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## Abstract

In this paper we introduce a novel construct, Leader-Member Exchange (LMX) importance, which we position as a meta-perception indicating whether followers view their LMX relationship as personally important or valuable to them. Based on social exchange theory, we examine the extent to which the obligation followers feel towards their leader depends jointly on the quality and the importance of the LMX relationship. We examine how LMX importance influences the process through which LMX quality affects employees' level of organizational citizenship behaviour (OCB) by focusing on felt obligation (a measure of followers' reciprocity obligation in the social exchange process) as a mediating variable. Across two studies, we found that high levels of both LMX quality and LMX importance interacted to engender a greater feeling of obligation in followers to repay the perceived favourable exchanges with their leader. Felt obligation predicted leader-rated OCB, demonstrating support for our hypothesised moderated mediation model. However, psychological empowerment, when included alongside felt obligation (in Study 2) did not mediate the LMX-OCB relationship. Overall, our findings extend the focus of LMX theory beyond the confines of LMX quality to incorporate the importance of the LMX relationship.

Keywords: Leader-Member Exchange (LMX); LMX Importance; Felt Obligation; Psychological Empowerment; Organisational Citizenship Behaviour (OCB)

### Practitioner points

- Leaders should be aware that followers vary in the extent to which they perceive the leader-follower relationship to be personally important. As such, they may decide to invest heavily in helping followers understand that the relationship is instrumental for their success at work.
- Leaders should invest not only in trying to build positive relationships, but also in establishing the importance of these relationships. Doing so will maximise the benefits of developing a high-quality relationship.
- Followers appear to be more willing to reciprocate when they perceive a high-quality relationship with the leader *and* one when they perceive the relationship to be important. Thus, managers should be aware that the norm of reciprocity may vary depending on how important followers perceive the relationship to be and leaders may need to find other ways to motivate employees who don't see the relationship as important.
- When followers do not see the leader-follower relationship as important, managers should avoid trying to engage in reciprocity contingent influence tactics and/or try to change followers' perceptions of the importance of the relationship.

## Beyond Relationship Quality: The Role of Leader-Member Exchange Importance in Leader-Follower Dyads

Leader-member exchange (LMX) theory, the most popular approach to understanding relational leadership (Martin, Epitropaki, Thomas & Topaka, 2010), asserts that leaders develop unique relationships with each of their followers and that the quality of this relationship affects followers' work attitudes and behaviour (Graen & Uhl-Bien, 1995). The link between LMX quality and beneficial outcomes is typically explained utilising social exchange theory (Blau, 1964), and the mutual reciprocation that develops in high-LMX relationships (e.g., Liden, Sparrowe, & Wayne, 1997). The better the perceived quality of the LMX relationship, the more motivated followers are to invest in the social exchange relationship with the leader to continue to receive tangible (e.g., information) and intangible (e.g., leader trust) benefits (Erdogan & Enders, 2007). This motivation is theorised to flow from a norm of reciprocity that dictates that benefits received should be repaid in kind (Gouldner, 1960). Scholars have argued, for instance, that to reciprocate high-quality LMX relationships, it is especially likely that followers will go beyond required in-role behaviour (i.e., in-role job performance) and engage in organisational citizenship behaviour (OCB) to maintain a balanced social exchange (e.g., Ilies, Nahrgang, & Morgeson, 2007).

Contrary to this core principle, however, there is good evidence to suggest that this cycle of social exchange is stronger in some LMX relationships than others. For example, meta-analytic results (Martin, Guillaume, Thomas, Lee, & Epitropaki, 2016; Ilies et al., 2007) show that there is significant unexplained variation in the LMX quality-OCB relationship, ranging from negative ( $r = -.14$ , Tejada, 2006) to strong positive associations ( $r = .62$ , Ouyang, 2011). The inconsistency in followers' responses to high-quality LMX relationships begs the question: what explains this variability?

A promising starting point for understanding when followers will feel a greater sense of obligation to their leader is to more closely examine the exchange dynamics at the heart of social exchange theory (Blau, 1964; Homans, 1958). As argued by Cropanzano and colleagues, many critical aspects of social exchange theory have been underdeveloped, and thus, new ideas can emanate from a closer examination of the foundational literature (Cropanzano, Anthony, Daniels & Hall, 2017; Cropanzano & Mitchell, 2005). A central tenet of the norm of reciprocity is that obligations of repayment are contingent upon the imputed value of the benefit received (Gouldner, 1960). In other words, the perceived value of the exchange with another party will determine the extent to which one feels obliged to repay. The value of the exchange and the subsequent feeling of obligation are argued to vary based on variables such as the intensity of the recipient's need at the time the benefit was given and the status of the participants (Gouldner, 1960). While previous research has suggested that the social exchanges that take place within the LMX relationship are subject to moderating factors (e.g., Erdogan & Enders, 2007; Hofmann, Morgeson, & Gerras, 2003), there remains a paucity of research examining boundary conditions between LMX and the social-exchange based mediators. As such, it remains unclear when LMX is likely to lead to greater feelings of obligation to their leader, and consequently OCB.

To further understand the conditional nature of LMX reciprocity, in the current research we expand upon this important, yet overlooked, principle of instrumentality in social exchange theory (Cropanzano, Rupp & Schminke, 2001) and its application to LMX theory. As noted by Molm, Peterson and Takahashi (2001) the fact "... that exchange partners vary in the *value* of the resources they control, and that this variation in value can have powerful effects on exchange patterns and power dynamics, has been relatively neglected" (pg. 159). Therefore, as Meeker (1971) asserts "...the assumption that all behaviour is reciprocating is a reminder to examine the value of what is gotten in return" (pg. 487). However, a close

appreciation of the instrumental value of resources exchanged between leaders and followers is largely absent from LMX theorising, especially in high quality LMX relationships (cf. Liden et al., 1997). In essence, the LMX literature, like many contemporary applications of social exchange theory, has tended to focus on the moral obligation to reciprocate, rather than the instrumental nature of reciprocity and social exchange (Cropanzano & Mitchell, 2005; Cropanzano et al., 2001).

In order to address this gap in the literature we aim to assess *both* the quality of exchanges between a leader and follower (i.e., LMX quality) and the value or importance of those exchanges from the follower's perspective (i.e., LMX importance). We argue that these two constructs are distinct. For instance, a follower could enjoy a high-quality relationship with their leader but not see the relationship as particularly important. Similarly, a leader and follower might have developed a low-quality LMX relationship despite the follower seeing great importance in that relationship. Thus, in the current research we examine, in addition to LMX quality, the extent to which followers view the LMX relationship as important (i.e., personally valuable to them). Leaders may, for example, have limited upward influence (Zhou, Wang, Chen, & Shi, 2012) or organisational support (Erdogan & Enders, 2007) rendering such relationships less important to the follower. Followers may have either certain personality characteristics (e.g., Bauer et al., 2006) or develop the competence to succeed without help from their leaders. Similarly, a follower who may have initially valued the benefit of the leader's sponsorship may over time become less dependent on the leader because they develop their own informal network that acts as alternative sources for these valued resources (Liden et al., 1997). In such situations, followers may ascribe little importance to the LMX relationship and therefore feel less obligation to their leader. Therefore, it seems theoretically important to consider the 'importance' of the LMX relationship to the follower as a lens through which to understand the provisional nature of

LMX reciprocity. To the best of our knowledge, this is the first empirical research to focus on this aspect of LMX.

Over two studies, we develop and test a moderated mediation model which examines followers' felt obligation to their leader as the mediating mechanism and LMX importance as the moderator on the relation between LMX quality and OCB. We aim to make three notable contributions to the LMX literature. First, we draw on a foundational principle of social exchange theory (Blau, 1964; Emerson, 1976; Gouldner, 1960) that has not been fully developed in the LMX literature to introduce a novel construct – *LMX importance*. We conceptualise LMX importance as a meta-perception indicating whether followers view their LMX relationship as personally important or valuable to them. We contend that this perception is distinct from one's overall evaluation of the relationship (i.e., LMX quality), and that it constitutes an important condition for attaining balanced reciprocity in LMX relationships. As such, we extend the focus of LMX theory beyond the confines of LMX quality to incorporate the importance of the LMX relationship. In doing so, we address the call to return LMX research to its historical roots in social exchange theory to investigate lesser understood aspects of the exchange process (Cropanzano & Mitchell, 2005; Sparrowe & Liden, 1997).

Second, by positing LMX importance as a theoretically substantive moderator that can explain significant variation in the strength of the LMX quality-OCB relationship, we address calls to shift the emphasis of LMX theory and research from a universalistic to a contingency perspective (Bauer et al., 2006; Schreishem et al., 2000). We contend that LMX researchers have underplayed the role of instrumentality as a neutraliser of the obligation to their leader (Cropanzano & Mitchell, 2005). This is an important limitation because individuals care about self-interest and thus “...researchers who ignore egocentric biases do so at our theoretical peril” (Cropanzano et al., 2001, pg. 13). Therefore, we address this gap

in the literature, and locate this critical boundary condition at the core of LMX theory – the importance of the LMX relationship itself.

Finally, we advance extant knowledge of when and how the LMX relationship impacts follower citizenship behaviour. We seek to qualify the standard universalistic social exchange explanation from LMX theory by showing that in high quality relationships followers only feel obliged to reciprocate favourable treatment, and in turn enact OCB, under conditions of high (but not low) LMX importance, and therefore reveal the contingent nature of LMX reciprocity (Studies 1 and 2). Moreover, we go beyond previous research on LMX by providing a more stringent test of the proposed exchange-based mechanism (i.e., felt obligation) by pitting it against an alternative motivation-based mechanism (i.e., psychological empowerment) (Study 2). Further, in Study 2, we explore whether these alternative mediators differentially influence OCB. As such, we address recent calls for leadership researchers to simultaneously examine multiple mediators to tease apart the relative effects of competing theoretical explanations (e.g., Fischer, Dietz, & Antonakis, 2017), and thus advance our theoretical understanding of the LMX process.

### **Leader-Member Exchange, Felt Obligation and Organizational Citizenship Behaviour**

Based on the norm of reciprocity (Gouldner, 1960), researchers have argued that the favourable treatment resulting from high-quality LMX relationships creates obligations in followers, who then reciprocate through higher levels of effort, motivation and positive behaviour (Maslyn & Uhl-Bien, 2001; Settoon, Bennett, & Liden, 1996). LMX theory emphasises that high-quality LMX relationships are characterised by follower inclination to go beyond the employment contract (Graen, 1976; Liden et al., 1997). In high-quality LMX relationships, obligations are believed to be diffuse and unspecified (Blau, 1964). A positive relationship is thus expected between LMX quality and OCB because OCB helps fulfil the

reciprocity obligations of followers and represents an exchange currency.

Unlike task performance, OCB represents behaviour that is likely to be outside of job descriptions, discretionary in nature and therefore less likely to be formally rewarded by the organisation (e.g., Organ, 1997). This makes it especially likely that followers will engage in OCB to maintain a balanced social exchange (e.g., Ilies et al., 2007). Unlike OCB, in-role performance is a requirement of one's position and therefore is perhaps less of a social exchange currency. Leaders might expect in-role performance as a bare minimum rather than as a valuable exchange (e.g., Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Indeed, OCB may reflect members' efforts to maintain exchange relationships that are more social than economic (Organ, 1990). Supporting the assertion that OCB represents a way in which followers can meet the obligations that result from a high-quality LMX relationship, previous research demonstrates that felt obligation generated from high-quality LMX relationships mediates the relationship between LMX quality and OCB (Lemmon, & Wayne, 2015).

Hypothesis 1: *Felt obligation toward the leader will mediate the relationship between LMX quality and OCB.*

### **LMX Importance, LMX and Felt Obligation: The moderating role of LMX importance**

In line with social exchange theory and the norm of reciprocity, researchers have argued that in a high-quality LMX relationship, leaders provide intangible and/or tangible resources to their followers (e.g., Liden et al., 1997), and in return, followers repay these benefits via positive behaviours such as OCB (e.g., Masterson, Lewis, Goldman, & Taylor, 2000). High-quality LMX is therefore theorized to engender a high degree of mutual obligation between exchange partners (Blau, 1964). LMX theorists have also argued that the greater the perceived value of the tangible and intangible resources exchanged, the higher the quality of the LMX relationship (e.g., Wayne, Shore, & Liden, 1997). This suggestion is in line with one of the most central arguments of social exchange theory – that the resources

exchanged between individuals vary in perceived value, and that these variations in value have a powerful influence on the exchange process (Molm et al., 2001). Indeed, some of the earliest theorising related to social exchange highlighted that the value of a partner's exchange resources is a vital determinate of reciprocity (Blau, 1964, Emerson, 1976; Homans, 1958). Similarly, Gouldner's (1960) norm of reciprocity places emphasis on the value of the investment, which suggests that reciprocation may depend on the perceived value of the exchange offered by the other member of the dyad. Social exchange theory therefore posits that to determine the degree of their obligation to others, individuals assess the value of the resources received from a giver. But what captures the perceived value that followers place on the resources received from a leader? In the current research we suggest that LMX importance is a construct that can help to elucidate when followers will be more likely to value exchanges from their leader.

Consider an example in which there are two leaders, both of whom give frequent advice to their followers. The advice from one of the leaders is pivotal for his/her followers to complete their assignments, whereas the advice from another has limited use. The exchanges would likely contribute to high-quality relationships between both sets of followers and each leader, but these exchanges have differential value. In the first instance, the advice is more valuable and, according to social exchange theory, should therefore lead to a greater need to reciprocate. This basic proposition was supported by a study in which the value of exchanges between two actors was manipulated experimentally, with more valuable exchanges producing increased rates of exchange (Cook, Emerson, Gillmore, & Yamagishi, 1983). Alternatively, perceptions of LMX importance might also vary as a function of the characteristics of the follower. For example, followers high in self-belief or even narcissism may see less value in their leaders. This would not preclude them from developing a good

relationship with their leader, but they may see less need for the relationship (Nübold, Muck & Maier, 2013).

In support of the above, when leaders have limited upward influence (Zhou et al., 2012) or organisational support (Erdogan & Enders, 2007), or when followers have certain personality traits (e.g., Bauer et al., 2006), or ability to succeed without help from their leaders, the impact of even high-quality LMX was reduced. Based on the tenets of social-exchange theory, a pertinent step forward for LMX theory is to pay closer attention to the value of the relationship in addition to its quality. The value of an LMX relationship is highly subjective. Some followers, for example, will place greater emphasis on praise and feedback, whereas others may focus on tangible resources such as bonuses and promotions. According to Gouldner (1960), the value of a resource depends on the degree to which it symbolises the donor's positive valuation of the recipient. Further, the value of any resource is based on the nature of constraints, motives, the availability of resources and time by which exchanges are made (see Mitchell, Cropanzano, & Quisenberry, 2012). Molm et al. (2001) also highlight that the value of a given resource is influenced by the resources available from alternative exchange partners. Thus, the value of a leader's exchange may partially depend on whether the resource is available from an alternative source (e.g., a co-worker or mentor). Given the highly subjective nature of value within social exchanges, we suggest that a good starting point is to focus on whether followers perceive the LMX relationship to be personally important. The degree to which followers perceive their LMX relationship to be important should indicate that they value the relationship and that it influences the degree to which they feel an obligation to their leader. Specifically, if followers ascribe little importance to their dyadic relationship, they may equally assess less socio-emotional or economic value in the exchange of resources and therefore may feel less obliged to repay favourable treatment. Thus, based on the logic of social exchange theory we predict:

*Hypothesis 2:* LMX Importance will moderate the strength of the relationship between LMX quality and felt obligation to the leader, such that the relationship is stronger when LMX importance is high than when LMX importance is low.

*Hypothesis 3:* LMX importance will moderate the indirect effect of LMX quality on OCB via felt obligation, such that the indirect effect will be stronger when LMX importance is high than when LMX importance is low.

## STUDY 1

The aims of this field study are twofold. First, we aim to demonstrate the discriminant validity of our measure of LMX importance as a dimension of leader-follower relationship that is distinct from the overall evaluation of the relationship (i.e., LMX quality). Second, we aim to examine our moderated mediation model (see Figure 1) by exploring the relationship between LMX quality and follower OCB, mediated by felt obligation toward the leader and moderated by LMX importance.

Insert Figure 1 About Here

### Method

#### Sample

Participants were undergraduate students studying for a business-related degree at a UK business school. Students worked together in teams of 4-5 members as part of a two-semester long business simulation module. The module was a major component of the students' qualification and performance during the simulation contributed to their mark on the course. The average age of the participants was 20 years and 46% were female.

#### Procedure

The business simulation module involved teams working interdependently in a simulated business environment for the duration of the module. The simulation was designed to model an organisational context and each team was required to appoint a formal team

leader in the form of an MD. The MD was responsible for development and performance of the team across the duration of the module and was accountable for scheduling and conducting team meetings and ensuring the team met their deadlines. Similar team- and computer-based simulations are common within organisational research (e.g., Nahrgang, Morgeson, & Ilies, 2009) and scholars have utilised similar samples to examine propositions related to leadership and other organisational processes (e.g., Lee, Thomas, Martin, & Guillaume, in press; Mathieu and Rapp, 2009; Palanski & Yammarino 2011; Yeow & Martin, 2013).

We collected data at three timepoints: Time 1 (three weeks into the team's life cycle), Time 2 (three months later), and time 3 (three months after Time 2). A time lag of three months is consistent with prior longitudinal research (e.g., Lin & Leung, 2010), including research on LMX (e.g., Nahrgang et al., 2009). At Time 1, team members completed measures of LMX quality and LMX importance, as well as demographic details (i.e., age and gender). At Time 2, team members rated their feelings of obligation towards their MD. At Time 3 the MDs were asked to rate the level of OCB enacted by each of their team members. In total we received matched data from 292 participants and 95 teams. This represents an average of three respondents per team and an overall response rate of 62% across the three timepoints.

### **Measures**

The participants responded to items on a 5-point Likert-type scale (1 = strongly disagree to 5 = strongly agree). Higher scores indicated higher levels of the underlying construct.

***LMX quality.*** LMX quality was measured with a seven-item measure (LMX7) developed by Graen and Uhl-Bien (1995). An example item is “My working relationship with my manager is effective” (alpha = .83).

***LMX importance.*** We conceptualise LMX importance as a follower's perception of whether the LMX relationship is personally important to them. LMX relationships that are highly important are those to which followers attach personal importance and care deeply about. In order to operationalise followers' perceptions of LMX importance we drew on literature related to social cognition, which measures the importance that individuals ascribe to various entities. Such meta-perceptual measures entail asking respondents how important issues such as global warming (e.g., Visser, Krosnick, & Simmons, 2003) are to them, or how important organisations like Greenpeace are to them (Holland, Verplanken, & van Knippenberg, 2002). More recently, Ziegler and Schlett (2016) measured how important employees' jobs were to them – finding that the relationship between job satisfaction and OCB was stronger when employees report that their jobs were highly important to them. Following this approach, we adapted the LMX7 instrument to focus on how important each aspect was to them. For example, the LMX7 item “My working relationship with my manager is effective”, was changed to “It is important to me that my working relationship with my manager is effective”. This was done for all LMX7 items; giving a seven-item LMX importance scale ( $\alpha = .83$ ). As LMX importance represents a property of one's evaluation of the LMX relationship, it is essential to demonstrate the distinctiveness of this construct from overall LMX quality.

To provide an initial test of the discriminant validity of our LMX importance scale, we ran a pilot study. Using Qualtrics we collected data from 523 full-time working adults who were paid for their participation. This sample was 50% female, had an average age of 41 years and lived and worked in the USA. LMX importance was moderately correlated with LMX quality ( $.48, p < .01$ ). To determine the distinctiveness of LMX importance from LMX quality, we used confirmatory factor analysis using Mplus (version 7). Corroborating the scale's discriminant validity, the results of the CFA showed that a model in which LMX

importance and LMX quality loaded on two separate factors ( $\chi^2 = 400.68$  [76],  $p < .01$ , CFI = .91, RMSEA = .09) had a better fit than one in which these items loaded onto one factor ( $\chi^2 = 1099.43$  [77],  $p < .01$ , CFI = .72, RMSEA = .16). A chi-squared difference test revealed that the two-factor model fitted significantly better than the one-factor model where LMX importance and LMX quality were combined ( $\Delta\chi^2 = 698.75$ ,  $\Delta df = 1$ ,  $p < .01$ ). Finally, to test the incremental validity of our LMX importance scale, we conducted multiple regression analysis using SPSS (version 24). The results showed support for the incremental validity of our measure of LMX importance by showing a significant positive association with felt obligation ( $b = .31$ ,  $t(522) = 6.98$ ,  $p < .01$ ) when included in the regression analysis with LMX quality, which also had a significant association with felt obligation ( $b = .26$ ,  $t(522) = 8.61$ ,  $p < .01$ ). Further, a significant interaction effect was found between LMX quality and LMX importance on felt obligation ( $b = .08$ ,  $t(519) = 2.11$ ,  $p < .05$ ). In support of Hypothesis 2 the effect of LMX on felt obligation was larger at higher levels of LMX importance (one SD above the mean;  $b = .30$ ,  $t(519) = 8.16$ ,  $p < .01$ ) compared to lower levels (one SD below the mean;  $b = .21$ ,  $t(519) = 5.13$ ,  $p < .01$ ).

***Felt obligation towards leader.*** Felt obligation to one's leader was measured using seven items developed by Eisenberger, Armeli, Rexwinkel, Lynch and Rhoades (2001), designed to measure employees' felt obligation to care about the organisation and to help it reach its goals. To measure felt obligations towards the supervisor the referent was changed consistent with previous research (e.g., Lemmon & Wayne, 2015). An example item was: "I feel a personal obligation to do whatever I can to help my leader achieve his/her goals" (alpha = .88).

***Leader-rated OCB.*** Seven items from Williams and Anderson (1991) were used to operationalise OCB. Specifically, this referred to citizenship behaviours targeted at individuals within the team. Thus, team leaders reported the extent to which their team

members engaged in OCBs; a sample item is “Helps others who have heavy workloads” (alpha =.90).

## **Results**

Table 1 displays the means, standard deviations, reliabilities and zero-order correlations among the study variables.

Insert Table 1 About Here

### **Discriminant validity**

Looking at Table 1, the correlation between LMX quality and LMX importance is significant and positive ( $r = .45$ ). To further explore the discriminant validity of LMX quality and LMX importance, we conducted a series of confirmatory factor analyses (CFA) using Mplus (version 7). Accordingly, we compared the model fit of the full measurement model, where LMX importance, LMX quality, felt obligation and OCB were included as separate factors, to a series of models where the scales were combined in various combinations. As can be seen in Table 2, the full model, which allowed the items to load onto each of these four respective factors produced a model fit ( $\chi^2 = 679.08$ ,  $df = 344$ ,  $p < .01$ ; CFI = .91; RMSEA = .06) that was better than any model in which scales were combined. This was confirmed using chi squared difference tests, which were all significant (shown in Table 2).

Insert Table 2 About Here

We also conducted Fornell and Larcker’s (1981) test for discriminant validity, finding that the square root of the average variance extracted (AVE) for LMX quality (.37) and LMX importance (.39) exceeded the maximum shared variance (MSV) (.20) between the latent factors. Taken together, both the CFAs and the Fornell and Larcker (1981) test provide support for the distinctiveness of LMX importance over LMX quality and other study variables.

### **Hypothesis testing**

The participants consisted of individuals who worked interdependently within teams. The nested nature of the data meant that uncorrected tests of individual-level relationships may have contained team-level effects (e.g., Bauer, Preacher, & Gil, 2006). To determine whether this was the case, we calculated the ICC(1), which calculates the variance in a given variable that can be ascribed to team membership. The ICC(1) value of .35 for OCB suggested that a significant amount of the variance in the ratings of OCB was determined by team membership (Bliese 1998). Therefore, we tested our hypotheses using a multilevel model. Our analyses did not use aggregated variables but instead focused on individual-level and used a method that simultaneously took account of the variation between individuals and between teams.

Our analysis involved three steps. First, we tested a model which included only control variables (i.e., follower age and gender). Next, we ran a mediation model which examined whether the relationship between LMX quality (X) and OCB (Y) was mediated by felt obligation (M) (Hypothesis 1) while controlling for LMX importance (Z). Finally, we tested a moderated mediation model (Hayes & Preacher, 2010) in which the relationship between LMX quality and felt obligation was moderated by LMX importance (Z). In this third step, in the equation predicting M, we included the interaction term between LMX quality and LMX importance (X\*Z) to test Hypothesis 3. Before creating this interaction term, the scales for both LMX quality and LMX importance were mean-centered. Both equations also included a separate intercept that could vary within each equation across individuals and teams as well as between each equation.

The steps described above were conducted using mixed method analysis in SPSS (version 24). The results, shown in Table 3, showed support for Hypothesis 1. LMX quality had a significant positive relationship with felt obligation ( $y = .14, t(308) = 1.98, p < .05$ ) and felt obligation was significantly and positively related to OCB ( $y = .18, t(260) = 2.71, p <$

.01). To test the significance of the mediated pathway, we calculated 95% Monte Carlo confidence intervals with 20,000 iterations (Bauer et al., 2006). Evidence for a significant mediation effect was found as these 95% confidence intervals did not include zero (LL = .002, UL = .059), with an indirect effect of .03.

Insert Table 3 About Here

Hypothesis 2 predicted that LMX importance would moderate the relationship between LMX quality and felt obligation. As can be seen in Table 3, the interactive effect of LMX quality and LMX importance on felt obligation was significant ( $\gamma = .16$ ,  $t(299) = 1.98$ ,  $p < .05$ ). To facilitate interpretation, we probed the simple slopes for low levels (-1 SD) and high levels (+1 SD) of LMX importance (Bauer et al., 2006). As predicted, Figure 2 shows a positive and significant slope at higher levels of LMX importance ( $\gamma = .24$ ,  $t(301) = 2.81$ ,  $p < .01$ ) but the slope was not significant at lower levels of LMX importance ( $\gamma = .06$ ,  $t(301) = .70$ , *n.s.*). Thus, we found support for a moderation effect of LMX importance - the positive effects of LMX quality on felt obligation were present when LMX importance was high but not when it was low.

Insert Figure 2 About Here

Furthermore, we found a significant mediation effect at high levels of LMX importance only as the 95% confidence intervals did not include zero (LL = .005, UL = .097), with an indirect effect of .04. At low levels of LMX importance, we did not find support for mediation (LL = -.018, UL = .044). This supported Hypothesis 3 as we found that LMX quality influenced OCB via felt obligation at higher but not at lower levels of LMX importance.

## **Discussion**

In Study 1 (as well as our pilot study), we found that while LMX importance and LMX quality were positively correlated, they were distinct constructs. Furthermore, we found

evidence that the perception of personal importance ascribed to the leader-follower relationship was a significant moderator of the effect of LMX quality on feelings of obligation to the leader. Felt obligation mediated the interactive effects of LMX quality on follower OCB when LMX importance was high but not when it was low.

Despite the support for our hypotheses, Study 1 had several potential limitations that should be addressed to provide greater confidence and understanding regarding the moderating effects of LMX importance. First, Study 1 relied on a student sample. While these student teams were designed to mimic organizational teams, the external validity of any student sample can be questioned. Therefore, Study 2 builds on Study 1 by exploring the relationships with an organizational sample. Second, in Study 1 we investigated felt obligation as one potential mediator of the interaction between LMX quality and LMX importance. While, felt obligation represents a good measure of the social exchange process theorized to be at the heart of LMX, other theoretical explanations for the effects of LMX quality have been posited (e.g., Aryee & Chen, 2006). Thus, in Study 2 we examine an additional mediator - psychological empowerment - to explain the effects of LMX quality. (See Figure 1).

## **STUDY 2**

### **LMX, Psychological Empowerment and OCB**

Scholars have often argued that social exchange theory may not fully account for the effects of LMX and have posited additional explanations as to why LMX quality is associated with improved employee outcomes. For instance, it is argued that high-quality LMX relationships should be positively related to followers' motivation and sense of empowerment (e.g., Liden, Wayne, & Sparrowe, 2000). A main premise of LMX theory is that high-quality LMX relationships involve an exchange of resources that extends beyond the formal contract (Liden & Graen, 1980). Indeed, it is argued that what differentiates high- and low-quality

leader member relationships is the degree of emotional support, decision-making responsibility, and task challenge provided to the follower (e.g., Liden et al., 2000). In line with this argument is research showing a positive association between LMX quality and psychological empowerment (e.g., Aryee, & Chen, 2006; Kim & George, 2005). Further, employees with a strong sense of empowerment are likely to take an active orientation toward their work and perform “above and beyond” what is expected (Spreitzer, 2008). Research has found positive associations between psychological empowerment and OCB (e.g., Seibert, Wang, & Courtright, 2011). Psychological empowerment has also been found to mediate the relationship between LMX quality and employee extra-role performance (e.g., Kim, Liu, & Diefendorff, 2015; Wang, Gan, & Wu, 2016).

*Hypothesis 4:* Psychological empowerment will mediate the relationship between LMX quality and OCB.

### **LMX Importance and Psychological Empowerment**

Despite the positive relationship that exists between LMX quality and psychological empowerment (e.g., Martin et al., 2016), research has demonstrated that the link between the two is influenced by moderating variables (e.g., Hill, Kang, & Seo, 2014; Wang et al., 2016). Building on this work, we posit that LMX quality will be more strongly linked to psychological empowerment when followers perceive the relationship to be important. When followers ascribed greater significance to the LMX relationship (i.e., high LMX importance) the resources they receive from the leader should hold greater value, and thus have greater potential to be empowering.

For instance, when a follower receives recognition and praise from a leader it should be more impactful on their feelings of competence when they value the LMX relationship more highly. Followers will also perceive feedback from their leader as valuable when LMX importance is high. Such feedback is more likely to allow followers control and mastery of

their environment when it is seen as instrumental (Ashford, Blatt, & Van de Walle, 2003; Ashford & Tsui, 1991). Conversely, a lack of LMX importance is likely to limit the effect of LMX quality on psychological empowerment.

*Hypothesis 5:* LMX Importance will moderate the strength of the relationship between LMX quality and psychological empowerment, such that the relationship is stronger when LMX importance is high compared to when LMX importance is low.

*Hypothesis 6:* Psychological empowerment will mediate the moderated relationship between LMX quality, LMX Importance and OCB.

### **Psychological Empowerment and Felt Obligation**

An ancillary aim of the current study is to compare two distinct mediational pathways that may explain the LMX-OCB relationship. Specifically, we seek to compare the indirect effects of LMX quality through both felt obligation and psychological empowerment. Previous LMX literature has typically explored mediators independently of one another. For instance, research has examined psychological empowerment as a single mechanism to explain the effects of LMX quality on employee outcomes (e.g., Harris, Wheeler, & Kacmar, 2009; Zhou et al., 2012). Studies comparing multiple pathways, concurrently are rare (e.g., Walumbwa, Cropanzano, & Goodman, 2011). This is an issue in the wider leadership literature, which tends to assess a single leader variable and a single mediator (e.g., Fischer et al., 2017; Hughes, Lee, Tian, Newman, & Legood, 2018). Such designs make it impossible to assess whether leadership produces effects via multiple paths or whether certain mediators are redundant when included alongside competing mediating variables. The current study aims to help address this limitation by utilising an integrated theoretical framework to explain the unique and independent mechanisms that may explain the relationship between LMX quality and OCB. Specifically, we seek to determine whether LMX quality influences

follower OCB through motivation-oriented psychological empowerment, social exchange-oriented felt obligation, both, or neither.

## **Method**

### **Sample and Procedure**

Data was collected from a UK-owned organisation based in Chennai, India. The organisation is a Business Process Outsourcer, providing a range of services. The Chennai based office comprises around 250 employees and 40 supervisors. Matched data was available for 196 dyads. Followers were 65% men; 73% Asian, 8% White, 7% Mixed, and 12% Other. Average age was 28 years ( $SD=6.78$ ); and their average organisational tenure was 25 ( $SD=24.05$ ) months. An email was sent to all employees informing them of the general purpose of the study, that participation was voluntary, that only the researchers would see individual responses, any feedback to the organisation would be anonymous and that the results would be kept confidential. A subsequent email was sent shortly after with a link to the online version of the survey. This survey was in English as all staff are fluent English speakers and spoke English on a daily basis when at work. Each employee was required to provide their name to match their responses to that of their supervisor. At the same time, each employee's direct supervisor was asked to provide OCB ratings for each of their followers, again via an online survey link.

### **Measures**

We used the same items and response scale to measure follower ratings of LMX quality ( $\alpha = .77$ ), LMX importance ( $\alpha = .85$ ), felt obligation towards leader ( $\alpha = .86$ ) and leader-rated OCB ( $\alpha = .86$ ). Due to an error, one of the items in the felt obligation scale was not included in the questionnaire. Thus, felt obligation was measured using six items rather than seven.

***Psychological empowerment.*** Psychological empowerment was measured by the twelve-item scale developed by Spreitzer (1995). An example item is “I am confident about my ability to do my job” (alpha =.83).

## **Results**

Table 4 shows the means, standard deviations, reliabilities and zero-order correlations among the variables used in Study 2.

Insert Table 4 About Here

### **Discriminant validity**

Table 4 shows that the correlation between LMX quality and LMX importance is significant and positive ( $r = .32$ ). As in Study 1, we conducted analysis to explore the discriminant validity of LMX quality and LMX importance. Specifically, we conducted a series of CFAs using MPLUS (version 7). We compared the model fit of the full measurement model, where LMX importance, LMX quality, felt obligation to the leader, psychological empowerment and OCB were included as distinct latent factors, to a series of models where the scales were combined in various combinations.

As shown in Table 5, the full model produced a better model fit ( $\chi^2 = 1062.69$ ,  $df = 692$ ,  $p < .01$ ; CFI = .87; RMSEA = .05) than any model in which scales were combined.

Insert Table 5 About Here

While the full, six-factor, model produced the best model fit for our data, the CFI (.87) value was outside the acceptable range (Hu & Bentler, 1999). Therefore, as in Study 1, we further explored the discriminant validity of our scales using Fornell and Larcker’s (1981) test. The results of this test showed that the square root of the average variance extracted (AVE) for LMX quality (.32) and LMX importance (.42) exceeded the maximum shared variance (MSV) (.10) between the latent factors. Taken together, the CFAs and the Fornell and Larcker (1981) test provide support for the distinctiveness of LMX importance over

LMX quality.

### **Hypothesis testing**

Unlike participants in Study 1, respondents in the current study did not work in teams, but rather worked independently. However, as leaders rated multiple followers, the data violated the assumption of independence. The ICC(1) value of .02 for OCB indicated that a small and non-significant portion of the variance in the ratings of employees' OCB could be accounted for by sharing a leader with other followers (Bliese 1998). As such, we conducted our analysis at the individual-level. First, to test our mediation hypotheses we used Hayes's (2013) PROCESS macro (Version 3; Model 4) for SPSS (Version 24) to obtain bias-corrected bootstrapped confidence intervals (using 20,000 bootstrap samples) for the indirect effects. The results of this analysis can be seen in Table 6. As in Study 1, we found support for Hypothesis 1, which predicted the mediating effect of felt obligation, with an indirect effect of .06 (95% confidence intervals LL= .008 UL = .135) between LMX and OCB via felt obligation. This indirect effect was found when felt obligation was included in the same model as psychological empowerment. Conversely, in the same model, we did not find support for Hypothesis 4 as psychological empowerment did not mediate the link between LMX quality and OCB. Specifically, we found a non-significant indirect effect as indicated by 95% confidence intervals that included zero (LL = -.078 UL = .066). Thus, when included alongside felt obligation, psychological empowerment did not help explain the effects of LMX quality on OCB.

### Insert Table 6 About Here

In the next step of our analysis we tested our moderation and moderated mediation hypotheses (i.e., 2, 3, 5 and 6) using the PROCESS macro (Model 8). Before this analysis was conducted, LMX and LMX importance were both grand mean centred. As shown in Table 6, support was also found for the moderating effect of LMX importance in the link

between LMX quality and both felt obligation ( $\beta = .34, t(188) = 2.32, p < .05$ ) and psychological empowerment ( $\beta = .30, t(188) = 2.99, p < .01$ ). In both cases the conditional effects indicated a larger effect at higher levels of the moderator. To facilitate interpretation, we probed the simple slopes for low levels (-1 SD) and high levels (+1 SD) of LMX importance (Bauer et al., 2006). As predicted, Figure 3 shows that the relationship between LMX quality and felt obligation was positive and significant at higher levels of LMX importance ( $\beta = .43, t(188) = 3.84, p < .01$ ) and not significant at lower levels of LMX importance ( $\beta = .10, t(188) = .87, n.s.$ ). Similarly, the relationship between LMX quality and psychological empowerment was positive and significant at higher levels of LMX importance ( $\beta = .42, t(188) = 5.37, p < .01$ ) and not significant at lower levels of LMX importance ( $\beta = .11, t(188) = 1.53, n.s.$ ), as shown in Figure 4. Thus, for both mediators, we found support for a moderation effect of LMX importance - the positive effects of LMX quality were not present when LMX importance was low and were accentuated when LMX importance was high.

Our final hypothesis testing concerned our moderated mediation hypotheses (Hypotheses 3 and 6). As shown in Table 6, psychological empowerment had a non-significant effect on OCB ( $\beta = .01, t(188) = .05, n.s$ ) and thus, no evidence of moderated mediation was found. In support of Hypothesis 3, felt obligation mediated the moderated relationship between LMX quality and OCB. The conditional indirect effects indicated a larger indirect effect at higher (.10) compared to lower (.02) levels of LMX importance. At lower levels of LMX importance, felt obligation did not mediate the effects of LMX quality on OCB as the 95% confidence intervals include zero. However a significant indirect effect was found at high levels of LMX importance as indicated by 95% confidence intervals that didn't include zero (LL = .015 UL = .209). The index of moderated mediation was .07 and was significant as the 95% confidence intervals did not include zero (LL = .001 UL = .196).

## **Discussion**

The results of Study 2 provided further support for our model. Specifically, we found that LMX importance moderated the association between LMX quality and both felt obligation and psychological empowerment. Thus, across two studies we have found evidence that LMX importance significantly influences the impact of the LMX relationship. Interestingly, the combined effect of LMX quality and LMX importance on OCB was found to be mediated by felt obligation to the leader rather than psychological empowerment. Therefore, of the two underlying mechanisms tested in Study 2, social exchange theory seems more relevant for explaining the effects of LMX quality on OCB.

### **General Discussion**

The current research aimed to investigate whether reciprocity within LMX relationship is conditional on the value of the relationship. We argued that, for example, a high quality LMX relationship might not lead to feelings of obligation in followers when they view the LMX relationship as low in importance. In testing the conditional nature of LMX reciprocity we sought to determine whether the obligation followers feel towards their leader depends jointly on the quality and the importance of the LMX relationship. In doing so we introduced a novel concept, LMX importance, and hypothesised that this meta-perception of the LMX relationship would moderate the effect of overall LMX quality on follower OCB. Consistent with our predictions, we found evidence that LMX importance represents a distinct component of LMX quality referring to the perception of the importance of the relationship and was found to be statistically separate from the overall evaluation of LMX quality. For instance, one can have a high-quality LMX relationship that is low in importance or, conversely, a low-quality LMX relationship that is high in importance. Further, our findings demonstrated that high levels of both LMX quality and LMX importance interacted

to engender a greater feeling of obligation in follower to repay the perceived favourable exchanges with their leader. Additionally, we found support for the same interactive effect of LMX quality and LMX importance on followers' perceptions of psychological empowerment. Felt obligation predicted leader-rated OCB, demonstrating support for our hypothesised moderated mediation hypothesis. Interestingly, however, psychological empowerment, when included alongside felt obligation did not predict followers' OCB. The theoretical implications of these findings are discussed below.

### **Theoretical Implications**

The findings of the current research have several important theoretical implications for LMX theory. First, we demonstrated that considering both LMX quality and LMX importance collectively provides a more complete picture of social exchange dynamics in leader-follower dyads than considering just LMX quality alone. By highlighting the moderating effect of LMX importance we have shown that the application of the perceived value of LMX to followers can extend our knowledge of both how and when LMX quality influences the social exchange relationship and OCB. Importantly, this highlights the value of considering the nuances of social exchange theory when applying it to LMX theory (Cropanzano & Mitchell, 2005; Cropanzano et al., 2001).

Second, our research provides, to the best of our knowledge, the first attempt to measure and examine LMX importance. In testing this new construct as a moderator of LMX quality we were able to provide one reason why the relationship between LMX quality and OCB has been variable across studies. This is important for LMX theory, as to date "... relatively little attention has been paid to contextual factors that attenuate or accentuate the effects of LMX" (Anand, Vidyarthi, & Rolnicki, 2018, p. 2). Further, meta-analytic findings have suggested that further research is needed to explain the significant amount of variability in the relationship between LMX and its outcomes (e.g., Martin et al., 2016). LMX scholars

have frequently argued that the relationship between LMX and OCB is rooted in the norm of reciprocity (Gouldner, 1960). In the current research we contended that feelings of obligation that arise from this norm of reciprocity are not unconditional and are weakened when LMX relationships are not perceived as important to followers. Thus, by examining the role of felt obligations and the moderating role of LMX importance, we extend our understanding of the social exchange process at the heart of LMX theory. In particular, we demonstrate the instrumental nature of LMX reciprocity in high quality relationships – an underdeveloped aspect of LMX theory (Cropanzano & Mitchell, 2005; Cropanzano et al., 2001).

Third, as well as informing our understanding of the social exchange process via the mediating variable felt obligation to the leader, the examination of LMX importance also furthers our understanding of the motivational effects of LMX. We demonstrated (in Study 2) that the positive relationship between LMX quality and psychological empowerment was accentuated when followers perceived the relationship to be important. We argue that when followers ascribed greater importance to the LMX relationship (i.e., high LMX importance) the resources they receive from the leader were perceived to be highly valuable, and thus were more empowering. Although, as discussed below, higher levels of empowerment did not lead to greater levels of OCB, above feelings of obligation to the leader, this finding furthers our understanding of when LMX is more likely to be empowering.

Fourth, our findings have important implication for our understanding of the mechanisms that can explain the relationship between LMX and follower OCB. While many scholars have drawn on social exchange theory to explain the effects of LMX quality, alternative explanations have also been posited. Specifically, motivation-based explanations are commonly used by scholars who suggest, for instance, that the emotional support, decision-making responsibility and task challenge granted to followers in high-quality LMX relationship enhance feelings of psychological empowerment and intrinsic motivation (e.g.,

Liden et al., 2000). The LMX literature has tended to explore such theoretical explanations in isolation from one another without testing social exchange-based and motivation-based explanations in parallel. In Study 2, we extended previous research on LMX by comparing an exchange-based mechanism (i.e., felt obligation) with an alternative motivation-based mechanism (i.e., psychological empowerment). The findings of Study 2 suggest that leaders who develop high-quality LMX relationships with their followers can engender both feelings of obligation and psychological empowerment. Interestingly, psychological empowerment did not mediate the relationship between LMX quality and OCB, whereas felt obligation did. While it would be premature to draw firm conclusions from a single study, this finding provides support for the relative power of social exchange theory over psychological empowerment theory in explaining the relationship between LMX quality and OCB. Future research should explore whether this pattern of results is the same for other employee outcomes. For example, a recent meta-analysis found a stronger indirect effect between empowering leadership and in-role performance via psychological empowerment compared with trust in the leader (Lee, Willis, & Tian, 2018). This might be taken to suggest that the predictive validity of social exchange and motivational theories might be contingent on the outcome under study; social exchange theory might be better able to explain the interactive effects of LMX quality and LMX importance, via felt obligation, on OCB and motivation the effects via empowerment on in-role performance. Our findings thus highlight the importance of future research aiming to compare distinct theoretical pathways within the same study. Doing so can start to address recent calls for leadership researchers to simultaneously examine multiple mediators to tease apart the relative effects of competing theoretical explanations (Fischer et al., 2017; Hughes et al., 2018).

Finally, it is interesting to consider the theoretical implications of the unbalanced pattern of social exchange enacted by followers in high quality-low importance LMX

relationships who felt less obligation to their leader and subsequently engaged in lower levels of OCB. Although LMX theory can explain the existence of unbalanced exchanges in low quality LMX relationships, such as when followers may reject an offer by the leader to develop a higher-quality relationship (e.g., Graen & Scandura, 1987), it is not well placed to account for unbalanced reciprocity in high quality LMX relationships. This is because LMX theory assumes that both parties in high quality LMX relationships must continue to view the exchange process as fair, and that this sense of fairness constitutes the foundation for stable relationships (Liden et al., 1997). Thus, by implication, unfairness should threaten the status of high-quality relationships and raise the risk of relationship decline. To address this issue, we believe that psychological contract theory (Rousseau, 1995) can shed some light on how individuals deal with the problem of unmet obligations in social exchange relationships. For example, Rousseau (1995) argues that people have a zone of acceptance in which they accommodate tolerable violations of the norm of reciprocity. In addition, unmet obligations may not lead to perceptions of unfairness if they are attributed to benign (e.g., misunderstandings) rather than harmful (e.g., deliberately renegeing) causes (Morrison & Robinson, 1997). Intolerable variations, however, are likely to lead to a strong sense of unfairness, mistrust and a revision in the status of the social exchange relationship (Schalk & Roe, 2007). Thus, the role of such relationship maintenance strategies (Thomas, Martin, Epitropaki, Guillaume, & Lee, 2013) in dealing with unbalanced LMX reciprocity merits further investigation.

### **Strengths, Potential Limitations, and Future Directions**

The current research has some notable strengths. The inclusion of two studies provides support for our central arguments across multiple samples. The use of temporally ordered methods in Study 1 provided a stronger test of the directional links between LMX quality and OCB. Finally, in both studies, we collected data from leaders and followers, an

aspect of the research design that reduces the potential for common method and source bias explanations for the reported results.

Despite these strengths, we should note the potential limitations associated with the current research. First, although we were able to provide a temporally ordered test of relationships (in Study 1), only experiments are able, in a strict sense, to demonstrate the causality of any given relationship. Furthermore, Study 1 also relied on dyadic data from leaders and followers working within student project teams. While these teams shared similarities to project teams in an organisational context, they also had significant differences from “real-world teams”. A notable difference is that leaders were selected by their team members, raising some concerns over sample selection bias (Berk, 1983). Leaders within student teams also have limited control of resources and have little power in terms of being able to punish or reward their followers. As such, student leaders may not be considered legitimate leaders by their peers. However, leadership researchers using both student and field samples have found that results replicate over the samples (e.g., Lee, et al., in press; van Knippenberg & van Knippenberg, 2005). In line with this, our research showed that the effects in the student sample were comparable to those of the organisational sample: the indirect effect and the moderating mediation effects of LMX importance were replicated across samples.

A second potential limitation is the fact that we measured only psychological empowerment in Study 2. While the findings of Study 2 suggested that psychological empowerment was not a significant mediator when included alongside felt obligation, further tests of this mediated pathway are needed to add confidence to this finding. Future research should try to replicate our findings and could explore additional mediators which might also explain the link between LMX quality and OCB. A final limitation is that the CFA analysis in Study 2 suggested a less than optimal model fit. While Fornell and Larcker’s (1981) test

provided support for the distinctiveness of LMX importance over LMX quality, it is still important to note the relatively poor model fit. This is likely explained by the fact the study was collected at the same time and mostly from the same source (except for OCB).

Future research could also benefit from integrating theoretical and methodological insights from the Person-Environment (P-E) fit literature. There are two major streams of research on P-E fit that may be of relevance here - complementary (needs-supplies) fit and supplementary fit (value congruence). Needs-supplies fit theory focuses on the degree and type of fit (misfit) between the amount of resources needed or preferred by an individual and resources supplied by the environment. Extending this logic to the LMX context, it could be of interest to assess the fit between LMX resources received vs. needed, in line with recent research on LMX quality and leadership styles (e.g., Lambert, Tepper, Carr, Holt, & Barelka, 2012; Marstand, Martin, & Epitropaki, 2017). Research on needs-supplies fit has used importance as a moderator of the strength of the relationship between needs-supplies fit and outcomes (e.g., Edwards, 1996; Kristof, 1996; Locke, 1976). Thus, it would be of interest for future research to assess whether LMX importance moderates the relationship between the degree of fit between LMX resources needed vs. received and related outcomes. Furthermore, it would be interesting to apply the atomistic, molecular and molar approaches to fit (Edwards, Cable, Williamson, Lambert, & Shipp, 2006) when studying the relationship between LMX resources needed and received.

The supplementary fit perspective focuses on the compatibility (or congruence) between people based upon what is valued or important to them. Future research on LMX could apply this theoretical approach and assess whether the level of congruence between follower's and leader's LMX importance predicts work outcomes. In doing so, it could extend and complement new research on LMX agreement (i.e., congruence between follower- and leader-rated LMX quality). For example, Matta, Scott, Koopman and Conlon

(2015) found that there are negative consequences for work engagement and OCB when leaders and followers disagreed about the quality of their LMX relationship, and it would be interesting to see whether not seeing eye-to-eye in terms of the importance of the LMX relationship similarly has negative effects. In addition, the P-E fit approach could confer an advantage for future researchers because it permits the use of response surface methodology and polynomial regression analyses which have more explanatory potential than traditional moderated regression analysis (see Shanock, Baron, Gentry, Pattison & Heggstad, 2010).

### **Conclusion**

In this paper, we have provided an empirical examination of LMX importance and the results show that it moderates the effects of LMX quality. This initial test of LMX importance provided support for a lesser understood proposition of social exchange theory by highlighting that obligations towards a dyadic partner vary depending upon the perceived value of the relationship. Thus, we argue that it is useful to move beyond focusing on just high- versus low-quality LMX relationships and begin to consider also whether the relationship is perceived as important.

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## Tables

Table 1. Descriptive Statistics and Correlations for Study 1 Variables

	Mean	SD	1	2	3	4	5
1. Leader-Member Exchange (LMX)	3.88	.57	(.83)				
2. LMX Importance	3.99	.57	.45**	(.83)			
3. Felt Obligation to Leader	3.84	.67	.28**	.42**	(.88)		
4. Organizational Citizenship Behaviour	3.93	.64	.17**	.19**	.16**	(.90)	
5. Gender <sup>a</sup>	0.49	.50	-.08	-.06	-.09	.04	
6. Age	21.35	1.72	.04	-.03	-.04	.03	-.05

Note: \*\*. Correlation is significant at the 0.01 level

N = 292 Values in Parentheses indicate Alpha Reliabilities

SD = Standard Deviation a 1 = Female 0 = Male

Table 2. Confirmatory Factor Analysis Results for Study 1

Model	X <sup>2</sup>	Df	CFI	RMSEA	Chi-Squared Test <sup>a</sup>
Four-factor model	679.08	344	.91	.06	
Three-factor model <sup>1</sup>	1029.99	347	.81	.08	350.91**
Three-factor model <sup>2</sup>	1137.32	347	.78	.09	458.24**
Three-factor model <sup>3</sup>	1349.13	347	.72	.10	670.05**
Three-factor model <sup>4</sup>	1038.64	347	.81	.08	359.56**
Three-factor model <sup>5</sup>	1604.90	347	.65	.11	925.82**
Three-factor model <sup>6</sup>	1620.43	347	.64	.11	941.35**
One-factor model	2310.58	350	.45	.14	1631.50**

Notes. CFI, comparative fit index; Df, degrees of freedom; RMSEA, root mean square error of approximation. a – Chi-squared difference test comparing chi-square test of model fit to baseline model (four-factor model).

Three-factor model<sup>1</sup> combines LMX quality and LMX importance.

Three-factor model<sup>2</sup> combines LMX Quality and Felt Obligation.

Three-factor model<sup>3</sup> combines LMX Quality and OCB.

Three-factor model<sup>4</sup> combines LMX Importance and Felt Obligation

Three-factor model<sup>5</sup> combines LMX Importance and OCB.

Three-factor model<sup>6</sup> combines Felt obligation and OCB.

\*\*  $p < .01$ .

Table 3. Multilevel Analysis: Joint Effect of LMX (X) and LMX Importance (Z) on Felt Obligation (M), and Effect of Felt Obligation on OCB (Y)

	Felt Obligation (M) X→M			OCB (Y) M →Y		
	Coefficient	SE	t	Coefficient	SE	t
<i>Step 1 – controls only</i>						
Age	-.02	.02	-.78	.01	.02	.79
Gender <sup>a</sup>	.08	.08	1.07	-.06	.09	-.74
AIC	1287.51					
<i>Step 2 – mediation</i>						
Age	-.01	.02	-.66	.01	.02	.49
Gender <sup>a</sup>	.06	.08	-1.06	-.09	.08	-1.06
<i>X</i>						
LMX Quality	.14	.07	1.98*	.15	.09	1.73
LMX Importance	.43	.07	6.26**	.12	.09	1.40
<i>M</i>						
Felt Obligation				.18	.07	2.71**
AIC	1223.84					
<i>Step 3 – moderated mediation</i>						
Age	-.01	.02	-.54	.01	.02	.49
Gender <sup>a</sup>	.06	.07	.89	-.09	.08	-1.07
<i>X</i>						
LMX Quality	.15	.07	2.12*	.15	.09	1.73
<i>Z</i>						
LMX Importance	.45	.07	6.46**	.13	.09	1.42
<i>X x Z</i>						
LMX*LMX Importance	.16	.08	1.98*			
<i>M</i>						
Felt Obligation				.18	.07	2.62**
AIC	1222.95					

Note: Individual n = 292; Team N = 95, Estimation Method = REML

<sup>a</sup> 1 = Female 0 = Male, \* p < .05, \*\* p < .01

Table 4. Descriptive Statistics and Correlations for Study 2 Variables

	Mean	SD	1	2	3	4	5	6	7
1. LMX	3.94	0.52	(.77)						
2. LMX Importance	4.00	0.53	.32**	(.85)					
3. Felt Obligation	3.81	0.66	.32**	.38**	(.86)				
4. Psychological Empowerment	4.04	0.48	.41**	.39**	.40**	(.83)			
5. Organizational Citizenship Behaviour	3.60	0.77	.26**	.32**	.33**	.25**	(.88)		
6. Gender	0.35	0.48	.01	.04	-.07	.02	-.06		
7. Age	28.13	6.78	.05	.04	.00	.14	.09	-.06	
8. Dyadic Tenure	13.21	13.20	.13	.13	.20**	.28**	.22**	.00	.14*

Note: \* Correlation is significant at the .05 level \*\* Correlation is significant at the 0.01 level

N = 196 Values in Parentheses indicate Alpha Reliabilities

SD = Standard Deviation a 1 = Female 0 = Male

Table 5. Confirmatory Factor Analysis Results for Study 2

Model	X <sup>2</sup>	Df	CFI	RMSEA	Chi-Squared Test <sup>a</sup>
Five-factor model	1062.69	692	.87	.05	
Four-factor model <sup>1</sup>	1300.55	696	.79	.07	237.86 (4)**
Four-factor model <sup>2</sup>	1297.81	696	.79	.07	235.12 (4)**
Four-factor model <sup>3</sup>	1230.87	696	.81	.06	168.18 (4)**
Four-factor model <sup>4</sup>	1334.45	696	.78	.07	271.76 (4)**
Four-factor model <sup>5</sup>	1408.94	696	.75	.07	346.25 (4)**
Four-factor model <sup>6</sup>	1347.14	696	.77	.07	284.45 (4)**
Four-factor model <sup>7</sup>	1467.12	696	.73	.08	404.43 (4)**
Four-factor model <sup>8</sup>	1360.22	696	.77	.07	297.53 (4)**
Four-factor model <sup>9</sup>	1491.88	696	.72	.08	429.19 (4)**
Four-factor model <sup>10</sup>	1499.30	696	.72	.08	436.61 (4)**
One-factor model	2251.44	702	.50	.11	1188.75 (10)**

Notes. CFI, comparative fit index; Df, degrees of freedom; RMSEA, root mean square error of approximation. a – Chi-squared difference test comparing chi-square test of model fit to baseline model (four-factor model). \*\*  $p < .01$ .

Four-factor model<sup>1</sup> combines LMX quality and LMX importance.

Four-factor model<sup>2</sup> combines LMX Quality and Felt Obligation.

Four-factor model<sup>3</sup> combines LMX Quality and Psychological Empowerment.

Four-factor model<sup>4</sup> combines LMX Quality and OCB.

Four-factor model<sup>5</sup> combines LMX Importance and Felt Obligation.

Four-factor model<sup>6</sup> combines LMX Importance and Psychological Empowerment.

Four-factor model<sup>7</sup> combines LMX Importance and OCB.

Four-factor model<sup>8</sup> combines Felt Obligation and Psychological Empowerment.

Four-factor model<sup>9</sup> combines Felt Obligation and OCB.

Four-factor model<sup>10</sup> combines Psychological Empowerment and OCB.

Table 6. Moderated Mediation Results for Study 2

	<i>Felt Obligation</i>		<i>Psychological Empowerment</i>		<i>OCB</i>	
	<i>B (SE)</i>	<i>t</i>	<i>B (SE)</i>	<i>t</i>	<i>B (SE)</i>	<i>t</i>
<i>Step 1 – Control Variables Only</i>						
Gender <sup>a</sup>	-.12 (.10)	-1.24	.01 (.07)	.20	-.08 (.11)	-.73
Age	-.00 (.01)	-.49	.01 (.00)	1.44	.01 (.01)	.82
Dyadic Tenure	.01 (.00)	2.74**	.01 (.00)	3.69**	.01 (.00)	3.04**
R <sup>2</sup>	.05		.08		.06	
<i>Step 2 -mediation</i>						
Gender <sup>a</sup>	-.13 (.09)	-1.47	.01 (.07)	.12	-.06 (.11)	-.61
Age	-.00 (.01)	-.78	.01 (.00)	1.33	.01 (.01)	.82
Dyadic Tenure	.01 (.00)	2.15*	.01 (.00)	3.16**	.01 (.00)	2.08*
LMX Importance	.36 (.08)	4.34**	.24 (.06)	4.16**	.28 (.11)	2.62**
LMX	.26 (.09)	3.04**	.27 (.06)	4.42**	.17 (.11)	1.59
Felt Obligation					.22 (.09)	2.49*
Psychological Empowerment					.01 (.13)	.09
R <sup>2</sup>	.21		.28		.20	
<i>Step 3 – moderated mediation</i>						
Gender <sup>a</sup>	-.12 (.09)	-1.38	.02 (.06)	.25	-.06	-.60
Age	-.00 (.01)	-.77	.01 (.00)	1.38	.01	.82

Dyadic Tenure	.01 (.00)	2.35*	.01 (.00)	3.45**	.01	2.08*
LMX	.24 (.09)	2.78**	.25 (.06)	4.13**	.17	1.58
LMX Importance	.35 (.08)	4.18**	.23 (.06)	3.99**	.28	2.61**
LMX*LMX Importance	.34 (.14)	2.32*	.30 (.10)	2.99**	.04	.21
Felt Obligation					.22	2.44*
Psychological Empowerment					.01	.05
$R^2$	.23		.32		.20	

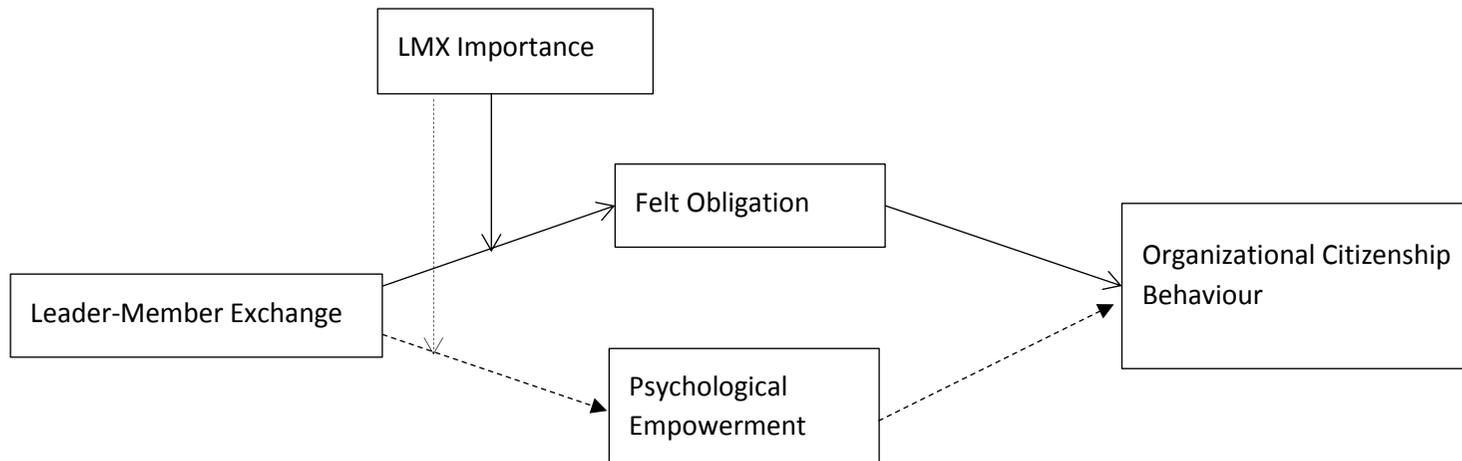
Note: a 1 = Female, 0 = Male

\* $p < .05$  \*\*  $p < .01$ .

N = 196

## Figures

Figure 1. Visual Representation of the Theoretical Model proposed in Study 1 and Study 2



Relationships examined in Study 1 and Study 2 are represented with solid lines.

Relationships examined in Study 2 only are represented with dashed lines.

Figure 2. Moderating Effect of LMX Importance on the Relationship between Leader-Member Exchange (LMX) and Felt Obligation for High (+1 SD) and Low (-1 SD) LMX Importance for Study 1

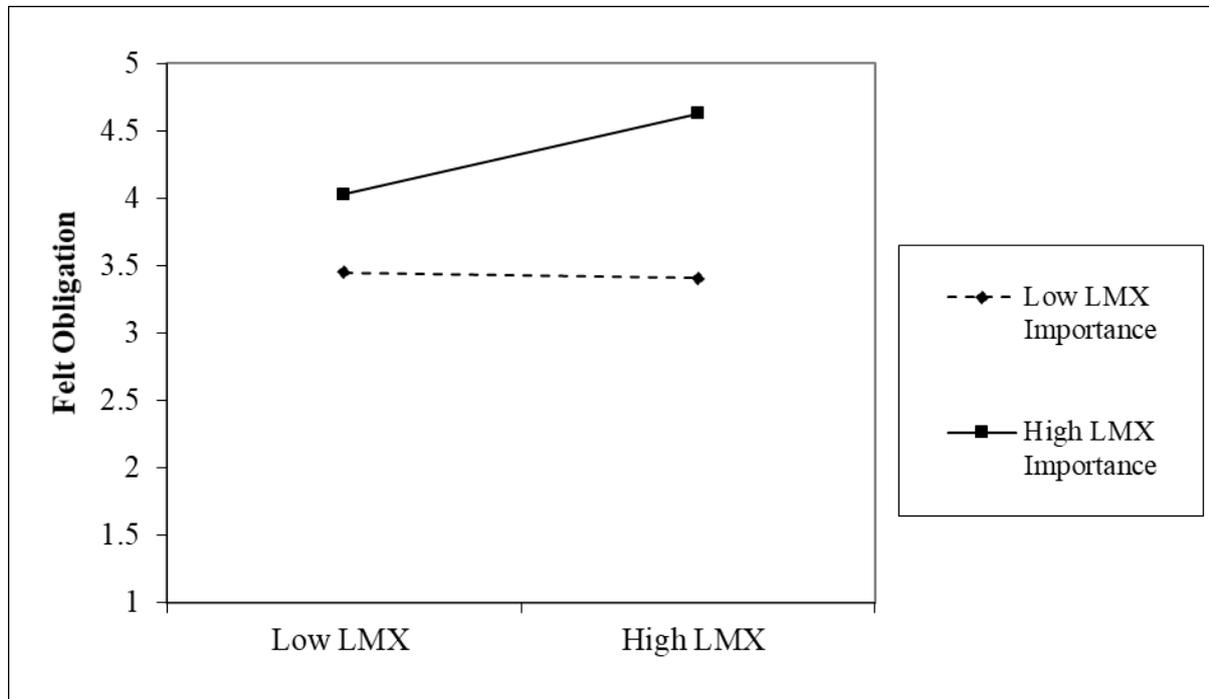


Figure 3. Moderating Effect of LMX Importance on the Relationship between Leader-Member Exchange (LMX) and Felt Obligation for High (+1 SD) and Low (-1 SD) LMX Importance for Study 2

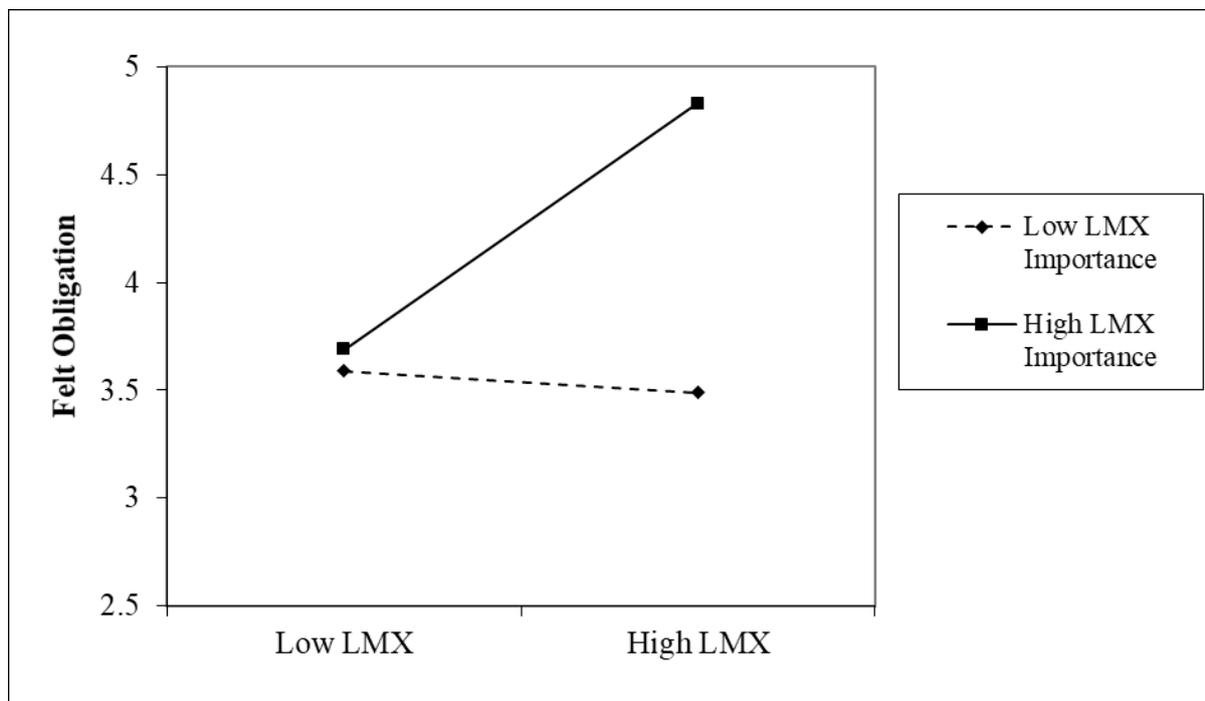


Figure 4. Moderating Effect of LMX Importance on the Relationship between Leader-Member Exchange (LMX) and Psychological Empowerment for High (+1 SD) and Low (-1 SD) LMX Importance for Study 2

