



## A Review of the Leader-Member Exchange (LMX) Theory

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### Abstract

Yukl opined that “LMX theory was formerly called the vertical dyad linkage theory because of its focus on reciprocal influence processes within vertical dyads composed of one person who has direct authority over another person” (Yukl, 2006, p. 117). He continued “According to the theory, most leaders develop a high-exchange relationship with a small number of trusted subordinates who function as assistants, lieutenants, or advisors” (p. 117). Once again, the leader may use the information obtained from the people to build a social system to protect him/herself, which is a negative of LMX theory. Nevertheless, the leader may build a cadre of trusted people to carry out his/her mandate and not necessarily use the LMX for negative rewards. The LMX theory can be used and this has been done over the years by way of 1) a standardized 7-item survey and 2) a multidimensional scale. It can be deduced from those measurement approaches that perception is the core of this evaluation. Hence, Yukl argued that there may be a disparity between the perception of the leader and that of the subordinate, and this brings into focus the validity of the measurement of LMX (Yukl, 2006). Yukl postulated that people frequently ascribe all the accolades to the leader, and little attention is paid to the quality of the followers. Quality followership must be equally used to explain leadership effectiveness as is quality leadership. The follower can destroy leadership by way of dissent, and passive resistance, and the reverse is equally true that of cooperation, support, sharing the leader’s visions and cooperation in the functioning processes.

**Keywords:** Leadership, Leader-Member Exchange (LMX) Theory

### Introduction

Leadership can occur within and outside of an organization; therefore, a leader must possess certain skill sets (or competencies) to effectively lead. Some of these competencies are being a teacher, organizer, collaborative consultant, reflective researcher, dynamic change agent, and scholar. It should be noted here that the competencies of a leader underline social interaction between him/her and the follower. Yukl’s work can be used to explain the interaction between leader and follower (Yukl, 2006). He referred to this as dyadic role-making. One of the

fundamental things in leadership is social interaction between him/herself and his/her subordinates. Yukl argued that effective leaders must invest some social time in each person to understand 1) the skill set of the follower, 2) interest, 2) values, and 5) desires, and that the follower is also expected to evaluate his/her leader in the same way the leader does it. The matter supports 1) the selling of the vision, 2) execution of the vision, and 3) fundamentally the 'buy-into'. It can be deduced from dyadic role-making that there is a social exchange between the leader and each follower, and this one-on-one interaction provides the needed information for both parties.

## Issues and Challenges

The dyadic role model fundamentally operates dually, with each agent (i.e. leader and subordinates) interacting with each other simply to gather information on the other. It is the obtained information that each party uses to attain his/her self-reasons. The social exchange between the leader and the follower is not merely to obtain information as it is for understanding 1) best fit, 2) competencies, 3) how the person's self-interest can be served, and 4) aid in addressing performance or behaviour issues. The data gathered by each participant, particularly the leader can be used to address unsatisfactory performance and/or to "improve the quality of the exchange relationship" of the followership or subordinate (Yukl, 2006, p. 117). As such, this provides a roadmap for the leader, and oftentimes it can be used destructively. The destructive manner includes 1) having the subordinate conduct 'spy work to displace another for a post or function, 2) using the individual to carry out personal acts, 3) sidelining individuals, and 4) discrediting others because they would have obtained information on people by using people for their benefits.

Despite some of the negatives of leader-member exchange, the leader's employment of different exchange relationships with each subordinate in their by-party interaction provides a cognitive sense of respect for each individual. Yukl refers to the aforementioned as the LMX theory—Leader-Member Exchange (LMX). He contended that personal and direct social interaction between the leader and follower provides a base for the leader to influence the performance, attitudes and actions of the follower and that this is a reciprocal exchange. One of the issues that surround the LMX theory is the fact that the exchange relationship is built over time. This means that leaders and/or followers should not be expected to equally provide information to each other if trust is developed and that this is a process which takes time. Hence, Yukl opined that "LMX theory was formerly called the vertical dyad linkage theory because of its focus on reciprocal influence processes within vertical dyads composed of one person who has direct authority over another person" (Yukl, 2006, p. 117). He continued "According to the theory, most leaders develop a high-exchange relationship with a small number of trusted subordinates who function as assistants, lieutenants, or advisors" (p. 117). Once again, the leader may use the information obtained from the people to build a social system to protect him/herself, which is a negative of LMX theory. Nevertheless, the leader may build a cadre of trusted people to carry out his/her mandate and not necessarily use the LMX for negative rewards.

The matter of the two-sidedness of LMX's theory does not detract from its stages, measurement, and evaluation. Yukl outlined that LMX is a 'life cycle model' and to this, I disagree. The fact

that power is not equally shared between the leader and follower or subordinate, the exchange of information can be used in the same manner by each party. Nevertheless, the three stages are the initial testing phase in which the leader evaluates the subordinate's motives, attitudes, and resources, and mutual role expectations are established. I am not concurring with the perspective of mutual expectations between the leader and subordinate as this presupposes that individual interests will become jointly fulfilled. However, I am proposing that an individual's interest can be foregone for the mutual interest, with there being a latent personal gratification. Stage two is that the exchange arrangement is refined, trust, and loyalty and respect are developed. This presupposes that obtained information makes both people equal and so trust can be established. The matter of cooperation does not necessarily represent mutual trust as one party may accept his/her role because of limited alternatives. Hence, the individual may cooperate out of personal interest and not that there is mutual trust. The next stage is the mature phase as self-interest is gradually transformed into personal interest.

The LMX theory can be used and this has been done over the years by way of 1) a standardized 7-item survey and 2) a multidimensional scale. It can be deduced from those measurement approaches that perception is the core of this evaluation. Hence, Yukl argued that there may be a disparity between the perception of the leader and that of the subordinate, and this brings into focus the validity of the measurement of LMX (Yukl, 2006, p. 119). The importance of disparity is aptly described by Yukl this way "It is not clear whether the low correlation reflects measurement problems in the scale or actual differences in perception. More research is needed to determine the answer and to clarify the implications of measuring LMX from different (leader and subordinate) perspectives" (p. 119). I am concurring with Yukl that the disparity that exists in the literature on the measurement of the LMX theory can be solved by varying the methodology, and a rigorous process of instrument validation. I am disappointed that the validation of the instrument was not done and as a result, the discussion could be about the other aspect as referred to by Yukl. However, he contended that "LMX theory can be improved by incorporation of attributional processes that explain how leaders interpret subordinates actions and subordinates interpret leader actions" (Yukl, 2006, p. 121), which takes the discussion to inquiry (or research). I agree with Yukl; but why is there empirical validity of the instrument? Nevertheless, I believe that the dyadic relationship is critical in the advancement of leader-follower behaviour and the achievement of organizational goals.

Yukl postulated that many different research methodologies have been employed to conduct research in this area from the use of surveys, experimentations (laboratory, field), analysis of communication patterns and observations. He dates back inquiry into this phenomenon to the 1970s, which begs the question of why have scholars not answered the question in the previous paragraph that relates to the validity of instrumentation. Nevertheless, many evaluations of the LMX theory have been ongoing and they can be carried out in a 1) descriptive approach or 2) prescriptive approach. Despite the conceptual issues of the LMX's theory and the fact that many studies have been conducted in the area, I am in total agreement with this statement made by Yukl, "LMX theory still has several conceptual weaknesses that limit its utility. Early versions of the theory did not adequately explain how dyadic relationships develop over time" (p. 121). This

is a starting one for my dissent and reluctance to buy into dyadic role models as the weaknesses are many as have been outlined above.

This is a thought paper and as such with other issues remaining in this topic, the discussion must continue to include attributions and followership. According to Yukl (2006), “As we already discussed, how a leader acts towards a subordinate varies depending on whether the subordinate is perceived as competent and loyal, or incompetent and untrustworthy” (p. 122). It should also be noted that leadership depends on the philosophical platform of the leader, which determines how he/she relates to those who are followers or subordinates.

This is where I have an issue with LMX theory as the playing field is not comparable because the legitimate leadership power of the leader compared to that of the followers. The information that is obtained by the leader can be used against the subordinate. The matter of competence does not mean that the leader will utilize the person for the benefit of the organization as he/she may sideline the competent at the cost of the incompetent owing to self-interest or self-preservation. My reservation of attribution is captured by Yukl this way “The type of attribution made by a manager influences the response to the problem” (p. 123). He continued “When an external attribution is made, the manager is more likely to respond by trying to change the situation, such as providing more resources, providing assistance in removing obstacles, providing better information, changing the task to reduce inherent difficulties, or in the case of bad luck, by showing sympathy or doing nothing” (p. 123).

If the obtained information were only going to be used for the betterment of the organization and not for self-interest, the leader's attribution of a subordinate would be good. However, there is a reality that this may not be the case as well as self-interest of the leader may retard his/her actions or inactions of a certain subordinate. Like how there is a leader's attribution, there are also follower's attributions. Yukl contended that the followers ‘buy into’ of the leader’s vision will be equally based on the perception of the leader being competent; setting clear and timely performance indicators; action of the leader; leader's intention; and situation. Because followers are seeking to 'buy into' the vision of the leader, in most cases the reality of acceptance of the leader's competence is critical to this process (Yukl, 2006, p.128). This leads to the other point, followers’ contribution to leadership effectiveness, and that leadership effectiveness must be a function of or measured by followership.

Yukl postulated that people frequently ascribe all the accolades to the leader, and little attention is paid to the quality of the followers. Quality followership must be equally used to explain leadership effectiveness as is quality leadership. The follower can destroy leadership by way of dissent, and passive resistance, and the reverse is equally true that of cooperation, support, sharing the leader's visions and cooperation in the functioning processes. The issue of quality leadership and followership was expressed in the case study of Cromwell Electronics. Ed Corelli did not have competent followers who could 'let him look good' and vice versa. Furthermore, Ed failed to understand that it is important to understand theories; but that generally tailoring suits for people before meeting them could be catastrophic, to say the least. In that, Ed did not understand the needs of each subordinate. In dyadic role-making, the leader must interact with

each subordinate and spend some time to understand their needs, competence, interests, and visions, and is used on an individual basis in distributing assignments.

## **Conclusion**

The dyadic role model offers some explanation for increasing the future effectiveness of leadership; Nevertheless, I can use its advantages as knowledge is power and also believe that there must be some collaboration for the LMX theory to be effectively carried out. The LMX theory identifies both a follower and a leader and indicates that each has a role in the process of organizational development.

## **Reference**

Yukl, G. (2010). *Leadership in organizations*(7th ed.). Upper Saddle River, NJ: Pearson Prentice Hall.