Lecture 4a: Leader-Member Exchange

Online Lecture - *LMX*

This is a complicated section and it's best to cover the material in class. LMX poses a significant challenge to leadership research because it is such a powerful explanatory theory. Of all the approaches to leadership that we have discussed (and will discuss), LMX stands alone in its statistical power to explain leadership outcomes. No other approach really comes close. ***Yet, as a theory, it is only descriptive: it has major limits to its predictive power.***

What the theory highlights above any other is the importance of cultivating relationship in the workplace between subordinates that are **trusted** and the other subordinates that are also led. This sounds like a fairness problem but LMX shows us that leaders are interested in the developing and supporting **all** of their team members. But, they **invest their time and effort in those subordinates that outperform and commit to them as leaders.**

This is a theory fraught with problems in understanding it. Mindtools offers a good preface ot the chapter:

As a manager, it's not always right to treat everyone on your team in the same way.

For instance, you probably have team members that you've developed a great relationship with: you trust them, they work hard, and they've never let you down. To you, these team members are invaluable, and you make an extra effort to send challenging projects their way.

It's also likely that you have others on your team who you think less well of. They may not have far-reaching career goals, they're less competent, and you simply don't trust them to the same extent. These team members get everyday responsibilities, and are not considered for promotions or challenging assignments.

However, have you ever stopped to analyze why you don't trust certain team members? Rightly or wrongly, do you let that distrust, or the belief that they're unreliable, influence how you relate to them? Do you, even subconsciously, withhold opportunities that might help them grow and succeed?

This situation is at the heart of the Leader-Member Exchange Theory. This theory, also known as LMX or the Vertical Dyad Linkage Theory, explores how leaders and managers develop relationships with team members; and it explains how those relationships can either contribute to growth or hold people back.

Understanding the Theory

The Leader-Member Exchange Theory first emerged in the 1970s. It focuses on the relationship that develops between managers and members of their teams.

The theory states that all relationships between managers and subordinates go through three stages. These are:

1. Role-Taking.
2. Role-Making.
3. "Routinization."

Let's look at each stage in greater detail.

Role-Taking

> Role-taking occurs when team members first join the group. Managers use this time to assess new members' skills and abilities.

Role-Making

> New team members then begin to work on projects and tasks as part of the team. In this stage, managers generally expect that new team members will work hard, be loyal and prove trustworthy as they get used to their new role.

The theory says that, during this stage, managers sort new team members (often subconsciously) into one of two groups.

- **In-Group** - if team members prove themselves loyal, trustworthy and skilled, they're put into the In-Group. This group is made up of the team members that the manager trusts the most. Managers give this group most of their attention, providing challenging and interesting work, and offering opportunities for additional training and advancement. This group also gets more one-to-one time with the manager. Often, people in this group have a similar personality and work-ethic to their manager.
- **Out-Group** - if team members betray the trust of the manager, or prove that they're unmotivated or incompetent, they're put into the Out-Group. This group's work is often restricted and unchallenging. Out-Group members tend to have less access to the manager, and often don't receive opportunities for growth or advancement.

Routinization

> During this last phase, routines between team members and their managers are established.

In-Group team members work hard to maintain the good opinion of their managers, by showing trust, respect, empathy, patience, and persistence.

Out-Group members may start to dislike or distrust their managers. Because it's so hard to move out of the Out-Group once the perception has been established, Out-Group members may have to change departments or organizations in order to "start over."

Once team members have been classified, even subconsciously, as In-Group or Out-Group, that classification affects how their managers relate to them from then on, and it can become self-fulfilling.

For instance, In-Group team members are often seen as rising stars and the manager trusts them to work and perform at a high level. This is also the group that the manager talks to most, offering support and advice, and they're given the best opportunities to test their skills and grow. So, of course, they're more likely to develop in their roles.

This also holds true for the Out-Group. The manager spends little, if any, time trying to support and develop this group. They receive few challenging assignments or opportunities for training and advancement. And, because they're never tested, they have little chance to change the manager's opinion.

Using the Theory

You can use the Leader-Member Exchange Theory to be aware of how you perceive members of your own team.

To do this, follow these steps:

1. Identify Your Out-Group

Chances are, you know who's in your Out-Group already. Take a moment to note their names down.

Next, analyze why these people have fallen "out of favor." Did they do something specifically to lose your trust? Do they exhibit bad behavior at work? Are they truly incompetent, or do they have low motivation?

Analyze what they've actually done, and compare the facts with your perceptions. Do these match, or have you (perhaps subconsciously) blown things out of proportion?

2. Reestablish the Relationship

It's important that, as the leader, you make a reasonable effort to reestablish a relationship with Out-Group team members. Research published in the Leadership Quarterly journal in 1995 showed that team members who have high quality relationships with their leader have higher morale, and are more productive than those who don't. So you, and your organization, can benefit from creating a better relationship.

Keep in mind that this group will likely be wary of any attention or support from you; after all, they may not have had it in the past.

First, meet each team member one-on-one. Take the time to find out if they're happy with their job. What are their career goals? What can you do to make their work more challenging or engaging?

A one-on-one meeting can also help you identify that person's psychological contract with you - that is, the unspoken benefits they expect from you, as their leader. If they're in the Out-Group, they may feel that the psychological contract has been broken.

You also need to discover what truly motivates them. Use McClelland's Human Motivation Theory or Herzberg's Motivators and Hygiene Factor Theory to find out what drives them to succeed.

Once you've had a chance to reconnect with your team members through one-on-one meetings, do what you sensibly can to continue to touch base with them. Practice management by walking around, or drop by their office to see if they need help on projects or tasks. Work on getting to know these team members on a personal level.

3. Provide Training and Development Opportunities

Remember, the biggest advantage to the Leader-Member Exchange Theory is that it alerts you to the preference you might unconsciously - and possibly unfairly - be showing some team members; this allows you to offer all of your team members appropriate opportunities for training, development, and advancement.

Your Out-Group team members may benefit from a mentoring or coaching relationship with you.

One Major Limitation of the Theory

A problem with the Leader-Member Exchange Theory is that it assumes that all team members are equally worthy of trust, prestigious projects and advancement. Although we may like to think that everyone is honest, hard-working and worthy of our esteem, the reality can be different!

Managers need to get the best possible results. This means putting the right people in the right places, and it means developing and reinforcing success. Of necessity, this means that talented people will get more interesting opportunities and may get more attention than less-talented ones.

Use the Leader-Member Exchange Theory to make sure that you're objective in the way that you deal with people, but don't be naïve in the way that you apply it.

Lecture, Book, or Article Title with link

Please read pages **161 - 173 of the LMX material (https://barry.instructure.com/courses/1592832/files/64390682/download?wrap=1)** **(https://barry.instructure.com/courses/1592832/files/64390682/download?wrap=1)** .