



# Relative deprivation among employees in lower-quality leader-member exchange relationships

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## ABSTRACT

Leader-member exchange (LMX) theory posits that leaders develop special relationships with certain employees. By and large, prior studies have emphasized the positive aspects of LMX for employees who have high-quality exchange relationships with their supervisors (e.g., higher job satisfaction, career success). However, given the benefits that tend to accrue to employees in high-quality exchange relationships, workers who have relatively low-quality exchange relationships with their supervisors are likely to be frustrated when they compare their situation to that of their peers. Using the framework outlined by relative deprivation theory, this paper develops a theoretical model identifying when employees with relatively low-quality LMX relationships are most likely to feel aggrieved. In addition, this paper discusses the factors that may determine how employees respond to feelings of relative deprivation that arise from their LMX relationships. Directions for future research that empirically examines some of these propositions are discussed as well.

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In 1975, the idea that leaders tend to develop different relationships with different employees was first introduced (Dansereau, Graen, & Haga, 1975). Originally referred to as the “Vertical Dyad Linkage” (VDL) model of leadership, leader-member exchange (LMX) theory proposes that supervisor-subordinate relationships exist along a continuum. Some employees have relatively high-quality exchange relationships with their supervisors, while others tend to have relatively low-quality exchange relationships with their supervisors (Graen & Uhl-Bien, 1995; Liden, Sparrowe, & Wayne, 1997; Schriesheim, Castro, & Cogliser, 1999; Sparrowe & Liden, 2005). In high-quality exchange relationships, employees are given better work assignments by their supervisors (and often go beyond the call of duty in return), employees and supervisors are loyal to one another, and employees and supervisors share mutual feelings of liking and respect (Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998; Liden et al., 1997). In contrast, in low-quality LMX relationships, the relationship between employees and supervisors tends to be defined by the employment contract. Especially in earlier research, then, those with high-quality exchange relationships were described as in-group members (or “trusted assistants”) while those with low-quality exchange relationships were labeled out-group members (or “hired hands”) (Dansereau et al., 1975; Dienesch & Liden, 1986; Scandura, 1999; Vecchio, 1986).

In recent years, researchers have sought to better understand the development of LMX relationships (e.g., Bauer & Green, 1996; Liden, Wayne, & Stilwell, 1993; Maslyn & Uhl-Bien, 2001). By and large, though, most research on LMX has been concerned with its consequences or outcomes (cf. Liden et al., 1997). This work indicates that LMX is associated with a number of positive outcomes. In particular, the results of a meta-analysis by Gerstner & Day (1997) indicate that high-quality LMX relationships are significantly related to higher levels of job satisfaction, organizational commitment, and role clarity. According to their findings, employees in high-quality LMX relationships also experience less role conflict, have lower turnover intentions, have higher objective job

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performance, and receive better performance ratings from their supervisors. Previous research indicates that employees with high-quality exchange relationships tend to climb the career ladder more quickly as well (Scandura & Schriesheim, 1994; Wakabayashi, Graen, Graen, & Graen, 1988). Put simply, then, significant benefits accrue to those employees involved in higher-quality LMX relationships.

In contrast, individuals in lower-quality exchange relationships are more likely to be given mundane assignments to work on, receive less supervisory support, feel more negatively about their jobs, are faced with fewer advancement opportunities, and have stronger turnover intentions (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Maslyn & Uhl-Bien, 2001; Vecchio, 1986). Previous studies also suggest that employees recognize this differentiation in treatment and have a fairly good sense of who is “in” and who is “out” with their supervisors (Maslyn & Uhl-Bien, 2005; Sias & Jablin, 1995). Moreover, Maslyn & Uhl-Bien’s (2001) findings indicate that employees in lower-quality LMX relationships often desire better relationships with their supervisors. Not surprisingly, then, Vecchio (1995) found that employees in low-quality exchange relationships were envious of their peers who had high-quality exchange relationships with their supervisors, were more likely to be dissatisfied with their jobs, and had a higher propensity to quit. In short, in direct contrast to the positive outcomes typically associated with higher-quality LMX relationships, lower-quality LMX relationships tend to be associated with a variety of negative outcomes.

Prior research has often emphasized the link between perceptions of distributive, procedural, and interactional justice and LMX (e.g., Erdogan, Liden, & Kraimer, 2006; Masterson, Lewis, Goldman, & Taylor, 2000; Wayne, Shore, Bommer, & Tetrick, 2002). Given that employees in higher-quality LMX relationships are likely to fare better than employees in lower-quality relationships, some scholars have questioned the fairness of differentiation. In particular, Sparrowe & Liden (1997) maintain that extreme differentiation may lead some employees to feel disenfranchised. Similarly, Yukl & Van Fleet (1992) argue that a sharply differentiated in-group is likely to create feelings of resentment among those in the out-group.

Several studies indicate that employees may believe that differentiation is unjust. For example, Vecchio, Griffeth, & Hom’s (1986) findings suggest that employees in low-quality LMX relationships tend to see the workplace as less fair than those who have high-quality relationships with their supervisors. Likewise, there is evidence that workers in low-quality exchange relationships are more likely than workers in high-quality exchange relationships both to report instances of differential treatment and to view differential treatment as being unfair (Lee, 2001; Sias & Jablin, 1995). Furthermore, Maslyn & Uhl-Bien (2005) found that out-group employees tend to perceive greater use of supervisor-focused ingratiation by members of the in-group. Clearly, then, differentiation occurs and employees frequently make judgments about the fairness of differentiation.

Nevertheless, as noted by several scholars (e.g., House & Aditya, 1997; Maslyn & Uhl-Bien, 2005; Sparrowe & Liden, 1997), there is a paucity of research examining the effects of differentiation, especially with regard to the feelings of employees who have relatively low-quality exchange relationships with their supervisors. This is an unfortunate oversight because members’ feelings about differentiation could have important implications in terms of their own attitudes and performance and for the effective functioning of the larger work group and organization (Boies & Howell, 2006; Ford & Seers, 2006; Graen & Uhl-Bien, 1995; Maslyn & Uhl-Bien, 2005; Sparrowe & Liden, 1997). Scandura (1999), for example, argues that the differentiation process must be seen as fair in order for in-groups and out-groups to work together effectively. That is, it has been suggested that if employee differentiation is perceived as unfair, it may disrupt harmony within the larger group and harm cooperation among those in relatively high-quality and relatively low-quality exchange relationships with their supervisors (Erdogan & Liden, 2006; Tyler & Blader, 2003; Tyler, Degoe, & Smith, 1996). Accordingly, Liden, Erdogan, Wayne, & Sparrowe (2006) suggest that group performance is likely to be highest when group members perceive the LMX relationships of their colleagues to be fair.

Recently, some researchers have even questioned the benefits of differentiation and have recommended that managers, instead, should seek to build only high-quality LMX relationships (Graen, Hui, & Taylor, 2006). Similarly, other researchers have suggested that any differentiation should occur only at the high end (Graen & Uhl-Bien, 1995; Maslyn & Uhl-Bien, 2005; Scandura, 1999). In reality, though, many employees have relatively low-quality exchange relationships with their supervisors and such differentiation appears to be commonplace (Maslyn & Uhl-Bien, 2005). However, little attention has been paid to understanding the plight of employees who have low-quality exchange relationships with their supervisors beyond the general notion that being in such situations may foster feelings of injustice. Our purpose in this article, then, is to theoretically examine the ways in which employees with low-quality LMX relationships are likely to feel and react to their status. In examining this issue, we seek to further the understanding of this aspect of LMX in three ways.

First, we draw on Crosby’s (1976) model of relative deprivation to outline the specific antecedents of relative deprivation among individuals in low-quality LMX relationships. Relative deprivation is defined as “a tension state that exists in someone who perceives a discrepancy between the way things are and the way things ought to be” (Crosby, 1976: 56). Using this framework, we identify the specific circumstances in which feelings of relative deprivation are likely to be greatest among employees with relatively low-quality LMX relationships. Thus, whereas previous research has often focused on the benefits that accrue to individuals involved in high-quality LMX relationships, our conceptual model is principally concerned with understanding the situation facing employees with low-quality exchange relationships who feel a sense of deprivation in comparison to their peers.

Second, we explore potential employee responses to perceived unfairness in the context of LMX relationships. Specifically, we use Martin’s (1981) model of reactions to relative deprivation to predict when employees may respond to being in a low-quality exchange relationship by (1) engaging in self-improvement (e.g., working harder, displaying increased levels of citizenship behavior) and pursuing constructive change (e.g., voicing their concerns to their boss) or (2) exhibiting stress symptoms and negative attitudes (e.g., increased stress, decreased job satisfaction) and engaging in antisocial or destructive actions (e.g., counterproductive work behavior). In general, we argue that positive or negative responses to such situations are driven by the degree to which employees feel hopeful or frustrated regarding the likelihood that their LMX status will change in the future. Thus,

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