

## **Leader Member Exchange Differentiation affect on Task Performance of Out- Group Employee: A Sequential Mediated Model**

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### **Abstract**



*The current study was conducted with the aim to identify the impact of Leader Member Exchange Differentiation on Task performance of the followers with the sequential mediation of Admiration and positive form of envy i.e. Benign Envy. It is the covering the important element of leader member dyads specifically the members categorized as the out-group. Positivism research philosophy was adopted, followed by deductive approach. Survey method was used and sample was collected from the public sector universities. 219 sample was collected and used to test the results by using purposive sampling techniques. SEM techniques were applied to test the sequential mediation followed through structured and path model. The results suggested that there is a negative but significant relationship between Leader Member Exchange differentiation and Admiration. However, Benign Envy have positive significant relationship with task performance of out- group employees. The research reported some interesting future research areas to record the overall impact of LMXD on positive and negative behavior of followers.*

**Keywords:** LMXD, Admiration, Benign Envy, Task Performance

### **Introduction**

In today's competitive environment, organizations strive to gain a competitive advantage while also achieving the optimum level of efficiency, performance, and effectiveness (Malik & Khan, 2020). Organizations are also fighting for the collection and effective utilization of resources under the concept of the well-known resource-based view of firm (Malik et al., 2021). Furthermore, in accordance with the firm's resource base viewpoint, organizations in the current era have accepted the role of human resources in the effectiveness and performance of the organization (Brush et al., 2001). As a result of this development, organizations are taking various steps to motivate human resources (employees) to contribute to the organization's success. Among all other initiatives/steps, employees' psychological development, affective, and cognitive components are critical in shaping employee behavior (Khan & Malik, 2017). The role of leaders is inevitable for the aforementioned psychological development. The implementation of required leadership is critical to an organization's success (Santoso, 2019). However, the dark side of leadership has been overlooked in the literature, with researchers focusing on the implementation of the appropriate leadership style in order to achieve the desired output at the organizational level. Such implementation arouses the concept of leader member exchange, which is a potential driver of creation of differentiation among followers. Initially, it has been found that LMX focused on quality or level either than dispersion of LMX with in groups (Erdogan & Bauer, 2010; Paik, 2016). Later on, increasing research has examined that LMX create differentiation at individual as well as group level and in the context of individual, it has various kinds of employee attitudinal and social outcomes (Henderson et al., 2008). In line with the thoughts, recent research shows that the term LMX is replace by LMXD that have negative impact on employee's relationship with each other's and LMX differentiation is providing vital platform for researcher to extend understanding of dyadic linkage within the broader In-group and out group followers (Ansari et el., 2007). Therefore, forecasting the effect of LMX differentiation on individual's outcome identified as more complicated but influencing concept for Individuals performances (Harris et al., 2014). However, if the positive emotions emerged in the followers coming under the category of outgroup of a leader, then they can

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adopt positive behavior (Sui et al., 2016). In the said context, current study outlined task performance as positive outcome, not in isolation, but with the help of process that include affective component of individual attitude. The present study extends previous research by examining factor that's effects on performance of employee's belief that organizations lack integrity and behavioral response. One potential reason of this research is that none of the study is conducted on emotion such as social emotions mechanism that might explain that LMX differentiation has impulsive outcomes on task performance (Sui et al., 2016). Furthermore, it has been identified that there is a lack of conceptually driven understanding of how LMX- differentiation influence social emotional response of employees, with reviews acknowledging that link between LMX differentiation include emotions (Naidoo et al., 2011). Based upon the fact, the current research intends to contribute to prevailing literature in several ways, first, the research seeks to fill the knowledge gap concerning the link between performance of outgroup followers as an outcome of positive social comparison emotion. This study is designed to be one of the first studies to consider the link between task performances, with LMX differentiation. Second, determining how social comparison mediates with positive outcome (Admiration) with task performance. The current study is unique in nature as this study considers social comparison emotion on Benign Envy leading with positive emotions (Buunk & Gibbons, 2007). The study also aimed to identify the emotional processes related to high levels of LMXD and discretionary actions, shedding light on why some members of a workgroup respond positively to LMX differentiation.

### **Literature Review**

#### **Hypotheses Development**

When leader distribute resources indistinctively and favors particular group of employees, depicting high LMX differentiation that would result in emotional appraisal process and search for information to evaluate one's status. If you have high LMXD, you would receive more resources in comparison to others (Buunk & Gibbons, 2007). In contrast, others would confront relative downward comparison. On the very second stage, if you will deliver injustice and unfairness resultantly it would lead you to think you cannot influence production and have lose control over situation (Cropanzano et al., 2001; Van den Bos & Lind, 2002). By losing grip on situation control would lead you losing your own status and leaves you on the edge of similar status having low LMXD. Although, you being on superior status, but your downward comparison may haunt you, you would desire to avoid becoming a "feared self" in future (Lockwood, 2002; Lockwood, Jordan, & Kunda, 2002) because the injustice you served would suggest you that you may not be able to retain your status. In this situation, employees are experiencing social comparison emotion such as admiration and scorn. If the individual employee is experiencing admiration, it leads to positive outcomes and vice versa. Employees with admiration emotion try to gain the require position in the group of leader and for the purpose they perform their task effectively and efficiently. On the other hand, if the individual is experiencing scorn emotion, they will be involved in negative organization related behavior such as cynicism.

#### ***H1a: LMXD has significant impact on Admiration.***

Admiration as emotion categorized as the positive social comparison emotion with some sort of positive outcomes. Despite it is emerging as an outcome of social comparison, it has positive outcomes. It has been observed that the individual with admiration emotion come up with benign envy (Ven et al., 2011). The individual try to develop themselves in such a way to compete with envious individual and for the purpose they put all their efforts. In the context of current research, due to differentiation, if an individual is not in the in- group of leader, they try to displace themselves from out- group to in- group due to admiration. Such emotion drive them to benign envy and they put their efforts in positive way to achieve his/ her goal i.e. become part of the member of the leader. Smith and Kim, (2007) conduct comparison of benign and malicious envy to admiration and resentment is important because theory suggests that benign envy shares some resemblance with admiration (Smith & Kim, 2007). Due to different nature of malicious and benign envy, benign envy has positive and significant impacts through admiration which ultimately motivate the individual to fulfill his/ her assigned task and boost in task performance. It is imperative for understanding that despite its positive nature (benign envy) creates unpleasant feelings and frustrating while admiration is a pleasant emotion to experience and due to admiration, benign envy could be change accordingly (Ven et al., 2011).

#### ***H1b: Admiration has significant impact on benign envy.***

LMX differentiation is interconnected to performance. As we know that LMX theory is based under domain that leaders don't serve equality between their subordinate. The extent of differentiation varies

across groups, for instance, in some group it is high and leader distribute high quality exchanges whereas in other it is so low, hence, overall it is not based on equal footing. In comparison to some other groups where leader deals equally with all the member (Liden & Graen, 1980) but it is relatively less practiced notion. It is important to note here as LMX theory is based on leader differentiation which is imparted between group members but inference of differentiation for particular person and group is widely unknown. In this study, we have used different approaches to analyze the relationship between LMX differentiation and performance of individual. In addition, we have also tried to determine the convulsion of the relation between LMX differentiations on individual performance. Particularly, LMX differentiation reflects on the performance of individual and thereby it is due to one's own LMX. Job performances depend on the voluntary behavior and it impacts on psychological and social foundation of organization, hence it has potential for the efficiency of organization (Borman & Motowidlo, 1997). The current study presumes that there will also positive association between LMX differentiation and Task performance. In addition, the current study adopts a process through which LMX differentiation can predict task performance negatively or positively. The study focused on out- group of leaders and due to this differentiation, there is a chances of emergence of social comparison emotions which further leads to envy and then leads to task performance.

***H1: LMX Differentiation have a significant impact on task performance with sequential mediation of admiration, and benign envy.***

## **Research Methodology**

### **Research Design**

The study outlined positivism research philosophy and deductive approach. Sample was selected from the universities that serves as an appropriate research setting because, public sector universities are full of with politics and almost every staff member belongs to a particular group (leader). Second, it has been identified that the faculty members are more victim of in- group and out- group social comparison. In addition, it has been noted that due to cultural and religious norms, the individuals are trying to remain separate from malicious envy, despite experiencing out- group of their leader.

### **Data Collection**

For the purpose of collection of Data, Survey method was conducted by using self-administrated questionnaires. The said questionnaire was consisted upon two parts Demographics and questions related to leader- member exchange, admiration, benign envy, and task performance. Overall, 250 questionnaires were distributed, and 219 were received back with the response rate of 87.6%.

### **Measures**

LMXD was measured with Graen and Uhl-Bien (1995) 7- items scale. Social comparison emotions admiration was measured by using White et al., (2006). Benign envy was measured by using Crusius and Lange (2014) scale of four items. Four items scale of Van Dyne and Lepine (1998) was used for measuring the task performance. It is supervisor rated scale, hence the current study identified as dyad where supervisor rated the behavior of followers and vice versa.

## **Results**

### **Demographic Analysis**

Demographic analysis or respondents profile broadly presented the background information of the participants who took part in the study. The below presented table 1 is revealed that 200 respondents were male with the percentage of 91.3. Only 19 female respondents were identified in the current study based on the data. The experience wise analysis shown that 97 (44.3%) respondents reported that they have the experience between 1-5 years. 114 respondents with the highest percentage i.e. 52.1 reported that they have 6-10 year of experience in the current organization. Most of the respondents or staff acquired Master degree since they are 175 out of 219. The next category in the table 1 is age wise profile of respondents and it revealed that 166 respondents are with the age range from 26-30 with the percentage of 75.8%.

**Table 1:**

***Respondents Profile***

	<b>f</b>	<b>%age</b>
<b>Sex</b>		
M	200	91.3
F	19	8.7
<b>Experience</b>		

1- 5 Years	97	44.3
6-10 Years	114	52.1
11-15 Years	4	1.8
16-20 Years	4	1.8
<b>Education</b>		
Graduate	27	12.3
Master	175	79.9
M.S	17	7.8
<b>Age</b>		
20-25 Years	28	12.8
26-30 Years	166	75.8
31-35 Years	25	11.4
Total	219	100%

### Instrument Validation

The below mentioned table is shown the instrument validation where it has been observed that all the values are supporting the mentioned range (Hier et al., 2009). The table 3 highlighted the items loading as well as the AVE values that should be greater than 0.60. Moreover, it is also displaying the values of composite reliability that are coming according to the range mentioned by different scholars. The acceptable range is >.70 (Cooper et al., 2006). All the values presented in table 2 are met with defined range. So no reliability concerns have been found in the data.

**Table 2**

### Validation of Instrument

Constructs and Items	p	C.R	AVE
Leader Member Exchange			
LM1	.786	0.904	0.664
LM2	.585		
LM3	.840		
LM4	.971		
LM5	.989		
Admiration		0.947	0.818
Adm1	.964		
Adm2	.967		
Adm3	.876		
Adm4	.913		
Benign Envy		0.968	0.858
BE1	.972		
BE2	.908		
BE3	.939		
BE4	.961		
BE5	.921		
Task Performance		0.831	0.634
TP1	.825		
TP2	.856		
TP3	.820		
TP4	.747		

PCA. Rotation: Promax

### Testing of Hypotheses

The Results for hypotheses testing presented in table 3 where it has been observed the LMX has significant but negative relationship with admiration (Beta= -0.166,  $p < 0.002$ ), Admiration has negative significant impact on Benign Envy (Beta= -0.629,  $p < 0.001$ ) and Benign Envy has positive significant impact on Task Performance (Beta= 0.199,  $p < 0.001$ ). Moreover, the partial mediation of Admiration, and Benign Envy have been recorded in the relationship of LMX and Task Performance.

**Table 3**

### Hypotheses Testing

			Beta	S.E.	C.R.	P
Admiration	<---	LMX	-0.166	0.054	-3.094	0.002
Benign Envy	<---	Admiration	-0.629	0.168	-3.738	***
Task Performance	<---	Benign Envy	0.199	0.036	5.529	***

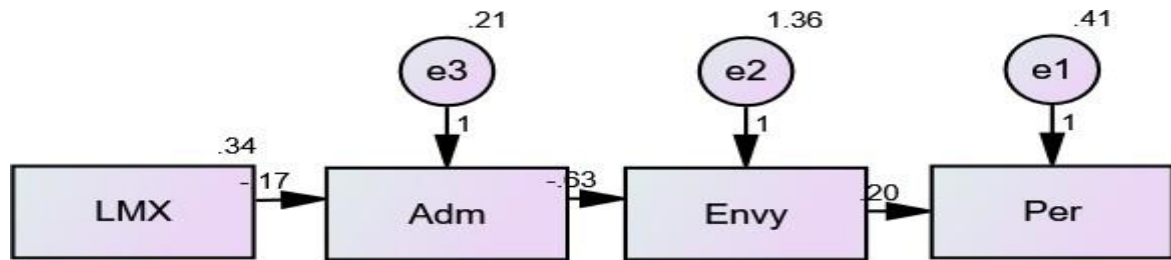


Figure 1: Path Diagram

### Discussion

The results of current study revealed that the leader member exchange has the potential to create a mechanism which leads to negative impact on admiration and admiration has negative significant impact on benign envy. Since the benign envy has positive essence so have the positive impact on task performance of the employees or followers. The sequential mediation was recorded as partial mediation because it has significant impact on the task performance. The results interpreted as When LMX goes up by 1, Admiration goes down by 0.166, similarly, When Admiration goes up by 1, Benign Envy goes down by 0.629, and When Benign Envy goes up by 1, Task Performance goes up by 0.199. The study according to the Leader Member Exchange Theory defined that the out group followers are posing positive behavior despite to remain in the out group because of the positive emotions and specially when they try to remain in the group of the leaders they try to fulfill their tasks so that leader identify positivity in them and recognize their efforts for betterment of the organization or workplace. The results gets support by the previous researches (e.g. Martin et al., 2016; Byun et al., 2017; Moin et al., 2021).

### Managerial Implications

The research has some sort of managerial implications since it is covering the important mechanism of leader and followers in the organizations. The manger or leader should try to overcome the perception and differentiation because it has negative impact on the psychological health of employees. Moreover, the leader should identify the followers from the out group that have positive behavior despite being in the out-group.

### Future Research Directions

The research covered and identify the relationship that have been overlooked in the previous researches, however, it opens a new avenue for the future researches. The future research should take the negative path as an outcome of differentiation through inclusion of scorn and malicious envy and by taking the negative behavior such as organization cynicism. Moreover, Pakistan is having collectivist cultural orientation, so the future research should incorporate the collectivism as moderator in the model of the study to identify the true impact.

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