

WHEN DOES MY RELATIONSHIP WITH MY MANAGER MATTER MOST? THE MODERATING ROLE OF COWORKERS' LMX

DAVID M. MAYER
College of Business Administration
University of Central Florida
P.O. Box 161400
Orlando, FL 32816

KIRSTEN M. KELLER
University of Maryland

LISA M. LESLIE
University of Minnesota

PAUL J. HANGES
University of Maryland

INTRODUCTION

Originally called vertical-dyadic linkage theory (Dansereau, Graen, & Haga, 1975), *leader-member exchange (LMX) theory* focuses on the dyadic relationship between leaders and followers and suggests that because of limited time and resources, leaders *differentiate* between subordinates and create high quality relationships (characterized by mutual trust, respect, and obligation) with some employees and low quality relationships (characterized by a lack of mutual trust, respect, and obligation) with other employees in the work group. In support of the theory, empirical work demonstrates that LMX is positively associated with such outcomes as job satisfaction, organizational commitment, competence perceptions, organizational citizenship behavior (OCB), and task performance, and negatively related to deviant behavior (for reviews see Erdogan & Liden, 2002; Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Ilies, Narhgang, & Morgeson, 2007; Lapierre & Hackett, 2007; Schriesheim, Castro, & Cogliser, 1999).

Evidence strongly supports an association between these outcomes and high quality relationships, yet there are some limitations to this research. First, although differentiation is a central component of LMX theory, there is a dearth of research examining the effects of developing high quality relationships with some employees and low quality relationships with other employees in work groups (Maslyn & Uhl-Bien, 2005). Second, many scholars have noted the need to examine boundary conditions of the effects of LMX (Chen, Lam, & Zhong, 2007; Erdogan & Enders, 2007). We do not presently have a good understanding of the conditions under which LMX is most strongly or weakly related to important outcomes. Furthermore, given the time, effort, and resources associated with developing a high quality relationship, it would benefit managers to have a better idea of when such investments are likely to be most worthwhile. Third, the field of organizational behavior in general (Johns, 2006), and LMX in particular (Graen & Uhl-Bien, 1995; Schriesheim et al. 1999) have been critiqued for not examining relationships within a social context. Given that LMX theory focuses on the differential relationships that leaders develop with followers within work groups, it is important to take into account what Graen and Uhl-Bien (1995: 234) describe as the “patterns of

relationship quality” that exist in work groups. Thus, in an effort to study leader-follower relationships in line with how they actually occur in organizations (i.e., embedded within other leader-follower relationships in the work group), it is important to examine such relationships within a work group context because employees are likely to be influenced by not only their own relationship with the leader but also the leader-follower relationships of other group members.

Thus, the purpose of this paper is to expand our current understanding of leader-member exchange and address these limitations by examining the social context as a moderator of the effects of LMX on a variety of outcomes. In doing so, we highlight the effects of developing differentiated relationships with followers. Specifically, we examine the moderating role of *coworkers' LMX*—defined as the actual or perceived quality of the relationships between a manager and one's coworkers in a work group. Given that leader-follower relationships do not occur in a vacuum but rather are visible to fellow group members and that leaders tend to differentiate in terms of who they develop high quality relationships with, it is likely that group members will compare their own relationship with the leader to the quality of relationship their coworkers have with the leader (Scandura, 1999). This comparison process is at the heart of *social comparison theory* (Festinger, 1954), which posits that when ambiguity exists, individuals compare themselves to others in their social environment to determine the appropriateness of their treatment. Consistent with the *group-value model of justice* (Lind & Tyler, 1988; Tyler & Lind, 1992), a comparison of one's own relationship with the leader compared to coworkers' relationships with the leader has implications for one's perceived value and acceptance in work groups. Thus, we expect the relationship between LMX and a variety of individual outcomes to be stronger when coworkers' LMX is high. In other words, when employees are treated consistently (i.e., low differentiation) the outcomes are more favorable than when there is inconsistent treatment (i.e., high differentiation).

To explore this hypothesis, we conducted three field studies and examined several different key outcomes, including job satisfaction, organizational commitment, competence perceptions, group identification, OCB, deviance, and performance. We focus on this set of dependent variables for a number of reasons. First, we sought to include a variety of outcomes found to be meta-analytically linked to LMX including job attitudes, self-perceptions, and performance (Gerstner & Day, 1997; Ilies et al., 2007). Second, consistent with Rotundo and Sackett's (2002) three dimensions of job performance (i.e., task performance, OCB, counterproductive work behavior), we assessed all three types of performance outcomes in Study 3. Third, given our focus on theories of social comparison, we examined dependent variables that have been shown to be influenced by social comparison processes such as job satisfaction (Berg, 1991; Singh, 1994), organizational commitment (Leung, Wang, & Smith, 2001), counterproductive work behavior (Geurts, Buunk, & Schaufeli, 1994) and performance (Werner & Mero, 1999). In what follows, we draw on theory and research on social comparison and organizational justice to make predictions regarding the moderating role of coworkers' LMX, and report on and discuss the results of three studies.

LMX and Social Comparison Theory in Work Groups

Social comparison is the process by which individuals compare themselves to others to get information about how to behave, what is expected, and/or how well one is being treated (Festinger, 1954). Social comparison theory (Festinger, 1954: 117-118) suggests at the most basic level that humans have “a drive to evaluate (their) opinions and abilities” and “to the extent

that objective, non-social means are not available, people evaluate their opinions and abilities by comparison respectively with the opinions and abilities of others.” Shah (1998: 259-252) highlights that social comparison processes are heightened in work groups because referent choices are generally constrained by one’s immediate social network, that proximity and frequency influence referent choice, and social information enables individuals to assess their acceptance in work groups. Thus, coworkers are often used as a source of social comparison information (Colquitt, 2004). Further, individuals often use “aggregate social comparisons” meaning that individuals compare themselves to groups of people in their immediate social environment—such as their coworkers collectively (Buckingham & Alicke, 2002).

One reason for engaging in social comparisons is to determine one’s importance or standing in the work group. The group-value model of justice posits that individuals have a desire to be an intimate part of social collectives and the treatment received from organizational authorities can be diagnostic of one’s acceptance and importance in the work group. Given that employees are likely to look to fellow group members for social comparison information and that employees have a need to evaluate their acceptance in work groups (Lind & Tyler, 1988; Tyler & Lind, 1992), it is reasonable to suggest that one type of pertinent social comparison information involves the relationships other group members have with the leader. A high quality relationship with one’s leader influences the extent to which an employee feels like a valued and accepted group member (Scandura, 1999), but this information is most useful in light of relationships coworkers have with the same leader. When there is disparity between one’s own relationship with the leader and one’s coworkers’ relationships with the group leader it has implications for how well an individual is accepted and appreciated in the group.

To extend social comparison processes to the context of employee perceptions of LMX, we theorize that work outcomes linked to LMX will be affected not only by employees’ own evaluations of their own relationship with their leader, but also the quality of the relationships between their leader and coworkers. As discussed previously, high quality individual LMX is positively associated with a number of favorable work outcomes, and negatively associated with a number of unfavorable work outcomes. However, in this research we predict that these direct relationships are accentuated when coworkers’ LMX is high. Specifically, we expect outcomes to be most favorable when one’s own relationship with the leader and coworkers’ relationships with the leader are of similar quality. Put differently, when leaders differentiate by developing high quality relationships with some group members and not others, it has negative outcomes. Below we provide a theoretical rationale for the pattern of the predicted interaction

When an individual has low LMX, we theorize that employees will have worse work outcomes (e.g., decreased satisfaction, increased deviance) when coworker LMX is high than when coworker LMX is similarly low. Specifically, low individual LMX coupled with high coworker LMX sends a signal that the individual is less valued and accepted than his or her coworker. Duffy, Ganster, Shaw, Johnson, and Pagon (2006) call this process of receiving unfavorable treatment from one’s supervisor while coworkers receive positive treatment as being “singled out.” This singling out social comparison process strongly implies that although one’s leader is capable of developing high quality relationships, an individual was deliberately ascribed a lower status position in the work group thus calling into question one’s acceptance and value.

When an individual has high LMX, we make a different prediction from that of social comparison theory (Festinger, 1954). Whereas social comparison theory posits that individuals will have the most favorable outcomes when their relationship with the leader is high quality and coworkers have low quality relationships, theory and research on organizational justice suggests

otherwise. For example, equity theory (Adams, 1965) predicts that when an individual receives overpayment (i.e., one's outcome/input ratio is larger than a referent's ratio), the individual will tend to experience guilt and associated negative emotions. Thus, having a high quality relationship with the leader when one's coworkers do not could arouse negative emotions that could result in less favorable attitudes and performance. In line with work on equity theory, theory and research on deservingness (see Feather, 1999 for a review) similarly highlights the potential burden of being in a high status position. Research in this domain on "tall poppies," or individuals who have high status positions in groups and organizations, demonstrates that they are often evaluated negatively by others in their social circle. Thus, if an individual has a high quality relationship with his/her leader and his/her coworkers do not that individual may fear negative treatment from fellow coworkers. To avoid these negative repercussions, an individual with a high quality relationship will have the most favorable outcomes when his/her coworkers have similarly high relationships with the leader.

There is some empirical support for the idea that members of work groups use the treatment of other group members as social comparison information. For example, there is research that finds an interaction between one's own treatment (i.e., supervisor undermining, procedural and interactional justice) and the treatment others' in one's work group receive, such that the relationship between one's own treatment and outcomes (i.e., job satisfaction, commitment, performance, cooperation) is more favorable when own and others' treatment are consistent (Colquitt, 2004; Duffy et al., 2006; Mayer, Nishii, Schneider, & Goldstein, 2007). Thus, we predict:

Hypothesis 1. Coworkers' LMX will moderate the relationship between individual LMX and (a) job satisfaction, (b) organizational commitment, (c) competence perceptions, (d) group identification, (d) OCB, (e) deviance, and (f) performance such that the relationships will be stronger when coworkers' LMX is high than when it is low.

STUDY 1 METHODS

A total of 209 employees from 53 work groups completed the survey, providing an overall response rate of 71.1. We only included groups in which we had data from three or more employees thus leaving a total of 38 groups and 185 employees in our analyses.

Employees filled out the surveys during working hours by coming to one of several sessions held by the researchers over a period of two weeks. Employees reported to a designated room where they obtained a survey from the administrator, completed it, and turned it in.

All survey measures were completed by employees. The measures included individual LMX (Scandura & Graen, 1984; $\alpha = .80$), coworkers' LMX (i.e., an aggregated measure of individual LMX), job satisfaction (Kunin, 1955), organizational commitment (Mowday, Porter, and Steers, 1982; $\alpha = .84$), competence perceptions (Spreitzer, 1995; $\alpha = .89$), and control variables (e.g., sex, work status, tenure, and group size)

STUDY 1 RESULTS AND DISCUSSION

Hypotheses were tested using random coefficient modeling (RCM; commonly referred to as hierarchical linear modeling or HLM) (Hofmann, Griffin, & Gavin, 2000). There was a significant interaction between individual LMX and coworkers' LMX on job satisfaction ($b =$

.16, $\Delta R^2 = .03$, $p \leq .05$), organizational commitment ($b = .14$, $\Delta R^2 = .03$, $p \leq .05$), and competence perceptions ($b = .10$, $\Delta R^2 = .02$, $p \leq .05$). Simple slopes analyses were consistent with the form of the hypothesized interactions.

STUDY 2 METHODS

A total of 904 employees' responses out of 1915 surveys (47.2%) in 195 departments from different organizations in the southeast U.S. were included.

We recruited participants using a snowball sampling procedure (e.g., Morgeson & Humphrey, 2006; Skarlicki & Folger, 1997). To recruit participants, students in an upper-level management course were provided an opportunity to participate for extra credit. Students who worked at least 20 hours per week in a job were allowed to participate in the study; if they did not, they were asked to invite a friend or family member to serve as the contact person. The contact person was asked to hand-deliver survey packets to five employees in his/her work group (the contact person was able to fill out one of the five surveys).

All survey measures were completed by employees. The measures included individual LMX (Scandura & Graen, 1984; $\alpha = .93$), coworkers' LMX (same as individual LMX but with department employees stem; $\alpha = .94$), job satisfaction (Brayfield and Rothe, 1951; $\alpha = .80$), organizational commitment (Meyer & Allen, 1984; $\alpha = .75$), group identification (by Selenta & Lord, 2005; $\alpha = .87$), and the same control variables as Study 1.

STUDY 2 RESULTS AND DISCUSSION

Hypotheses were tested using random coefficient modeling. There was a significant interaction between individual LMX and perceptions of coworkers' LMX on job satisfaction ($b = .06$, $\Delta R^2 = .01$, $p \leq .05$), organizational commitment ($b = .06$, $\Delta R^2 = .01$, $p \leq .05$), and group identification ($b = .13$, $\Delta R^2 = .03$, $p \leq .01$). Simple slopes analyses were consistent with the form of the hypothesized interactions.

STUDY 3 METHODS

A total of 455 individuals—167 focal employees, 146 coworkers, and 142 supervisors—from a variety of different organizations participated in the study.

We used a similar snowball sampling procedure as used in Study 2 except we collected data from only one focal employee per group and all respondents were in different organizations. A total of 167 focal employees (out of 312 possible) participated (response rate of 54%).

Employees provided data for the independent variables (e.g., individual LMX, coworkers' LMX), and coworkers and managers provided data for the dependent variables (e.g., OCB, deviance, performance). The measures included individual LMX (Scandura & Graen, 1984; $\alpha = .92$), coworkers' LMX ($\alpha = .94$), job satisfaction (Brayfield & Rothe, 1951; $\alpha = .82$), organizational commitment (Meyer & Allen, 1984; $\alpha = .78$), OCBI (Lee & Allen, 2002; coworker $\alpha = .93$, manager $\alpha = .87$), OCBO (Lee & Allen, 2002; coworker $\alpha = .94$, manager $\alpha = .92$), interpersonal deviance (Bennett & Robinson, 2000; coworker $\alpha = .94$, manager $\alpha = .91$), organizational deviance (Bennett & Robinson, 2000; coworker $\alpha = .95$, manager $\alpha = .95$), performance, (Alper, Tjosvold, & Law, 2000; coworker $\alpha = .95$, manager $\alpha = .94$) and the same control variables in Studies 1 and 2.

STUDY 3 RESULTS AND DISCUSSION

Hypotheses were tested using hierarchical regression. There was a significant interaction between individual LMX and perceptions of coworkers' LMX on organizational commitment ($\beta = .17, p \leq .05, \Delta R^2 = .02$), but not job satisfaction ($\beta = .04, ns$). Simple slopes analyses were consistent with the form of the hypothesized interaction for all significant interactions in Study 3.

There were also significant interactions between individual LMX and perceptions of coworkers' LMX on OCBI rated by coworkers ($\beta = .21, p \leq .05, \Delta R^2 = .03$) and managers ($\beta = .21, p \leq .05, \Delta R^2 = .04$), but not for OCBO rated by coworkers ($\beta = -.02, ns$) and managers ($\beta = .09, ns$).

There were also significant interactions between individual LMX and perceptions of coworkers' LMX on interpersonal deviance rated by managers ($\beta = .21, p \leq .05, \Delta R^2 = .04$), but not for coworker ratings ($\beta = -.15, ns$). In addition, there were significant interactions for organizational deviance rated by coworkers ($\beta = -.02, p \leq .05, \Delta R^2 = .00$) and managers ($\beta = -.09, p \leq .05, \Delta R^2 = .01$).

Finally, there were significant interactions between individual LMX and perceptions of coworkers' LMX on performance rated by coworkers ($\beta = .29, p \leq .01, \Delta R^2 = .06$) and managers ($\beta = .17, p \leq .05, \Delta R^2 = .02$).

GENERAL DISCUSSION

The purpose of this research was to examine a social contextual variable (i.e., coworkers' LMX) as a moderator of the effects of individual LMX on a variety of individual-level outcomes in work groups. Importantly, this moderator has implications for the utility of one of the fundamental components of LMX theory—the *differentiation* process. Consistent with calls for more organizational behavior research to examine the influence of context (Johns, 2006), we find general support for our hypotheses across three field studies. In Study 1 we found that coworkers' LMX moderated the relationship between individual LMX and job satisfaction, organizational commitment, and competence perceptions such that the relationships were stronger when coworkers' LMX was high. In Study 2, using direct perceptions of coworkers' LMX, different measures of job satisfaction and organizational commitment, and also including group identification as an outcome variable, we found similar support for our hypotheses. In Study 3, in addition to job attitudes, we collected behavioral outcome data (e.g., OCB, deviance, and performance) from coworkers and managers and once again found general support for our predictions. Across all three studies, individual-level outcomes were more favorable when individual and coworkers' LMX were consistent, thus suggesting that differentiation has some negative outcomes associated with it. Given the use of multiple operationalizations of our moderator and dependent variables across a variety of organizational contexts, we have increased confidence regarding the findings of the three studies (Lykken, 1968). In sum, these studies provide strong support for the importance of examining the work group context when studying LMX.

REFERENCES AVAILABLE FROM THE AUTHORS

Copyright of *Academy of Management Proceedings* is the property of *Academy of Management* and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.

Copyright of *Academy of Management Proceedings* is the property of *Academy of Management* and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.