Effects of Leader-Member Exchange Differentiation on Coworker Relationships

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Abstract

This paper examined the extent to which 1) the quality of relative LMX drives the social comparison process among coworkers; 2) employees’ exchange ideology determines the quality of social exchange within teams, and its consequences on task performance; 3) the quality of employees’ LMX affect on coworker exchange relationships; and 4) LMX differentiation affects employees’ perceptions of justice. After a review of the literature, the main finding indicates that when leaders develop differentiated relationships with employees, the magnitude of the difference between an employee’s own LMX and coworkers’ LMXs drives social comparison processes. Employees use these self-evaluations of their capabilities to direct their job attitudes and behaviors. A high or low RLMX standing can affect an employee’s self-concept, motivation to perform well, ability to foster workplace friendships and overall job satisfaction. Research indicates there are practical implications for managing employees. Leaders should create a strong, inclusive team climate where all members feel encouraged and supported in order to help deal with the limitations associated with differentiated treatment within teams.
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The study of leader-member exchange (LMX) has proven to be a rich leadership approach over the past several decades (Hu & Liden, 2013). LMX theory focuses on the differential relationships that leaders form with their employees who directly report to them within their work teams, which is a practice known as LMX differentiation (Henderson, Liden, Glibkowski & Chaudhry, 2009). The main idea is that leaders form relationships based on trust, liking and respect with some employees they work with, yet with others the relationship does not go beyond the basic employment contract (Erdogan & Bauer, 2010). Employees in high-quality LMXs tend to receive more time and resources from their leader, a greater number of challenging assignments, faster advancement in the organization, and a greater opportunity for friendship outside of work (Erdogan & Bauer, 2010; Henderson et al., 2009; Tse, Dasborough & Ashkanasy, 2008).

Previous LMX research has primarily focused on the employees’ LMX relationships with their leaders in isolation of the LMX relationships of other coworkers on a team (Tse, Ashkanasy & Dasborough, 2012). With most organizations using teams to structure daily work, this has been an important limitation. This paper will examine the impact of LMX differentiation on the team process. Specifically, I will look at the research on interpersonal relationships within teams and how social comparison of LMX quality between coworkers influences employees’ work attitudes, behaviors and job performance. “Interpersonal exchange relationships between leaders, subordinates, and coworkers are interconnected and embedded within a larger social network in organizations. This suggests that these exchange relationships are interdependent and can influence each other” (Tse et al., 2012, p. 354). The research I will examine adds to the LMX literature by helping to fully understand the LMX relationship and how different team contexts can shape it.
There has been much research done on LMX differentiation’s impact on coworkers’ perceptions, attitudes, workplace friendship, job performance and organizational citizenship behaviors. I plan to group the data for this paper into four areas by exploring: 1) relative LMX and the social comparison process; 2) social exchange and the norm of reciprocity; 3) formation of coworker relationships and how LMX quality affects these exchanges; and 4) organizational justice climate and LMX differentiation. In conclusion, I’ll discuss some ideas for future research and review a few practical implications.

Relative Leader-Member Exchange and Social Comparison

First, when considering leader-member exchange (LMX) within the team context, researchers have explored a concept known as relative leader-member exchange (RLMX). Studies on RLMX have been found to influence employee work attitudes, behaviors and job satisfaction (Hu & Liden, 2013; Tse et al., 2012; Vidyarthi, Erdogan, Liden, Anand & Ghosh, 2010). RLMX refers to the actual level of an individual’s LMX quality compared with the average LMX within the team (Hu & Liden, 2013). Studies have shown that an individual’s LMX is not isolated from other members’ LMXs within a team (Hu & Liden, 2013). Through a series of daily interactions and informal conversations, individuals may observe, learn, and compare their own LMX relationships with their teammates’ LMX relationships (Hu & Liden, 2013). LMX relationships within a team can exist in “relative” terms. For instance, researchers Hu and Liden (2013) discuss the dynamics of LMX differentiation among team members:

Within a team where most members have a low LMX relationship, a team member in an LMX relationship of moderate quality may be able to receive more benefits and form higher self-evaluations relative to others. Conversely, the relative standing for an
individual in a moderate-quality LMX relationship in a team with a high average LMX would not be as favorable. (p. 128)

When leaders differentiate, the various levels of LMX quality as discussed above are likely to trigger social comparison processes within individuals who want information about their own standing (Vidyarthi et al., 2010). This rationale is derived from social comparison theory.

Social comparison theory states that people tend to utilize social comparison information to form self-evaluations of their capabilities and to direct their job attitudes and behaviors (Hu & Liden, 2013). When leaders develop differentiated relationships with their employees, the magnitude of the difference between an employee’s own LMX and coworkers’ LMXs drives this social comparison (Vidyarthi et al., 2010). Within teams, employees who are exposed to the same manager, practices, and experience on a daily basis, naturally desire to compare themselves with their teammates:

According to social comparison theory, people are fundamentally concerned with the way they compare to similar others in the workplace, such as teammates, in order to better understand: (a) their own capabilities and skills; (b) the possibility of performing tasks well; and (c) whether they are accepted and respected by the team. (Hu & Liden, 2013, p. 131)

RLMX triggers these three motives that drive individuals to care about the way they compare with others on their team. By assessing their RLMX standing, employees can get a better picture of their capabilities and skills, a good indication of whether they can perform well and if they will be accepted and respected by their teammates (Hu & Liden, 2013). An employee that is accepted and respected by his or her teammates is said to have a high RLMX standing. A high RLMX employee will likely be recognized and confirmed by the leader (Hu & Liden, 2013).
Research indicates that high RLMX employees are more likely to gain the leader’s trust and be allocated greater resources, time and support by the leader. Thus, high RLMX employees tend to perform better than their low RLMX teammates (Hu & Liden, 2013).

Guided by social comparison theory, Hu and Liden (2013) set out to explore how the social comparison of LMX impacts individual effectiveness within work teams by considering the formation of self-efficacy beliefs. RLMX may be perceived consciously or without awareness by observing nonverbal behaviors between other teammates and the leader (Hu & Liden, 2013). These self-evaluations, including self-efficacy, guide individual behaviors while at work. For instance, if an individual with lower standing compares him or herself with a teammate with a higher standing, this person will most likely experience a lower self-image and decreased self-efficacy (Hu & Liden, 2013). An individual with higher standing is more likely to make downward comparisons in order to make him- or herself feel better. This study found that individuals’ self-efficacy beliefs, resulting from their RLMX, effects their motivation to perform well and overall job satisfaction (Hu & Liden, 2013). That is, if team members feel confident and supported by their team and/or leader, they will most likely achieve a higher performance level.

When examining how an employee’s job performance is influenced by RLMX quality, it is important to consider the mediating affects of both social identification and negative affectivity.

Social Identification

By integrating social comparison theory and social identity theory, Tse et al. (2012) explore the effect of RLMX by testing a moderated-mediation model, the purpose of which was to explain the psychological process of how RLMX is related to employees’ job performance. First, the researchers studied how social identification would mediate the relationship between RLMX and job performance (Tse et al., 2012). Social identity theory states that individuals are
motivated to see themselves positively, both in their personal and social identities (Tse et al., 2012). Like social comparison theory, social identity theory is driven by a desire for self-evaluation and a motivation to develop a clear self-concept (Tse et al., 2012). Thus, RLMX helps to explain how employees perceive and define themselves within a work team. This is because their high or low RLMX is related to their self-concept (Tse et al., 2012). Social identification occurs when “individuals share beliefs with their group and define their self-concept based on the group’s values and collective interests” (Tse et al., 2012, p. 357). As employees begin to identify themselves as group members, they evaluate how their own work can contribute to the group’s overall success, thus increasing job performance (Tse et al., 2012). Their study found social identification was related to job performance, and also that it mediated the link between RLMX and job performance. High RLMX is associated with a positive self-concept. When employees’ RLMX increases, the resulting sense of positive social identification with the team encourages more effective and efficient job performance (Tse et al., 2012).

**Negative Affectivity**

Second, Tse et al. (2012) explored how negative affectivity lessened the relationship between RLMX and social identification. Past research shows that affective-based personality of employees such as positive affectivity (PA) and negative affectivity (NA) may affect LMX relationships (Tse et al., 2012). Research indicates that employees high in NA tend to be more sensitive to negative stimuli such as personal mistakes and shortcomings, and tend to experience more negative emotions such as anxiety, guilt and worry than employees low in NA (Tse et al., 2012). NA has also been shown to be associated with job stress, retaliation and lower job satisfaction (Tse et al., 2012). On this basis, this study contends that low NA employees may respond more positively to the effect of high RLMX standing by experiencing higher levels of
social identification as compared to high NA employees within the team (Tse et al., 2012). Findings indicate that “low NA employees’ social identification was enhanced by an RLMX standing that is higher rather than lower than other coworkers’ LMX relationships” (Tse et al., 2012, p. 363). On the other hand, high NA employees were less sensitive to high RLMX effects and they also experienced lower levels of social identification than low NA employees (Tse et al., 2012). This research showed how negative affectivity can improve our understanding as to when and why some employees feel and respond to high and low RLMX differently (Tse et al., 2012). Second, I will explore how other researchers, guided by social exchange theory, have investigated how employees’ perceptions of their RLMX standing within a team encourage reciprocal behaviors.

**Social Exchange and the Norm of Reciprocity**

Over the past 15 years, LMX theory has relied heavily on social exchange theory (Vidyarthi et al., 2010). According to social exchange theory, leaders form distinct interpersonal relationships with subordinates, creating feelings of obligation among employees who receive favorable treatment from their leaders (Vidyarthi et al., 2010). Based on social exchange theory, these high-quality LMX relationships are characterized by mutual trust, respect, and commitment (Bowler, Halbesleben & Paul, 2010). The norm of reciprocity states that employees receiving this type of support from their leaders feel obliged to reciprocate with behaviors such as higher levels of job performance and organizational citizenship (Vidyarthi et al., 2010).

By integrating social comparison theory with social exchange theory and the norm of reciprocity, Vidyarthi et al. (2010) contend that LMX social comparisons (LMXSC) within teams help shape employee behaviors. LMXSC refers to an individual’s subjective assessment and is obtained directly from other employees. In particular, this study examined how the actual
differences in LMX between an individual and his or her coworkers (RLMX) influence the individual’s subjective perceptions of these differences in LMX (LMXSC), which in turn influence job performance and organizational citizenship behaviors (OCBs) (Vidyarthi et al., 2010). They found that the social environment and comparison with other team members act as a frame of reference for evaluating one’s relationship with the leader (Vidyarthi et al., 2010). This study suggests that individuals do pay attention to social comparisons within the team and that these comparisons are related to employee behaviors (Vidyarthi et al., 2010). In other words, the relationships employees have with their coworkers matter when assessing the impact of one’s LMX quality. This study also found that RLMX may lead to higher job performance when leaders and organizations give employees higher levels of job-related support. Some researchers argue that not all individuals value reciprocity to the same degree:

Thus, assuming that everyone has the reciprocity norms of equal strength may lead to incorrect conclusions about the quality of social exchange and its consequences. Ignoring an individual’s exchange norm makes the examination of social exchange in the workplace incomplete (Takeucki et al., 2011, p. 226).

This study examined the role of exchange ideology to determine the quality of social exchange in the workplace, and its consequences in terms of task performance (Takeucki et al., 2011). Exchange ideology stems from the norm of reciprocity that holds that people should help those who have helped them, and is defined as the strength of an employee’s belief that work effort should depend on treatment by the organization (Takeucki et al., 2011). The researchers looked at whether “felt obligation” mediated the relationship between an employee’s exchange ideology and task performance (Takeucki et al., 2011, p. 227). Findings indicate that employees with a weak exchange ideology who are more giving tend to develop higher quality LMX, and are more
likely to reciprocate by investing more efforts into work in order to improve task performance. Whereas, those with a strong exchange ideology and are inclined toward entitlement are likely to develop lower quality LMX (Takeucki et al., 2011). A number of studies suggest a direct relationship between LMX and organizational citizenship behaviors on the basis of social exchange theory (Kim, O’Neill & Cho, 2010).

Organizational Citizenship Behaviors

Organizational citizenship behaviors (OCBs) are discretionary work behaviors as acts of citizenship undertaken to benefit other people or the organization but are not part of the job description (Bowler, Halbesleben & Paul, 2010; Kim et al., 2010; Vidyarthi et al., 2010). With social exchange theory, LMX has been reported to be associated with OCB such that higher quality LMX employees are also higher OCB performers (Kim et al., 2010). In their same study, Vidyarthi et al. (2010) found that LMX social comparison fully mediated the relationship between RLMX and OCBs. They found that “members who are closer to the leader feel that they are the leader’s special, trusted assistants, which in turn leads to a sense of obligation and a desire to reciprocate, resulting in greater engagement in citizenship behaviors” (Vidyarthi et al., 2010, p. 857).

Guided by LMX and attribution theories, Bowler et al. (2010) propose that high-quality LMX relationships are associated with positive attributions of OCB motives by employees and their leaders but negative attributions by coworkers. Attribution theory suggests that individuals explain behavior by making attributions in order to understand the past and predict the future (Bowler et al., 2010). Attributions are triggered by behaviors that are different from expectations, such as behaviors that are new, noticeable or threatening (Bowler et al., 2010). These attributions help shape how the leader or coworker may behave toward the employee i.e. leaders rewarding
them for OCB they perceive to be internally driven or coworkers’ perceptions of fairness in the organization (Bowler et al., 2010). Existing research suggests that OCBs can be driven by one of three motives: organizational concern and pro-social values are other-serving in nature and so represent a positive attribution, whereas, impression management motives are self-serving in nature and so represent a negative attribution (Bowler et al., 2010). This study found that in high-quality LMX relationships, employees and their leaders attribute employees’ OCB more strongly to pro-social and organizational concern motives and less strongly to impression management motives (Bowler et al., 2010). Findings indicate the reverse pattern to be true of coworkers: when employees were tied to leaders in high-quality LMX relationships, coworkers have a more negative view of employees’ citizenship behaviors, attributing them to impression management motives.

Kim et al. (2010) examined low-quality LMX relationships in their study of how LMX affects employee envy and thus affects OCB. Envy can occur when an employee learns that he or she does not have a close or beneficial relationship with the leader. Their study found that employees who have a relatively poor relationship with their leader were more likely to show higher levels of envy than employees who have a closer working relationship with the same leader. Once employees feel envy, they tend to withdraw their citizenship behavior that would otherwise promote better job performance (Kim et al., 2010). It is important for leaders to be aware that unmanaged envy can lead to employees’ negative work behaviors that intentionally try to harm envied coworkers (Kim et al., 2010). On the other hand, if envy can be managed effectively, positive LMX can increase OCB (Kim et al., 2010). Employees will direct their work behavior in certain ways depending on their LMX quality and that of their coworkers. Third, I
will review research that focuses on the formation of coworker relationships and how LMX quality affects these coworker exchanges.

**Coworker Exchange Relationships and LMX**

Much of the LMX research has focused on the nature of the relationship between the leader and the employee. Yet understanding the impact of LMX differentiation on coworker relationships is an important part of understanding how leadership processes work (Sherony & Green, 2002). Coworker exchanges (CWXs) – exchanges among coworkers who report to the same supervisor – have been suggested to be an alternative influence on employees’ work attitudes and behaviors (Sherony & Green, 2002). A number of research findings conclude that strong interpersonal relationships tend to be characterized as reciprocal, mutual, and interdependent (Sherony & Green, 2002; Wikaningrum, 2007). Members of teams who have these strong interdependent relationships are encouraged to help and assist each other which can lead to group cohesiveness, group satisfaction, and higher job satisfaction (Wikaningrum, 2007). Other researchers point out that differential treatment of employees by leaders within teams can be problematic because employees can be sensitive to social comparison information and perceptions of unfairness (Tse, Dasborough & Ashkanasy, 2008). The resulting altered self-concept may then affect employees’ attitudes toward their relationship quality with coworkers (Tse et al., 2008).

In their study, Sherony and Green (2002) explored the relationships within coworker dyads to see if the quality of CWX was related to the LMX relationships these coworkers were experiencing. They believe that LMX quality between a leader and his or her employee can impact the relationships developed between two coworkers (Sherony & Green, 2002; Tse et al.,
Sherony and Green (2002) examined Heider’s (1958) theory of balance to explain how multiple dyadic exchanges can occur. Heider’s balance theory proposes:

If Person A and Person B like or have positive sentiment toward one another, and both share a positive (or negative) sentiment toward Person C, they experience balance. Balance also results when Person A dislikes Person B and one has a positive assessment of Person C while the other has a negative assessment. Because unbalance configurations provoke discomfort and tension, Heider suggested that individuals will adapt to achieve balance. (p. 543)

Essentially, Heider’s balance theory is saying that two close friends of an individual will themselves become friends. Coworkers who both experience high or both experience low quality LMX relationships may well perceive themselves to be similar to each other and thus form closer relationships (Sherony & Green, 2002). Yet if coworkers’ LMX quality is not the same, employees in low-quality LMX relationships may become jealous and resentful of their coworkers who are enjoying more beneficial high-quality LMX relationships (Tse et al., 2008). Sherony and Green (2002) took their study one step further to examine how these different types of exchanges affect employees’ work attitudes. They found that the quality of coworker exchange relationships did affect work attitudes and performance. According to this study’s findings, if LMX relationships drive CWX relationship quality, it would seem advisable for leadership to develop high-quality LMX relationships with all subordinates. In doing so, leaders would foster positive CWX relationships that could favorably affect organizational commitment and might enhance team development, group functioning, and cohesiveness (Sherony & Green, 2002).
Some researchers argue that LMX relationships may influence how employees approach, interpret, and establish friendships at work (Tse et al., 2008). A study was conducted to explore how affective climate at the team level affects LMX, workplace friendship and team-member exchanges (TMX) (Tse, et al., 2008). Affective climate is a specific domain of climate in research conducted within organizations, and is defined as “a shared perception among members and the atmosphere that characterizes interactions within a team” (Tse, et al., 2008, p. 199). Characteristics of affective climate including warmth, support, acceptance, sincerity and enthusiasm reflect the nature of the team and can shape employees’ behaviors in a team. Research indicates that climate perceptions determine how individuals behave as a group by influencing their perceptions and feelings about certain aspects of their surrounding environments (Tse et al., 2008). Thus, the study investigated affective climate as a moderator of the relationship between LMX and workplace friendship (Tse et al., 2008).

Team-member exchange (TMX), a theoretical extension of LMX, concerns the relationship between the employee and her or his team members and indicates the effectiveness of the employee’s ongoing relationships within the team (Tse et al., 2008). Individuals who experience TMX are more likely to contribute by assisting each other in sharing information, ideas, and feedback within work teams (Tse et al., 2008). The social exchanges underlying TMX are the friendships between team members. “Friendships create social ties and affective bonding, enabling team members to experience relational meanings about their interpersonal relationships, including TMX” (Tse et al., 2008, p. 198). Therefore, workplace friendship nourishes high-quality TMX relationships because team members can trust and value one another, share interests and view this emotional support as a valuable means of growth (Tse et al., 2008). Employees begin to see their team members as friends rather than formal colleagues.
LMX was found to be significantly related to workplace friendship and serves as a mediator influencing the LMX-TMX relationship (Tse et al., 2008). The researchers believe that high-quality LMX relationships can encourage the development of workplace friendship by employees, which in turn facilitates high-quality TMX development in teams (Tse et al., 2008). Also, affective climate moderates the relationship between LMX and workplace friendship significantly. In teams where there is a strong positive affective climate, individuals experiencing high-quality LMX relationships are more likely to develop friendships at work. In teams where the affective climate is weak, even employees who experience high-quality LMX, are less likely to form workplace friendships (Tse et al., 2008). Last, I will explore how organizational justice climate literature is addressing the issue of perceived fairness in LMX differentiation.

**Organizational Justice Climate and LMX**

Fairness of differential treatment has been an issue in LMX literature (Lee, 2001). Previous researchers theorize that any potential effects of LMX differentiation rely on group member perceptions of justice (Erdogan and Bauer, 2010). Organizational justice is concerned with the ways in which employees determine if they have been treated fairly in their jobs and how those determinations influence employee work attitudes and behaviors such as helping one’s coworkers, group performance, absenteeism and turnover (Erdogan & Bauer, 2010; Lee, 2001). Research on organizational justice has emphasized the role that leaders play in distributing resources and implementing procedures, especially as it concerns the leadership role according to LMX theory (Lee, 2001). The fundamental premise of LMX theory is that leaders have a limited amount of resources and so must selectively distribute such resources among their members. This differential treatment results in LMXs that vary in quality, ranging from high to low (Lee, 2001). Therefore, studies have shown that employees’ perceived fairness of leaders is important.
in social exchanges (Erdogan, Liden & Kraimer, 2006). “When employees perceive that leaders are fair, and when leader behaviors are attributed to the leader’s benevolent intentions, employees infer that leaders are committed to them, and high-quality exchanges result” (Erdogan et al., 2006, p. 395). The findings of several researchers who have studied the influence of organizational culture on the justice-LMX relationship will be explored (Erdogan & Bauer, 2010; Erdogan, et al., 2006; Lee, 2001).

Three types of individual justice perceptions – procedural, interactive and distributive – have been studied with respect to LMX. According to social exchange theory, only when individuals attribute justice to leaders will it contribute to LMX (Erdogan, et al., 2006). By specifically looking at individuals’ perceptions of distributive and procedural justice, Lee (2001) investigated the extent to which LMX quality affects perceived fairness in daily supervisory decision making and interactions and how perceived fairness affects cooperative communication relationships within teams (Lee, 2001). Distributive justice, or reward fairness, and procedural justice, or fairness of decision procedures, have been assumed to coincide with greater organizational justice (Lee, 2001). As predicted, the study found that “the quality of LMX affected perceived distributive and procedural fairness in supervisory decisions and interactions” (Lee, 2001, p. 583). Employees in low-quality LMXs perceived significantly less fairness in distributive and procedural justice than their coworkers in high-quality LMXs (Lee, 2001). This finding suggests that formal procedures and their implementation processes are perceived as not being fairly applied to employees across differential LMX relationships (Lee, 2001). Thus, LMX quality appears to be more influential in affecting perceived fairness in procedural matters than distributive outcomes (Lee, 2001).
Cooperative communication within teams refers to “message exchange behaviors and activities designed to facilitate the joint achievement of workgroup goals” (Lee, 2001). As employees become more cooperative in attaining work-related goals with other team members, they “exchange more information, share ideas and resources, show concern and interest in what others want to accomplish, and provide assistance” (Lee, 2001, p. 578). This study found that perceptions of distributive outcomes and procedural matters influenced cooperative communication among team members (Lee, 2001). Employees who perceived less distributive and procedural fairness reported less sharing of information, ideas, and resources with workgroup members. When employees perceive that fairness in benefits and procedures has been violated, employees will begin to perceive their reality as unfair while engaging in less cooperative communication perhaps as a way to retaliate (Lee, 2001).

In their study on the influence of organizational culture on the justice-LMX relationship, Erdogan et al. (2006) demonstrated how culture influences the type of justice that becomes relevant for LMX. Their results suggest that “the amount of attention paid to the fairness of interpersonal treatment and rewards varies with the extent to which cultural values reflect respect for people, aggressiveness, and team orientation” (Erdogan et al., 2006, p. 402). In organizational cultures that had a high respect for people, intangible aspects of communication such as the level of kindness and sensitivity became significant for LMX, whereas, the level of aggressiveness increased the importance of more tangible aspects, such as whether the reward distribution was equitable (Erdogan et al., 2006). In contrast, the level of team orientation helped facilitate a family-like atmosphere in which members did not appear to base their evaluations of LMX on either interactional, which refers to fairness of interpersonal communication, or distributive justice (Erdogan et al., 2006). This study makes an important contribution to the LMX literature
which is its examination of the role of the macro context on LMX (Erdogan et al., 2006). “When members share the perception that their organization’s values and norms emphasize being friendly and encourage conflict resolution, members will be motivated to form high-quality exchange relationships with leaders” (Erdogan et al., 2006, p. 403). These findings suggest that what influences LMX differentiation is more than just the dyadic process in which a member’s and leader’s characteristics shape the nature of the relationship, there are also organizational factors that are related to LMX as well (Erdogan et al., 2006).

Other researchers have examined group justice climate as a moderator of the relationships between LMX differentiation and outcomes (Erdogan & Bauer, 2010). The researchers propose that “how employees respond to LMX variation should depend on group members’ collective perceptions of justice, or justice climate” (Erdogan & Bauer, 2010, p. 1105). This study focuses on three potential outcomes of LMX differentiation: employee attitudes (job satisfaction and organizational commitment), relationships with coworkers (satisfaction with coworker relations and helping behavior) and withdrawal behaviors (Erdogan & Bauer, 2010). What is significant about this study is its examination of how LMX differentiation relates to relationships among coworkers and the tendency to leave the group (Erdogan & Bauer, 2010). This study focused on procedural and distributive justice climates. Results indicated that although justice climate did not moderate the effects of LMX differentiation and job satisfaction, it did moderate the effects on organizational commitment, satisfaction with coworker relations, and employee withdrawal behaviors in the form of voluntary internal transfers (Erdogan & Bauer, 2010). Findings indicated that when the justice climate was low, the LMX differentiation was negatively related to these outcomes, yet when the justice climate was high, LMX differentiation was not a concern. (Erdogan & Bauer, 2010). LMX differentiation, along with high levels of distributive
justice within the group, was positively related to helping others (Erdogan & Bauer, 2010). LMX differentiation has the potential to motivate members to help each other, provided there is a fair distributive justice climate where members expect to rewarded for their contributions (Erdogan & Bauer, 2010). Overall, as the quality of LMXs improves, perceptions of organizational justice should become more positive, communication within teams more cooperative, and job performance higher.

**Conclusion**

LMX plays an important role in understanding how employees become fully contributing and engaged organizational members. It is clear that the LMX relationship cannot be fully understood without also considering the relationships employees have with their coworkers. Coworkers have the ability to not only influence how an employee interprets his or her social environment, but also coworkers help shape the employee’s perceptions, attitudes and behaviors at work. The following are ideas for future research and practical implications.

One direction for future research is to further explore the importance of social comparative evaluations from RLMX standing on individual attitudes and behaviors within different contexts (Hu & Liden, 2013). There are most likely other aspects of the team context that act to alter social comparison effects such as team design characteristics, cultural values, and individual differences (Hu & Liden, 2013). For instance, RLMX may be more important to some team members than others. For example, extroverts may find it relatively easy to seek support from individuals other than their supervisor, making RLMX less important to them than to introverts, who may experience negative work outcomes in low RLMX relationships (Hu & Liden, 2013).
Another interesting step for future researchers to take is to examine other variables, other than self-efficacy, social identification or negative affectivity, that would potentially mediate the relationships between RLMX and work attitudes and behaviors (Hu & Liden, 2013; Tse et al., 2012). For instance, emotions and moods are closely related to the social comparison process (Hu & Liden, 2013). It is also important to study other outcomes resulting from RLMX. For instance, low RLMX standing may cause members to think of leaving the leader, the team, or even the organization (Hu & Liden, 2013).

Research suggests that the quality of LMX potentially varies on multiple dimensions such as trust, affect, loyalty, obligation and respect (Lee, 2001). A final idea for future research could identify individual dimensions of the LMX that affect organizational justice (Lee, 2001).

In conclusion, a review of the literature on LMX differentiation and coworker relationships has important implications for the management of employees. Leaders should understand that employees do evaluate their own relationship with the leader in the context of the relationships coworkers have with the leader. A high or low RLMX standing can affect an employee’s self-concept, motivation to perform well, ability to foster workplace friendships and overall job satisfaction. Leadership should create a strong, inclusive team climate where all members feel encouraged and supported in order to help deal with the limitations associated with differentiated treatment within teams.
References


