acquaintance, and maturity—also referred to as low, medium, and high. Their later role-making model likewise alluded to a three-stage evolution—stranger, acquaintance, and partner (Graen, & Scandura, 1987). Importantly, these models take a process-based view of relationships that embraces more than high and low relationship stages. Further, later literature on workplace relationships research is consistent in conceptualizing progress through distinct stages. For example, Ferris and colleagues (2009) suggested a dyadic work relationship commences through four stages, and more recently, Bono and Yoon (2012)

proposed a four-stage model for positive supervisory relationships, with stages three and four reflective of high-quality LMX relationships

The limited empirical studies that have included the middle-quality group indicate that this group is unique in its relationship to outcomes and not necessarily linearly situated between high- and low- quality groups. For instance, middle-quality group members may have a higher level of job satisfaction, experience lower levels of stress, and have less role ambiguity than high-quality group members (Kramer, 1995; Vecchio & Gobdel, 1984). There is potentially less turnover intent in this group than in the uppermost high-quality members, based on a curvilinear relationship with LMX (Harris, et al., 2005). Thus, despite the sporadic advancement of our understanding of this middle-quality group, the limited research contradicts any intuitive assumptions portraying middle-quality group being associated with similarly mediocre attitudes or performance characteristics.

While there seems to be a consensus in the literature that a middle stage/phase exist in dyadic relationships (Bono & Yoon, 2012; Fairhurst & Chandler, 1989; Ferris, Liden, Munyon, Summers, Basik, & Ronald, 2009; Graen & Cashman, 1975; Graen & Schiemann, 1978; Graen & Uhl-Bien, 1995; Levinger, 1983), little attention is has been given to understanding middle-quality LMX relationships. Concerted focus in the literature on the high-quality and low-quality extremes of the construct has left scholars unmindful as to how middle-quality relationships may be the key to the different paths in LMX relationship progress. Analogous to a road trip with an origin and a destination, but an unidentified intervening path, LMX theory has elaborated little process theorizing to

explain how and why subordinates end up in particular leadership exchange “destinations.”

In the next sections, we outline the expanded framework for our LMX relationship process, first drawing on the literature to contend that the associated expectations and behaviors in the period beginning after a subordinate is hired are drawn from implicit follower theories (IFTs) and implicit leader theories (ILTs). We then argue that for progression from the initial testing period of “low-quality” exchanges, the relationship will progress to middle-quality and then on to high-quality relationships as based on the outcomes of implicit performance theories (IPTs) by the leader and the need to belong demands of the follower (See model in Figure 1).

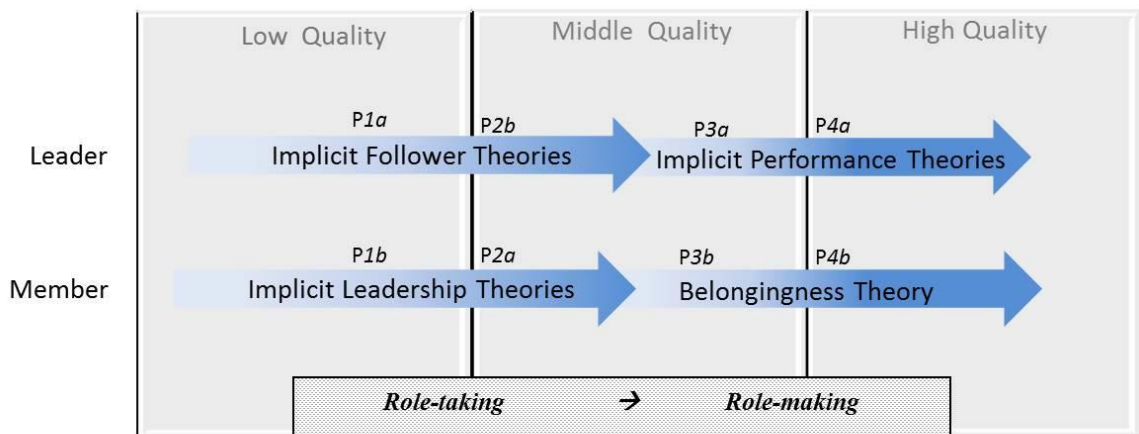


Figure 1. Theoretical model of LMX Development

## **Early-Period Low-Quality LMX Relationships and Implicit Theories**

Low-quality relationships are more or less considered a “cash and carry” economic exchange (Graen & Uhl-Bien, 1995), based purely on the particulars of the employment contract. Graen and Scandura (1987) further noted that this initial stage is “laden with the trappings of the formal structural arrangements, past history, and current circumstances” (p. 179). In other words, the leader and subordinate in the dyad may use their past experiences (e.g., with previous managers, employees, and organizations) in conjunction with their current formal job description as references to guide their behaviors and perceptions of each other during their initial interactions.

This mental processing reflects tenets of implicit theories, also referred to as schema theories (Epitropaki & Martin, 2005). The premise of implicit leader and follower theories is that individuals develop a prototype (and an antiprototype) of the role of a leader or follower. This prototype reflects both an individual’s past experiences and their current assumptions about the traits and behaviors that individuals in these roles should display (Lord, Foti, & de Vader, 1984). This prototype then serves as a gauge or benchmark in current and future assessments of that person, hence representing individuals’ expectations for these roles (Dansereau, Yammarino, & Markham, 1995; Epitropaki & Martin, 2004, 2005; Lord & Maher, 1991).

Subsequently, leaders compare followers’ actual traits and behaviors to their IFTs. Similarly, followers will compare leaders’ actual traits behaviors to their ILTs. The ensuing behaviors in the relationship are based on whether or not there is a fit or misfit between the mental schema and reality (Dweck, 1996; Dweck & Leggett, 1988; Erdley & Dweck, 1993; Uhl-Bien & Pillai, 2007). According to Lord and Maher (1993), leaders

and followers utilize implicit theories as a tactic to predict and interpret each other's behaviors, which in turn become mechanisms to construct their own behaviors in the relationship. Weick (1995) suggests that implicit theories serve as "sensemaking" mechanisms in this process. Hence, a leader's ability level and effectiveness are greatly determined by a follower's embedded mental schema and sensemaking of the leader's behavior (van Gils, van Quaquebek, & van Knippenber, 2010). Likewise, as noted in a stream of research on the Pygmalion effect (e.g., Eden, 1992), a follower's ability and effectiveness are impacted by his or her leader's perceptions and interpretations. Therefore, as mental categorical guidance tools in a dyadic relationship, IFTs and ILTs have strong bearings on the quality of leader-member relationships.

The initial set of interactions between a member and leader are presumed critical to the progress of the relationship. Several studies have aided our understanding of the nature and content of IFTs and ILTs as well as their relationship to LMX (Engle & Lord, 1997; Epitopaki & Martin, 2005; van Gils, et al., 2010). For instance, in this nascent work relationship, a manager's IFTs may lead him or her to expect a follower to be reliable, willing to follow through on tasks, full of integrity, able to communicate, and honest (Cartsen, Uhl-Bien, Bradley, Patera, & McGregor, 2010; Engle & Lord, 1997). In a recent set of studies, Sy (2010) identified six factors that typically compose leader stereotypes for followers: (1) industry, (2) enthusiasm, (3) good citizen, and negatively, (4) conformity, (5) insubordination, and (6) incompetence. In addition to these implied characteristics, leaders generally expect in these preliminary stages of low-quality exchange status that subordinates be able to perform the duties specified in their formal job descriptions.

In particular, the early period likely conforms to the “role-taking” phase as expanded and explained by Graen and Scandura (1987). This period is a testing period, with the leader assessing the subordinate’s ability to successfully complete assigned responsibilities at the required minimal level of performance—the most obvious behavior required of an employee from an organization (Katz, 1964). Basically, a leader transmits a request (sent role) to the member associated with his or her contractual duties, and the member responds to the request. The leader then evaluates the response, which has a bearing on future requests and also the leader-member exchange relationship. The role-taking process is an “efficient way to socialize a member into written, organizational role...” (Graen & Scandura, 1987, p. 181).

In sum, during the initiation of a low-quality exchange, we expect leaders to rely on their initial IFT to assess subordinates’ abilities and performance. This IFT will draw heavily from a subordinate’s formal job description and the minimal expected follower behaviors. Specifically, the capability at a necessary level of task performance will predominate in evaluations (Motowidlo & Van Scotter, 1994). Thus, with this in mind, we propose:

*Proposition 1a: During the role-taking initial stage of LMX relationship interactions (low-quality exchange), the formal employment contract will be salient in a leader’s IFT and in their assessment of and behavior toward a member.*

Regarding ILTs, new subordinates likely expect leaders to adhere to their contractual duties as representatives of an organization (Sutton & Griffin, 2004) and provide them with training, guidance, feedback, and socialization into the organization

that is necessary for them to perform in their role. In addition, evidence indicates that follower ILTs seem to encompass expected traits such as intelligence, sensitivity, and dedication (Epitropaki & Martin, 2004). Epitropaki and Martin (2004) also offer evidence that initial ILTs influence relationships in the early stages and indeed have a long-lasting impact (at least a year). Thus, these initial ILTs may have a strong influence on both the quantity and quality of interactions in the LMX relationships and the progress of these relationships, which leads us to the second proposition:

*Proposition 1b: During initial interactions (low-quality exchange), a member's ILTs, which include both formal contract provisions and social behaviors, will be particularly salient in their assessment of, and behavior toward, a leader.*

#### **A Proposal of Relationship Development: From Low -Quality to Middle - Quality**

Sy (2010) provided evidence that a leader's IFTs impact outcomes such as LMX quality and performance expectations. Further findings confirm performance as a critical determinant in a leader's cognitive process in relation to LMX (Engle & Lord, 1997). Scholars (Bauer & Green, 1996; Dienesch & Liden, 1986; Graen, 1976; Nahrgang, et al., 2009) contend that as the relationship advances beyond the initial interactions, actual performance-related behaviors will become increasingly important in determining alterations to the quality of the LMX relationship. As such, we argue that performance, as related to an employee's formal contract, is a component of leaders' IFTs but that expectations will change from a necessary compliance standard to a more goal-oriented performance assessment as the relationship moves toward the role-making stage in the development process.



While implicit theories on the roles of leaders and followers serve as categorical tools to predict the expectations (and likely ensuing evaluations) between a leader and a member, this premise does not explain how these mechanisms may then act as catalysts to advance a relationship between the leader and follower toward a different quality stage. These implicit theories are indeed considered decisive in the future progress of the LMX relationship (van Gils, et al., 2010). While IFTs and ILTs are focused on what constitute, in the mind of the beholder, an effective or ineffective leader or follower, they do not investigate as much the relational demands of the dyad (Huang et al., 2008; Uhl-Bien, 2005).

In association to IFTs and ILTs, scholars suggest that there is a cognitive process that forms an implicit “relationship agreement” (Lord & Maher, 1991; van Gils et al., 2010). At the inaugural stage of a relationship, a subordinate holds expectations for a certain type of relationship that they would like to forge with leader (McFarlane Shore, & Tetrick, 1994); likewise, managers also expect to develop certain types of relationships with their subordinates.

This perspective then begs the question of whether the relationship agreement is fulfilled through actual congruent expectations, or whether perceptions of congruency are more important in moving the relationship forward. One view is that congruence across implicit theories provides an alignment of role expectations supporting LMX development (Engle & Lord, 1997). In a study conducted by Engle and Lord (1997), congruency was operationalized as a match between the leader and member’s ILT. Thus, while a follower will rate the leader according to their own ILT, the leader is thought to perform according to their own theory of the proper approach to leadership, and the

hypothesis is that congruent ILTs will lead to LMX quality. They were surprised to find that this hypothesis was not supported. Instead, they found that when considered separately, the ILTs of the leader and of the member were important predictors of LMX quality.

Consequently, Epitropaki and Martin (2005) operationalized the relevant congruency as not that between the leader's and members ILT, but instead, as consistency between a member's ILT and a leader's actual behavior. Their arguments were supported when this version of congruency predicted job satisfaction, organizational commitment, and employee well-being (Epitropaki & Martin, 2005). Similarly, Hansbrough (2005) found that employees reported lower satisfaction with their jobs when there was a mis(fit) between their perceptions of an ideal leader and their leader's actual behavior. Given these results, initial evidence indicates that progress in the LMX relationship must accommodate the fact that members will evaluate their leaders with their own implicit theories, without acknowledging the leader's ILTs (Topakas, 2011).

If there is consistency between a follower's ILTs and reality, a leader will be granted the status of leader (DeRue & Ashford, 2010; Lord, et.al., 1984, Lord, de Vader, & Alliger, 1986). Hence, the follower will consider the leader as a *literal* versus *figurative* leader. A member is more willing to be influenced by a leader as part of their implicit relationship agreement when a leader exhibits a member's view of the behavior and characteristics of a good leader (Lord & Maher, 1991; Shamir, 2007; van Gils et al., 2010). Moreover, leaders who match their member's prototypical image of an effective leader can expect members to be motivated, cooperative, and supportive (Felfe, 2005; Lord & Emrich, 2001), and the LMX relationship will progress to a higher stage (Uhl-

Bien, 2005). In our theoretical framework, we propose that in order for ILTs to be viewed as agents of LMX relationship development, there should be significant similarity between the prototype and actual behavior of the leader:

*Proposition 2a: When there is congruence between a member's ILT and a leader's actual behavior and characteristics in the low-quality stage, the relationship will be more successful in developing toward a middle-quality relationship.*

In extension to the above, leaders will also be pursuing the development of a relationship agreement which will include comparisons of IFTs and member behavior. Scholars examining LMX (Dienesch & Liden, 1986; Dulebohn et al., 2012) suggest that leaders have the primary role of selecting and offering high-quality relationships to their subordinates, but this is not to imply that the member is a passive partner in the relationship. For although the leader is gatekeeper of their three quality groups, a member's regulation of their own actions and behaviors is what influences his or her entry.

Consequently, members who are able to determine their manager's implicit theories and respond accordingly are likely to have positive relationships with their managers (Engle & Lord, 1997) by pursuing congruence between the leader's IFT and their own actions. For instance, awareness of the quality of other members' relationships with their leaders exists among subordinates (Henderson, Liden, Glibkowski, & Chaudhry, 2009; Vidyarthi, Liden, Anand, Erdogan, & Ghosh, 2010). As such, members may be able to decipher the behaviors and characteristics that structure their leader's IFTs. Additionally, Uhl-Bien and Pillai (2007) contend that members of the high-quality

group can influence other members' behaviors and actions; therefore, this process can assimilate subordinates to a leader's IFTs and elevate the quality of the relationship, which leads to our next proposition:

*Proposition 2b: When there is congruence between a leader's IFT and a member's actual behavior and characteristics in the low-quality stage, the relationship will be more successful in developing toward a middle-quality relationship.*

### **Middle-Quality LMX and Implicit Performance and Belongingness Theories**

The middle-quality relationship is referenced in the role-making stage of Graen and Scandura's (1987) model. According to the authors, the roles of managers and subordinates become more defined and substantiated during this stage, with interactions geared toward building trust, loyalty, and equitability. Evaluation criteria for relationship quality progression are likely to change fairly profoundly. For the leader, it is now unstructured tasks, such as duties and responsibilities outside of the employee contract that can influence the interdependence between members of the dyad. The offering, acceptance, and successful completion of these unstructured tasks then facilitate the progression of the relationship to a higher quality (Liden et al, 1997). This stage of the LMX relationship phase acts as a different testing period that allows a leader to evaluate a member's performance in tasks that will inevitably influence the future quality of their LMX relationship.

This implies that at the middle-quality stage, performance plays a critical role in the relationship's progression, immobilization, or deterioration. Consistent with Sy (2010), we argue that IPTs (implicit performance theories) differ from IFTs in that they

are goal-derived and based upon positive ideals (versus both positive and negative prototypes) (see Schyns & Meindl, 2005). Notably, Graen and Uhl-Bien (1995) identify this “acquaintance” stage (i.e., medium-quality LMX) in their leadership-making model as critical, positing that dyads that do not develop toward high-quality will eventually regress to low-quality. As argued below, we modify this view to encompass the possibility that middle-quality relationships may also functionally stabilize during this phase.

Therefore, this role-making stage is posited to change the standard used by the leader in progressing the LMX relationship from compliance to more contextual performance, as described by Organ (1997), which differentiates performance from the more straightforward evaluation of task performance. As elaborated in Organ (1997), this includes five categories enumerated by Borman & Motowidlo, 1993): “volunteering for activities beyond a person’s formal job expectations, persistence of enthusiasm and application when needed to complete important task requirements, assistance to others, following rules and prescribed procedures even when it is inconvenient, and openly espousing organizational objectives” (p. 90).

A critical issue highlighted by Organ (1997) was the fact that the more well-known “organizational citizenship behavior” perhaps mistakenly saw nontask behaviors as both discretionary and not subject to reward. Contextual performance addresses these drawbacks; we argue here that one form of reward for these non-task behaviors is progression to higher levels of LMX relationship quality. Implicit follower theories are thus potential antecedents of IPTs as depicted in our theoretical model, which is consistent with theory (Eden, 1990; Sy, 2010). While leaders’ IPTs are delineated as

performance expectations (e.g., honest, reliable, effective communication skills) (Engle & Lord, 1997), they are configured in reference to outcomes from their IFTs invoked during the low-quality stage. Implicit follower theories influence leaders' initial interactions with followers, but as the relationship advances beyond this point, contextual performance emerges as an important factor that can transform the quality of the LMX relationship (Bauer & Green, 1996; Dienesch & Liden, 1986; Graen, 1976; Nahrgang, Morgeson, & Illies, 2009). This leads us to our next proposition:

*Proposition 3a: During the middle-quality exchange, a leader's goal-driven IPTs will be particularly salient in their assessment of and behavior toward a member.*

In stark contrast to leader's evaluation of relationships based on comparisons between behaviors and their enhanced contextual performance expectations in IPTs, members' relationship evaluations are likely to evolve differently as members configure their role-making behaviors. While leaders' expectations consist of members being capable, competent, and formed on work-related factors (Day & Crain, 1992)—, hence pertaining to performance—members tend to develop social-related expectations of their leaders (Dockery & Steiner, 1990; Engle & Lord, 1997; Maslyn & Uhl-Bien, 2001). To the point, human beings have a pervasive need to socially belong (Baumeister & Leary, 1995), and most would prefer not to be socially excluded or a member of an “out” group.

Not insignificantly, in the heritage of LMX research, the high-quality group is generally referred to as the “in” group, and conversely, the low-quality group is referred to as the “out” group (Dansereau et al., 1975; Dienesch & Liden, 1986; Scandura, 1999). Given the above, it can be assumed that most subordinates prefer relationships with their managers of higher quality as opposed to those of lower quality (Bolino & Turnley, 2009;

Vecchio, 1995). Yet, it is important to consider the possibility that subordinates may not universally aspire to reach high-quality status and, of greater concern, that some subordinates just will not make it beyond low-quality status (Graen, 1976). Drawing from the need to belong perspective, the group a subordinate desires to belong to may be the driving force in LMX relationship development during the role-making stage.

According to social identity theory (Tajfel & Turner, 1979), some individuals align their social identities with a particular group and are motivated to seek acceptance into those groups. Baumeister and Leary's (1995) belongingness theory describes this motivation as the need to form and maintain strong, stable, close relationships that require frequent interaction with a person that cares about their well-being. This process suggests implicit mutual respect, loyalty, trust, and support and, consequently, reciprocity of similar behavior, thus providing a basis for social exchange (Blau, 1964). Significantly, this reflects the tenets of a high-quality LMX relationship. Hence, individuals are likely motivated to seek and cultivate high-quality relationships as means to fulfill this social longing. Also of note, "need to belong" is assumed to operate at an implicit level (Pintrich, 2003), which makes this concept an appropriate component for our theoretical model used in the current study.

The need to belong may regularly act as a factor in the workplace environment. At the base level, a person's need to belong can be satisfied through affiliation with and acceptance by another individual (Gardner, Pickett, & Brewer, 2000). To extend this notion, because humans are inherently social creatures, some scholars (Rudich & Vallacher, 1999; Thibaut & Kelly, 1959) suggest that a person's social livelihood is determined by his or her ability to coordinate self-interest with the interests of others.

Therefore, in the workplace, a subordinate's need to belong to a high-quality relationship and the person's social livelihood may be connected to the dyadic relationship with one's leader. Rudich and Vallacher (1999) further suggested that an individual may consider "only those potential partners who hold promise for providing rewarding outcomes and social feedback consistent with his or her positive self-evaluation are likely to be considered acceptable" (p. 1390).

In sum, an effective LMX relationship can fulfill a member's need to belong. To substantiate this further, we borrow from the mentoring literature, where Allen and Eby (2007) argue that an effective dyadic mentoring relationship can fulfill the "need to belong." Leader-member exchange relationships are comparable to mentoring relationships, as they both reflect role-making and negotiation. In fact, Scandura and Schriesheim (1994) contended that leaders perform mentoring duties, which coincides with the conclusion that higher quality LMX relationships can satisfy a member's need to belong.

Once a leader's actual behavior sufficiently aligns with a member's ILTs, the member will likely be more conducive to becoming socially involved with a leader that fits their prototype. Because the strength and intensity of the need to belong varies widely across individuals, we propose that subordinates with stronger desire to belong and to be associated with attractive groups will indeed seek out relationships of higher quality. Noel, Branscome & Wann (1995) posit that some members' belongingness needs increase when they are at the cusp of a group that attracts them, which could be the case for members who have advanced to the middle-quality group. Thus, our model modifies our understanding of LMX relationship development by incorporating the notion that



subordinates desire to develop social relationships with their leaders (Dockery & Steiner, 1990; Engle & Lord, 1997; Maslyn & Uhl-Bien, 2001), hence incorporating the belongingness theory as another important component for developing a LMX relationship beyond low quality:

*Proposition 3b: During the middle-quality exchange, a member's need to belong will be particularly salient in developing the LMX relationship.*

### **Relationship Development from Middle-Quality to High-Quality**

Articulating implicit theories of leaders and followers in a discourse may provide a more holistic understanding of leadership (Sy, 2010) and, by default, an enhanced understanding of LMX relationships. To capture the complexity of LMX relationships, we integrate the three implicit theories (IFTs, IPTs, and ILTs) and belongingness theory with the supposition that from a temporal perspective, these theories have an opportunity to be salient at different stages of LMX relationship development. As noted earlier, congruence between leaders' and followers' implicit theories and behaviors suggests the likelihood of an effective relationship that progresses from initial low-quality exchanges. More specifically, such congruence may provide a basis for shared understanding, allow more automatic, intuitive social interactions, and assist in interpreting behavior more accurately (Engle & Lord, 1997; Hansbrough, 2005), resulting in a relationship that is a candidate for high quality.

Another issue in relationship development would incorporate potential problems associated with transitioning from role-taking and IFT evaluations and role-making based on IPT standards. A leader, due to his or her IFTs and IPTs, may be biased in the ways they interpret and respond to members (Engle & Lord, 1997; Sy, 2010) because of the

nature of implicit theories which operate instinctively and unconsciously. These predispositions influence a leader's management behavior and may serve as mechanisms that function as the basis for LMX differential treatment of members. In other words, leaders cognitively filter and process interactions with members dependent upon their interpretations of movement from one stage to the next. To the extent that this timing concurs with the schema of followers, the transition may significantly impact the progression of LMX relationship quality.

We extend the notion of congruence by integrating both IFT and IPT processes in the theoretical model and suggesting that a temporal congruency of the two theories will play a formative role in LMX relationship development. Members who fail to recognize that a leader has availed new opportunities for advancement and has similarly begun to evaluate their behavior based on a more contextual performance standard will have poorer LMX outcomes in the relationship. We propose:

*Proposition 4a: Sequential congruence between IFTs and IPTs with a member's actual behavior and characteristics across periods will contribute positively to the establishment of a high-quality LMX relationship with a leader.*

However, as the relationship proceeds from role-taking to role-making for the member, behavior may not automatically adjust to the higher IPT standard for reasons other than congruence. In particular, the priority of meeting contextual performance goals will be moderated by that member's assessment of their need to belong.

Baumeister and Leary (1995) contend individuals are motivated to develop and maintain at least a minimal quantity of positive, meaningful, and significant interpersonal relationships. Time constraints imply that individuals must also place a cap on the

number of high-quality relationships they wish to establish and maintain, in which work relationships are not exempt. As noted by Vecchio (1997), some members may not consider it worthwhile or beneficial for them to join their leader's high-quality group and opt to remain in either the low-quality or middle-quality cohort (Harris et al, 2005). Indeed, research indicates that a member's belongingness needs shape their responses to their leaders (De Cremer & Blader, 2006; Scandura, 1999).

The processing of social information concerning a leader may thus be strongly influenced by the extent to which a member's need to belong is being met (Baumeister & Leary, 1995). Lipman-Blumen (2005) suggests that individuals can have a psychological need for authority figures who are intelligent, powerful, supportive, able to minimize uncertainty, and able to provide attractive resources. Being "chosen" by said leaders thus resonates strongly with some subordinates. To the extent that a leader sufficiently enacts a subordinate's ILTs, the subordinate may be satisfied. The need to belong to a leader's high-quality group may not be urgent if a member's need to belong is already being satisfied.

Linkage of follower needs with implicit theories in forming social constructions has been suggested by Uhl-Bien and Pillai (2007). By the same token, Shamir (2007) stated that members' needs and cognitive schemas are aspects that can direct the emergence, endorsement, and acceptance of a leader. Our model temporally links these constructs as part of the sequential process of moving from the initial low-quality exchange based on ILTs, positing that a minimum need to belong must be activated to motivate subordinates toward the contextual performance expected to reach high quality.

Importantly, if a follower's ILTs are satisfactorily met, they will perceive themselves as "followers" and will commit to the causes, missions, goals, and aspirations of their leader (Meindl, 1995). We argue that such responses to a leader can occur in the middle-quality stage, making such subordinates suitable members of the organization. Without the additional impetus of the need to belong, a subordinate is not likely to invest the time and resources necessary to progress into the goal-driven high-quality group. As members can opt to be socially identified with their leader's high-quality group if it satisfies their need for belongingness (Pickett, et al., 2002), the existence of ILT role-taking and belonging-based role-making are critical to movement toward the high quality group.

*Proposition 4b: Congruence between a member's ILT and a leader's actual behavior are sufficient for a functional middle quality relationship, with the activation of a member's need to belong required for further progression into a high-quality LMX relationship.*

#### **LEADER-MEMBER EXCHANGE: DYNAMICITY AND FLUIDITY**

The previous section explored orderly movement through, and establishment of, one of the three LMX stages. Initial establishment of LMX quality is not a fixed state even though prior research suggests that LMX relationships tend to be static and stable over time (Dansereau, et al., 1975; Liden et al., 1993; Scandura, 1999; Vecchio & Gobdel, 1984). Social psychologist Steve Duck (1994) contends that relationships are never "done deals," but they are continually evolving and in need of continuous responsive action and construction.

In accordance, Clark and Mills (1993) contended that interpersonal relationships are naturally dynamic, implying that relationships can initially start as one type and transform into another. In other words, a work relationship can start at the first stage and progress to a third, or even fourth, stage (see Ferris et al., 2009) but may recalibrate to a lower or higher level due to internal or external factors. According to van Gils and colleagues (2010), when the equilibrium of contribution within a relationship is disrupted, deterioration or improvement of the relationship may occur; therefore the relationship is dynamic until stability is re-established. As such, relationships can be redefined (Allen & Eby, 2012). To this end, exploration of the LMX development process cannot be viewed through a static lens but should encompass the likelihood of shifts and alterations that may occur during the life of the relationship.

In this section, we continue our theorization of LMX development, but we will extend current LMX theory and discuss the potential fluidity of relationships between and within LMX quality stages. To bring focus to the dynamic nature of LMX relationships, we develop the emergent concept of “LMX fluidity.” *Fluid* is defined by Merriam-Webster as something that is “subject to change or movement.” Therefore, we define LMX fluidity as “the shifting or changing of the state of LMX quality, including changes that occur within a quality level.” In addition, LMX fluidity encompasses the deterioration, progression, and redefinition of LMX relationships. This concept facilitates our comprehension of the “ups and downs,” “fits and starts,” and re-evaluations of LMX relationships. In addition, the suggestion that the state of a LMX relationship can change necessarily implies that there is a range of different types of relationships that can exist within any particular LMX quality group. Therefore, we include in our investigation a

lower level of analysis than the traditional trichotomy: low quality, middle quality, and high quality. We propose a level of analysis that captures the undercurrent of activity below this traditional level. Essential to our depiction is the middle-quality group in particular. We have selected the fluid paths of this group as a template for the other qualities, as this quality group offers more possibilities of variability.

We take our insights from the earlier section of this paper to develop a 2 x 2 (see Table 1) with IPTs as 1 of 2 dynamic mechanisms that delineates the four different subgroups of middle-quality, 2 of which are examples of effective relationships. Research is not conclusive as to which behaviors or motivations of the subordinates result in subordinates then becoming members of one of the three LMX qualities (Dienesch & Liden, 1986; House & Baetz, 1979) although congruence with a leader's expectations, either the IFTs or IPTs, was suggested as an important candidate. In particular, the leader is likely to assess their subordinates in relation to IFTs, unless they receive certain signals from the subordinate (associated with the need to belong described below) that they are interested in going beyond contractual limits, and usually evidenced by efforts at increasing their contextual performance. At this point, the leader may assess the subordinate according to IPT standards for movement to the high quality group.

The other dynamic mechanism in the typology is "need to belong" as it relates to a follower's desire to belong to their leader's high-quality group. An individual's needs in any relationship can change just as work circumstances can unexpectedly change (Sias, 2009); this can initiate a related change in LMX status. The typology depicts the likely dynamics for a middle-quality employee group association based on the ways implicit theories and the belongingness theory interact to make a subordinate likely to pursue

movement toward higher quality, become satisfied, or even begin to move toward a low-quality exchange relationship.

TABLE 1  
States and Characteristics of Middle Quality LMX Fluidity

		Implicit Follower Theory	Implicit Performance Theory
Leader's Implicit Theory Congruence Level	High	<p style="text-align: center;"><b>I. SATISFIED</b></p> <ul style="list-style-type: none"> <li>• Established mutual respect and trust between the Manager and subordinate               <ul style="list-style-type: none"> <li>• Established line of communication</li> <li>• Mutual acceptance of relationship between manager and subordinate</li> </ul> </li> <li>• Less managerial maintenance required May at times work beyond the scope of the job contract</li> <li>• Meets IFTs</li> </ul>	<p style="text-align: center;"><b>II. ASCENDING</b></p> <ul style="list-style-type: none"> <li>• Employee and Manager are developing greater trust and respect for each other               <ul style="list-style-type: none"> <li>• Subordinate is tested by the leader by performing challenging tasks</li> <li>• Equitable return of favors are being established</li> <li>• Establishing a bidirectional form of communication</li> <li>• Affect is emerging</li> </ul> </li> <li>• High managerial involvement</li> <li>• Not all exchanges are contractual</li> <li>• Meets IPTs</li> </ul>
	Low	<p style="text-align: center;"><b>IV: DESCENDING</b></p> <ul style="list-style-type: none"> <li>• Level of trust may remain steady or erode depending on the reason for descent</li> <li>• Job responsibilities beyond the boundaries of the job contract are being re-established</li> <li>• May continue descent if there is no management intervention</li> <li>• Has recently failed in IPTs (high to middle transition) or begins failing at IFTs (Middle to low transition)</li> </ul>	<p style="text-align: center;"><b>III: STALLED</b></p> <ul style="list-style-type: none"> <li>• Building of mutual trust and respect may be halted</li> <li>• Subordinate may not immediately realize their progression has been stalled</li> <li>• Job responsibilities beyond the boundaries of the job contract may fluctuate or be sporadic or eventually non-existent</li> <li>• May become disaffected</li> <li>• More apt to defect to low-quality</li> <li>• Fails IPTs</li> </ul>
		Low	High
		Follower's "Need to Belong" Level	

We use a “revolving” metaphor in our typology to characterize the movement that occurs when individuals enter, exit, and shift between the subgroups within the middle-quality level: “descending,” “ascending,” “satisfied,” and “stalled.” More details on each classification are provided in Table 1.

### **TYPOLGY CLASSIFICATIONS: MIDDLE-QUALITY SUBGROUPS**

We conceptualize a total of four states within the middle-quality LMX group, two of these subgroups serve as either entry or exit points from the middle-quality region and the other two serve as semi stable points of residence within the middle-quality region. As shown in quadrants II and IV of Table 1, individuals in the “Ascending” or “Descending” states occupy middle-quality positions that serve as conduits from the far ends of the spectrum, hence serving as entry/exit points from either high- or low-quality LMX states. The other two states, “Satisfied” and “Stalled” in quadrants I and III, are characterized by more stable membership within the middle-quality category. Specifically, it is our assertion that long-term membership in the middle-quality region exists in the satisfied and stalled states while transition to and from the middle-quality LMX region is achieved in the ascending and descending states. We do consider that individuals may move among the subgroups of the middle-quality region as dictated by personal and work circumstances; and for these reasons, we theorize the middle-quality LMX regions as having a *fluidity* component that contributes to the fluidity that exists at the low, middle- and high-quality group level. Taking place exclusively in the various subgroups of the middle-quality level, it bears reminding that both the leader and subordinate have already established some sense of trust, loyalty, and respect. In other words, the relationship has developed beyond the low-quality level.



The subgroups are described below, setting forth the unique and specific characteristics of each middle-quality states identified in Table 1.

### **Quadrant I: Satisfied**

The first quadrant represents a state in which a member's actual performance is congruent with his or her leader's IFTs and the member's desire to belong to the leader's high-quality group is low. To juxtapose the degree of "wanting to belong," take a case where a leader works long hours and has a reputation for being quite demanding, which could lead to additional stress for some followers (Harris & Kacmar, 2006). In this situation, a person may opt not to enter a high-quality relationship and may be satisfied and effective at the middle level. Hence, it is likely that a number of subordinates may prefer a relationship of lower quality due to the work-stress tradeoffs required at a higher quality level (Bolino & Turnley, 2009; Vecchio, 1986). Considering the numerous subordinates at the middle-quality level that have been reported to feel they have perfectly acceptable relationships with their managers (Kramer, 2004), many workers in a firm are likely to find middle-quality relationships eminently acceptable (Kramer, 1995).

More importantly, there is every indication that subordinates at the middle-quality level *do* meet organizational goals in the sense of acceptable "satisficing" performance (as opposed to exemplary performance). Satisficing—the choice to achieve acceptably *good* performance rather than superior performance— is a concept long understood and applied in operations research (Charnes & Cooper, 1963) and in the economics literature (Winter, 1971). Under this proposed framework, there is an organizational role for satisficing performance, in that it meets organizational goals nearly as well as optimal performance. To the extent that it allows leaders to focus limited resources on high

quality subordinates without a degradation of performance, the satisfaction state should be considered a desirable rather than undesirable outcome. Specifically, managers are unlikely to object to supervising subordinates who perform *well* as opposed to *superbly*. In many cases, these are the subordinates who do most of the task work.

Moreover, it is likely that an appreciable number of workers will prefer to satisfice rather than optimize their performance (Schwarz, Ward, Monterosso, Lyubomirsky, White, & Lehmon, 2002). Given the significant numbers of workers in a firm that occupy the middle-quality range (Kramer, 1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984), performing at acceptable versus exemplary levels is not an undesirable state of circumstances for a subordinate to find him/herself in. In sum, in the satisfied quadrant, it is suggested that both subordinates and managers are satisfied with the work relationship, as there is an acceptable level of performance and only a practicable level of exchange resources from managers is required. A manager's desire to develop all subordinates to the highest quality level (e.g., Scandura, 1999), or similarly, organizational pressure to produce all-stars, ---despite the fact that many subordinates are both satisfied and productive at more moderate LMX levels -- may lead to the development of nonproductive resentment on both sides (Bolino & Turnley, 2009).

As noted, subordinates in this middle-quality group, although productive workers, have less stress, less turnover intention, and generally higher levels of job satisfaction as compared to their colleagues in higher quality groups (Harris et al., 2005; Kramer, 1995; Vecchio & Gobdel, 1984). As such we theorize that the satisfied group is a key contributor to these results. Moreover, subordinates with higher levels of job satisfaction equate this sense to feeling good at work and seeing the characteristics of their job in a

positive perspective (Spector, Dwyer, & Jex, 1988). As a consequence, there is less turnover intent, higher organizational commitment, and greater productivity (Spencer, Steers, & Mowday, 1983). Therefore, we also infer that this satisfied group would have some semblance to a high-quality group. For example, satisfied subordinates would at times work beyond the scope of their employment contract, and they too would enjoy a level of mutual respect and trust with their leaders as a result of congruency with the leader's IPTs. Yet, unlike members of the high-quality group, satisfied workers require less managerial maintenance. This may be the basis for considering the relative importance of satisfied subordinates in the middle group, particularly since they require less support and fewer managerial resources while still providing valuable contributions to the corporate bottom line. We propose that:

*Proposition 5: Followers in the "satisfied" group will have a high congruency with the leader's IFTs yet a lower level of need to belong; as such, higher levels of performance, job satisfaction, and less stress will be exhibited by this subgroup as compared to the other three subgroups.*

## **Quadrant II: Ascending**

In the second quadrant—ascending—a member's actual performance is congruent with the leader's IPTs, and the member has a strong desire to graduate to the leader's high-quality group. Hence, subordinates may view this stage as temporary and also as a stepping stone to the high-quality group. It is within this subgroup where mutual affect will begin to emerge, as there is ample opportunity for the leader and member to work closely as partners on special projects. Theoretically, this group aligns with the "acquaintance stage" of Graen and Uhl-Bien's (1995) "leadership making model" (LMM). Their model suggests that the middle-quality state serves as an upward-bound

conduit to higher quality states. Leadership-making consists of three phases: (1) the stranger stage, which is analogous to the LMX low-quality segment, (2) the acquaintance phase, indicative of medium-quality exchange, and (3) the mature partnership phase, analogous to the high-quality LMX segment (Graen & Uhl-Bien, 1995).

The acquaintance stage is clearly developmental in Graen and Uhl-Bien's (1995) model, since they characterize membership in this stage as temporary for purposes of ascension to a higher status. While this aspect of the LMM provides a handy rubric for characterizing entry to the middle-quality stage from states of lower quality as well as progression through the middle-quality stage to the high end of the related LMX distribution, it does not consider the possibility that members may ascend only to a certain level and may remain at that level instead of proceeding to the highest stages of LMX membership. This highlights the critical difference between our "fluid" typology and the pre-existing leadership-making model we used to develop our middle-quality ascending state.

It is at the ascending stage that greater information and resources are shared among leader and member and greater trust and respect are developed. The leader will "test" members by giving subordinates special assignments to assess the subordinate from both a performance-based and psychological perspective, offering opportunities for the commencement of the reciprocity process that is critical to LMX evolution (Deluga, 1994). This subordinate testing assesses whether the subordinate is interested in taking on a more responsible role and whether the leader is amenable to offering new challenges that extend beyond the formal job description (Liden et al., 1997; Yuki & van Fleet, 1992).

In our middle-range LMX, this testing interplay can characterize both the initial attempt at ascension by a newly tested subordinate at the initial low-quality entry phase of the relationship as well as a mode of egress to higher quality states by subordinates with greater job tenure who have moved up and wish to continue to advance. (Consider, for instance, a subordinate who initially moved from low-quality status and now wishes to move from middle status to high-quality recognition). Hence, our ascending quadrant expands Graen and Uhl-Bien's (1995) LMM view of quality evolution to consider upwardly mobile subordinates of both new and more mature organizational tenure as they seek higher levels of recognition and responsibility. In other words, will the subordinate be receptive to a challenging proposition? Will the subordinate perform at a level that exceeds expectations? Subordinates who exert high levels of effort will be awarded with high-quality LMX status. It is for this reason that the portion of the middle-quality group that corresponds to Graen and Uhl-Bien's (1995) acquaintance stage is aptly characterized as "ascending" in view of the "way station" status of the middle group, i.e., for the subordinate attempting to climb the career ladder from a low-quality entry point or advance further away from a transitional middle-quality intermediate state. We propose that:

*Proposition 6: Followers in the "ascending" group will have a high congruency with the leader's IPTs in their behaviors, and a high desire to belong to the leader's high-quality group; as such, higher levels of performance, job satisfaction, and stress will be exhibited by this subgroup compared to the other three subgroups.*

### **Quadrant III: Stalled**

In the third quadrant, which we term “stalled,” the disaffected subordinate is presented. In contrast to subordinates satisfied with the circumstances of moderate-quality LMX in the “satisfied” quadrant, some of the subordinates at moderate quality levels continuously desire advancement for personal reasons, in exchange for perceived expenditure of efforts on the company’s behalf, or even arising from the desire for the prestige associated with the high-quality in-group (Bolino & Turnley, 2009; Maslyn & Uhl-Bien, 2001). Like members of the high-quality group, those in the stalled group have a strong desire to belong to their leader’s inner group, yet they do not quite sufficiently fit the leader’s IPTs to warrant elevation to the next level. Those motivated to seek a higher status but do not advance to the next stage will likely regress to a lower stage from disaffection.

Such failure to evolve to higher stages can be the result of a number of reasons. One is notably the lack of management time and resources since it is not practical for managers to mentor everyone equally. Another cause may be the failure to pass at a “test,” such as a special assignment delegated by the leader. Hence, quadrant III represents the circumstances of some middle-level subordinates who may feel they have not been afforded an opportunity to advance (Bolino & Turnley, 2009; Liden et al., 1997; Maslyn & Uhl-Bien, 2001). Such subordinates are quite accurately characterized as “stalled” in their ambitions and do not occupy the middle stage due to their own personal choices, which is the opposite of those in the “satisfied” quadrant.

Managers must handle “stalled” subordinates at this middle level with discernment and caution. Unlike satisficing subordinates who are content with lower

requirements and associated lower rewards of the middle quality level, stalled subordinates continue to desire advancement and will not be complacent in their positions. Defection from the firm or regression to inefficient low-quality levels are the likely outcomes for subordinates in the stalled quadrant. Fortunately, there are indications that subordinate status is not immutable within the middle-quality range, and we believe that various stages of the middle-quality range are indeed *fluid*. Subordinates should be able to transition between states at the middle-quality level, and along with the potential for a stalled subordinate could eventually become satisfied with circumstances or even resume ascension with proper management attention and motivation.

*Proposition 7: Followers in the “stalled” group will have a low congruency with the leader’s IPTs yet a high desire to belong to the leader’s high-quality group; as such, lower levels of performance, job satisfaction, and possibly higher levels of stress will be exhibited by this subgroup compared to the other three subgroups.*

#### **Quadrant IV: Descending**

The final quadrant, or “descending,” houses members who have low IPTs and little need to belong. High-quality LMX status bears a sense of prestige, since this status is not awarded to all subordinates. From this perspective, the possibility of descending from high-quality to the middle-quality level may seem organizationally undesirable. However, in contrast to Scandura’s (1999) “ever upward” conceptualization of LMX evolution, we consider that there can be several good and sufficient reasons that an subordinate, over time, desires slightly less responsibility and more moderate challenges than those rigorous requirements expected from top-quality performers (Harris &

Kacmar, 2006; Vecchio, 1986). More simply, being “the best” can be exhausting when individuals are faced with life events that compete with workplace organizational performance. In other words, for individuals facing certain life challenges (e.g., divorce, care giving, death of a loved one), the prestige associated with high-quality LMX may no longer be worth the work involved to keep that status. Moreover, psychological research on the concept of “maximization,” when applied to human motivations to excel (or not), indicates that the highest levels of personal satisfaction and performance frequently do not cohere with the highest levels of performance (see Schwartz et al., 2002). Sometimes workers are more content simply doing well as opposed to excelling.

The possibility of a subordinate descending from the very highest LMX level to the middle range should not denigrate the organizational worth of individuals facing critically important but difficult challenges in their personal lives (which obviously compete with the ability to maintain the highest levels of job performance). Such reductions in efficiency resulting from traumatic life events are understandable and can be temporary. Yet, there are other circumstances, such as those represented by the violation of implicit performance/reward expectations, that typically arise in downsizing situations (i.e., the loss of subordinates results in more work for those remaining) (e.g., Datta, Guthrie, Basuil, & Pandey, 2010). Such circumstances result in violations of the important implicit agreement for performance and reward held between high-quality subordinates and their companies. These events may result in disaffection with revised reward/performance structures that can result from downsizing initiatives and can conceivably lead to subsequent descent to lower quality LMX levels due to



dissatisfaction with the perceived inequities of resulting layoffs (McKinley, Sanchez, & Schick, 1995).

Such disaffection frequently occurs among subordinates surviving a wave of layoffs (Mansour-Cole & Scott, 1998), and it has been established that when layoffs occur and are not handled impeccably, the remaining (high-quality) subordinates are demoralized and their efficiency subsequently inhibited by concerns about the lack of fairness in the process (Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008; McKinley et al., 1995). In these circumstances, it may be the *best* outcome for demoralized high-quality subordinates to descend to a less demanding quality level in response to this jilted sense of fairness because the principle worry in such circumstances is actually their successful *retention* (e.g., Brannick, 2001; Cangemi & Miller, 2004).

Skilled and experienced subordinates represent a strategic investment and recurrent cost factor for a firm (Porter, 1985), regardless of their situationally contingent levels of performance. Hence, it seems eminently practical and organizationally pragmatic to expect that some portion of workers will, for either personal or organizational reasons as detailed above, come to yearn for a more tranquil and sedentary work life. Descending to the middle level can result in work that is less stressful, more balanced on rewards and responsibilities, less responsible, more relaxed and, consequently, more congenial. Such a “devolution” might be seen as an undesirable outcome from the “ever upward” view of LMX development (e.g., Scandura, 1999); yet, our typology considers this an important transitional phase that permits managers to salvage productive and valued subordinates who are, for whatever reasons, no longer able to sustain high-quality LMX status.

To devolve in the LMX relationship, we must consider that constant expectations of high-quality performance takes a toll on certain individuals in the form of work-related stressors, leading to psychological and physical discomfort (Gerstner & Day, 1997; Harris & Kacmar, 2006). Stressors such as role overload (Cooper, Dewe, & O'Driscoll, 2001) and role ambiguity (Kahn et al., 1964) have reliably been linked to high levels of psychological strain (Cooper, 1987; O'Driscoll, & Beehr, 1994). To continually expect high-performing subordinates to bear such stressors leads to burnout (Reilly, 1994), which is not a valued organizational outcome. Since middle-quality subordinates experience significantly less role overload and role ambiguity stress (Harris et al., 2005; Kramer, 1995), it can be a managerially-astute perspective to permit and encourage occasional descent into the middle-quality range as a palliative and viable alternative to the turnover that may ensue if high-quality status is continued in the face of unbearable stress. For individuals facing extensive stress from their work, either due to life challenges outside of the job or the actual rigors of the job itself, high-quality rewards may not provide the needed balance against high-quality-level stressors.

Aside from the overstressed subordinate, there is also the occasional possibility that a high-quality subordinate can have a “falling out” with his or her manager and, as a result, be relegated to a position of middle or lower quality (Bolino & Turnley, 2009). In this case, as seen in the fluidity of the ascending state, the descending state can account for a revision from high- to middle-quality status as well as an exit from middle-quality status to low.

*Proposition 8: Followers in the “descending” group will have a low congruency with the leader’s IPTs and a low desire to belong to the leader’s high-quality group; as such, lower levels of performance, job satisfaction, and possibly higher levels of stress and turnover intent will be exhibited by this subgroup compared to the other three subgroups.*

### **MIDDLE-QUALITY STATUS MOBILITY AND MIGRATION POSSIBILITIES**

Leader-member exchange relationships are typically considered, according to the literature, static and stable over time (Bolino & Turnley, 2009; Liden et al., 1993), yet we will demonstrate there are numerous opportunities in today’s work environment for work relationships to shift due to internal or external reasons, thus altering the trajectory of the relationship. Roberts (2007) contends that relationships are fluid and negative and positive moments in the relationship can alter the disposition of the relationship. We explore these possibilities, using scenarios of subordinate mobility through each of the subgroups identified in the typology.

We contend that the middle-quality level of exchange is more dynamic and offers more options for intergroup maneuverability than other levels. To expand on this contention, we continue our expansion of a lower level of analysis of LMX and integrate our typology facets with the mobility paths shown in Figure 2, reviewing each facet in the context of its corresponding path to elaborate on possible occurrences.

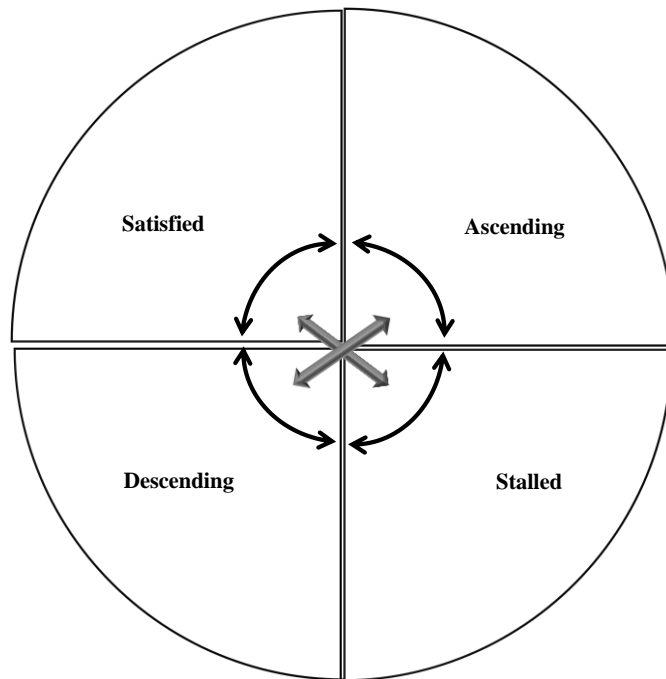


Figure 2. *Middle-quality relationship status mobility and migration possibilities.*

### **Satisfied**

*Satisfied* → *Stalled*: In this scenario, a satisfied subordinate may change their aspirations toward an aspiration to higher quality status and then find their advancement efforts stymied. This failure to advance (i.e., becoming stalled) may be due to several reasons. A viable reason could be that the leader may not have the resources or the time to develop them further, despite the subordinate's aspirations (Dienesch & Liden, 1986; Graen, 1976). The fundamental tenet of conservation of resources (COR) theory (Hobfoll, 1988, 2001) is that individuals strive to obtain and protect their resources. Hobfoll (1988) defines resources as states, objects, or conditions that one values. If we

apply this to LMX, a leader may be resource poor and may therefore be unable to supply the subordinate with desired resources (e.g., mentoring, training, feedback, bonuses, emotional support). Conversely, a subordinate may not have resources that the leader considers as currency exchange. For example, members may find themselves in the unenviable position characterized by the “Peter Principle” (Peter & Hull, 1969), realizing they lack the necessary skill set for further advancement despite their wishes to advance. Consequently, this would impact a subordinate’s performance, and a misfit would occur with their leader’s IPTs.

***Satisfied* → *Ascending*.** On the other hand, some subordinates may change their aspirations toward entering the high quality group and successfully alter their behaviors to the satisfaction of the leader. Not all subordinates in the middle-quality group lack the necessary skills and motivation for advancement, even if they are temporarily satisfied with a middle-level position. If a leader senses a subordinate’s desire to advance (assuming that this leader has the resources to support and encourage advancement), the subordinate may evolve to “ascending” status (Scandura, 1999). For example a work-family conflict may have prevented a subordinate from ascending in the past. In this instance, a person may have to sacrifice opportunities at work to resolve issues at home (Zedeck, 1992). When and if the conflict is resolved, the member may now have the time and energy to devote to cultivating a high-quality relationship; relatedly, the leader has the necessary resources to support the relationship.

***Satisfied* → *Descending*.** While middle-quality subordinates in the satisfied condition do not have the same demands as the ascending group meeting higher IPTs, they will still likely expend mental and physical resources in support of job performance

that rises beyond the minimal compliance with the employee contract—characteristic of the low-quality LMX scenario (Harris & Kacmar, 2006). For some subordinates, even this middle-quality status may no longer be worth the extra effort, especially if the stress that accompanies the responsibilities is found to be onerous. These subordinates may choose to devolve to the basic requirements of the low-quality level. We tend to think that this middle-level status is undesirable, and indicative of a lack of dedication and motivation necessary even for the middle level of performance.

### **Ascending**

*Ascending* → *Descending*. In certain circumstances, life events outstrip organizational obligations and motivations, and some subordinates will feel the need to reduce work/home conflict in order to spend more time with their families (Zedeck, 1992). This fits in with Kramer's (2004) point that LMX relationships can change in accordance with an individual's needs and wants. While this scenario may be difficult to grasp or appreciate, life events (e.g., expecting a new baby, the need to care for an elderly family member) can compel a subordinate to reverse their goals of acquiring a high-quality relationship with their manager or alter a manager's involvement in the relationship, thus changing the quality of the relationship. In a qualitative study by Mäkelä (2010) among five pregnant women, three of which assessed their LMX relationships "high quality," the women were discriminated against once they announced their conditions. The women were denied training opportunities, had issues with obtaining information, faced changes in work assignments, and their managers made "nasty comments" about them in open forums. While the women had not altered their

contributions to the relationships, their managers had modified their interactions with them, thus shifting the quality of the relationships.

From an organizational perspective, employment conditions may harshen to the point that subordinates question the security or “payback” of the efforts required to achieve or maintain the high quality status. Specifically, occasional reversions in economic circumstances in market segments can often lead to inopportune reductions in organizational success and performance (e.g., Mone, McKinley, & Barker, 1998), with attendant denigration of subordinate morale and aspirations arising from situations such as downsizing, re-engineering, and outsourcing, where some subordinates are displaced to the resulting dismay of those who remain (McKinley et al., 1995).

On the other hand, a subordinate may find that he or she no longer has a longing to be a member of their leader’s elite cadre due to a various reasons. For instance the belongingness theory suggests that people have a need for a certain number of social relationships and once that need is satiated, their need to belong diminishes (Baumeister & Leary, 1995). To this end, a subordinate may have fulfilled their need to belong with a relationship other than leader-subordinate, thus initiating descent. Also in this same vein, Lipman-Blumen (2005) suggested that individuals may have a psychological need for authority figures who can provide attractive resources. If a member then observes that a leader has become resource-poor, this too may quell their need to belong to the high-quality group, again initiating descent behaviors.

*Ascending* → *Satisfied*. The classic metaphor of Peter and Hull’s (1969) “Peter Principle” is often at play in the process of organizational advancement. Whether subordinates accede to the recognition of their appropriate skill and performance levels

depends on individual differences between workers and their related goals and desires. When a subordinate discovers that ascent up the corporate ladder is blocked by a clear lack of skills and capabilities, a viable option is to simply remain satisfied with the status quo, and thus remove themselves from the ascending efforts to a satisfied status. This is one of the more favorable outcomes for the truly middle-quality subordinate who has recognized the impracticality of attaining high-quality status, as opposed to the stalled condition, which may reflect an unwillingness by a subordinate to accept their limitations.

In contrast, other subordinates who have the tools necessary to excel beyond the ascending stage but find that their need to belong is no longer activated in the workplace. In response, they then exhibit a lack of drive or ambition to move to the next level, choosing instead to be satisfied with the responsibilities and benefits associated with the middle-quality level rather than taking on the additional responsibilities associated with higher quality levels (Gerstner & Day, 1997; Harris & Kacmar, 2006).

*Ascending* → *Stalled*. The lack of sufficient qualifications specifically pertains to this scenario and may impact a member's ability to perform at an expected level, thus causing the member to fail at meeting the leader's IPTs. The main evidence of change is not in the subordinate's aspiration, but in the leader's unwillingness to put forth additional effort, mentoring and/or support to help the subordinate meet higher IPTs. Instead, the leader may seek other human resources and subsequently stall a member's progression. It is generally assumed that subordinates who do not make the conscious decision to remain happy with present circumstances when advancement is blocked, tend to adopt the guise of the stalled rather than the satisfied worker.



More interestingly, and especially problematic for morale, is the fact that leaders or managers may decide to stop offering necessary resources such as mentoring and support for reasons other than the subordinate's lack of potential. Simply, subordinates that put effort into developing a high-quality relationship with their leaders may not successfully advance if the leader does not desire to take the relationship further (Maslyn & Uhl-Bien, 2001), for whatever reason. Leaders may discover personality conflicts, or decide that they are not interested in expending the additional effort and resources required with taking on more high quality relationships. Subordinates in this situation may feel as if they were not given a full opportunity to prove themselves (Bolino & Turnley, 2009; Liden et al., 1997). In this case, satisfaction with the status quo is also considered far less likely, and the subordinate becomes stalled.

### **Stalled**

*Stalled* → *Ascending*. Some stalled subordinates will, for various reasons, be able to re-engage in advancement. Such subordinates may have become stalled due to limited resources (e.g., COR theory, Hobfoll, 1988) available to mentor additional workers (Dienesch & Liden, 1986; Graen, 1976). The discovery of new resources from increased organizational performance, for instance, could make possible a new career trajectory for many subordinates.

Other subordinates may have become stalled due to a temporary lack of skills necessary for advancement (e.g., Peter & Hull, 1969). Given their continuing interest in moving into the high quality group, a motivated stalled subordinate may invest the time and effort to acquire the skills required for advancement and therefore re-engage with the ascending path to a high-quality relationship.

*Stalled* → *Satisfied*. For those workers who have genuinely exceeded their capabilities and qualifications in their present positions (Peter & Hull, 1969), the most diagnostic reaction is to simply learn to be content with present circumstances. Thus, a subordinate may drop their motivating need to belong to the high quality group in their work organization and find other outlets to satiate their need to belong which is consistent with their skills and abilities, e.g., home life, religion or social groups, or volunteer work.

Subordinates who are not limited by their capabilities can be pragmatic assessors of the cost/reward structures of their position as compared to positions above them, or they can recognize the lack of resources to allow them entry to the high quality group. As a result, their evaluation of the prohibitive costs and requirements to gain entry into the ascending status or high quality category may alter their interest in expending the effort and commitment necessary (Bolino & Turnley, 2009; Gerstner & Day, 1997; Harris & Kacmar, 2006). More simply, they reassess their situation and decide that they just don't "need to belong" that much. Such subordinates may evolve from feeling thwarted in their efforts to evolve, and, instead, find satisfaction with their present circumstances.

*Stalled* → *Descending*. Graen and Uhl-Bien (1995) emphasize that the middle stage of LMX development is critical in the employee development process. They note that if a subordinate fails to develop beyond this point, the subordinate will fail to rise further and perhaps even devolve (Graen & Uhl-Bien, 1995). A subordinate who has been stalled at the middle-quality level by their own lack of capabilities or a lack of commitment by leaders may just give up meeting even the IFTs required of middle

quality. In such circumstances, such subordinates may eventually self-demote themselves to low-quality LMX or possibly exit the firm.

### **Descending**

*Descending* → *Satisfied*. The descending path can be observed when an individual at a high-quality level descends and decides to take on a less stressful position in the “satisfied” middle-quality range (Harris & Kacmar, 2006). As established in our review, the literature suggests that these particular middle quality subordinates in the satisfied quadrant have a reasonable relationship with their managers and are generally pleased and productive at this quality level.

*Descending* → *Stalled*. A subordinate may find that they change their attitude in regard to how much they would like to remain with the high quality group. For instance, one scenario pertains to cases in which a high-quality subordinate may have developed “differences” with their manager and subsequently devolved toward the low-quality sector (Bolino & Turnley, 2009), due to a lack of interest in remaining with the high quality dynamics, i.e., they no longer have a need to belong to that group. This descent can be truncated when conditions change either in the opportunities available in the high quality group with a new manager/leader, or if the manager decides to re-evaluate the subordinate (Scandura, 1999) with a process that is attractive to the previously descending subordinate.

*Descending* → *Ascending*. In this case, an example of such a transition might be a subordinate devolving from high-quality status to the middle level due to life-changing events. Ensuing circumstances (or persuasion from the leader) may lead them to take

active steps to avoid the interruption in their career and improve their situations (Kramer, 2004). Subsequently, they resume their upward motivation to move back to high-quality status.

### **SUMMARY OF LMX FLUIDITY DYNAMICS**

The above discussion of these mobility structures presents a comprehensive, though not exhaustive, list of examples of the ways in which subordinates and managers in the middle-quality LMX group may respond to situational factors and change the trajectory of LMX relationships. This typology provides a spectrum of operational possibilities for the middle-quality group, which can provide a template for future empirical testing. The goal of this theoretical elaboration is to contribute to the current research on middle-quality exchanges, and (by default) the LMX development process. These examples used were developed to provide compelling illustrations of the different ways a subordinate in a middle-quality relationship may process and react to contextual and situational factors, thus giving us additional insight into the characteristics of subordinates involved in these relationships.

To summarize not all subordinates are suited for high-quality status, and it is similarly reasonable to expect that managers want to limit the number of subordinates permanently situated in the low-quality state. The middle-quality group provides an acceptable working status that acknowledges both this skill constraint and organizational goal. In addition, it is reasonable to expect some evolution of subordinate roles and capabilities within the middle-quality level (Scandura, 1999; Vecchio & Gobdel, 1984), especially as conditions change. Considering that the middle-quality level is where the majority of subordinates reside and where the bulk of a firm's work is done (Kramer,

1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984), managers should be alert for middle-quality development opportunities for subordinates at the middle level, and be vigilant in regard to morale. The development of middle-quality subordinates within that level will involve leveraging the fluidity of the middle level to move selected subordinates into more beneficial middle-level sectors, such as “satisfied” or “ascending.”

## **DISCUSSION AND IMPLICATIONS**

Prior research was understandably focused on the extreme ends of the LMX distribution, describing outcomes and characteristics of the lowest and highest quality subordinates in a very intuitive and compelling contrast. Yet examination of subordinates only at the far ends of the LMX distribution unintentionally overlooks the existence of numerous other subordinates who are neither excellent nor inferior, but simply do their jobs well to a firm’s benefit. The goal of the current study is to explore the LMX relationship-development process by expanding the current theoretical boundaries of the middle-quality LMX research stream that began more than 35 years ago (Graen & Cashman, 1975) and has continued, in sporadic “fits and starts,” to the present day, producing a fragmented accumulation of crucial empirically rounded research (Kramer, 1995; Harris, & Kacmar, 2006; Harris et al., 2005; Liden & Graen, 1980; Vecchio & Gobdel, 1984) and endeavors with the investigation of the LMX development process. Our theoretical review indicates that our typology provides the unique insight available from drawing on three implicit theories (i.e., IFTs, IPTs, ILTs) in conjunction with the belongingness theory to clarify the LMX relationship-development process. We also provided preliminary theorizing on when these constructs would be salient and when they

would act as agents in the progression of LMX relationships. In addition, this study distinctly characterizes the middle-quality group, providing a granular view of why individuals may remain in, advance, or exit from middle-quality. We hope such propositions will provoke similar theorizing of this nature with the dynamics of relationships within the low- and high-quality groups. We also hope that the propositions set forth in the current study can generate important implications for both theoretical and methodological advancements in LMX research, with subsequent benefits pertaining to both scholarship and practice.

### **Theoretical Implications**

We have proposed a consistent, focused investigation of the middle-quality population for emergent LMX research. The limited amount of previous research on middle-quality exchange has provided a promising point from which more comprehensive and descriptive profiles of the characteristics of the middle-quality group may evolve, as shown in the current study. Our research provides reasoning to argue that many subordinates in the middle-quality LMX group produce positive organizational outcomes. The limited empirical contributions to LMX's middle-quality theory (Harris & Kacmar, 2006; Harris, et al., 2005; Kramer, 1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984) to date suggests that the middle segment of the workforce has important positive dispositions and valued organizational outcomes that warrant further theoretical development.

Therefore, our conceptual model and detailed typology of middle-quality LMX categories and characteristics make several notable contributions to the current literature: 1) we present a coherent integration of three implicit theories (ILTs, IFTs, and IPTs) and

belongingness theory clarifying the LMX development process; 2) we develop awareness of an appreciable group of subordinates that make considerable contributions to the firm; 3) we present a detailed and granular view of specific characteristics for four distinct sectors of the middle-quality range while simultaneously delineating the characteristics of the fluid relationship between the sectors; 4) we demonstrate the ways in which subordinates enter, exit, and exist in the middle-quality group, suggesting similar fluidity characteristics of its counterparts; and finally, 5) we demonstrate the ways the middle-quality exchange can be developed and maintained for organizational benefit.

### **Managerial Implications**

The current theory-based research offers important guidance for management practice. One very important implication is that managers should be aware of the importance and related organizational contribution of the middle-quality group. In terms of work contributions (and the realization of positive outcomes are an important operational distinction between low- and middle-quality LMX) and in terms of the implied size of the group (33–50% of the work population exists at this middle level (Kramer, 1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984), managers overlook most subordinates when they focus only on the highest and lowest performers. In view of the size of the middle segment and the resulting relative contribution potential for a firm, managers should consider whether or not the middle-quality LMX group is potentially the most important group within the firm.

As noted, middle-quality subordinates, while productive workers, have less stress, less turnover intention, and generally higher job satisfaction as compared to their higher quality colleagues (Harris et al., 2005; Kramer, 1995; Vecchio & Gobdel, 1984).

Subordinates with higher levels of job satisfaction equate this sense to feeling good at work and viewing the characteristics of their jobs in a positive light (Spector, Dwyer, & Jex, 1988). Consequently, this can lead to less turnover intent, higher organizational commitment, and greater productivity (Spencer, Steers, & Mowday, 1983).

Exemplary performers in firms are not the most numerous, nor are they easy to manage and motivate, necessitating above average supervisory attention owing to the reciprocity required of managers in high quality relationships (Graen & Scandura, 1987). Such high-quality subordinates are costly in management terms (Scandura, 1999), and managers may find themselves dedicating quite a bit of their valuable time to high quality LMX members (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Liden & Graen, 1980). A similar situation exists for subordinates at the high-quality level with higher associated performance expectations (Northouse, 2010; Wayne & Green, 1993; Wayne, Shore & Liden, 1997). Indeed, the high quality LMX relationship appears to require a high degree of maintenance for each individual in the dyad. This may be the basis for considering the relative importance of productive subordinates in the middle group, particularly since they require less support and fewer managerial resources while still providing valuable contributions to the corporate bottom line.

Subsequently, this leads to another question that has continued to bewilder LMX scholars: How can managers allocate limited resources equitably across all followers when it has been normatively prescribed by LMX theory that managers should form high-quality relationships with all subordinates? (e.g., Graen & Uhl-Bien, 1991; Scandura, 1999). Bono and Yoon (2012) identified this issue as both a paradox and as a direction for future research. Specifically, prescriptions of LMX relationships have



created a point of contention with some researchers regarding whether striving for an all-encompassing high-quality utopia work environment is actually beneficial to an organization (Maslyn & Uhl-Bien, 2001; Liden, Sparrowe, & Wayne, 1997). As noted in the literature (e.g., Maslyn & Uhl-Bien, 2001; Sparrowe & Liden, 1997), developing and sustaining high-quality relationships is time-consuming and can severely strain managers' resources. Therefore, it continues to be questionable that an approach to offer a high-quality relationship to all followers is either feasible or even possible. Bringing attention to the middle-quality may alleviate this "equitable allocation of resources" paradox. The middle-quality group requires less resources and managerial involvement as compared to the low- and high-quality group extremes, consequently distributing resources farther and more equitably.

It is important for managers to be able to clearly identify their middle-quality subordinates and to understand the fluidity or static status at this level. This identification will lead managers to nurture and develop the promising individuals in the middle. Managers that know who their middle-quality subordinates, are and understand their situations, will also be likely to be more effective at managing, and therefore more likely to produce more positive outcomes from these relationships. This may entail rethinking the popular and anecdotal notion that only high-quality LMX relationships are effective.

As middle-quality LMX is more closely examined across the typology levels offered here, we may gain a more indepth understanding of the relative and varying performance levels at the middle level. House and Aditya (1997) contended that the commonly accepted attributes of high-quality relationships (e.g., trust, respect, loyalty, influence) may not be universal. People may vary in what they consider contributing

factors to their relationships with their co-workers and superiors. Furthermore, Uhl-Bien (2003) argued that relational skills may involve a manager's implicit relational schema as well as the ability to manage barriers that can affect them. In other words, "liking" a person (in the sense of acknowledging favored status) may not be a feasible component for an effective work relationship (Graen & Uhl-Bien, 1995). Whether a subordinate is effectively performing his or her job duties well and producing beyond the subordinate contract may be a better basis for assessing contributions and effectiveness, specifically as related to firm performance.

Since orthodox LMX theory to date appears to unintentionally segregate subordinates into "in" or "out" groups based on the highest and lowest levels of quality in the relationship with the leader (Graen & Scandura, 1987; Kramer, 1995), managers must be able to assure middle-quality subordinates that they are productive and appreciated workers, in order to encourage their contributions to the firm. Positive implications of such conscious acknowledgement that manifests in increased recognition and appreciation of middle-quality subordinates include increases in the subordinates' attitudes and performance and the overall effectiveness of the business unit and organization (Bolino & Turnley, 2009; Graen & Uhl-Bien, 1995; Maslyn & Uhl-Bien, 2005; Sparrowe & Liden, 1997).

Notably, workforce fluctuations triggered by changes in an organization's circumstances (e.g., downsizing-related layoffs, redundancy reductions resulting from acquisitions) may result in the loss of substantial numbers of the low-quality group (Mansour-Cole & Scott, 1995), and may result in a rebalancing of the quality distribution. Such exigencies put the middle-quality group in an entirely more essential light in view

of the need for confirmed and reliable performance. A subsidiary issue then emerges: In light of the off-loading of low-quality subordinates, who is the new low among the remaining middle-quality group that may have survived termination?

### **DIRECTIONS FOR FUTURE RESEARCH**

Much work remains to explain the ways LMX relationships develop, from the perspectives of both leader and the subordinate (Dienesch & Liden, 1986; Northouse, 2010). Hence, a notable contribution to the evolving LMX literature involves the identification of characteristics of the different levels of LMX relationships (Graen & Uhl-Bien, 1995). It is our belief that this paper provides guidance for future research to differentiate the increasingly dimensional middle-quality exchange relationships from low- and high-quality exchanges that have dominated past studies. To that end, the typology developed here provides operational guidance for investigating and developing leader-member relationships at this important middle level.

Future research should investigate the workplace outcomes produced by the middle-quality group. It has been said that this middle group represents “the most positive LMX relationship” (Kramer, 2004, p. 187), but since most past studies have not examined the middle level as a separate operational construct, it is usually and erroneously bundled with the low-quality exchange group. For this reason, middle-quality LMX results from previous studies have not been considered distinguishable or compelling. We have attempted to provide a different theoretical perspective regarding the value of the middle LMX region; this examination should serve as a catalyst to stimulate further research directed at the middle-quality group and its beneficial outcomes.

The conceptual model and four-faceted typology presented here (stages as quadrants) explicitly considers transitions to and from high and low states as well as transitions to and from the middle. The typology also guides future research regarding high and low LMX states as well. In the current study, the middle group is studied in a granular fashion, producing subgroups that may be essential to future research because they provide a more in-depth view of subordinate differences existing across the full distribution of LMX quality. A similarly granular approach may also be beneficial when examining low- and high-quality LMX. This particular implication for future research is in unison with Uhl-Bien's (2003) call to further advance our comprehension of relational leadership theory and leadership development by gaining a better understanding of relational and contextual situations that can promote effective relationships and circumstances that may impede this effectiveness.

While our research has provided additional insight into the middle-quality LMX exchange group in the workplace, suggestions for operational approaches to guide the assessment of this important group is very much needed. There are still numerous opportunities to explicate the LMX concept in order for it to reach its proper status as a critical component in the literature on leadership and motivation within a firm. As a result, emerging advancement in the state of LMX theory and its influence in organizational performance can be expected.

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## CHAPTER 3

### LEADER-MEMBER EXCHANGE DEVELOPMENT'S MISSING LINK:

#### REVISITING THE MIDDLE-QUALITY

The 20:70:10 rule: Top 20 percent, middle 70, and bottom 10. The middle 70 percent are managed differently. This group of people is enormously valuable to any company...they are the majority of your employees. And the major challenge, and risk, in 20-70-10- keeping the middle 70 engaged and motivated... (Welch, 2005, p. 41)

How a leader-member exchange (LMX) relationship develops continues to be a point of consternation more than 40 years after LMX's inception (DeRue & Ashford, 2010; Erdogan & Liden, 2002; Uhl-Bien, 2003; Yukl, 2002). *Could it be that as scholars, we have deviated from the pioneering theoretical configuration of LMX?* Graen and Cashman (1975) originated a trichotomous construct that consisted of "in" (high-quality), "middle," and "out" (low-quality) LMX groups. However, a majority of the highly-cited LMX research has focused solely on low- and high-quality relationships to the exclusion of the middle quality. This confining approach overlooks the possibility that the majority of employees in a given firm generally occupy neither extreme position (Graen & Schiemann, 1978; Kramer, 1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984).

Notwithstanding, LMX theory has been a very popular and useful lens through which to examine working relationships between leaders and their followers in the workplace (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Kramer, 2004; Northouse, 2010; Schriesheim, Castro, & Cogliser, 1999). High-quality LMX relationships are characterized as having more trust, loyalty, affect, and a norm of reciprocity, thus giving the appearance of a peer-to-peer relationship. High-quality relationships result in positive outcomes, such as employees with higher levels of job satisfaction, higher levels of

performance, higher levels of organizational citizen behavior, and less turnover intent than lower quality groups (Gerstner & Day, 1997). In contrast, low-quality LMX relationships are more formal and structured according to the employee contract, and they lack the characteristics and positive outcomes of high-quality relationships.

Unpredictably and probably unexpectedly, it has been noted that middle-quality subordinates have positive outcomes that can rival high-quality subordinates (e.g., higher levels of job satisfaction, lower levels of stress, and role ambiguity) (Harris & Kacmar, 2006; Kramer, 1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984). Moreover, a recent trend in LMX research has indirectly highlighted the middle-quality group with the “too-much-of-a-good-thing-effect” (TMGT effect) methodological approach, in which the downsides of being in the top performing group is highlighted. This method has revealed that middle-quality subordinates exhibit less stress and have less turnover intent but more role overload than low- and high-quality subordinates (Harris & Kacmar, 2006; Harris, Kacmar, & Witt, 2005; Jian, in press; Morrow, Suzuki, Crum, Ruben, & Pautsch, 2005).

Nevertheless, despite previous studies indicating the importance of investigating a middle-quality group (Fairhurst & Chandler, 1989; Graen & Schiemann, 1978; Graen & Uhl-Bien, 1995), little work has been done to incorporate the middle-group into the LMX developmental process research. But importantly, it is not clear how one considers a developmental process without considering what occurs between the two extreme endpoints. Hence, expanding the scope of research to theoretically and empirically consider the middle-quality group would be a key contribution to future studies of the LMX development process. Moreover, it is critical to identify and extract the middle-

quality population, as this lends to the theoretical and empirical soundness of the assessment of both the low- and high-quality levels. From a practical perspective, these three LMX tiers reflect what is prevalent in today's work units (van Breukelen, Schyns, & Le Blanc, 2006), yet LMX research does not align with this reality, and consequently, devalues the research for the practitioner.

Therefore, the purpose of this paper is to disclose the potential of how research that is inclusive of the middle-quality group may enrich future investigations of LMX. To accomplish this, we will (a) provide a brief history of the literature regarding the middle-quality LMX group, (b) summarize existing empirical studies regarding the middle-quality LMX group research, (c) identify opportunities for future theoretical and empirical research, and (d) present measurement challenges and offer suggestions to rectify the issues.

### **A BRIEF HISTORY OF THE MIDDLE-QUALITY EXCHANGE GROUP**

The supposition that managers foster unique relationships with their subordinates was a distinct proposition that deviated from the assumed "one size fits all" that was characteristic of the average leadership-style approach (Dansereau, Graen, & Haga, 1975; Graen & Cashman, 1975). Specifically, Graen and colleagues (1972a, 1972b) developed the vertical dyad linkage (VDL) model that suggests certain subordinates are elevated to high-quality relationships with their manager because of their competence, skills, trustworthiness, and motivation, whereas others are delegated to lower quality relationships. The subordinates in high-quality relationships enjoyed preferential treatment in return for their contributions beyond the employee contract and were deemed the "in-group." In contrast, subordinates in low-quality relationships were considered the

“out-group” since they tended to work within the confines of the employee contract. Although the labeling of “in-group” and “out-group” continues to be associated to LMX, Graen and Cashman (1975) actually conceptualized an exchange trichotomy labeled in, middle, and out rather than the much researched low and high quality; this was one of the first major papers to demarcate the three groups.

In the limited literature concerning the LMX trio, references to the middle-quality exchange group have been presented in the context of the low-quality and high-quality exchange groups (i.e., groups other than high -quality, or lower groups than high-quality) or, interestingly, characterized as something akin to a dialectic synthesis of the high and low-quality roles, as opposed to a distinct and characteristic grouping worthy of study in its own right, as evidenced by Cashman and Graen’s (1977) assertion:

The intermediate group (middle exchange) shares some of both [high and low] of these methods of influence. For this group, the influence of members involves partial reliance upon interpersonal exchange and partial reliance upon contractual obligations. (p. 455)

Such a blended approach does not permit the clear distinction of the role of middle-quality exchanges in an organization; therefore, studies involving hybrids of middle -quality with low- or high-quality groups blurs the studies conceptually and distorts researchers’ insight of the actual work environment and the actors that interact within them.

The Vertical dyad linkage (VDL) theory was eventually renamed leader-member exchange theory (Graen, Novak, & Sommerkamp, 1982). Graen and colleagues (1987, 1991, 1995) presented role-making and leadership-making models of LMX implying that the relationship process is dynamic and advances through several phases. LMX is also grounded in role theory (Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964) and thus



focuses on how a manager's and subordinate's roles develop during the course of the relationship. Graen (1976) referred to this process as the "role-making process." Through a sequence of interpersonal exchanges, the relationship progresses through three stages—"role taking" (low-quality), "role making" (middle-quality), and role routinization (high-quality). As a manager and subordinate move through the three stages, the relationship evolves from the role-taking stage—an economic exchange implying that the subordinate performs his or her job according to the employee contract and is compensated for these services—to the role-making stage. It is during this stage where the manager and subordinate negotiate the subordinate's role with unstructured tasks. This phase of the process is built upon mutual contribution and thus a social exchange of valued resources. The last stage, role routinization, depicts the relationship as developing around "interlocked behaviors" involving mutual trust, respect, support, loyalty, and liking.

In 1991, Graen and Uhl-Bien presented the leadership making model, which also captured the LMX developmental process in three stages: stranger, acquaintance, and maturity. Again, these three stages were referred to as low-, middle- and high-quality. This model is similar to the role-making model except it was designed to identify the importance of generating more high-quality relationships and the process of recognizing these relationships in an organization. The stranger stage (low-quality) is characterized as a "cash and carry" economic exchange, and the acquaintance stage (middle-quality) is characterized with increased social exchanges sourced from personal and work resources. The final stage, the maturity stage (high-quality), typifies exchanges that are both behavioral and emotional (consisting of mutual respect, trust, and obligation). These two

models (role-making and leadership making) were the major theoretical milestones depicting the potential of a middle-quality group.

It has been suggested since the inception of LMX theory (Graen, Dansereau, & Minami, 1972a; Graen, Dansereau, & Minami, 1972b) that it is important to consider, understand, and investigate the middle-quality LMX group in managerial research (Fairhurst & Chandler, 1989; Graen & Schiemann, 1978; Kramer, 1995). Despite these calls for additional research on the middle-quality group, researchers have continued to focus on the highly-visible, quite dramatic, and highly desirable characteristics of the very best performers, as differentiated against the very worst.

### **CURRENT THEORY IN MIDDLE-QUALITY LEADER-MEMBER EXCHANGE**

While the empirical heritage of middle-quality research is concise, the results are impactful. Approximately seventeen empirical papers encompassing the middle-quality group have been published since 1978, revealing nonintuitive results in that they are not generally in accord with being a "middle" sector. These studies are summarized in Tables 1 and 2. The majority of research on LMX middle-quality, prior to 2005, focused on linear relationships. However, in 2005, a nonlinear research trend (Harris et al., 2005; Hochwarter, 2005; Morrow et al., 2005) emerged, with scholars identifying curvilinear relationships between LMX and other constructs. Although some researchers contend that uncovering a nonlinear effect is challenging (Pierce & Aguinis, 2013), more than half of the studies in our summary used this methodology to exemplify LMX as a predictor and, in one case, as a criterion.

Table 1.  
Empirical Studies on Middle-Quality LMX: Linear Relationships

Author(s)	N	Key Middle-Quality Results
Graen & Schiemann, 1978	150*	Agreement between a leader and a member on mutually experienced events; high-quality and middle-quality significantly different from low-quality, but not different from each other
Liden & Graen, 1980	41*	<ul style="list-style-type: none"> <li>• demonstrated higher levels of <i>managing</i> and <i>administrative decision making</i></li> <li>• Perceived as <i>contributing most</i> to the unit</li> <li>• Higher mean for <i>performance</i> than HQ &amp; LQ</li> </ul>
Vecchio & Gobdel, 1984	45*	<ul style="list-style-type: none"> <li>• Higher levels of <i>global job satisfaction</i> than HQ &amp; LQ</li> </ul>
Vecchio, Griffeth, & Hom, 1986	192	<ul style="list-style-type: none"> <li>• MQ members subgroup means on all outcomes between LQ and HQ subgroup means</li> </ul>
Fairhurst & Chandler, 1989	3*	<ul style="list-style-type: none"> <li>• Leader responded to persistent challenges to his authority in the same manner to HQ and MQ members</li> </ul>
Fairhurst, 1993	12*	<ul style="list-style-type: none"> <li>• <i>Role negotiation, choice framing, and coaching</i> were present in both HQ and MQ LMX relationships</li> </ul>
Kramer, 1995	69	<ul style="list-style-type: none"> <li>• Highest level of <i>unsolicited and solicited feedback</i> from supervisor</li> <li>• Highest level of <i>supervisor resource support</i> and <i>affective supervisor support</i></li> <li>• Generally associated with the highest amounts of <i>communication</i></li> <li>• Lowest level of <i>stress, role ambiguity</i></li> <li>• Highest level of <i>job satisfaction</i></li> <li>• Generally reported the most <i>positive adjustment</i></li> <li>• Voiced the fewest <i>unmet expectations</i> with their supervisors</li> </ul>

*Note.* LQ = low-quality, MQ = middle-quality, HQ = high-quality. \* Dyads.

Table 2.  
*Empirical Studies on Middle-Quality LMX: Nonlinear Relationships*

Author(s)	N	Criterion Variable	Hypotheses
Harris et al., 2005	402*	Intent to turnover	U shape characterizes the relationship between LMX and intent to turnover: Supported.
	183*		
Morrow et al., 2005	207	Voluntary turnover	Both low and high LMX assessments by drivers will be associated with high levels of turnover: Supported.
Hochwarter, 2005	182	Job tension	H1. The LMX quality-job tension relationship will be nonlinear for high NAs, best represented by an inverted U-shaped form: Supported. H4. The LMX quality-job tension relationship will be nonlinear for low Pas, represented by a U-shaped form: Supported.
Kenneth & Kacmar, 2006	120*	Stress	U shaped characterizes the relationship between LMX quality and stress: Supported.
	402*		
Scandura & Pellegrini, 2008	228	LMX	U shaped characterizes the relationship between CBT and LMX: Not supported. (S shape was significant)
Kim, Lee, & Carlson, 2010	232*	Turnover intent	H1a. The relationship between LMX quality and turnover intent will be non-linear among non-supervisory employees: Supported. H1b. The relationship between LMX quality and turnover intent will be non-linear among supervisory employees: Not supported.
	88*		
Jian, in press	235	Role ambiguity, role conflict, role overload	H1. LMX has an inverted U relationship with role ambiguity: Not supported. H2. LMX has an inverted U relationship with role conflict: Supported. H3. LMX has an inverted U relationship with role overload: Supported.
Cordeiro, 2006**	368	Past leave usage, past usage of personal leave, intentions to use personal leave	Hypotheses were not developed for curvilinear relationship, but curvilinear analysis was conducted: An inverted U shaped form between LMX and overall past leave usage, past usage of personal leave, and intentions to use personal leave was revealed. Partially supported.
Hoover, 2009**	232	Role overload	LMX and role overload have a U-shaped curvilinear relationship: Supported.
Sumanth, 2011**	159	Upward communication quality	LMX and upward communication quality have an inverted, U-shaped curvilinear relationship: Supported.

\*Two samples. \*\* Dissertation. LMX – leader-member exchange; CBT – calculus-based trust

These non-linear studies summarized here hypothesized either a U-shaped or inverted U-shaped effect, thereby implying that a nonlinear effect occurs between low- and high-quality LMX relationships and a construct. This region between the low and high spectrums has been referred to as “moderate LMX quality” or “moderate levels of LMX” (Harris & Kacmar, 2006; Harris et al., 2005; Hochwarter, 2005), hence the middle-quality group.

In this paper, we expanded the scope of our review to include dissertations that have focused on the curvilinear relationship with LMX and other constructs to demonstrate the continuing nonlinear trend in LMX research. Our discussion of the articles in our summary will center on the results of key outcomes that were obtained in the studies.

### **Performance**

Liden and Graen (1980) were among the first researchers to isolate members of the middle-quality and assess their performance in a longitudinal study of 41 leader-member dyads. Data were collected in two waves employing structured interviews separated by three months. This study was unique to prior studies because more than half the sample were foremen rather than managerial respondents. Performance was assessed from a supervisor’s perspective using an employee-rating scale (Graen, Dansereau, & Minami, 1972a) that assessed dependability, alertness, planning, know-how and judgment, overall present performance, and unexpected future performance. The middle-quality group’s mean for job performance ( $\bar{x} = 36.00$ ) was higher than the high-quality group’s mean ( $\bar{x} = 34.22$ ). On another performance measurement, middle-quality subordinates perceived themselves as making a lower contribution ( $\bar{x} = 5.15$ ) to the unit than high-quality subordinates ( $\bar{x} = 5.67$ ). However, from the supervisor’s perspective,

the middle-quality group contributed more ( $\bar{x} = 7.77$ ) to the unit than the high-quality group ( $\bar{x} = 7.22$ ). These few instances question the relationship of high-quality subordinates being solely related to high performance. While there are plenty of examples of studies that have reported higher performance for subordinates in high-quality exchanges (e.g., Dansereau, et al., 1975; Deluga, 1994; Dockery & Steiner, 1990), others have reported the relationship between LMX and performance as mixed (Gerstner & Day, 1997; Liden, Sparrowe, & Wayne, 1997; Vecchio & Gobdel, 1984). These mixed results could be due to subjective and objective measures of performance and not including the possibility of moderating variables (Dunegan, Uhl-Bien, & Duchon, 2002). Nevertheless, another possibility may be related to not isolating the contribution of the middle-quality group, which may impede empirical thoroughness and confound results. Clearly, much more research is needed to determine the middle-quality group's role with performance.

### **Job Satisfaction**

Gerstner and Day's classic meta-analysis (1997) found a significant positive correlation between LMX and job satisfaction. Considering high-quality subordinates reap the most benefits, such as preferential treatment, allocation of formal and informal rewards, easy access to supervisors, and positive performance-related feedback in their LMX relationship (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995) in comparison to low- and middle-quality subordinates, it is not surprising that a significant positive connection exists between LMX and job satisfaction. Counterintuitive to this, studies conducted by Vecchio and Gobdel (1984) and Kramer (1995) found that middle-quality subordinates also exhibit high levels of job satisfaction and in the case of these two

studies, higher levels than the high-quality group. Vecchio and Gobdel's (1984) study consisted of 45 manager-teller dyads from a medium-sized multiple-branch bank. They measured subordinates' satisfaction with their supervisors and global job satisfaction. As expected, the high-quality subordinates displayed higher levels of job satisfaction with their supervisors than subordinates of low- and middle-quality groups. Surprisingly, subordinates of the middle-quality group had higher levels of global job satisfaction than those in low- and high-quality groups. Vecchio and Gobdel (1984) explained this as being consistent with past results to predict job satisfaction and LMX. Particularly, we question if past results assessed the relationship as a dichotomy (low- and high-quality) or as a trichotomy (low-, middle, and high-quality). Considering the scarcity of LMX research assessing the LMX triad, we suspect that past mixed results were based on the polarized ends of LMX.

Kramer (1995), in a longitudinal study of leader-member communication, offers another example in which the middle-quality group rivals the high-quality group in terms of job satisfaction. Four waves of data were collected over a 1-year period from 69 employees who were changing positions within the organization. Kramer (1995) was interested in knowing if the differences in LMX quality impacted job satisfaction during interorganizational transfers. The low- and high-quality subordinates reported decreases in job satisfaction from Time 3 (T3) to Time 4 (T4). Unexpectedly, the middle-quality group reported increases in job satisfaction from T3 to T4, also reporting the highest levels at T3 and T4. This pattern was consistent with Vecchio and Gobdel (1984) concerning overall job satisfaction. For example, Kramer (1995) used Hackman and Oldman's (1975) scale, which indicates the degree to which a subordinate feels content

with their work and not with their manager. Thus, a middle-quality subordinate may like his or her job but may not like their manager to the same degree. On the other hand, it seems high-quality subordinates are more satisfied with their managers than they are with their jobs.

Joseph, Newman, and Sin. (2011) demonstrated that job satisfaction and the LMX-7 scale are highly correlated at .84, thus possibly measuring the same construct. Hence, when investigating job satisfaction as it relates to LMX research, researchers need to make a clear distinction between measuring satisfaction as it relates to the job itself versus the leader.

### **Communication**

The large body of LMX research implies that subordinates in high-quality relationships have a bidirectional flow of communication with their managers. For example, high-quality relationships are embodied with trust, loyalty, honesty, and a norm of reciprocity. Consequently, this implies that communication in high-quality relationships is characterized as mutually open, veracious, and verbose. The two most-cited LMX and communication articles found during our review were qualitative studies led by Fairhurst (Fairhurst, 1993; Fairhurst & Chandler, 1989). The earlier study (Fairhurst & Chandler, 1989) examined how subordinates and managers in low-, middle-, and high-quality groups displayed social structures using power and social distance, more specifically, how conversational resources delineated the three LMX groups. Fairhurst and Chandler (1989) found that managers were more apt to interrupt and use their power and authority associated with their position to guide their conversations with low-quality subordinates versus high-quality subordinates. Remarkably, they found that both middle



– and high-quality subordinates persistently challenged their manager’s authority, with the key difference being the response of the manager to the challenges. Fairhurst (1993) explored communication patterns and gender influence in the development of low-, middle-, and high-quality LMX relationships, finding that verbal exchanges in both medium- and high-quality relationships with female managers were characterized with accommodating behaviors such as role negotiation, choice framing, and polite disagreement. Fairhurst surmised that managers and subordinates (in medium-, and high-quality relationships) “appear to act more in response to each other, adjusting to the other at each turn” (p. 344).

In the discussion of communication, Kramer’s (1995) longitudinal study emerges again since the study explored communication variance among employees of different LMX quality levels during job transfers. Kramer investigated the influence of manager communication on employees involved in job transitions within an organization, finding that subordinates of the middle-quality group generally experienced the highest amounts of communication. This communication included both solicited and unsolicited feedback; feedback was operationalized as the frequency of receiving unsolicited and solicited feedback about job performance and relationships. This stands in contrast to the study conducted by Lam, Huang, and Snape (2007), who found that high-quality LMX subordinates sought more feedback from their managers. Several factors may contribute to this contrast: One may be the uniqueness of Kramer’s (1995) sample—transferees. Another could be the perspective—Kramer’s (1995) respondents were subordinates, and Lam et al.’s (2007) respondents were managers. In addition, the dissimilarity with the

results could be due to Kramer's (1995) taking a more granular approach of isolating the middle-quality group, which was not assessed by Lam et al. (2007).

The question "Do differential LMX relationships influence the quality of ideas that subordinates communicate to their managers?" is the topic of Sumanth's dissertation (2011). Sumanth argued that managers may elicit a higher quantity of upward communication of ideas from their high-quality subordinates, but that there is the potential of lower quality ideas. Sumanth postulated neither low- and high-quality subordinates will generate the best ideas but rather a more "moderate level" of inclusiveness (middle-quality subordinates) may be the optimal strategy for managers to adopt if they have to obtain high quality input that truly helps their organization innovate and gain a competitive advantage (Sumanth, 2011). Consequently, the supported hypothesis found an inverted U-shaped relationship between LMX and upward communication quality.

Taken together, these studies (Fairhurst, 1993; Fairhurst & Chandler, 1989; Kramer, 1995; Lam et al., 2007; Sumanth, 2011) suggest middle-quality subordinates have a different level of communication that diverges from their low- and high-quality counterparts. Here, again, is the conundrum of the middle-quality group exhibiting behavior that has been traditionally associated with high-quality. It would seem that the middle-quality subordinates also experience open communication and positive relationships with their managers, which are both things traditionally associated with subordinates of high-quality subordinates. The link between communication and LMX groups warrants more focused research. For example, future studies may clarify the similarities and differences of communication patterns that can demarcate the three LMX

levels. In addition, as suggested by Kramer (1995), research is needed to determine the threshold or inflection point that indicates the end of a linear relationship and the beginning of a nonlinear relationship.

### **Stressors**

High-quality LMX relationships have been linked to numerous positive outcomes (Gerstner & Day, 1997) in contrast to low-quality LMX relationships, which have been positively correlated to different dimensions of stressors such as role conflict, role ambiguity, and role overload (Gerstner & Day, 1997; Tordera, González-Romá, & Peiró, 2008). Research on LMX and stress is scant (Harris & Kacmar, 2006; Hochwarter, 2005), which becomes more pronounced when the focus is on the middle-quality group.

Kramer's comprehensive longitudinal study (1995) included measuring how well transferred employees psychologically adjusted to their new positions. Stress, as it relates to role development and role ambiguity, was measured. Middle-quality subordinates emerged as having less stress associated with role development and role ambiguity than subordinates from low-quality groups and also, surprisingly, from high-quality subordinates, as well as during the transition process. Kramer concluded that middle-quality subordinates had the most positive adjustment to their new positions. In addition, the middle-quality subordinates reported fewer unmet expectations of their managers; Kramer (1995) suggested these results may be due to differences in instruments measuring LMX but contended that the results do indeed reflect other findings (see Vecchio & Gobdel, 1984).

More recently, Hochwarter (2005) explored a nonlinear relationship between LMX and job tension. He examined negative affectivity (NA) and positive affectivity

(PA) as dispositional factors in the study. Research indicated a relationship between negative affect and working alone, therefore, Hochwarter postulated low levels and high levels of LMX would fit high NAs negative cognitive schema. Subsequently, it would be highly unlikely that high levels of stress would be a factor in these conditions but that moderate levels of LMX results in uncertainty, and would therefore be stressful for individuals considered high NAs. In contrast, individuals with low PAs have a tendency to be less interested in achievement; therefore, the effort required to achieve the high expectations associated with high-quality relationships would be unappealing to low PAs. Hochwarter contended that tension for low PAs would increase as LMX increases from moderate to high levels. This led to two supported hypotheses in which an inverted U shaped would represent the relationship between LMX and job tension for individuals with high NAs, and a U-shaped would represent the relationship between LMX and job tension for low PAs.

Hochwarter's study (2005) was followed by several other studies then investigating the relationship between LMX quality and stress. For example, Harris and Kacmar (2006) conducted two studies with 538 participants from two different industries, revealing that subordinates in low-quality and very high-quality LMX relationships experienced more stress than middle- quality subordinates -- possibly due to uncertainty and ambiguity related to role stress for low-quality subordinates, and extra pressure and obligations for high-quality subordinates. As Harris and Kacmar (2006) specified that subordinates with moderate to moderately high LMX levels would experience less stress than subordinates at low and very high LMX quality levels, the U-shaped relationship between LMX quality and stress supported their hypothesis. Hoover (2009), in a doctoral

study, examined 144 students from a large public university and 88 people from various companies, all located in the southeastern United States. Hoover's hypothesis that LMX quality would have a U-shaped relationship with role overload stress was supported.

More recently, Jian (*in press*) conducted a study with first and second generation immigrant employees in the US who have been on their jobs for at least six months. An inverted U-shaped relationship between LMX quality and role conflict, and LMX quality and role overload, was hypothesized and supported. Interestingly, the direction of the curvilinear relationship (U shaped vs. inverted U shaped) differs across Hoover's (2009) and Jian's (*in press*) hypothesis for LMX quality and role overload; there may be several reasons for this. Hoover's (2009) hypothesis was based on a manager's allocation of resources versus the benefit. Low-quality subordinates do not receive the same amount of resources as high-quality subordinates and would feel as if they were being overloaded with work; in contrast, subordinates in high-quality relationships may be stressed because they are not receiving resources worth the additional work load, therefore presenting a U-shaped relationship between LMX quality and role overload. Ironically, Jian (*in press*) hypothesized that low-quality subordinates fulfill their role expectations (e.g., economic exchange), and thus they experience less role-overload stress. Subordinates in mature high-quality relationships "intimately" understand the exchange of less tangible resources in their relationships with their managers; hence, less role-overload stress should exist.

Another possible reason for the difference of the curvilinear direction is that Hoover (2009) and Jian (*in press*) used different measures to assess role overload. Hoover employed a 3-item subscale by Marshall, Barnett, Baruch, and Pleck (1991), and Jian (*in press*) utilized a 3-item subscale by Kahn, Wolfe, Quinn, and Snoek (1964).

Lastly, Jian's (in press) sample consisted of first and second generation immigrants, and experiences of stress differ by culture (Chun, Moos, & Cronkite, 2006). This may have also influenced the relationship between LMX quality and stress. While each author in this section offered direction for future research, none recommended further exploration of the middle quality -- even though they unanimously pointed out the curvature point occurring in the moderate LMX region.

### **Turnover Intent**

The negative link between leader-member (LMX) exchange and turnover intent is well-documented in the literature (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Gerstner & Day, 1997) and typically depicted as a linear relationship without recognition of middle-quality subordinates' inclination to leave an organization. Recently, research concerning LMX and turnover-related behaviors has been represented as a curvilinear relationship, providing some insight into the middle-quality subordinates' potentially unique turnover behavior.

Harris et al. (2005) were one of the first to hypothesize and establish a nonlinear relationship between LMX quality and turnover intent. They postulated a "pushed out" and "pulled away" phenomenon with low- and high-quality LMX subordinates respectively, stating that subordinates in low-quality relationships may be "pushed out" of organizations due to their poor relationships with their managers. However, subordinates in high-quality relationships may be "pulled away" from an organization or manager due to enticements of attractive jobs and/or positions elsewhere. Harris et al. (2005) supported their hypothesis of a U-shaped relationship between LMX and turnover

intent using a sample of 585 participants from two different industries (water management and financial services).

Morrow et al. (2005) followed the curvilinear trend with turnover behavior, hypothesizing that there was a curvilinear relationship between LMX quality and actual turnover. Somewhat different from Harris et al.'s (2005) hypothesis, Morrow et al. did not hypothesize the curvilinear shape of the relationship. A quadratic relationship (U shape) was found to be statistically significant ( $p \leq 0.05$ ), whereas the polynomial relationship (S shape) was only marginally supported ( $p = 0.058$ ). Collins (2007) hypothesized (in his dissertation) the existence of a U-shaped relationship between LMX quality and turnover intent. However, the analysis revealed an inverted U-shaped relationship, which did not support the hypothesis.

Kim, O'Neill, & Cho (2010) noted the inconsistent findings concerning curvilinear relationships found by Harris et al. (2005), Morrow et al. (2005), and Collins (2007) and replicated the Harris et al. (2005) study with 232 employees working at five-star hotels in Seoul, South Korea. Unlike the samples from the previous studies, Kim et al. included employees in both supervisor and nonsupervisory positions. Kim and associates (2010) hypothesized a nonlinear relationship (the shape of the curve was not hypothesized) between LMX quality and turnover intent for both of these groups. Findings supported a nonlinear (U-shaped) relationship for nonsupervisory employees, but failed to support a nonlinear relationship for supervisor-level employees. A negative linear relationship existed for the supervisor-level employees, suggesting that employees in managerial positions in the hotel/hospitality industry are less apt to vacate their positions as opposed to the lower-ranked employees. It was surmised that due to the

turnover rate being much higher for lower-ranked employees in the hotel industry, these employees would have more opportunities for job mobility (Kim et al., 2010).

The results of the aforementioned studies suggest there is still more to learn concerning LMX quality and turnover-related behavior. The range of curvilinear shapes (e.g., U shape, inverted U shaped, S shape and negative slope) offers several perspectives on the middle-quality group, just as it does for low- and high-quality groups. Examining employee turnover based on LMX quality groups, industries, etc. may allow us to identify important contingency characteristics in the workplace that influence turnover and associated behaviors among subordinates of these groups.

### **Other Outcomes**

The remaining studies in our summary offer a variety of outcomes associated with the middle-quality LMX group. Graen and Schiemann's (1978) results clearly demonstrated that differences indeed exist between the three LMX quality groups regarding leaders' and members' meanings of mutually experienced situations. As such, with three different perspectives of events, three different outcomes are possible, thereby substantiating considerable variance in outcomes as a function of the quality of the LMX exchange.

In his dissertation, Cordeiro (2006) conducted a study among 368 employees at manufacturing facilities in the US, examining their use of personal leave time. Cordeiro found an inverted U-shaped relationship between the three different personal leave variables (overall past leave usage, past usage of personal leave, and intentions to use personal leave) and LMX quality. The results suggested that middle-quality LMX subordinates were more likely to intend to use personal leave time than subordinates in



low- and high-quality LMX relationships hence, implying the LMX quality may affect the way subordinates manage their work and family issues.

Research on high-quality LMX relationships suggests subordinates in these relationships are beneficiaries of social support and resources from their managers (Graen & Uhl-Bien, 1995; Wayne, Shore, & Liden, 1997) that may provide them with the psychological and emotional supported to manage work-family conflicts. Ironically, Kramer (1995) found evidence that the middle-quality group received more supervisor-resource support and affective-supervisor support than high-quality subordinates. This implies middle-quality subordinates felt they received advice for improving their performance, information useful for them to complete their jobs, and praise and recognition for their efforts. However, could it be that subordinates of the high-quality group feel more confident about their performance and do not need validation from their managers?

Lastly, Scandura and Pellegrini (2008) used LMX quality as their criterion variable, hypothesizing that a U-shape characterizes the relationship between “calculus-based trust” (CBT) and LMX quality. CBT is a transactional, economic approach that considers the outcomes from maintaining a relationship relative to the costs associated with dissolving the relationship (Scandura & Pellegrini, 2008). The authors related CBT to low-quality LMX, which is characterized as an economic exchange between a leader and member. The quadratic (U-shaped) term was not significant, but the polynomial (S-shaped) term was significantly related. The authors contended that these results challenge previous LMX theory, which suggests that CBT should only occur at low-quality LMX

levels (Uhl-Bien, Graen, & Scandura, 2000), yet the results of Scandura and Pellegrini's study (2008) suggest that CBT may be present across all three levels of LMX quality.

## **THEORETICAL IMPLICATIONS AND DIRECTIONS FOR FUTURE RESEARCH**

Noteworthy theoretical contributions can be derived from this comprehensive review of the LMX middle-quality group. Foremost, mainstream LMX research to date appears to unintentionally place subordinates into "in" or "out" groups based on the extreme levels of LMX quality (Graen & Scandura, 1987; Kramer, 1995). The results of the empirical studies in this review challenge the simple dichotomy of low- and high-quality LMX levels to explain the complexity of leader-member relationships. While LMX is notable for strongly suggesting that managers do not enact a single leadership style, collapsing LMX leadership's three theoretical exchange levels (i.e., low, middle, high) into two groups (low and high) is in essence only one step above the "one size fits all" leadership style. Contemporary LMX research should make an attempt to capture what happens in between low-quality and high-quality levels in order to sufficiently explicate the full potential of LMX's theoretical tenets. Moreover, it is an important empirical point in the psychology literature that neither excellence nor inferiority has an operationally useful meaning without the presence of a substantial range of average performance against which to contextualize such polar judgments (e.g., Tversky & Kahneman, 1974).

While evaluating the literature, several unexpected outcome patterns concerning subordinates from middle-quality groups (e.g., higher job satisfaction, less stress, more and better communication than subordinates from high-quality groups) were uncovered.

Considering studies examining job satisfaction as the primary variable outnumber studies of other variables in the organizational behavior literature (Spector, 1997), this construct offers several theoretical extensions for LMX theory. As noted by Vecchio and Gobdel (1984) and Kramer (1995), middle-quality subordinates had higher levels of global job satisfaction than both low- and high-quality subordinates. According to Smith (1992), general job satisfaction is comprised of elements not related to an individual's immediate job situation, two of which are temperamental (e.g., happiness) and trust in management. Contemplating this, the question arises: How does happiness play a role in LMX quality? As far as trust in management for middle-quality, is this trust best measured at the dyad level or the organizational level? Moreover, job satisfaction can be an indication of how well an organization and/or business unit is functioning (Spector, 1997), and subsequently the effectiveness of a leader. For example, differences in job satisfaction among the LMX quality groups can be diagnostic in the sense of pinpointing potential problems and opportunities. The potential for research that focuses on the middle-quality group and job satisfaction is almost endless, especially when one considers the rich research heritage of job satisfaction.

Several of the studies (Fairhurst, 1993; Fairhurst & Chandler, 1989; Kramer, 1995; Sumanth, 2011) in this review examined communication. Three of these investigations (Fairhurst & Chandler, 1989; Kramer, 1995; Sumanth, 2011) evaluated communication flow between the manager and subordinate. But with regard to communication among coworkers, what is likely to occur due to perceived differential management treatment? Employees are aware of each other's LMX status (Henderson, Liden, Glibkowski, & Chaudhry, 2009; Vidyarthi, Liden, Anand, Erodgan, & Ghosh,

2010); subsequently, differential treatment of employees by managers can affect communication among them (Sias, 1996, 2009) and consequently, possibly the morale and productivity of the unit may also be affected. Kramer (1995) also examined peer communication among the three LMX levels. The findings from the study revealed that middle-quality subordinates had the highest percentage of *collegial peer* relationships, which refers to coworkers offering career assistance and feedback. High-quality subordinates reported having the highest percentage of *special peers*. Special peers offered emotional support and candor, and low-quality subordinates were more closely aligned with *informational peers*, which refers to low commitment and psychological support. In addition, low-quality subordinates had the lowest percentage of special peers. Interestingly, subordinates from both middle- and high-quality subordinates groups had the same percentage of informational peers. Hence, this implies the three levels are separated from each other across communication factors.

Minimal research has been conducted to investigate the positive or negative consequences related to a coworker's interpersonal communication that may stem from being a member of a certain LMX quality exchange (Rousseau, 2004). Indeed, there is a rich reservoir of theoretical possibilities if the middle-quality group is added as an integral part of future LMX research. The aforementioned theoretical opportunities with job satisfaction and communication are just the beginning of the theoretical fertility the middle-quality group presents.

Shifting to a different paradigm, while the linear studies in this review open up numerous opportunities to extend LMX theory, the recent trend of nonlinear studies holds more promise for extension, because supported curvilinear research "provides an

enhancement and makes a value-added contribution to theory and practice because it accounts for a wide range of inconsistent and apparently paradoxical findings in the management literature” (Pierce & Aguinis, 2013, p. 316). Considering that few LMX researchers have predicted or tested for curvilinear effects, the compilation of the studies in this review is somewhat convincing for the continuation of theoretically-driven nonlinear effects.

The emergence of curvilinear research relating LMX to key constructs such as stress, communication, and turnover intent (see Table 2) indirectly brings focus to the outcomes of the middle-quality group. In each of the studies in the summary, the authors suggest that a different level of effect occurs with each of these constructs for the middle-quality as opposed to the extreme endpoints (low quality and high quality) of LMX. Based on the nonlinear research presented in this review, this suggests the likelihood that the quality of an LMX relationship may exhibit curvilinear relationships with other variables. For example, Burnette, Sinclair, Wang, and Shi (2011) found a curvilinear effect between LMX and positive psychological well-being with 316 employees at an automotive parts manufacturing plant in the People’s of Republic of China. Xu, Huang, and Liu (2012) conducted a cross-sectional and a time-lagged study with a total of 435 participants and found support for their hypothesis that a nonlinear relationship between LMX and the credibility of issue sellers (a type of upward influence) toward senior manager exists. Organizational commitment, job performance, organizational citizenship behavior, and ostracism are other areas that may benefit from curvilinear methodologies. In addition, as demonstrated in Scandura and Pellegrini’s study (2008), investigating LMX quality as the criterion may produce curvilinear effects.

## MEASUREMENT CHALLENGES

How LMX is measured and what exactly is measured with the current LMX instruments continue to stir a debate among leadership researchers. As noted by many in the literature (Joseph et al., 2011; Schriesheim, et al., 1999; van Breukelen, et al., 2006), there is a proliferation of LMX instruments in existence attempting to capture the concept as either a one-dimensional or multidimensional construct (Liden & Maslyn, 1998). Considering LMX has been somewhat of a “moving target,” conceptually having evolved remarkably since its inception (Schriesheim et al., 1999), it is not surprising there is state of disarray surrounding its theoretical sustenance and measurement validity. All of this adds to the challenge of operationalizing LMX as a three-tiered construct.

Prominent studies on middle-quality LMX have either arbitrarily or anecdotally divided samples into the three LMX quality groupings (see Table 3). A key contribution to future work on the nature of middle-quality LMX will be guidance in the empirical assessment of membership in the middle sector of the LMX distribution. But despite emerging indications that middle-quality LMX is an important construct in the leadership research, operational guidance supporting accurate measurement of LMX (particularly the middle level) is mixed, contradictory, and anecdotal (Scandura, 1999). The operational development implied by the evolution of conceptualizations into empirical measures of constructs has been sporadic in the LMX research, and periodic re-examinations of the conceptual and operational bases for LMX levels are well warranted (Schriesheim et al., 1999).

Table 3.  
Middle-Quality Group Trichotomy Methods

Author(s)	Trichotomy Method	LMX Measure
Graen & Schiemann, 1978	25/50/25%	Negotiating Latitude LMX-4 (Graen & Cashman, 1975)
Liden & Graen, 1980	33/33/33%	Negotiating Latitude LMX-4 (Graen & Cashman, 1975)
Vecchio & Gobdel, 1984	33/33/33%	Negotiating Latitude LMX-4 (Graen & Cashman, 1975)
Vecchio, Griffeth, & Hom, 1986	Details not disclosed	LMX-5 (Graen et al, 1982)
Fairhurst & Chandler, 1989	Details not disclosed	LMX-7 (Graen, et al, 1982)
Fairhurst, 1993	Details not disclosed	LMX-7 (Graen, et al, 1982)
Kramer, 1995	Peer assessment 50%/35%/15%	3 descriptions of supervisor relationships developed to operationalize the LMX construct

Graen and Cashman (1975), who initially identified middle-quality LMX, suggested a trichotomous construct that consisted of “in” (high-quality), middle, and “out” (low-quality). In their quest to increase the external validity of their early findings, they replicated their studies (Graen & Cashman, 1975), and discovered during this process that trichotomy of the LMX qualities “produced stronger relationships than those produced by a median dichotomy (50-50 split).” (p. 158). The trichotomy approach, as it evolved, was intended to be an even division by thirds of the characteristic’s distribution (cf., Liden & Graen, 1980; Vecchio & Gobdel, 1984). One view, which suggests that the majority of workers reside in the middle category, suggests segmenting LMX on a quartile basis (Graen & Schiemann, 1978, extending from the work of Graen & Cashman,

1975), but the distribution of quality levels is subsequently divided into equal fourths, with the middle range accounting for two entire quartiles—thus forming an effective trichotomy in which the middle is the majority segment. While this is an advance from an anecdotal division of LMX quality into arbitrary and even thirds, it still arises from an arbitrary division of the distribution in its conceptualization.

The other trichotomy view arises from Kramer (1995), who devised an unbalanced trichotomy (with the majority in the low category), arrived at through asking sample respondents to estimate the ratio of coworkers populating the three quality levels. This approach suggests a 50%/35%/15% segmentation across the low/middle/high-quality levels, respectively, but is not based on the administration of validated LMX scales; although it does stand in contrast to other research that does *not* suggest that the low-quality level will predominate the segmentation scheme (cf., Graen & Schiemann, 1978; Liden & Graen, 1980; Vechio & Gobdel, 1984). Instead, this approach suggests that the middle group will either be as large as or larger than at least one of the other segments. While Kramer's (1995) approach is empirical inasmuch as it arises from the "characterization of coworkers" information provided by respondents, it is anecdotal rather than empirical in its "categorization of others" approach.

The current non-consensus related to the identification of the middle-quality LMX group provides an opportunity for the development of rigorous and robust approaches to accurately identify and assess this important workforce population. Needless to say, there is an urgent need to devise measurement strategies that will assist researchers in isolating the middle-quality group and, subsequently, advance LMX theory.



## MEASUREMENT SUGGESTIONS FOR FUTURE RESEARCH

A focus on the polar ends of the LMX distribution in the absence of an empirically rigorous and accurate operationalization of the middle group most certainly results in contamination of the low and high quality segments with portions of the middle. In order to avoid this threat to the internal validity of ongoing LMX research, a precise and accurate operationalization of middle-quality LMX is essential, and is a necessity for future research.

During an early era of LMX, Vecchio and Gobdel (1984) noted the challenge facing trichotomization of LMX. Measurements of LMX are considered continuous, and imposing a grouping of the scores to designate low-, middle-, and high-quality artificially creates categories (Vecchio & Gobdel, 1984). In addition, dividing LMX into three groups based on a continuous scale permits “sample-specific differences in ranges and distributions” (Vecchio & Gobdel, 1984, p. 7), which can influence the classification. Vecchio & Gobdel (1984) suggested employing regression techniques to maintain the integrity of the continuous nature of LMX scales in conjunction with other statistical procedures such as mean differences procedures. Little progress has been made beyond this point.

It is not until the recent series of studies by Harris and colleagues (e.g., Harris et al., 2005; Harris & Kacmar, 2006) that the notion of segmenting LMX quality levels in accordance with sample distribution properties arises. In positing a curvilinear relationship between LMX level and turnover intent, these studies arrive at an empirically compelling characterization of the middle-quality level (that is, the range in which middle-quality LMX has *beneficial effects on turnover intentions*) that consists of a half

standard deviation on each side of the mean tendency in a given workforce sample (Harris et al., 2005). Yet, even this empirically-oriented observation is only provided as a *potential* avenue for future research and only in the context of a range in which beneficial impacts of middle-quality status have upon outcome variables – specifically, turnover intentions. While such an outcome provides impressive evidence for the often mentioned notion that middle-quality employees may perform better in some important ways than their more highly-stressed and overworked high-quality colleagues, this suggestion of a distributional characteristic does little to provide empirical guidance for identifying the middle-quality segment based on rigorous distribution-based approaches derived from administration of validated LMX scales.

Distribution-based approaches to segmenting characteristics of interest in a sample (as in Harris et al., 2005) have also been very useful in other literatures, where researchers sought empirical operational approaches designed to characterize important middle groupings of a population characteristic in contrast to low and high levels of the characteristics. For example, in identifying mid-range innovation adoption tendencies related to technology use (i.e., majority adopter status in comparison to innovators and laggards), Stafford (2003) expanded upon Mahajan, Muller, and Bass's (1990) distribution-based approach to operationalizing adopter characteristics. The resulting distribution-based method effectively demonstrated robust low, medium, and high groupings of adopter tendencies, which were subsequently useful for operationally categorizing respondent membership at the various levels. The approach used was based on normally distributed scores from validated scales designed to assess adopter characteristics, and it leveraged the sample distribution on the scale based on the mean

tendency and increments of standard deviation ranges (i.e., +/- 1 standard deviation from the mean) for operationalizing not only the lowest and highest levels of the quality but also the resulting balance representing the middle (i.e., the combined early and late majority groupings). Such an approach demonstrates logic similar to that of Harris et al. (2005), in their suggestion that middle quality should be characterized in accordance with a distribution around a sample-based central tendency. This operational approach also has a significant advantage, in being distributionally-based on worker characteristics rather than arbitrary groupings, intuitive though such anecdotal approaches may have been in early LMX studies. The only potential weakness of the approach depends upon the assumption of normality, which is warranted in many cases but not all. Hence, ongoing applications of this emerging empirical operationalization, as applied to LMX in the workforce, should determine the circumstances in which LMX quality is distributed in accordance with normal assumptions or is not.

It stands to reason that rigorous assessment of the suggested characteristics of the middle-quality levels of LMX will also require empirically rigorous methods for identifying this grouping for such research to provide any additional contribution to what is already known on the matter. We suggest that future research focused on operationally defining the middle-quality segment should seek to determine whether the conservative  $\frac{1}{2}$  standard deviation range from the mean (specifically, the optimal level indicated by the point  $\frac{1}{2}$  standard deviation *above* the mean) derived from Harris et al. (2005), or whether more liberal full standard deviation range characteristic of diffusion of innovation research (e.g., Stafford, 2003) best characterizes the region in which beneficial middle-quality LMX effects reside. As a practical suggestion that seeks to meld the best

approaches of the only two methods available for guidance on operationally identifying middle-range qualities of a population characteristic, we propose a distributional scheme that operationalizes middle-quality LMX as the mean sample plus one full standard deviation *forward* from the mean.

Carefully examining the curvilinear result demonstrated by Harris et al. (2005) (see pp. 372–373), it can be seen (in Figure 1) that the plus and minus  $\frac{1}{2}$  standard deviation approach speculated upon (indicated by the cross-hatched area under the curve) may well account for the strongest possible response on the turnover intent measure employed to benchmark against LMX scores, but the range is not sufficiently broad enough, particularly at  $\frac{1}{2}$  standard deviation above the mean, only, for operationally assessing middle segment membership.

Moreover, as indicated in Figure 1, the area indicated by  $\frac{1}{2}$  standard deviation *below* the mean appears to encroach upon an area that clearly represents the low-quality range. If, on the other hand, if the plus or minus one *full* standard deviation approach used in innovation of diffusion research (Mahajan et al., 1999; Stafford, 2003) is applied as a potential middle-range filter, the lower range would extend to a substantial portion of low-quality territory. Yet, using the notion of looking at deviation *above* the mean of Harris et al. (2005) combined with Stafford's (2003) one standard deviation range, as opposed to Harris et al.'s (2005) half-deviation logic yields an area in the curve *above the mean* that comprises both the optimal point for LMX quality on the outcome variable as well as a symmetric distribution of mid-range LMX quality juxtaposed against outcomes comprising exceedingly good turnover intention response.

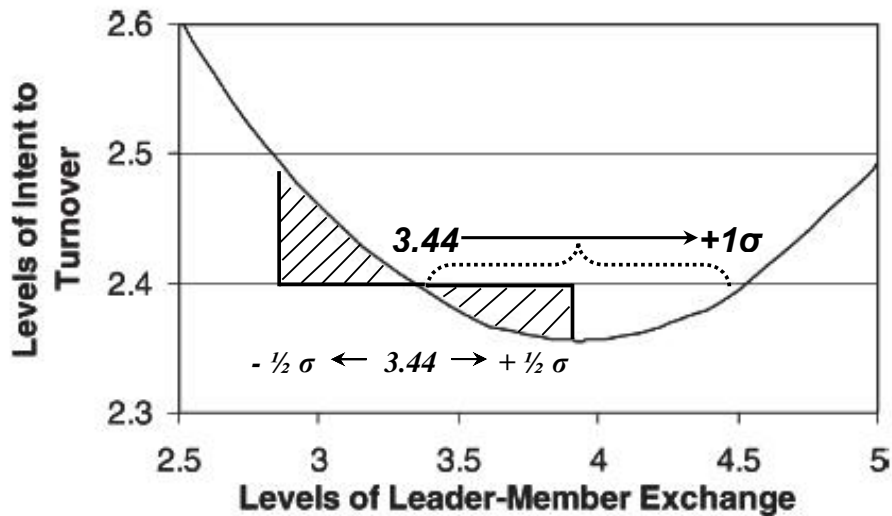


Figure 1. Distributional Operationalization of Curvilinear Middle-Range LMX. Adapted from K.J. Harris, M. Kacmar, and L.A. Witt, 2005, *Journal of Organizational Behavior*, 26, p. 372. With permission.

Thus, as a practical suggestion that seeks to meld the best approaches of the only two methods available for guidance on operationally identifying middle-range qualities of a population characteristic, we propose a distributional scheme that operationalizes middle-quality LMX as the area under the curve ranging from the mean sample response to the LMX7 scale, plus one standard deviation *forward* from the mean. This means that the low-LMX regions is specifically accounted for in the region *below* the mean, which has anecdotal and intellectual appeal, in regards to the range of values accruing to low, medium and high.

For that reason, we suggest that future research specifically investigating the performance of the middle-quality LMX segment, and operationalize membership of this level by the empirical benchmark of the range accounted for by the LMX mean, plus one standard deviation forward of the mean. This rubric, if considered in the context of the

response curves provided by Harris et al. (2005), arrives at a distribution grouping wherein the low-quality level is largest (approximately half of the sample), with middle-quality second largest (about 30%), and high-quality smallest (about 20% of the sample). This outcome closely parallels the distribution of Kramer (1995), who employed a method of having employees estimate the percentages of colleagues in each quality level; he arrived at 50/30/15 distributional breakdown.

If this operational logic is applied to data yielding a linear rather than curvilinear response of the target variable to LMX, a similar grouping also emerges. As seen in the results of Hochwarter (2005), shown in Figure 2, comparing job tension against the 5 point LMX7 scale for negative affective state, operationalizing middle LMX from the mean to one standard deviation forward results in a distributional grouping of approximately 50% in low-quality, 30% in middle-quality and 20% in high-quality. As was the case in applying the plus/minus  $\frac{1}{2}$  standard deviation to the curvilinear response in Figure 2, the range under the curve accounted for by a standard deviation spanning both sides of the mean is both insufficient in size, and also encroaches well into the area best considered as low-quality LMX. Hence, even in a linear LMX response, a full standard deviation forward from the mean appears to best indicate the middle range. To that end, a pattern appears to be emerging in terms of middle-quality operationalization: a large low quality segment, followed by a moderately-sized middle segment, concluding with a smaller but significant high-quality segment, are all indicated by deployment in accordance with the normal distribution, and based on a full standard deviation above the mean to indicate middle-quality.

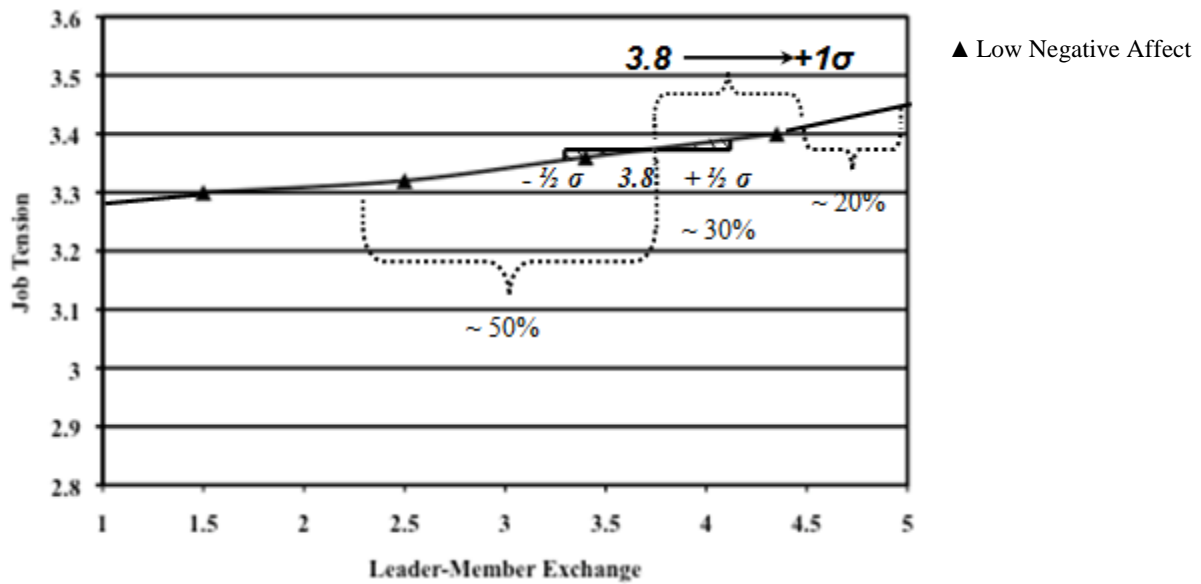


Figure 2: Distributional Operationalization of Linear Middle-Range LMX. Adapted from: W. Hochwarter, 2005, *Journal of Business and Psychology*, 19, p. 514. With permission.

This operational logic of using the normal distribution to array beyond the one positive standard deviation range for middle-quality is this: with normal data, 65% of responses fall within one standard deviation above and below the mean, and 95% of responses fall within two standard deviations above and below the mean. Using one standard deviation *above* the mean as the operationalization of middle-quality LMX accounts for about half of the 65% of responses that will fall one standard deviation *above and below* the mean in a normal distribution. While this would be exactly 32.5%, it seems cleaner and more concise to simply say “approximately 30%.”

Moving forward on the curve from middle-quality to the high-quality range is simply a matter of taking half the remaining distance accounted for by plus and minus *two* standard deviations (and accounting for 95% of all responses, or 65% plus another

30%). This would result in a range of 15% under the curve (half of the difference between 65 and 95), but rounding upward to account for the final 5% of the distribution (since 99.9% of normally distributed scores that fall within 3 standard deviations above and below the mean) results in an upper range that amount to about 20% of responses would characterize high-quality LMX. Using this logic to determine low-quality LMX, results in about half of the scores falling in the range below the mean, given that middle and high occupy the range under the curve from the mean, forward.

We believe, based on both curvilinear and linear analysis of LMX response rates, that an approximate 50/30/20 pattern of low/middle/high-quality LMX distribution will be generally applicable for the proper placement of distribution-derived middle-quality LMX in most circumstances, so long as the data upon which the distribution is based is normal. There will certainly be specific circumstances in managerial research where data under study will not be normally distributed, but it stands to reason that normality can be presumed in a majority of circumstances, as would typically be predicted by the central limit theorem in the case of large samples drawn from the general population. Hence, the limitation and condition upon which this theoretical approach is based relies upon normal data distributions.

The compelling advantage of a *distribution-directed operationalization* of the middle-quality segment is its applicability across a range of circumstances for outcome variables and samples. The proposed operational assessment, being distribution-based, will always be specific to the data sample at-hand, and operationalized according to the unique distributional characteristics of the target outcome variables selected, subject to the reasonable expectation of normality.



Lastly, perhaps the best way to approach the perplexity surrounding dichotomy versus trichotomy measurement of a leader-member exchange sample is to design a scale that directly assesses the LMX quality groups. Graen and Scandura (1987) conceptualized a role-making model of LMX that presented three stages of LMX—role taking, role making, and role routinization (also referred to as low-quality, middle-quality, and high-quality, respectively). Graen and Scandura (1987) characterized each of the stages with certain behaviors exhibited by leaders and members. For example, the role-taking stage was characterized as an economic transaction, the role-making stage is built upon mutual contribution of valued resources, and the role-routinization stage is typified as the commitment phase. This model was followed by Graen and Uhl-Bien's (1991, 1995) "life cycle of leadership making" model, which was developed to identify the process of a manager and subordinate's relationship progressing from a low to middle to high quality relationship; these exchanges were referred to as the stranger, acquaintance, and maturity stages, respectively. As with the role-making model, each stage was typified by certain characteristics. Therefore, developing a scale that explicitly assesses the characterizations of each stage may be a more rigorous approach to the measurement dilemma. However, there are a couple of obstacles to this approach: First there is the evolution of the theoretical conceptualization of LMX since its inception (e.g., role making, leadership making; Schriesheim, et al. 1999). Second, Dienesch and Liden (1986) contend that there is minimal theory development that has directly addressed how LMX relationships develop during the role-making process, subsequently this can be an issue for the leadership making model also.

## CONCLUSION

Despite a significant literature indicating the importance of investigating a middle-quality group (e.g., Fairhurst & Chandler, 1989; Graen & Schiemann, 1978; Graen & Uhl-Bien, 1995) and Graen and Cashman's (1975) initial development of a three-part grouping of LMX (in, out, and middle), scholars have continued their quest to theorize and empirically define the LMX developmental process without the hindsight from past studies to employ foresight which would include the middle-quality group in the process. We hope this review of the most prominent LMX middle-quality dyadic relationship studies stimulates researchers to further investigate the theoretical and empirical potential of this group.

Optimistically, we hope to arouse thought-provoking research questions such as:

1) How do employees evolve to the middle-quality level, 2) What are the specific attributes of the middle-quality employees, and 3) What are the unique workplace outcomes generally associated with this group? Such a "leveled" perspective (cf., Graen & Uhl-Bien, 1995), examining not only employee characteristics but also the dyadic processes that lend to the progression between LMX stages, will inevitably provide greater illumination of the evolving LMX construct, and hence lead to greater validity in its testing (e.g. Schriesheim & Cogliser, 2009).

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## CHAPTER 4

### **“SOCIAL DEATH”: THE CURVILINEAR EFFECT OF LEADER-MEMBER EXCHANGE ON OSTRACISM**

A non-response to a cheerful good morning greeting, the avoidance of eye contact, or a coworker’s quick exit upon a colleague’s entrance are all situations that commonly take place in today’s work environment. Whether deliberate or unintentional, these poignant, socially ostracizing actions create a landslide of feelings in people. Workplace ostracism has recently been defined as “when an individual or group omits to take actions that engage another organizational member when it is socially appropriate to do so” (Robinson, O’Reilly, & Wang, 2013, p.206). Such incidents of workplace ostracism are becoming more commonplace, with most individuals claiming to be the source or target of ostracism (Ferris, Brown, Berry, & Lian, 2008).

Referred to as “social death” in anthropology and sociology, being ostracized produces both psychological and physical consequences. Being socially scorned is hurtful and may cause stress, depression, loneliness, (Baumeister & Leary, 1995; Leary, Tambor, Terdal, & Downs 1995), lethargy (Twenge, Catanese, & Baumeister, 2003), turnover intent (Ferris, Brown, Berry, & Lian, 2008), and may reduce helpful behaviors (Twenge, Baumeister, DeWall, Ciarocco, & Bartels, 2007). Subsequently, it impacts social networks within the organization, such as leader-subordinate and coworker relationships and, consequently, organizational outcomes.

Despite the detrimental outcomes of workplace ostracism, little, if any, theoretical and empirical research has explored how a leader’s differential treatment of an employee may induce perceived ostracism. One of the most researched supervisor-subordinate

theories is leader-member exchange (LMX) (Schyns & Day, 2010). The core of LMX theory is differential treatment of employees, thereby establishing an implicit status classification (Graen & Uhl-Bien, 1995). A high-quality relationship is characterized as possessing a high degree of mutual trust, respect, and admiration. On the other hand, low-quality relationships lack these merits. Employees involved in high-quality relationships are therefore beneficiaries of rewards, career support, and favors from their supervisor (Wayne, Shore, & Liden, 1997). Unlike low-quality relationships, an obligatory relationship is formed in high-quality relationships where the supervisor expects employees to return favors and perform beyond their employee contracts (Liden & Graen, 1980; Wayne et al., 1997). Employees are aware of their LMX status (Henderson, Liden, Glibkowski, & Chaudhry, 2009; Vidyarthi, Liden, Anand, Erodgan, & Ghosh, 2010), and subsequently, differential treatment of followers can influence coworkers' interpersonal relationships (Sias, 1996, 2009).

Historically, LMX researchers have primarily concentrated on the positive outcomes of high-quality relationships and the negative outcomes of low-quality relationships. Moreover, LMX researchers have largely ignored the negative consequences that may be associated with being an employee involved in a high-quality relationship (Rousseau, 2004), with the exception of Harris and colleagues (see Harris, & Kacmar, 2006; Harris, Kacmar, & Witt, 2005) who found a positive relationship between high-quality LMX subordinates and stress, and also with turnover intent. Our study takes another step forward in this area of research and builds on the scholarly knowledge base examining the dark side of high-quality LMX relationships. Specifically, we suggest an exception to the generally accepted idea that high-quality LMX relationships are

equivalent to positive outcomes (Gerstner & Day, 1997; Schriesheim, Castro, & Cogliser, 1999). We propose that the level of workplace ostracism, which is a negative outcome, will be higher for some employees in high-quality relationships as well as employees in low-quality relationships. Considering, a sense of prestige is associated with being in a leader's "elite" group, envy and jealousy are bound to become factors that impact co-workers' relationships with each other (DeSteno, Valdesolo, & Bartlett, 2006; Kim, O'Neill, & Cho, 2010) and therefore are possible contributors to ostracism. Given LMX is positively related to organizational citizenship behavior, normative and organizational commitment (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012), we expect the majority of high-quality members are not ostracized, but we do suspect there will be a small presence of some high-quality members who will be ostracized. We further postulate that some members in high- and low-quality LMX relationships will be ostracized (to some extent) due to their implicit LMX classification; consequently, we expect the relationship between LMX and workplace ostracism may be best depicted as curvilinear.

We advance theoretical and empirical research on LMX by suggesting a negative outcome for high-quality relationships and in addition, we examine the possibility of a curvilinear relationship between LMX and ostracism. Studies revealing a curvilinear relationship between LMX and other constructs have significance, as they suggest that a "paradigmatic shift from linear to curvilinear models is needed to improve management theory and practice" (Pierce & Aguinis, 2013, p. 317). Lastly, this study answers the call for research that focus on more universal and subtle forms of deviant behavior that encompasses all levels of people in an organization (Ferris et al., 2008).

## **LEADER-MEMBER EXCHANGE**

Leader-member exchange theory was developed around role theory (Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964) and social exchange theory (Blau, 1964). The LMX process characterizes the relationship between a leader and an employee, focusing on their respective roles and the subsequent quality of the relationship. According to the existing literature (Erdogan Liden, & Kraimer, 2006; Graen & Uhl-Bein, 1995; Scandura, 1999; Sparrow & Liden, 1997), leaders form unique relationship-based social exchanges with their subordinates based on trust and liking. Higher levels of trust and fondness may lead to a high-quality relationship, whereas a lower-quality relationship is characterized by a strict economic exchange that is embodied by the formal job description.

### **High-Quality Leader-Member Exchange Relationships**

Research (Harris & Kacmar, 2006; Hofmann, Morgeson, & Gerras, 2003) has indicated that employees in high-quality relationships are more dependable; exhibit organizational citizenship behaviors (OCBs); have lower turnover rates, greater organizational commitment, greater job satisfaction (Graen & Uhl-Bien, 1995; Liden, Wayne, & Stilwell, 1993); and have less role-related stress (i.e., role overload, role ambiguity) and conflict (Legace, Castleberry, & Ridnour, 1993) than low-quality LMX employees. In high-quality LMX relationships, employees' bonds with their leaders are built on the foundation of mutual trust, respect, honesty, communication, and sharing of social networks (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Harris et al., 2005; Liden & Graen, 1980). This creates an appearance of a peer-to-peer relationship rather than a supervisor-subordinate relationship (Kramer, 2004). A reciprocity component also exists in their relationship, as such high-quality LMX employees are expected to perform

beyond their contractual duties (Northouse, 2010; Wayne & Green, 1993; Wayne, Shore, & Liden, 1997)

Consequently, high-quality LMX relationships between employees and managers result in positive outcomes for the organization (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). Gerstner and Day (1997) contended that "...high-quality exchanges are consistently related to favorable individual outcomes" (p. 839). For this reason, most LMX research is centered around the highly desirable positive consequences of the highest quality supervisor-subordinate relationship (Kramer, 2004).

### **Middle-Quality Leader-Member Exchange Relationships**

Not every employee can be rated "highest," yet it is undesirable for a large number to be ranked poorly. Hence, there will always be a group that simply falls "in between." The importance of studying and understanding the middle-quality LMX group within firms has been suggested for decades (Fairhurst & Chandler, 1989; Graen & Schiemann, 1978; Kramer, 1995), yet researchers have continued, understandably, to focus on the dramatic and highly desirable characteristics of the very best performers, as differentiated against the very worst.

From an empirical perspective, the handful of studies that have been conducted provide evidence that the middle-quality group merits distinct recognition. Vecchio and Gobdel (1984), Liden and Graen (1980), and Kramer (1995) all found unexpected positive outcomes for this group as compared to the high-quality group. For example, there are indications that members of the middle-quality group have more open communication with their supervisor, the highest levels of job satisfaction, engage in the highest level of administration decision making, and experience the lowest levels of



stress and role ambiguity. In addition to these findings, Harris and colleagues (2005) found evidence of lower turnover rates for middle-quality LMX members as compared to the higher quality group. This is both logical and intuitive when one considers that high-quality employees get the most challenging and most important assignments, which can result in considerable pressure and stress, whereas the low-quality employees are naturally disaffected by their low status, and likely to be less happy with their situation. The high-quality employees may to be overworked, hence disaffected, while the low quality employees, being unappreciated, are similarly disaffected with their lot. The employees in the middle-quality group are not overworked to an extent that they cannot enjoy their job, while, at the same time, they are not unappreciated, which makes them much less likely to be disaffected. Considering that low-quality and high-quality groups exist at opposite ends of the LMX spectrum, it is plausible that some low-level resentment may exist toward these groups. Essentially, the middle-quality group exists as an equilibrium point between the low- and high-quality groups, and as such, may escape some of the underlying strife.

### **Low-Quality Leader-Member Exchange Relationships**

There are significant differences in employee performance and outcomes between employees in high-quality and those in low-quality LMX relationships (Northouse, 2010). In comparison to high-quality LMX, low-quality characteristics and attributes are virtual antithesis of the high-quality state. While high-quality LMX is strongly associated with positive organizational outcomes, low-quality LMX is predictive of negative outcomes. Low-quality members have a higher propensity for turnover, produce lower quality work, are less productive, have less motivation to be creative problem solvers,

and are less motivated to work toward fulfilling an organization's goal. In addition, they are also more apt to file grievances, since their lower status in contrast to the status of members in high-quality group is generally something that they are aware of, which may lead to resentment (Scandura, 1999).

The negative predisposition of employees in the low-quality LMX group toward their jobs may arise from their perceptions of being less trusted and their realization that managers may consider them less loyal since their interactions with their managers are less communicative and more formal—and that they also lack the intimate manager-employee interactions that high-quality LMX employees enjoy (Dienesch & Liden, 1986; Fairhurst & Chandler, 1989; Kramer, 1995; Liden & Graen, 1980). Being identified as a low-performing out-group member, low-quality LMX employees receive the more mundane assignments, less supervisory support, get little (if any) input into decision making, and are excluded from their leader's social networks. The perceived inequalities created by the different LMX groupings can have a damaging effect on the feelings, attitudes, and behaviors of members not included in the high-quality group (Northouse, 2010), possibly leading to behaviors typical of social exclusion from a desired group (i.e., workplace deviance, turnover, ostracism).

### **WORKPLACE OSTRACISM**

Workplace ostracism, referred to as simply *ostracism* throughout the paper, is considered a form of organizational deviance and estimated to cost organizations billions of dollars a year (Bennett & Robinson, 2000). As with other deviant behaviors, ostracism produces work-related stress, costing organizations in terms of sick days and insurance costs; in addition, the turnover associated with ostracism results in a firm's loss of

intellectual capital, loss of organizational knowledge, and added expenses associated with the recruiting and training of new employees (Ferris et al., 2008).

Despite costs to a firm from employees' health and well-being, an organization's bottom line, and the pervasiveness of ostracism in the workplace, ostracism has not received the attention in organizational psychology that it warrants (Ferris et al., 2008; Sommer & K.D. Williams, 1997; Williams, 2007). Sommer and K.D. Williams (1997) contended that "there have been no programmatic attempts to examine this phenomenon empirically or to integrate theoretically its impact on individuals' emotions, cognitions, and behaviors" (p. 693).

### **Ostracism and Leader-Member Exchange**

Sias (1996, 2009) posits that a leader's differential treatment of employees can affect coworkers' interpersonal relationships and can lead to the ostracism of certain employees. The pivotal tenet of LMX theory is the differential treatment of employees. The degree of fairness in differential treatment is the primary driver that can lead to ostracism (Sias, 2009). For example, when an employee receives unwarranted favoritism from the leader, that employee may be ostracized for being the boss's "pet"; consequently, dislike and distrust develops as part of the relationship between the boss's pet and the other employees (Rousseau, 2004; Sias, 2009). It is plausible to assume that the relationship between the "boss' pet" and the leader is of high-quality and that the favored treatment is warranted as part of the obligatory exchange characteristic of high-quality relationships. For an employee to be a leader's favorite, that person is more than likely receiving resources from the leader that are not being distributed to all employees equitably, hence the resentment from coworkers. From the perspective of the

conservation of resources (COR) theory (Hobfoll, 1988), suggesting that people are motivated to acquire resources such as the supervisor's attention, a perception of lopsidedness in the distribution of resources may encourage employees to engage in deviant behavior such as ostracism. According to Brotheridge and Lee (2002), the perceived loss of resources can cause psychological discomfort; hence, employees may resort to maladaptive behavior to cope.

Another consequence of high-quality relationships is open bidirectional communication between the leader and the member (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995). Therefore, the high-quality member may become the leader's "eyes and ears" in a business unit. In other words, the leader can depend on that member to share information (that may otherwise not be available) about other members in his or her group. Thus, employees may view the high-quality member as an infiltrator and ostracize him or her for that reason. Extending this perspective further, Schyns and Day (2010) suggest that members of "poor exchange qualities" may view members in high-quality relationships with jealousy, resentment, and possibly anger. A study conducted by Kim et al. (2010) revealed employees in low-quality relationships were envious of high-quality members and, subsequently, withheld organizational citizenship behaviors. However, all employees *that are not* in high-quality relationships ostracize the boss's pet. Some employees may perceive the preferential treatment undeserving while others may think these privileged employees deserve their status because they recognize the exchange of resources. For example, some observant employees may note that the favored employee works long hours, displays loyalty to the leader, and consistently

performs above expectations. The specific reasons underpinning the root of the ostracism is beyond the scope of this paper but is worthy of future research.

Conversely, some members of a low-quality relationship that receive warranted discriminating treatment from the leader (possibly stemming from an employee's poor job performance, habitual tardiness, etc.) may be ostracized (Sias, 2009). Ostracism may occur because other members do not want to be guilty of the same work-related behaviors and attitudes by association ("halo effect") (Sias, 2009; Sias & Jablin, 1995). Furthermore, members may resent employees that are "slackers" (not carrying their share of the workload), and subsequently ostracize these employees.

However, we suggest middle-quality members are less likely to be targets of ostracism, as they do not have the privileges granted to the high-quality member, and therefore are not perceived as receiving an unfair amount of resources from the leader. Middle-quality group members have many positive outcomes that can rival those of high-quality members (e.g., high levels of job satisfaction, lower levels of stress and role ambiguity) (Kramer, 1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984), so we do not expect them to be targets of ostracism based on poor work performance or attitudes. More formally, we propose:

*Hypothesis: A U shape characterizes the relationship between leader-member exchange quality and ostracism. Specifically, ostracism is high when LMX quality is low, ostracism decreases when LMX quality is moderate to moderately high, and ostracism increases when LMX quality is relatively high.*

## METHOD

### Sample and Procedures

Participants in this study included employees from a non-profit organization (whose mission is to assist disadvantaged youth and families) and employees from a for-profit organization (an insurance company); both organizations are located in the southeastern region of the United States. Each organization had approximately 210 employees, providing 420 potential respondents. Potential employees received an e-mail from one of the organization's executives, which informed employees of the survey and indicated that it was voluntary. Potential respondents were also informed that the survey was designed to understand the relationships between "employees and their managers" and "employees and coworkers." To insure confidentiality, participants received a pre-addressed envelope by a human resources manager to return the self-administered surveys; this offered anonymity from other employees if employees wished to complete surveys away from the worksite. A nominal incentive was offered for their participation. Surveys were coded prior to distribution and the respondents were "deidentified" through a third party to insure confidentiality and anonymity with the researchers.

Over a 4-week period, 67 employees from the nonprofit organization responded. From the for-profit organization, another 67 employees responded, but 2 surveys were discarded due to missing data. Of the 420 surveys distributed, 134 were returned for a response rate of 32%. Slightly more than 80% of the study participants were female. Over half the participants (53%) were married. Nearly half (48%) of the respondents were African American, with Caucasians comprising approximately 36%, and Hispanic, Asian, and other race made up the remaining 16%. The average age of the respondents was 42

years, and over 52% had obtained a college degree. The average number of years that employees had been with their company was 5 1/2 years, and the average length of time respondents had been with their managers was 2 1/2 years.

## **Measures**

**Leader-member exchange.** LMX was measured using Scandura, Graen, & Novak, 1986)7-item LMX scale which was modified to an 8-item scale. This scale was selected based on Gerstner and Day's (1997) meta-analysis, which determined that this scale had the best psychometric properties of all LMX-measuring instruments. Participants responded to a 7-point Likert-type scale (1 = strongly disagree to 7 = strongly agree). The scale was modified because Item 1 actually encompassed two questions. The question was stated as: "*Do you know where you stand with your leader? Do you usually know how satisfied your leader is with what you do?*" However, this question was separated into the two following questions: 1) "I usually know where I stand with my immediate supervisor." and 2) "I usually know how satisfied my supervisor is with what I do." The full eight item scale's internal reliability was .935.

**Workplace ostracism.** Ostracism was measured using Ferris et al.'s (2008) 10-item scale. Sample items included "*Others ignored you at work*", "*Others left the area when you entered*", and "*Others avoided you at work*". Response options corresponded to a 7-point Likert-type scale (1 = never to 7 = always). The scale's internal reliability was .831.

**Control variables.** We controlled for race and gender since it has been determined that the quality of a leader and member's relationship can be influenced by demographic similarities (Tsui & O'Reilly, 1989). We dummy-coded gender with men as

“0” and women as “1”. Race was also coded, with African American as “0” and all other races as “1”. In addition, we controlled for organizational tenure because it has been identified to have a significant impact on LMX relationships (Bauer & Green, 1996). Organizational tenure was measured in blocks of months. For example 1 to 60 months was coded as 1; 61 to 120 months was coded as 2; 121 to 180 was coded as 3; and 181 to 220 was coded as 4. In addition to these three variables, we controlled job satisfaction because research (Edwards, 1992) indicates its critical role in LMX relationships and its relationship with lower levels of job satisfaction (Ferris et al., 2008). The job satisfaction scale consisted of 3 items from Cammann, Fichman, Jenkins, and Klesh’s (1979) Organizational Assessment Questionnaire. Participants responded to a 7-point Likert-type scale (1 = strongly disagree to 7 = strongly agree). A sample item from the scale is, “*All in all, I am satisfied with my job.*” The internal reliability for this scale was .859.

### **Analyses**

Hierarchical regression analyses were conducted to test for a curvilinear effect to support our hypothesis. Prior to performing this procedure, we conducted a t-test to determine if it was appropriate to merge the data from both organizations into one sample. We next implemented two analyses to test for common method variance (CMV). A Harman One-Factor test (Podsakoff & Organ, 1986) was performed to determine if all of the items in the present study loaded on a single factor. This was followed by a confirmatory factor analysis (CFA) to insure LMX and ostracism were two distinct constructs.

After conducting testing for CMV, we performed hierarchical regression analyses to detect a nonlinear relationship between LMX and ostracism. In Step one, we entered



the control variables of organizational tenure, ethnicity, gender and job satisfaction. We next entered the linear LMX term followed by the quadratic term in the third step. Finally, the polynomial term for LMX was entered. During each step, we determined if the LMX term(s) explained a significant amount of variance. For example, if linearity is the best depiction of the LMX-ostracism relationship, then only LMX should explain a significant amount of variance. On the other hand, if appending the squared LMX term explains a significant amount of variance above the linear term, then a curvilinear form (either a U shape or an inverted U shape) would be more representative of the relationship between the two constructs. Ultimately, if a considerable amount of variance beyond linear and curvilinear could be explained with a cubed LMX term, then the relationship would reflect two bends in the curve, hence an S shape.

## **RESULTS**

### **Independence of samples**

We conducted a t-test to determine the appropriateness of combining the data from the two organizations into a single sample. The Levene's test was used to compare the organizations. The results indicated there were no statistically significant differences between the companies regarding gender ( $t = .521, p = .604$ ) and organizational tenure ( $t = .547, p = .586$ ). There were statistically significant differences between the two companies regarding job satisfaction ( $t = 3.682, p = .000$ ) and ethnicity ( $t = 3.399, p = .001$ ). Company 1 (the nonprofit organization) had significantly more African American employees (76%) than Company 2 (the for-profit organization) (23%), and their employees were more satisfied with their jobs than the employees of the for-profit

organization. To recognize the differences across the organizations, effects due to job satisfaction and race were controlled for in the statistical analysis.

### **Common Method Variance**

The predictor and criterion variables were collected at the same time, increasing the probability for CMV (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). To detect the presence of CMV, we conducted a Harman One-Factor test (Podsakoff & Organ, 1986), where the basic premise is CMV is present if a single factor emerges from a factor analysis representing 50% or more of variance. Specifically, we conducted an EFA using a principal-components extraction and unrotated option, which yielded multiple factors with the first factor explaining approximately 35% of the variance. This provides some evidence that CMV should not overly influence the results of our testing.

In addition to the Harman One-Factor test, we conducted a confirmatory factor analyses (CFA) to establish sufficient convergent and discriminant validity among the LMX and ostracism constructs. Relative to the number of measurement items, we had a small sample size; therefore, to improve the ratio of N to items, we reduced the number of items (Little, Cunningham, Shahar, & Widaman, 2002). Based on factor analysis results, items with the highest and lowest loading for each construct were combined first, followed by the items with the next highest and lowest loadings and so forth. This resulted in four parceled indicators for LMX and five parceled indicators for ostracism.

We first tested a one-factor model with all items loading into one latent factor. As shown in Table 1, the one-factor model demonstrated poor fit to the data but was significantly improved with the two-factor model ( $\Delta\chi^2 = 301.67, p < .00$ ). Therefore, LMX and ostracism are distinct constructs.

Table 1.  
Confirmatory Factor Analysis Results for Leader-Member Exchange (LMX) and  
Ostracism

Competing Model	$\chi^2$	<i>df</i>	$\Delta\chi^2$	$\Delta df$	RMSEA	SRMR	CFI
One-factor model	343.91	27			.36	.26	.64
Two-factor model (LMX and ostracism)	42.24	26	301.67***	1	.07	.036	.98

Note. RMSEA = root mean square error of approximation; SRMR = standardized root mean square residual; CFI = comparative fit index.

\*\*\* $p < .001$

Table 2 presents means, standard deviations, and intercorrelations. As predicted, LMX and ostracism were negatively and significantly related. Additionally, the control variables gender, and race (2, African Americans compared to other races) were significantly and positively related to ostracism. Not surprisingly, job satisfaction and LMX were significantly and negatively related to ostracism. Considering this, the analysis suggests that females that were neither Caucasian nor African American and were in low-quality LMX relationships felt they were being ostracized. Moreover, these results further support the importance of including these control variables in this study.

### Regression Analyses

A hierarchical regression analysis was conducted to examine if, as predicted, the relationship between LMX and ostracism is better supported as nonlinear (See Table 3). In Step 1, the control variables were entered and this revealed that other races were significantly and positively related to ostracism. This suggested that women who were neither African American nor Caucasian reported higher levels of ostracism than men. The control variable contributed 7% to the variance. In Step 2, the main effect was examined. The linear LMX term was introduced to the equation, and there was a negative

Table 2.  
Means, Standard Deviations, and Intercorrelations.<sup>a</sup>

	Mean	SD	1	2	3	4	5	6	7
1. Gender	.80	0.40	--						
2. Race 1 (AA & Caucasians)	.363	0.48	-0.06	--					
3. Race 2 (AA & Others)	.159	0.37	0.59	-.033***	--				
4. Tenure	1.64	0.95	0.08	0.15*	-.01	--			
5. Job Satisfaction	6.04	1.04	0.04	-0.05	0.05	0.03	--		
6. Leader-member exchange	5.48	1.25	0.05	-0.05	0.02	0.19*	0.58***	--	
7. Ostracism	1.52	0.64	0.15*	0.05	0.19*	-0.09	-0.17*	-.22**	--

<sup>a</sup>  $N = 132$ , AA – African American

\*  $p < 0.05$

\*\*  $p < 0.01$

\*\*\*  $p < .000$

relationship with ostracism, but the relationship was not significant. The linear LMX term only contributed an additional 1.7% to the variance.

For Step 3, we entered the quadratic LMX term, and it was negatively and significantly related to ostracism. The quadratic LMX term explained an additional 5.7% of variance, which was considerably more than the variance explained by the linear LMX term. Finally, in Step 4, the cubed LMX term was entered and it was positively and significantly related to ostracism and explained an additional 2.6% of the variance. These results partially support our hypothesis for a curvilinear effect. While the percent of variance increase for the cubed LMX may be small in magnitude, it does align with organizational research investigating nonlinear relationships (Champoux & Peters, 1987). Of interest is that the LMX linear term (seen in Step 2) explained only 1.7% of the variance as compared to the cubed LMX term explaining 2.6%.

Table 3.  
Hierarchical Regression Analysis of Linear and Nonlinear LMX Terms Predicting  
Ostracism

Variable	Model 1	Model 2	Model 3	Model 4
Step 1: Control				
Gender	.252	.254	.243	.228
Race 1	.190	.179	.193	.238*
Race 2	.371*	.370*	.372*	.391*
Organizational tenure				
Job satisfaction	-.096	-.037	-.010	.022
Step 2: Main effect				
LMX		-.085	.533*	2.047*
Step 3: Quadratic effect				
LMX squared			-.068**	-.455*
Step 3: Cubic effect				
LMX cubed				.029*
$\Delta R^2$		.017	.057**	.026*
Adjusted $R^2$	.073*	.084	.136**	.156*
F	3.063*	2.996**	3.949***	4.037***

Note. Unstandardized betas. LMX = Leader-member exchange

\* $p < .05$

\*\* $p < .01$

\*\*\* $p < .001$ .

The positive beta for linear LMX, negative beta for LMX squared, and positive beta for cubed LMX indicated that the curvilinear relationship would be best illustrated as S shapes. We illustrate the relationships between leader-member exchange and ostracism in Figure 1, Following a formula recommended by Cohen and Cohen (1983), who suggest including scale scores calculated by substituting “one high and one low value” (p. 225) as end points. For the low value, we selected two standard deviations below the mean, and for the high value, two standard deviations above the mean.

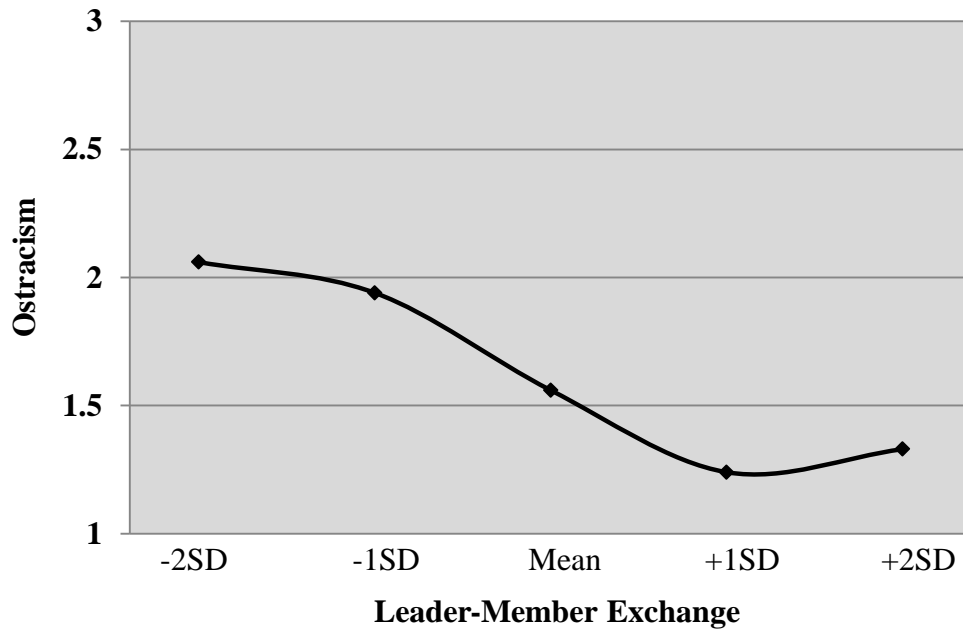


Figure 1. Relationship between leader-member exchange and ostracism.

## DISCUSSION

We predicted that low- and high-quality LMX relationships may make subordinates in these relationships targets of ostracism. The results of this study illustrate the relationship between LMX quality and ostracism is non-linear. While the cubed LMX is visually not as pronounced, there was a significant relationship between the cubed LMX term and ostracism. We speculate the lack of a noticeably positive relationship graphically for respondents who rate their LMX relationship to be of the highest quality and subjected to ostracism would be few in numbers as we proposed. Therefore, even though there was statistical significance, the number of respondents that actually fit “high quality” and “high levels of ostracism” was low. It has been empirically shown that high-quality members exhibit higher levels of organizational commitment, organizational

citizenship behavior, and normative commitment. Normative commitment refers to the belief that one has a responsibility to the organization (Dulebohn et al., 2012). In other words, a feeling of obligation governs an employee's behavior in meeting an organization's goals because it is the right thing to do. Organizational commitment is more of a global evaluation, linking the employee with the organization and including job satisfaction (Porter, Steers, Mowday, & Boulian, 1974). Organizational citizenship behavior is the individual behavior that is discretionary and not tied directly to one's formal job description or the formal reward system (Organ, 1988). Taken together, it seems reasonable that only a few high-quality members will fall outside the realm of these behaviors and be subjected to ostracism. Hence, there should be only a few of this employee type that fits within our hypothesis.

Past LMX research has concentrated on the positive outcomes of high-quality relationships and the negative outcomes of low-quality relationships. Rousseau (2004) substantiates this, stating that: "Organizational scholars tend to view strong leader-member exchange (LMX) relationships as a net positive to organization and to the employment relationship" (p. 267). The findings in this study are contradictory to the norm of high-quality relationships being equivalent to only positive outcomes; findings also suggest a methodological necessity to explore curvilinear relationships to expand imposed theoretical and empirical constraints.

### **STRENGTHS AND LIMITATIONS**

This study has several strengths. First, we found a significant curvilinear relationship while controlling for gender, ethnicity, job satisfaction, and organizational tenure. Second, to our knowledge, there are no other studies that have linked LMX and

ostracism. Gaining an understanding of the relationship between LMX and ostracism—a common phenomenon in the workplace—is important because the consequences can be devastating to the targeted individual and consequently affect an organization’s bottom line. Third, this study expands beyond the traditional acceptance of high-quality relationships equating to positive outcomes. Repositioning our focus to encompass possible negative outcomes nurtures the advancement of LMX theory. Lastly and just as important, we bring awareness to the middle-quality group. The curvilinear relationship strongly suggests the existence of another group aside from the low-quality and high-quality groups. Therefore, this beckons us to ask, “What is the role of the middle-quality group in other areas of LMX research such as development, cross-cultural, organizational outcomes, etc.?” Evidence of the presence of this middle-quality group presents multiple avenues for future research.

This study has several limitations. First, the study sourced the predictor and criterion variables from the same sample, presenting the potential for common method variance (Podsakoff et al., 2003). We attempted to address this issue by reverse-coding some of the questions and ensuring that LMX-related questions were separate from ostracism-related questions. Second, the use of cross-sectional data limits our ability to establish causation. While we have demonstrated the direction of the relationship between LMX and ostracism, there may be other reasons why individuals are targets of ostracism. Future studies may want to delve deeper into this possibility. Third, the data was self-reported data, which introduces the possibility of CMV and may have influenced our results (Podsakoff et al., 2003). However, we did conduct tests to demonstrate that this problem was not pervasive. Finally, the cubed term explained only 2.6% of the



variance. This, coupled with our small sample size of 132 respondents, may be viewed as a limitation.

### **DIRECTIONS FOR FUTURE RESEARCH**

The results of this study suggest a number of avenues for future research. First, this study could be improved with a larger sample size ( $N = 132$  in the current study). Second, a longitudinal design may be beneficial, as it would be interesting to examine the effects of long-term ostracism. Third, the results revealed that women of ethnic groups other than African American and Caucasian reported higher levels of ostracism. Future research should focus on cultural aspects of workplace ostracism.

This study follows the precedent established by Harris and colleagues (2005, 2006) with nonlinear effects. More research using this methodology could be of benefit to the LMX literature. Also considering that this is the only study (or one of few to studies) linking LMX to ostracism, there are plenty of research opportunities, for example, examining more complex models to include job satisfaction, turnover intent, organizational citizenship behavior, and productivity. Lastly, as noted previously, a curvilinear relationship suggests the presence of a middle-quality group; therefore, researchers going forward should attempt to isolate this group as they do low- and high-quality groups.

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## CHAPTER 5: CONCLUSION

The focus of this dissertation was to explore the theoretical and empirical potential of the leader-member exchange (LMX) middle-quality group's role in the LMX development process. Chapter 2 offered a conceptual model depicting the integration of three theories – LMX, implicit theories, and belongingness theories- to explain a manager and subordinate's evolution through the three LMX quality levels – low, medium, and high. The concept, LMX fluidity, is introduced to explain how these relationships may continue to evolve and change during the life of the relationship. Chapter 3 is a qualitative review of seventeen empirical papers that present statistical results of the middle-quality LMX group which provide support of the significance of this group's role in the LMX developmental process. More importantly, a good proportion of these studies exemplified the middle-quality group with work outcomes that rivaled the high-quality group. Finally, in Chapter 4, we demonstrated the complexity of LMX relationships with our hypothesis and empirical test of a curvilinear relationship between LMX quality and ostracism.

The common theme of the three chapters is the various ways, i.e., conceptually, historically, and empirically, that we demonstrate the middle-quality group's potential to become an important factor in elucidating the LMX developmental process. We extend the LMX theory in the investigations we conduct in each of the chapters. Chapter 2 contributes to the theoretical linkage between cognitive schemas and the emotional motivation – need to belong, and how these concepts serve as mechanisms that guide the LMX relationship through the different quality stages of LMX. Chapter 3 presents the theoretical and empirical power of the middle-quality group by presenting empirical

results and extrapolating these results to suggest future theoretical extension of the LMX theory. Lastly, the findings in Chapter 4 contradict the traditional theoretical conceptualization that high-quality relationships are equivalent to positive outcomes. We demonstrate, in the following paragraphs, a synthesis of these contributions that support our theorization of middle-quality's potential to alter the current perspective of this group.

In Chapter 2, we respond to the persistent inquiries *of how do LMX relationships develop?* (DeRue & Ashford, 2010; Erdogan & Liden, 2002; Nahrgang, Moregeson, & Illies, 2009; Uhl-Bien, 2003), and offer a conceptual model where we integrate LMX theory, implicit theories (leader, follower, and performance) (Engle & Lord, 1997; Epitropaki & Martin, 2004, 2005) and belongingness theory (Baumeister & Leary, 1995) to gain insight on how the manager's and subordinate's LMX relationship transitions and evolves through the three LMX quality factions – low-quality, middle-quality, and high-quality. Our investigation suggests that, from the subordinate's perspective, the quality of the LMX relationship transitions as the leader's actual behavior fulfills the subordinate's expectations of what they desire in a leader, i.e., leader implicit theories, and if their leader can fulfill their need to belong, i.e., belongingness theory - if this is something they so desire. In contrast, the leader's perspective of the quality of the LMX relationship will shift when the subordinate's actual behavior fulfills the leader's employee contractual and performance expectations, i.e., implicit follower and performance theories.

Our theoretical conception demonstrates how a manager's and subordinate's relationship may progress along a structured non-wavering path. But as we suggested,

the 21<sup>st</sup>-century workplace is filled with internal and external dynamics that may influence the relationship to deviate from an organized progression from low- to middle- to high-quality. We thus introduced the concept of “LMX fluidity” which we defined as “the shifting or changing of the state of LMX quality, including changes that occur within a quality level.” Specifically, we suggested LMX relationships have a much more fluid aspect, hence diverging from past LMX research that suggests once a LMX relationship is established it becomes static (Bauer & Green, 1996; Dansereau, Graen, & Haga, 1975; Graen & Scandura, 1987, Liden, Wayne, & Stilwell, 1993). Moreover, we suggest a another level of variability exists within each of the three LMX quality levels. Consequently, we proposed an extension of LMX theory that incorporates the modern-day workplace social interactions. Our extension of LMX theory adds clarity to the overall LMX development process, as it provides a logically connected path between low- and high-quality relationships by suggesting a repositioning of current LMX theory to be inclusive of the middle-quality group.

Continuing to build upon our theoretical underpinning in Chapter 2, in Chapter 3 we revisit the existing empirical study results that have isolated the middle-quality group outcomes. The compilation of these studies in a single unified discourse highlights the potential theoretical energy that the middle-quality group can bring to future LMX research. We concentrate on two areas that we feel can explicate the potential of the middle-quality group and advance LMX theory: 1) middle-quality outcomes, and 2) measurement issues. The outcomes of the middle-quality group are organized into several key categories, i.e., performance, turnover intent, job satisfaction and communication. The outcomes demonstrated that the consequences of middle-quality LMX relationships

can be more positive than high-quality relationships. More specifically, the results suggested that continuing to portray LMX as a dichotomy masks the reality of the complexity of LMX relationships in today's work environment. Augmenting LMX research with the middle-quality group will reflect the categorization of employees that is prevalent in today's work units (van Breukelen, Schyns, & Le Blanc, 2006), therefore better aligning theory with reality. Additionally, we suggested potential future research directions for middle-quality with some of the most researched variables in organizational behavior, i.e., job satisfaction and performance, hence suggesting a bevy of research opportunities.

Besides reviewing the empirical results of the middle-quality group, we also looked at the trichotomy methods that researchers utilized in their studies to isolate the middle-quality. This section indicated that there is not a consensus on how to statistically isolate the middle-quality group, and until a more statistically sound method is developed, the role of the middle-quality group in advancing LMX theory will continue to be minimal to nonexistent. Therefore, we suggested three options to improve trichotomizing an LMX sample. As suggested by Vecchio & Gobdel (1984), regression techniques with other statistical procedures such as mean difference may hold some promise. Second, we suggested a distribution-based approach using 1 standard deviation of the results on the LMX variable to determine the middle-quality group. Last of all, we suggested the development of an LMX scale that would directly assess the LMX quality groups based on Graen and Scandura's (1987) role-making model. Each of these suggested methods have their challenges, nevertheless, we think an LMX scale directly

assessing the characteristics of each LMX quality group has the most potential to aid the theoretical advancement of the middle-quality group.

In Chapter 4 we investigated the possibility of how a subordinate's LMX quality level can affect their relationships with their coworkers. We specifically examined whether a subordinate's LMX quality made them a target of ostracism. Considering much research has focused on the positive outcomes of high-quality subordinates, investigating the potential of a negative consequence contradicts the traditional theoretical assumptions concerning high-quality subordinates. We conducted an empirical test of LMX's quality, predicting that a curvilinear relationship would best depict the relationship between a subordinate's LMX quality status and ostracism. Utilizing a "too-much-of-a-good-thing-effect" (TMGT) methodological approach, our results illustrated a polynomial (S-shaped) effect existed between LMX quality and ostracism, therefore, supporting our hypothesis. This finding is significant because it answered Rousseau's (2004) call to investigate the impact of within-group variance as it relates to a manager's differential treatment of their employees. Moreover our finding supports the nascent research on negative consequences linked to subordinates in high-quality relationships (Harris & Kacmar, 2006; Harris, Kacmar, & Witt, 2005). From the deviant behavior literature, we answered Ferris et al.'s (2008) call to examine universal and subtle forms of deviant behavior that tend to permeate across all hierarchical levels in an organization. Taken together, our results provided insight to how managers' differential treatment of subordinates can impact subordinates' relationships with each other.

The overall goal of this dissertation was to expand the current theoretical boundaries of the middle-quality LMX research stream that began more than 35 years ago (Graen & Cashman, 1975) and which has continued in sporadic “fits and starts” to the present day, thus producing a fragmented accumulation of crucial, empirically-rounded research (Harris, & Kacmar, 2006; Harris et al., 2005; Kramer, 1995; Liden & Graen, 1980; Vecchio & Gobdel, 1984). What we surmise from our investigation is that this is the first endeavor at distinctly characterizing and focusing on the middle-quality group, but moreover a first attempt at providing a granular view of why individuals may reside, advance or exit from this group. We believe what we have conceptually and empirically presented here can generate important implications for both theoretical and methodological advancements in LMX research, with subsequent benefits pertaining to both scholarship and practice.

## CHAPTER 6: INTRODUCTION AND CONCLUSION REFERENCES

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