

AMBS RESEARCH CONFERENCE 2017-18: ABSTRACT

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Presentation Title: LMX Differentiation: Developing a new measure and theoretical framework.

Background and Research Significance. For decades, one of the most popular frameworks of workplace leadership has been the Leader-Member Exchange Theory (LMX), which focuses on the *quality* of the relationships that develop between leaders and their followers, with the main premise that leaders develop unique, differential exchange relationships with each of their subordinates (Graen & Cashman, 1975). The main focus of this PhD project is on the *variation* in leader-member exchanges within work teams, termed LMX Differentiation, which refers to “the degree to which the same leader differs in his or her exchange relationships with group members” (Chen, He, & Weng 2015). LMX differentiation stands out as an important topic for leadership-related research and practice, as, based on the premise of LMX theory that each relationship is unique, all groups with at least two members are characterised with some degree of differentiation, and due to the significant effects that differential leader-member exchanges may have on key work outcomes, such as employee wellbeing, team relations, and both individual and team performance.

Literature Review. To date literature has been inconclusive regarding the effects of LMX differentiation on work outcomes, reporting negative, positive or non-significant effects depending on utilised measures of differentiation, moderators, mediators and level of analysis. In a similar vein, only a handful of research has been published examining LMX differentiation simultaneously at multiple levels, which is of particular importance, as significant interactions have been found between different levels of analysis. Furthermore, recent research has also critiqued the sole focus on the *degree* of LMX differentiation, ignoring possible effects of *types* of (i.e. grounds for) differentiation. Lastly, none of the existing measures directly ask individuals to indicate the degree and types of LMX differentiation they perceive within their team, but rather predominantly infer LMX differentiation from the statistical variation of LMX scores within a work team (i.e. standard deviation) or how individuals perceive their LMX relative to their team members.

Present Project. In order to obtain a thorough overview of existing literature on LMX differentiation, the initial paper will be a systematic literature review. The two main aims of the review will be to categorise how LMX differentiation has been operationalised and measured to date, and to summarise and evaluate in which roles and theoretical contexts LMX differentiation has been studied so far. The second paper will be concerned with the development and trial of a multi-dimensional measure of both the degree and types of perceived LMX differentiation. The measure development will be based on the findings from the initial review and qualitative data, which will be collected by utilising a combination of diaries and interviews with both business leaders and their employees. The instrument will be validated against existing LMX-related measures within a cross-sectional study. The final paper will be concerned with the development and assessment of a multi-level theoretical framework explaining how perceptions of differentiation in leader-member exchanges within a work team interact at individual, team, and organisational levels in regard to work-related outcomes. The framework will be based upon the findings from the initial review paper and assessed within a longitudinal study, including the newly developed measure of perceived LMX differentiation.

Expected Contributions. The present PhD project is expected to contribute to existing literature by: a) providing a systematic summary, evaluation, and synthesis of the currently conflicting research regarding LMX differentiation; b) developing a unifying multi-dimensional measure that shall directly assess both degree and types of differentiation perceived by employees; and by c) developing and assessing a compressive multi-level theoretical framework of LMX differentiation, answering the call for more multi-level research in this field. Crucially, the above contributions would provide organisational psychology practitioners with a tool to identify the level and types of differential leader-member exchanges within an organisation, and would inform business leaders how to counteract or buffer the potential negative effects of differential exchange relationships between them and their subordinates.

Keywords: Organisational Psychology, Workplace Leadership, Leader-Member Exchange (LMX), Differentiation
