With a frown or a smile: How leader affective states spark the leader-follower reciprocal exchange process

Amy L. Bartels\textsuperscript{1} | Jennifer D. Nahrgang\textsuperscript{2} | Hudson Sessions\textsuperscript{3} | Kelly Schwind Wilson\textsuperscript{4} | Lusi Wu\textsuperscript{5} | Jared Law-Penrose\textsuperscript{6}

\textsuperscript{1} Department of Management, University of Nebraska-Lincoln, Lincoln, Nebraska, USA
\textsuperscript{2} Department of Management, University of Iowa, Iowa City, Iowa, USA
\textsuperscript{3} Department of Management, University of Oregon, Eugene, Oregon, USA
\textsuperscript{4} Krannert School of Management, Purdue University, West Lafayette, Indiana, USA
\textsuperscript{5} School of Management and Economics, University of Electronic Science and Technology of China, Chengdu, Sichuan, China
\textsuperscript{6} Madden School of Business, Le Moyne College, Syracuse, NY, USA

Abstract
Despite evidence that affect shapes perceptions of workplace relationships, the role of affect in the reciprocal exchange process of leader–member exchange (LMX) theory is often overlooked. We argue that this is likely due to a continued focus on global assessments of LMX quality, rather than examination of the reciprocal, interlocked actions and reactions that take place daily between members of the dyad. A leader’s affective state may indeed spark this reciprocal exchange process on a daily level and ultimately shape the state of the leader–follower relationship. In this study, we integrate LMX theory and emotions-as-social-information (EASI) theory to examine how the leader’s negative and positive affective states uniquely contribute to the reciprocal exchange process. In doing so, we advance understanding of the distinction of state LMX as well as the unique process for leader’s negative affective state within the reciprocal exchange process. Using a 15-day experience sampling methodology study of 76 leader–follower dyads, we find that a leader’s positive and negative affective states transmit effects along the affective and inferential paths posited in EASI theory to influence follower performance on a daily basis. Interestingly, a leader’s positive affective state is stronger along the affective path and a leader’s negative...
1 INTRODUCTION

Few supervisors would expect that with a frown or smile in the morning, they set in motion a process that influences how both employee and supervisor view their daily exchanges with each other. The importance of the exchange process in the employee–supervisor relationship for both parties cannot be understated due to its influence on the resources and support employees receive from their supervisor as well as the performance, citizenship behavior, and perceptions of leader–member exchange (LMX) quality (Dulebohn et al., 2012; Gerstner & Day, 1997; Ilies et al., 2007; Martin et al., 2016). Understanding this exchange process lies at the core of LMX theory (Dienesch & Liden, 1986; Graen & Scandura, 1987), which posits that, within a workgroup, supervisors form both high- and low-quality relationships with their employees (Dansereau et al., 1975; Graen & Cashman, 1975).

While the exchange of resources and behaviors are core to LMX theory, previous research remains heavily focused on global assessments of employee–supervisor relationship quality (i.e., assessments that accumulate the quality of numerous exchanges in the dyad) or whether dyads share low- or high-quality relationships in general. Although beneficial to our understanding of the role-making process (Graen, 1976; Graen & Scandura, 1987) as well as how leader and follower characteristics, leader behaviors, and interpersonal liking and trust (Harris et al., 2007; Janssen & Van Yperen, 2004; Wayne et al., 1997) influence the relationship, it has often overlooked the role of affect in the reciprocal exchange process. This is particularly problematic because affect is a powerful component of workplace relationships (Methot et al., 2017) due to the information it provides and its criticality in shaping perceptions of the relationship (Van Kleef et al., 2012). In fact, research has demonstrated that information from affect has a larger influence on a relationship and subsequent interactions than even the content of daily communications (Newcombe & Ashkanasy, 2002).

Scholars have emphasized the likely importance of affect in the leader–follower relationship due to the frequency of interactions between leaders and followers (Tse et al., 2015), many of which occur on a daily basis. Furthermore, convergence in the affective tone of leaders and followers has been recently shown to influence the LMX relationship (Gooty et al., 2019). Given this burgeoning evidence about the important implications of affect for work relationships, the limited integration of daily affect into research on LMX processes (especially the reciprocal exchange process) is particularly problematic (Tse et al., 2018). Thus, in this study, we examine the daily reciprocal exchange process, and specifically how a leader’s affective state may spark the process and influence both follower and leader state LMX quality, which we define as satisfaction with the daily reciprocal exchange sequence.

In this study, we draw on emotions-as-social-information (EASI) theory (Van Kleef, 2009, 2014; Van Kleef, De Dreu, et al., 2010) to better understand the role of affect in the leader–follower relationship, particularly within the reciprocal exchange process. Whereas most leadership research has focused on understanding how followers “catch the mood” of the leader and the subsequent effect of this emotional contagion on follower performance (Foulk et al., 2016; Johnson, 2008; van Knippenberg & Van Kleef, 2016), EASI theory offers a more comprehensive view of affect in leader–follower relationships by specifying two paths—an affective path and an inferential path. In the affective path, we find that leaders reciprocate the daily shift in follower performance with OCBI directed toward the follower. Finally, as expected, the reciprocal exchange process alters state LMX (leader rated).

**KEYWORDS**
daily affect, emotions-as-social-information theory, leader–member exchange
path, followers respond to a leader’s affective state with a complementary affective state; whereas in the inferential path, followers respond to a leader’s affective state through a cognitive interpretation process (Van Kleef et al., 2012). Guided by EASI theory, we unpack the distinct effects of the leader’s positive and negative affective states on follower perceptions and, in turn, performance through the affective and inferential paths.

We further extend EASI theory by considering the action of the leader that takes place based on changes in the follower’s daily performance. More specifically, we draw from the roots of LMX theory, which suggest a sequence of dynamic reciprocal responses in which “an action by one person, evokes a response by another person, which is then responded to by the first person” (Graen & Scandura, 1987, p. 187). Specifically, we suggest the leader’s affective state sparks a daily reciprocal exchange process by influencing the follower’s level of performance via the affective or inferential path. The leader takes action according to this response by the follower via changes in organizational citizenship behavior directed back towards the follower. Examining the sequence of reciprocal responses allows us to consider the impact of the leader–follower relationship on both members of the dyad and specifically how the process generates changes in the leader’s daily LMX quality (i.e., state LMX; see Figure 1).

Overall, this study makes several theoretical contributions. First, while prior research has primarily assumed stability in the LMX relationship, recent research has found the quality of the LMX relationship fluctuates more than originally theorized (Ellis et al., 2019; Guarana & Barnes, 2017; Park et al., 2015) indicating a key distinction between global assessments of LMX quality and daily assessments of state LMX. By drawing on the broader relationships literature, we unpack the daily actions and reactions of leaders and followers that drive state LMX. Specifically, scholars suggest that global assessments of LMX quality are determined by a culmination of many “sequences of mutually satisfying reciprocal exchanges” over time (Liden et al., 1997; Sears & Hackett, 2011, p. 549 citing Liden & Maslyn, 1998). We suggest, however, that meaningful fluctuations occur in the daily process that drives change in state LMX quality, or satisfaction with the daily reciprocal exchange sequence.

Relatedly, we also build on LMX theory by integrating theory on interpersonal affect (i.e., EASI theory) to theorize how the leader’s daily affective state sparks the daily reciprocal exchange process that is central to state LMX. To align our theorizing and empirical approach, we use experience sampling methodology (ESM) to test the relationships between daily fluctuations in affective states, state LMX, follower performance, and leader citizenship behavior. In doing so, we not only examine both leader and follower reports of affect and state LMX, but also interdependent
outcomes for both leaders and followers. This helps avoid shortcomings in LMX research that considers the affective state of only one member of the dyad (Tse et al., 2018) or the impact of the LMX relationship on either the leader or follower (e.g., Matta et al., 2015; Sin et al., 2009) thereby advancing our understanding of sparsely considered leader outcomes (Wilson et al., 2010).

Second, we contribute to the LMX literature and EASI literature by examining the impact of leader negative affective states on the reciprocal exchange process. While meta-analytic evidence offers insight into the role of the leader’s positive affective state (e.g., Dulebohn et al., 2012), the extant literature on the role of the leader’s negative affective state is limited despite speculation that the theoretical mechanisms for negative leader affect are far more complex than the mechanism for positive leader affect (Gooty et al., 2019). This is particularly problematic because the broader relationships literature suggests that negative affective states provide greater information to dyadic partners than positive affective states (Bless & Klaus, 2006; Koch et al., 2013) and individuals are more likely to use negative information than positive information when evaluating one’s relationship with others (Dasborough, 2006). By integrating LMX theory with EASI theory, we theorize that the leader’s positive affective state has a stronger influence on followers through the affective path, whereas the leader’s negative affective state has a stronger influence on followers through the inferential path.

Such integration not only extends the LMX literature, but also extends EASI theory because much of the EASI literature examines affect on a continuum basis without considering distinct paths for negative and positive affect (e.g., Côté et al., 2013; Van Kleef, Anastasopoulou et al., 2010; Wang et al., 2012). Our work demonstrates the value in examining negative and positive affect as distinct processes and adds to other evidence demonstrating that separating out affective states based on valence demonstrates significantly different effects (Gooty et al., 2019; Van Kleef et al., 2009; van Knippenberg & Van Kleef, 2016). Furthermore, work on EASI theory has stopped short of examining the reciprocal, downstream effects of an affective state within a relationship (Van Kleef, 2014; Van Kleef & De Dreu, 2010), and we theorize that the leader’s affective states influence both the recipient (follower) and original sender (leader) rather than just the recipient as suggested by EASI theory.

Finally, from a practical standpoint, our study reinforces the criticality of managing one’s emotions in the workplace, especially for leaders. While prior work has examined the impact of a leader’s affective state on followers (Dulebohn et al., 2012; van Knippenberg & Van Kleef, 2016), we suggest that the leader’s affective state circles back and, based on the follower’s response to that state, influences the leader’s OCBI behavior and perceptions of state LMX. Given that the broader relationships literature (Schönbrodt et al., 2019) suggests that these daily reciprocal actions and reactions that drive change in state LMX can have a significant impact on cumulative assessments (i.e., LMX quality), understanding the daily reciprocal influence process becomes even more important. In doing so, we examine how an innocuous start to the day such as a smile or frown from the leader can have implications for both members of the dyad.

2 | THEORY AND HYPOTHESIS DEVELOPMENT

LMX theory posits that leaders develop differential relationships with their followers, ranging from high-quality LMX relationships marked by mutual trust, respect, obligation, and liking to low-quality LMX relationships that are transactional and based predominantly on economic exchanges (Graen & Uhl-Bien, 1995). The theory suggests that a process of interlocked actions (i.e., the reciprocal exchange process) between the leader and the follower shapes the nature of the LMX relationship and helps determine LMX quality (Dienesch & Liden, 1986; Graen & Cashman, 1975; Graen & Scandura, 1987). This reciprocal exchange process occurs frequently throughout all stages of the relationship (Cropanzano et al., 2017; Dienesch & Liden, 1986; Graen & Scandura, 1987; Weick, 1979) and yet has often been disregarded due to the presumption that the quality of the LMX relationship becomes relatively stable beyond the initial stages of the relationship. Recent evidence, however, demonstrates that the quality of the LMX relationship may not be as stable as scholars once presumed. For example, Park et al. (2015) found evidence of within-dyad fluctuation in the state of the LMX relationship on a triannual basis. More recent evidence demonstrates that fluctuations in the
state of the LMX relationship may also exist at the episodic level (Liao et al., 2019) and daily level (Ellis et al., 2019; Gooty et al., 2019; Guarana & Barnes, 2017).

Although recent research has found evidence of fluctuations in the quality of the LMX relationship at the daily, episodic, and triannual basis, the research has not theoretically explained the underlying processes that shape, and perhaps influence, fluctuations in LMX quality. Scholars suggest that LMX quality is determined by a series of mutually satisfying sequences of reciprocal exchange (i.e., action-response-action; Sears & Hackett, 2011 citing Dienesch & Liden, 1986) that are aggregated to understand global assessments of LMX quality. By breaking down these sequences and examining satisfaction with the daily reciprocal exchange process (i.e., state LMX), we can better understand fluctuations in LMX quality and the role of dynamic states that influence state LMX. These dynamic states may not be visible if we only examine cumulative sequences of reciprocal exchange (i.e., global LMX quality). We are not suggesting that leader–follower dyads redefine their relationship from the ground up each day, but rather that the daily reciprocal exchange sequence helps illuminate the process through which followers, even those in longstanding leader–follower dyads, would “tune into” what’s going on with their leader and alter their behavior accordingly.

We see evidence of this phenomenon in the broader relationships literature, which has examined both state relationship satisfaction and global assessments of relationship quality (Karney & Bradbury, 1995; Larson & Almeida, 1999; Neff & Karney, 2009; Schönbrodt et al., 2019). Similar to the reciprocal exchange process, work on state relationship satisfaction suggests that the state is determined by reciprocal affection between relationship partners (Zygar et al., 2018). State relationship satisfaction is distinct, yet correlated with global assessments of relationship quality (Zygar-Hoffmann & Schönbrodt, 2020). Examination of state relationship satisfaction has provided evidence regarding the significant role of state-like constructs in the underlying process when similar, trait-like constructs offered mixed evidence (i.e., Zygar et al., 2018) similar to the limited understanding of trait negative affect in the LMX relationship (see Dulebohn et al., 2012). Furthermore, the broader relationships literature contends that, while a between-person approach may serve as a good starting point for understanding what drives change in relationship satisfaction, taking a within-person approach is critical to understanding mediating processes like the daily reciprocal exchange process that we aim to examine (Hamaker, 2012).

Therefore, building on this literature, we suggest that examination of within-person, dynamic constructs, such as positive and negative affective states, is needed to understand the reciprocal exchange process and extend our understanding of the LMX relationship. Grounded in role theory, LMX quality was originally surmised to develop and be maintained through a series of negotiations around each member’s role (Graen & Cashman, 1975; Graen & Scandura, 1987). Scholars extended LMX theory by building on the role-based focus to extrapolate on the affect-driven process of LMX development and maintenance that focuses on mutually satisfying sequences rather than role adherence (Dienesch & Liden, 1986; Sears & Hackett, 2011). Although LMX theory provides an overarching framework for examining how daily affect-driven interactions between leaders and followers influence state LMX through the action-response-action reciprocal exchange sequence, the theory does not explain how and why leader’s affective states may spark this process and the underlying cognitive processes by both members of the dyad. To address this point, we integrate LMX and EASI theories to better understand how information from affective states influences state LMX and the daily reciprocal exchange process (Van Kleef, 2009; Van Kleef, De Dreu, et al., 2010; Van Kleef et al., 2012).

2.1 EASI theory: Examining how affective states spark the reciprocal influence process

Rooted in the social-functional approach to emotions, EASI theory takes an interpersonal approach to affect by asserting that an affective state influences not only the leader, but also followers who observe the affective state (Keltner & Haidt, 1999). Despite the use of the term emotions in its name, EASI theory has been applied to many types of affect-based constructs including different discrete emotions (Hillebrandt & Barclay, 2017), moods (Van Kleef et al., 2015), and affective states that capture a “neurophysiological state consciously accessible as the simplest raw (non-
reflective) feelings” (Russell, 2009, p. 1264). Not only is the interpersonal approach unique to EASI theory, but so is the theoretical insight into how the observation of the affective state influences the follower. Specifically, the theory posits two paths of influence in that the follower’s response to their view of the leader’s affective state may be driven by: a complementary affective state (via the affective path) and a cognitive interpretation process (via the inferential path).

2.1.1 Affective pathway

For the affective path, EASI theory builds on theories of emotional contagion (e.g., Hatfield et al., 1994) and social contagion (e.g., Barsade, 2002) to suggest that exposure to the leader’s affective state generates an affective response that influences the follower’s judgment and behaviors via affect infusion (Forgas, 1995). Thus, the follower processes informational cues from the valence of the affective state and then uses those cues to generate a complementary (i.e., mimicked) response (Foulk et al., 2016; Van Kleef et al., 2012). More specifically, the valence of the leader’s perceived affective state (e.g., perceived positive affective state) helps dictate the valence of the follower’s response (e.g., positive change in performance; Grandey, 2008) due to the mirrored affective state by the follower.

Although the follower’s response to the leader’s affective state may take a variety of forms, theory on affect in social exchange processes highlights performance, specifically task performance, as a key reciprocal behavior driven by the information perceived from others’ affective states (Lau & Cobb, 2010; Lawler, 2001). For example, work on civility and its associated positive feelings spurred reciprocity in recipients in the form of enhanced task performance (Porath et al., 2015). Empirical work on trait affect in teams has found high levels of positive affect can prompt social exchange processes that result in higher performance levels (Barsade et al., 2000; Staw & Barsade, 1993) whereas negative affect does the opposite (Cole et al., 2008). At the individual level, the emotional contagion literature has also found task performance to be a significant outcome of the leader’s positive emotions at work (Sy et al., 2005) and such relationships are mediated by the follower’s complementary affective state (Chi et al., 2011). Similarly, empirical work also demonstrated that leader negative affect led to negative affect in followers (Gaddis et al., 2004) and meta-analytic evidence has demonstrated a strong relationship between trait negative affect (Kaplan et al., 2009) and state negative affect (Colquitt et al., 2013; Scott & Cervone, 2002) and lower task performance. Therefore, we suggest that the leader’s affective state follows the affective path by enhancing the follower’s complementary affective state and impacting their subsequent performance.

**Hypothesis 1a**: On a daily basis, perceptions of the leader’s positive affective state positively relate to follower performance, through the follower’s positive affective state.

**Hypothesis 1b**: On a daily basis, perceptions of the leader’s negative affective state negatively relate to follower performance, through the follower’s negative affective state.

2.1.2 Inferential pathway

In addition to the more well-known affective path, EASI theory also highlights an alternative path through which followers respond to the leader’s perceived affective state; namely, an inferential path (Van Kleef, 2009). When processing the leader’s affective state along the inferential path, the follower makes cognitive inferences about the leader’s affective state instead of responding through a complementary affective response (Van Kleef et al., 2009). Such cognitive processing can be based on “their feelings, attitudes, relational orientation, and behavioral intentions” and prior work has primarily focused on feelings, attitudes, and behavioral intentions (Van Kleef, 2014, p. 185 citing Keltner & Haidt, 1999). For example, empirical work studied behavioral intentions by connecting leader affective states to the follower’s inference that such states are reflective of performance expectations (Van Kleef et al., 2009). Similarly, other work referenced feelings and attitudes as it examined the relationship between leader emotional expression and follower motivation (Koning & Van Kleef, 2015). Finally, scholars have indirectly offered insight into what may
conceptualize relational orientation by highlighting relational-like constructs as evidence of the inferential path such as feelings of acceptance or rejection by others (Heerdink et al., 2013) and perceptions of warmth and competence (Glikson et al., 2018).

By integrating LMX theory and EASI theory, we suggest that follower state LMX captures the relational orientation along the inferential path. Such presupposition builds on prior work on EASI theory that suggests that the level of LMX quality may be indicative of the inferential path (i.e., Liu et al., 2017) and broader work on social exchange processes that highlights the connection between others’ affective states, cognitive inferences (such as those that characterize the inferential path), and perceptions of the relationship (Ozcelik & Barsade, 2018, p. 2347 referencing Lawler et al., 2008). That is, when a follower perceives a leader to be in a positive (or negative) affective state, they are more likely to positively (or negatively) reconsider the quality of their relationship—otherwise referred to as relational orientation—and use such perceptions to drive change in behavior. We first unpack the followers’ interpretations of their leader’s affective state as it relates to relational orientation (i.e., follower state LMX) and then address the implications for the follower’s task performance.

Researchers have argued that the LMX relationship is characterized “by a series of uplifts and hassles” based on the emotions of both members of the dyad (Tse & Troth, 2013, p. 274). Through a series of interviews with followers, the research revealed that a range of positive and negative emotions are experienced within the LMX relationship, but followers with high-quality relationships reported higher levels of positive emotions, whereas followers with low-quality relationships reported higher levels of negative emotions (Tse & Troth, 2013). We build on these findings to argue that the positive or negative affective state of the leader may also result in perceptions of uplifts and hassles in the LMX relationship, or state LMX. The broader literature also supports the connection between the leader’s affective state and the follower’s perception of the state of their relationship (Cropanzano et al., 2017; Gooty et al., 2019). For example, Tse et al. (2008) found that a positive affective climate was positively related to LMX. Likewise, perceptions of leader negative affect were negatively related to the follower’s perception of the leader’s effectiveness (Gaddis et al., 2004). Therefore, the follower’s relational orientation, best captured by the follower’s daily state LMX, is generated by the follower’s perception of the leader’s affective state.

Within the inferential path, the relational orientation used to cognitively process a leader’s affective state is particularly important in determining the follower’s behavioral response (Van Kleef, 2009; Van Kleef et al., 2009). Building on prior research connecting workplace relationships and interpersonal networks to employee task performance (i.e., Chiaburu & Harrison, 2008; Grant & Parker, 2009; Kahn, 2007), we suggest that the follower’s relational orientation (i.e., follower state LMX) will influence the follower’s level of performance. That is, the leader’s positive affective state is more likely to prompt positive, high satisfaction from the follower about daily state LMX and the leader’s negative affective state is more likely to prompt negative, low satisfaction from the follower. Based on the principles of reciprocity inherent in LMX theory, if a follower perceives high state LMX, the follower will be more likely to reciprocate with the effort and dedication needed to generate a high level of daily task performance (Griffin et al., 2007; Wang et al., 2005) and vice versa. Thus, we suggest the leader’s affective state also follows the inferential path to influence follower performance through the follower’s state LMX.

Hypothesis 2a: On a daily basis, perceptions of the leader’s positive affective state positively relate to follower performance through follower state LMX.

Hypothesis 2b: On a daily basis, perceptions of the leader’s negative affective state negatively relate to follower performance through follower state LMX.

2.1.3 Strength of leader affective states along affective and inferential pathways

Thus far, we have argued that a follower can “catch” either the leader’s positive or negative affective state and proceed along the affective path (Hatfield et al., 1994) or proceed along the inferential path by considering the state of
their LMX relationship. However, we also suggest that, for each type of leader affective state, one path will be more dominant. Specifically, we build on recent work in LMX theory to theorize that the behavioral response by the follower along the affective path is stronger for the leader’s positive affective state. For example, Gooty et al. (2019, p. 436) found that “when both leaders and followers feel positively valenced emotions such as pride, joy etc. in their ongoing interactions consistently, they are more likely to engage in reciprocal behaviors in the relationship” while failing to find similar results for negatively valenced emotions. In addition, the affective path is typically considered a more unconscious path and empirical work on cognitive processing shows that positive affect is more closely related to intuition than deliberation (Baumann & Kuhl, 2002; Bolte et al., 2003) offering further support for the strength of the leader’s positive affective state along the affective path.

Conversely, we suggest that the leader’s negative affective state will have a stronger impact on follower performance via the inferential path because the presence of negative affect makes the follower more responsive and susceptible to negative perceptions about their LMX standing (Tse et al., 2012). Because much of extant literature has focused on the affective path, the dominance of the leader’s negative affective state along the inferential path helps to explain our limited understanding of the role of the leader’s negative affective state in LMX relationships. Indeed, recent work in LMX theory suggests that the affective path may not be sufficient for describing the impact of the leader’s negative affective state noting, “we speculate that the theoretical mechanisms for negative emotional tone convergence are far more complex than for positive emotional tone convergence and reciprocity” (Gooty et al., 2019, p. 437). In addition, Liu et al. (2017) examined the mimicry of emotion and perceptions of the leader’s affective state (both part of the affective path; Foulk et al., 2016) and, in post hoc analyses, found significant results for positive affect along the affective path, but noted “the social functions of negative affect may be more differentiated than those of positive affect” (p. 255). In a rare examination of separate affective states in EASI theory, Van Kleef and colleagues (2009) also found that anger was more predictive of the inferential path than happiness giving rise to the notion that the leader’s negative affective state should follow the inferential path. Finally, whereas evidence on the impact of the leader’s positive affective state on follower performance is consistent in demonstrating a positive relationship, evidence regarding the impact of the leader’s negative affective state on follower performance is limited (Martin et al., 2016), potentially due to the limited empirical work examining the role of the inferential path. Therefore, we expect stronger effects for the leader’s positive affective state along the affective path and stronger effects for the leader’s negative affective state along the inferential path.

Hypothesis 3a: The relationship between perceptions of the leader’s positive affective state and follower performance via the follower’s positive affective state (affective path) will be stronger than such relationship via the inferential path.

Hypothesis 3b: The relationship between perceptions of the leader’s negative affective state and follower performance via follower state LMX (inferential path) will be stronger than such relationship via the affective path.

2.2 Reciprocal exchange process: Action-response-action sequence

We have asserted that the leader’s affective state sparks a daily reciprocal exchange process leading to adapted behaviors from the follower. More specifically, we suggest that the follower internalizes the leader’s affective state via the affective or inferential path and responds by altering their performance level. This response then triggers an action by the leader in the form of OCBI directed at the follower (i.e., the latter action in the action-response-action reciprocal exchange sequence) and change in leader state LMX (see Figure 1).
2.2.1 OCBI directed toward the follower

Because the follower’s performance serves as their response to the leader’s affective state, it further prompts action by the leader in the reciprocal exchange process. Facilitating and managing the performance of followers is a key component of a leader’s work role (Yukl & Lepsinger, 1991) and therefore, a follower’s performance provides critical information to the leader as to the amount of effort the follower is willing to exert toward their assigned tasks. This information can prompt reciprocity by the leader (Duarte et al., 1994). Recent work at the episodic level of leader–follower relationships found that resource exchanges within the relationship influence the amount of effort and engagement that the follower exhibits (Liao et al., 2019). Furthermore, research has found that the observation of another’s performance affects the behaviors of the observer and that performance has sufficient daily variance to consider daily fluctuations to be meaningful (Beal et al., 2005; Ilies et al., 2006; Rodell & Judge, 2009; Sturman, 2007).

We suggest the leader will respond to the follower’s increase in performance by going beyond their job as a leader and engaging in discretionary behaviors to reciprocate the change in the follower’s performance. Said differently, we suggest that follower performance alters the leader’s level of individually directed citizenship behavior directed at the follower as a response to norms of reciprocity (Wilson et al., 2010). Individually directed citizenship behavior entails discretionary, cooperative behaviors intended to benefit another party (Smith et al., 1983; Williams & Anderson, 1991). We expect that leaders will feel varying levels of reciprocity toward the follower based on the follower’s performance and direct their citizenship behavior accordingly. Norms of reciprocity are an important component in the reciprocal exchange process and LMX theory (Graen & Cashman, 1975; Graen & Scandura, 1987). We expect that norms of reciprocity will trigger positive action from the leader to the follower in the form of employee-directed citizenship behavior when observing high levels of follower performance. In contrast, low follower performance is likely to be associated with decreased citizenship behavior toward the follower. This assertion aligns with work that suggests that support from others at work is an antecedent of individual-directed citizenship behavior as a form of repayment (Masterson et al., 2000; Rupp & Cropanzano, 2002; Settoon et al., 1996). Thus, by incorporating the reciprocal exchange process and delineating leader OCBI as the leader’s reaction within the process, we hypothesize serial indirect effect through the affective and inferential path for the leader’s positive and negative affective state.

**Hypothesis 4a:** On a daily basis, perceptions of the leader’s positive affective state positively relate to leader OCBI directed at the follower through the follower’s positive affective state and follower performance.

**Hypothesis 4b:** On a daily basis, perceptions of the leader’s negative affective state negatively relate to leader OCBI directed at the follower through the follower’s negative affective state and follower performance.

**Hypothesis 4c:** On a daily basis, perceptions of the leader’s positive affective state positively relate to leader OCBI directed at the follower through follower state LMX and follower performance.

**Hypothesis 4d:** On a daily basis, perceptions of the leader’s negative affective state negatively relate to leader OCBI directed at the follower through follower state LMX and follower performance.

2.2.2 Leader-rated state LMX

We also theorize that the daily reciprocal exchange sequence will generate change in leader’s state LMX. The leader’s daily positive affective state will enhance follower performance through the affective and inferential paths generating greater daily satisfaction with the leader regarding the state of the relationship (i.e., higher leader state LMX). In contrast, the leader’s daily negative affective state will diminish follower performance through the affective and inferential paths thereby diminishing leader state LMX. Taken together, these represent serial mediation of the daily reciprocal exchange process. Said differently, the leader’s daily affective states start a chain reaction leading to change in the follower’s daily performance and the leader responds to that change by shifting their current satisfaction with
the state of the LMX relationship. We also incorporate the connection between follower performance and state LMX with LMX theory to provide further support for our model.

One of the key influences on the leader’s LMX is the performance of the follower (Day & Crain, 1992; DelVecchio, 1998; Liden & Graen, 1980; Nahrgang et al., 2009). From a social exchange perspective, leaders have a vested interest in high-performing followers because of their contributions to the workgroup (Dockery & Steiner, 1990). Given the value of follower performance, leaders are likely to feel more satisfied with the LMX relationship if the follower exhibits higher levels of performance. Indeed, prior work has demonstrated that performance episodes positively affect global LMX quality (Dulebohn et al., 2012), but scholars note that “further research is needed to establish the temporal characteristics of the LMX performance relationship, [particularly using] designs that detect changes in both LMX quality and performance over time” (Martin et al., 2016, p. 99). Specifically, the literature has a limited understanding of the role of daily performance in the reciprocal exchange process and state LMX. Advancing this understanding at a daily level, we expect that daily variance in performance will enhance leader state LMX (cf. Sturman et al., 2005). Therefore, we hypothesize the daily reciprocal exchange process connecting leader affective states along the affective path and the inferential path to follower performance to drive change in leader state LMX.

Hypothesis 5a: On a daily basis, perceptions of the leader’s positive affective state positively relate to leader state LMX through the follower’s positive affective state and follower performance.

Hypothesis 5b: On a daily basis, perceptions of the leader’s negative affective state negatively relate to leader state LMX through the follower’s negative affective state and follower performance.

Hypothesis 5c: On a daily basis, perceptions of the leader’s positive affective state positively relate to leader state LMX through follower state LMX and follower performance.

Hypothesis 5d: On a daily basis, perceptions of the leader’s negative affective state negatively relate to leader state LMX through follower state LMX and follower performance.

3 | METHODS

3.1 | Sample and procedure

Given our focus on daily sequences of the reciprocal exchange process in leader–follower relationships, we tested our model using an ESM design. Specifically, both subordinates and supervisors in the leader–follower dyad completed two surveys per day for a 15-day period to examine within-person change for both members of the dyad (Judge et al., 2014). In line with other studies in top management journals, we used online recruiting to invite participants to take part in the study (e.g., Colquitt et al., 2014; Vogel et al., 2016). We recruited dyads from a variety of organizations and industries (e.g., education, financial services, government, healthcare, manufacturing, non-profit, real estate, retail, and technology), which aids the generalizability of our findings (Kerlinger & Lee, 1964; Schneider et al., 2000). In addition, testing our hypotheses using a within-person design allowed us to minimize the impact of individual differences that are stable on a daily basis so that they do not systemically influence our findings (Gabriel et al., 2019).

We recruited our sample in two ways: (1) inviting a group of online MBA students that are currently full-time employees to participate and (2) advertising for participants through Qualtrics. As part of our invitation to participate, we provided a link to an initial survey identifying the study as an exploration of the dynamics of the relationship between managers and employees. We asked participants to provide the contact information of either their main supervisor or three subordinates to minimize the potential for a supervisor to recruit only a subordinate with whom they have a close relationship. Of the 76 dyads in our final sample, 36 participants served as the leader in the LMX relationship and recruited subordinates to participate with them and 40 participants served as the follower and recruited a supervisor. For those participants who recruited subordinates, we randomly selected one of the three followers and invited that follower to participate by sending them an explanation of the study and an initial survey. Given that many
subordinates only have one supervisor, we did not require followers to provide contact information for multiple leaders. The data collection process was approved in 2016, occurred in 2017, and monitored by the Institutional Review Board in compliance with ethical standards (Arizona State University IRB #0005388; Titled: “Daily LMX”).

As part of the recruitment process, we investigated the legitimacy of participants because we offered an incentive to participate in the study (up to $75 for completing all 30 surveys). Specifically, we employed best practices for promoting reliable responses using Internet-based surveys (Birnbaum, 2004; Nosek et al., 2002; Teitcher et al., 2015). First, the invitation to join the study along with all daily surveys came from us rather than from the participant’s employee or supervisor counterpart. Second, we removed participants who provided their own name for the contact information of a recruited leader or follower, and we did not admit dyads who provided suspicious email addresses (e.g., Pete863109@gmail.com). The majority of participants provided email addresses that contained their full or partial name and/or an employer name (e.g., EmployeeName@Company.com). Third, we looked through each initial survey to eliminate participants who provided unrealistic information in the demographic information (e.g., having 10 years of work experience but a 12-year organizational tenure). Finally, we compared the IP addresses that participants used when responding to the surveys (Birnbaum, 2004; Nosek et al., 2002; Teitcher et al., 2015). Our analyses did not reveal any suspicious patterns of responding.

Our final sample from a 15-day study (spanning 3 weeks or 15 workdays) included 76 leader–follower dyads (84% of the initial pool). On average, the followers in our sample had worked at their current organization for 7.19 years (SD = 7.41), were 37.66 years old (SD = 9.22), and were 45% females. The leaders in our sample had a mean organizational tenure of 8.40 years (SD = 7.86), were 41.28 years old (SD = 9.70) on average, and 53% were females. The dyads in our sample had worked together for an average of 5.39 years (SD = 3.81). For our focal variables, followers completed 2,025 total daily surveys out of a possible 2280 surveys sent (89% response rate) and leaders completed 2002 total daily surveys out of 2280 surveys sent (88% response rate). Thus, our dataset was comprised of 4027 completed surveys.

### 3.2 Daily measures

All measures were taken on a daily basis, capturing within-person variation for both members of the dyad over the course of the 15-day study (Fisher & To, 2012). Due to the repeated nature of our study design, we relied on studies that used experience sampling techniques to determine appropriate measures that balanced our desires to alleviate participant response burden and capture the breadth of the construct (cf. Uy et al., 2017). We measured perceptions of the leader affective state and follower affective state at the mid-day surveys, and we measured follower state LMX, follower performance, leader state LMX, and leader OCBI directed at the follower at the end-of-day surveys.

#### 3.2.1 Leader affective state

Followers rated their perceptions of the leader’s affective state using Ekman’s scale (Ekman, 1992). We selected Ekman’s scale because of the emphasis on their recognition of affective states by others (Adolphs, 2002; Ekman, 1993, 2007). Further, such measurement aligns with other field-based work on EASI theory (e.g., Wang & Seibert, 2015). Using a six-item, 5-point Likert scale (1 = to a very small extent, 5 = to a very large extent), followers rated the extent to which their leader seemed to be expressing positive affective states (“happy,” “excited,” and “calm”; $\alpha = .95$) and negative affective states (“sad,” “angry,” and “anxious”; $\alpha = .82$).\(^3\)
3.2.2 | Follower affective state

Similarly, followers also rated their own affective state using Ekman’s scale (1992). Using a six-item, 5-point Likert scale (1 = to a very small extent, 5 = to a very large extent), followers rated the extent to which they were feeling positive affective states (“happy,” “excited,” and “calm”; $\alpha = .95$) and negative affective states (“sad,” “angry,” and “anxious”; $\alpha = .86$).

3.2.3 | State LMX

Leaders and followers rated their perception of the daily state of the LMX relationship using the LMX-7 measure (Liden et al., 1993; Scandura & Graen, 1984). Following other scholars, (e.g., Guarana & Barnes, 2017; Hofmann et al., 2003), we used the simplified version of the items. Items were rated using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). Example items for the measure are, “Today, I have had an effective working relationship with my supervisor” and “Today, I have had an effective working relationship with my employee (with specific reference to the employee participating in the study with them)” for subordinate rated ($\alpha = .93$) and supervisor rated ($\alpha = .89$), respectively.

3.2.4 | Task performance

Leaders rated follower task performance using MacKenzie et al.’s (1991) five-item measure. We adapted the measure to emphasize that ratings pertained to the day of the survey. Items were rated using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). Example items for the measure are, “Today, he/she has been a good performer” and “Today, he/she has been outstanding at their job” ($\alpha = .92$).

3.2.5 | Leader OCBI directed toward the follower

Followers rated the individually directed citizenship behavior they received from their leaders using Lam et al.’s (2009) six-item measure (5-point Likert scale: 1 = strongly disagree, 5 = strongly agree). Example items include: “Today, my supervisor has gone out of their way to be nice to me” and “Today, my supervisor has tried to help me” ($\alpha = .93$).

3.3 | Control variables

Based on theory and research, we considered several controls. First, within our study, we sought to examine the daily reciprocal exchange process and how daily shifts in perceptions of affective states spark the process and drive change in leader state LMX. As such, we controlled for the constructs from the prior day (i.e., when examining state LMX for Day 2, we controlled state LMX from Day 1). This also allowed us to follow best practice recommendations from Beal et al. (2005) to control for lagged criteria when predicting each outcome so as to interpret our findings as a change in the level of each construct from the previous day (cf. Johnson et al., 2014). Second, we wanted to isolate the role of the follower’s perceptions to provide the most accurate test of how information processed by follower about the leader’s daily affective state could spark the daily reciprocal exchange process. The leader’s affective state could also explain the leader’s ratings of performance. For instance, a happy leader could rate the employee’s performance as better than usual because they are in a happy mood. As such, we controlled for the leader’s positive and negative
affective states. Not only did the aforementioned controls account for potential contaminants based on prior theory, but their inclusion also helped to minimize common method bias (CMB). Specifically, scholars suggest that “researchers create systematic, rigorous tests for the effects of multiple sources of CMB in the context of ESM research” by using remedies such as direct measures of transient states as control variables and estimating lagged relationships (Gabriel et al., 2019, p. 987).

3.4 | Analyses

Our analysis examined the validity of our model and comprehensively tested our hypotheses. Specifically, our study design and analytic strategy (i.e., measuring the daily constructs repeatedly for 15 consecutive workdays) allowed us to remain consistent with our theorizing as we focused on within-person fluctuations for each member of the dyad that drive the daily reciprocal exchange process. We started by analyzing the variance decomposition to determine if our measures had sufficient within-person variance to examine the fluctuations over 15 days before moving on to test our hypothesized relationships.

To test our full structural model, we first person-mean centered our daily predictors to match our conceptual focus on within-person effects (Aguinis et al., 2013; Enders & Tofghi, 2007; Hofmann & Gavin, 1998). Scholars suggest person-mean centering to purge the between-person variance (i.e., variance based on individual differences like gender) and focus the results on the within-person variance (Gabriel et al., 2019). In other words, our analytical approach, which entailed person-mean centering exogenous variables, enabled us to empirically evaluate fluctuations from leader and follower baseline levels while isolating within-person variance from unmodeled level-2 constructs (e.g., gender, personality) that are uncorrelated with such variation (Enders & Tofghi, 2007). Thus, our approach controls for both between-dyad characteristics (e.g., personality similarity; Bernerth et al., 2008) and between-person characteristics (i.e., gender; Wayne et al., 1994) that have been shown to predict LMX quality. We employed a multilevel structural equation modeling approach (MSEM) with manifest variables (Preacher et al., 2010) with missing data managed using maximum likelihood with robust standard errors (for a review, see Graham, 2009) using Mplus 8.4 (Muthén & Muthén, 2018). In addition, we conducted parametric bootstrapping using the estimated coefficients from our analyses (cf. Koopman et al., 2016) to explore our hypothesized indirect effects. This approach allowed us to estimate the sampling distribution for the first-, second-, and third-stage coefficients using a Monte Carlo simulation within RMediation, an analytical package in the R program (Selig & Preacher, 2008; Tofghi & MacKinnon, 2011). This technique enabled us to calculate the magnitude of the indirect effect for each replication and construct an empirical sampling distribution of the magnitude of the indirect effect. Using this sampling distribution, we calculated 90% bias-corrected confidence intervals to assess significance rather than 95% bias-corrected confidence intervals to enhance our ability to detect indirect effects in multilevel modeling (cf. Berson et al., 2015), particularly serial indirect effects.

Finally, in our theorizing, we predicted that the indirect effect of perceptions of the leader’s positive affective state on follower performance would be stronger along the affective path and the impact of perceptions of the leader’s negative affective state would be stronger along the inferential path. Therefore, we sought to compare the strengths of the indirect effects by determining whether the difference between the indirect effects was significantly different than zero (Lau & Cheung, 2012). Given the multilevel nature of our model, we utilized parametric bootstrap procedure to determine whether the indirect effects were significantly different. Specifically, we used a Monte Carlo procedure to create bias-corrected confidence intervals for the indirect effects and applied the index of moderated mediation (Hayes, 2015) to multilevel data similar to procedures used to determine the significant difference of indirect effects when testing multilevel moderated mediation (cf. Matta et al., 2020).
TABLE 1  Variance components of null models for daily variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Within-individual variance ($\rho^2$)</th>
<th>Between-individual variance ($\tau_{00}$)</th>
<th>Percentage of variability within-individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived leader positive affective state</td>
<td>0.28*</td>
<td>0.89*</td>
<td>23.9%</td>
</tr>
<tr>
<td>(follower report)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader negative affective state</td>
<td>0.38*</td>
<td>0.26*</td>
<td>59.4%</td>
</tr>
<tr>
<td>(follower report)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follower positive affective state</td>
<td>0.45*</td>
<td>0.95*</td>
<td>32.1%</td>
</tr>
<tr>
<td>Follower negative affective state</td>
<td>0.20*</td>
<td>0.24*</td>
<td>45.5%</td>
</tr>
<tr>
<td>State LMX (follower report)</td>
<td>0.22*</td>
<td>0.29*</td>
<td>43.1%</td>
</tr>
<tr>
<td>Follower performance (leader report)</td>
<td>0.16*</td>
<td>0.33*</td>
<td>32.7%</td>
</tr>
<tr>
<td>State LMX (leader report)</td>
<td>0.19*</td>
<td>0.24*</td>
<td>44.2%</td>
</tr>
<tr>
<td>Leader OCBI directed toward the follower</td>
<td>0.14*</td>
<td>0.44*</td>
<td>24.1%</td>
</tr>
<tr>
<td>(follower report)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. $\rho^2 = $ within-individual variance in the dependent variable. $\tau_{00} = $ between-individual variance in the dependent variable. Percentage of variability within-individual was computed as $\rho^2/(\rho^2 + \tau_{00})$.

*p < .05.

4  | RESULTS

4.1  | Variance components

Within our study, we specifically hypothesized within-person fluctuations on a daily basis for both members of the dyad and suggested that such fluctuations drove daily outcomes. We examined the partition of variance within the null models of each of our constructs and found significant within-person variance of each of our key constructs to justify our within-person approach (see Table 1). Notably, we found within-person variance of 43.1% for follower-rated state LMX and 44.2% for leader-rated state LMX. Together, this provides good initial support for the dynamic nature of the reciprocal exchange process and state LMX. In comparison, other constructs shown to be more dynamic than initially theorized found similar within-person variance such as job engagement (31.0%; Xanthopoulou et al., 2009), individually directed citizenship behavior (44.2%; Dalal et al., 2009), employee burnout (39.0%; Dunford et al., 2012) and big five personality traits (48.3%; Judge et al., 2014).

4.2  | Hypothesis testing

Table 2 provides descriptive statistics and correlations for the study variables. We first examined the daily affective and inferential paths posited by EASI theory. Hypothesis 1a (affective path) predicted a positive indirect effect from perceptions of the leader’s positive affective state to follower performance through the follower’s positive affective state and Hypothesis 1b (affective path) predicted a negative indirect effect from perceptions of the leader’s negative affective state to follower performance through the follower’s negative affective state. In line with prior work on emotional contagion (e.g., Barsade, 2002; Johnson, 2008), we found positive, significant relationships between perceptions of the leader’s positive affective state and the follower’s positive affective state ($y = .40, p < .001$) as well as between perceptions of the leader’s negative affective state and the follower’s negative affective state ($y = .14, p = .010$; see Table 3 for full model results). As predicted, we also found a significant positive indirect effect from perceptions of the leader’s positive affective state to follower performance through the follower’s positive affective state ($IND = .10, 90\%$...
**TABLE 2** Descriptive statistics and correlations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily variables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Perceived leader positive affective state</td>
<td>3.60</td>
<td>0.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.95)</td>
</tr>
<tr>
<td>2. Perceived leader negative affective state</td>
<td>1.43</td>
<td>0.57</td>
<td>−.17</td>
<td></td>
<td></td>
<td>(.82)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. State LMX (follower rated)</td>
<td>4.06</td>
<td>0.70</td>
<td>.05</td>
<td>−.09</td>
<td></td>
<td>(.93)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Follower positive affective state</td>
<td>3.57</td>
<td>1.13</td>
<td>.18</td>
<td>−.04</td>
<td>.41</td>
<td></td>
<td>(.95)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Follower negative affective state</td>
<td>1.35</td>
<td>0.64</td>
<td>.00</td>
<td>.15</td>
<td>−.11</td>
<td>−.22</td>
<td></td>
<td></td>
<td></td>
<td>(.86)</td>
</tr>
<tr>
<td>6. Follower performance</td>
<td>4.23</td>
<td>0.67</td>
<td>.06</td>
<td>−.02</td>
<td>.51</td>
<td>.55</td>
<td>−.22</td>
<td></td>
<td></td>
<td>(.92)</td>
</tr>
<tr>
<td>7. State LMX (leader rated)</td>
<td>4.10</td>
<td>0.66</td>
<td>.06</td>
<td>.00</td>
<td>.56</td>
<td>.48</td>
<td>−.26</td>
<td>.69</td>
<td></td>
<td>(.89)</td>
</tr>
<tr>
<td>8. Leader OCBI directed toward the follower</td>
<td>3.98</td>
<td>0.77</td>
<td>.06</td>
<td>−.01</td>
<td>.53</td>
<td>.54</td>
<td>−.19</td>
<td>.74</td>
<td>.68</td>
<td>(.93)</td>
</tr>
</tbody>
</table>

*Note. N = 937–1016. Standard deviations and correlations reflect daily values at the within-person level of analysis (e.g., group-mean centered). Reliabilities are reported on the diagonal.

*p < .05.

**p < .01.
<table>
<thead>
<tr>
<th>Variables</th>
<th>Follower positive affective state</th>
<th>Follower negative affective state</th>
<th>State LMX (follower rated)</th>
<th>Follower performance</th>
<th>State LMX (leader rated)</th>
<th>Leader OCBI directed at the follower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived leader positive affective state</td>
<td>0.40**</td>
<td>0.04</td>
<td>−0.05</td>
<td>0.03</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>Perceived leader negative affective state</td>
<td>0.14*</td>
<td>−0.11*</td>
<td>0.05</td>
<td>0.05†</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>Follower positive affective state</td>
<td>0.24**</td>
<td>0.02</td>
<td>−0.09**</td>
<td>0.08</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>Follower negative affective state</td>
<td>−0.11</td>
<td>−0.09**</td>
<td>0.03</td>
<td>0.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State LMX (follower rated)</td>
<td>0.32**</td>
<td>0.15**</td>
<td>0.08</td>
<td>0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follower performance</td>
<td>0.35**</td>
<td>0.42**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leader positive affect</td>
<td>0.06</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leader negative affect</td>
<td>0.18*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lagged controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior-day perceived leader positive affective state</td>
<td>0.03</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior-day perceived leader negative affective state</td>
<td>0.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior-day follower positive affective state</td>
<td>−0.07</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior-day follower negative affective state</td>
<td>0.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior-day state LMX (follower rated)</td>
<td>0.07</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior-day follower performance</td>
<td>−0.02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior-day state LMX (leader rated)</td>
<td>0.09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior-day leader OCBI directed at the follower</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pseudo R²</td>
<td>10.8%</td>
<td>4.6%</td>
<td>6.4%</td>
<td>46.5%</td>
<td>72.1%</td>
<td>80.1%</td>
</tr>
</tbody>
</table>

Note. 
*p < .10; 
*p < .05; 
**p < .01;
BCCI: [.057, .146]) and a significant negative indirect effect from perceptions of the leader’s negative affective state to follower performance through the follower’s negative affective state (IND = −.02, 90% BCCI: [−.042, −.001]). Thus, Hypotheses 1a and 1b were supported.

Hypothesis 2a (inferential path) predicted a positive indirect effect from perceptions of the leader’s positive affective state to follower performance through follower state LMX and Hypothesis 2b (inferential path) predicted a negative indirect effect from perceptions of the leader’s negative affective state to follower performance through follower state LMX. We found that the indirect effect from leader’s positive affective state to follower performance through follower state LMX was not significant (IND = .01, 90% BCCI: [−.008, .038]). Therefore, Hypothesis 2a was not supported. However, we did find a significant indirect effect from perceptions of the leader’s negative affective state to follower performance through follower state LMX (IND = −.04, 90% BCCI: [−.066, −.012]). Thus, Hypothesis 2b was supported.

To better understand the affective and inferential paths in our model, we hypothesized a comparison of the two paths for perceptions of the leader’s positive and negative affective states. Specifically, Hypothesis 3a predicted that the relationship between perceptions of the leader’s positive affective state and follower performance is stronger along the affective path. Our results showed a greater indirect effect from perceptions of the leader’s positive affective state to follower performance through the follower’s positive affective state (affective path; IND = .096, 90% BCCI: [.057, .146]) than from perceptions of the leader’s positive affective state to follower performance through follower state LMX (inferential path; IND = .012, 90% BCCI: [−.008, .038]). Furthermore, we found a significant difference between the two indirect effects (DIFF = .084, 90% BCCI: [.04, .14]). Therefore, Hypothesis 3a was supported. Hypothesis 3b predicted that the relationship between perceptions of the leader’s negative affective state and follower performance is stronger along the inferential path. Although both indirect effects were significant, our results showed a greater indirect effect from perceptions of the leader’s negative affective state to follower performance through follower state LMX (inferential path; IND = −.04, 90% BCCI: [−.066, −.012]) than from perceptions of the leader’s negative affective state to follower performance through the follower’s negative affective state (affective path; IND = −.02, 90% BCCI: [−.042, −.001]). Results also revealed a significant difference between the indirect effects (DIFF = .02, 90% BCCI: [.011, .061]). Thus, Hypothesis 3b was supported.

Next, we hypothesized the leader’s reaction—leader OCBI directed toward the follower—in the reciprocal exchange process (leader action → follower response → leader reaction) using serial indirect effects through the affective and inferential paths. Specifically, Hypotheses 4a and 4b, respectively, predicted the impact of perceptions of the leader’s positive and negative affective state through the affective path and daily follower performance on leader OCBI directed at the follower. Hypotheses 4c and 4d, respectively, predicted the impact of perceptions of the leader’s positive and negative affective state through the inferential path and daily follower performance on leader OCBI directed at the follower. We found a positive, significant relationship between follower performance and daily leader OCBI directed at the follower (γ = .42, p < .001). In examining the serial indirect effects through the affective path, we found a significant positive indirect effect from perceptions of the leader’s positive affective state to leader OCBI directed toward the follower (IND = .04, 90% BCCI: [.022, .062]). Thus, Hypothesis 4a is supported. However, the serial indirect effect from perceptions of the leader’s negative affective state to leader OCBI directed toward the follower along the affective path was not significant (IND = −.01, 90% BCCI: [−.017, .0002]). Therefore, Hypothesis 4b was not supported. Given the non-significant indirect effect from perceptions of the leader’s positive affective state to follower performance through follower state LMX, we unsurprisingly found a non-significant indirect effect in examining the serial indirect effect from the perceptions of the leader’s positive affective state to leader OCBI directed at the follower through the inferential path (IND = .01, 90% BCCI: [−.002, .013]). Thus, Hypothesis 4c was not supported. However, in examining the serial indirect effect through the inferential path for perceptions of the leader’s negative affective state, we found a significant negative indirect effect from perceptions of the leader’s negative affective state to leader OCBI directed toward the follower (IND = −.01, 90% BCCI: [−.026, −.004]), supporting Hypothesis 4d.

Finally, Hypotheses 5a and 5b predicted the impact of perceptions of the leader’s positive and negative affective state, respectively, through the affective path and daily follower performance on leader state LMX. Hypotheses 5c
and 5d predicted the impact of the leader’s positive and negative affective state, respectively, through the inferential path and daily follower performance on leader state LMX. We found a positive, significant relationship between follower performance and daily leader-rated state LMX ($\gamma = .35, p < .001$). In support of Hypothesis 5a, we found a significant positive serial indirect effect from perceptions of the leader’s positive affective state to leader-rated state LMX ($IND = .03, 90\% BCCI: [.017, .054]$). The serial indirect effect from perceptions of the leader’s negative affective state to leader-rated state LMX ($IND = -.01, 90\% BCCI: [-.014, .0001]$) was not significant and Hypothesis 5b was not supported. Along the inferential path, we found a non-significant serial indirect effect from perceptions of the leader’s positive affective state to leader-rated state LMX ($IND = .004, 90\% BCCI: [-.002, .011]$), but we found a significant negative serial indirect effect from perceptions of the leader’s negative affective state to leader-rated state LMX ($IND = -.01, 90\% BCCI: [-.022, -.003]$). Thus, Hypothesis 5c was not supported, but Hypothesis 5d was supported (see Table 4 for complete set of indirect effects).

### 4.3 Supplemental analyses

We engaged in a series of supplemental analyses to account for potential alternatives and strengthen confidence in our findings. First, in alignment with EASI theory and our study design, we captured affective states rather than focusing on general moods or discrete emotions. However, given that prior research suggests potential differences in the impact of facial expressions of high activation emotions and low activation emotions (e.g., N’diaye et al., 2009), we retested our model teasing out the high activation emotions (happy, excited, angry, and anxious; Russell, 1980) and low activation emotions (sad and calm; Russell, 1980). Mirroring our primary analyses, we employed an MSEM approach with manifest variables (Preacher et al., 2010) with missing data managed using maximum likelihood with robust standard errors (for a review, see Graham, 2009) using Mplus 8.4 (Muthén & Muthén, 2018). However, rather than looking at perceived positive and negative affective states, we ran two separate models—one model included only the high activation emotions and the other included only the low activation emotions. Our model results were generally consistent when we isolated the high activation emotions and the low activation emotions indicating that the valance of the emotion rather than the activation was driving change in the follower’s affective states and follower state LMX. We did find a shift in significance for one of our hypothesized relationships. Specifically, in both models, the significance decreased for the relationship between perceptions of the leader’s negative affective state and follower state LMX (low activation, from $p = .024$ to $p = .093$; high activation, from $p = .024$ to $p = .059$).4

To gain further insight, we used the same analytical approach and ran six additional models that focused on each discrete emotion in isolation rather than on high and low activation emotions. For the positive discrete emotions (happy, excited, and calm), our model results for all of our hypothesized relationships hold. However, when focusing on the negative discrete emotions, our models suggested that anxiety or sadness may be the main driver of the results for negative affective states, particularly along the inferential path. Specifically, in the model with anger as the discrete emotion, the relationship between perceptions of the leader’s negative affective state (anger) and follower state LMX became non-significant ($p = .024$ to $p = .141$). See Online Supplemental Appendices A.1–A.8 for full results.

Second, our model focuses on how constructs within the affective path (follower positive and negative affective states) and the inferential path (follower state LMX) influence follower performance. To strengthen confidence in our results, we relied on complementary, affect-driven theory to control for other constructs that may drive change in daily follower performance. Specifically, when taking a leadership approach, affective events theory (AET) proposes that events prompt affective reactions that alter work attitudes and daily work hassles, thereby ultimately impacting follower performance (Cropanzano et al., 2017; Weiss & Cropanzano, 1996). Therefore, we ran additional models that controlled for follower attitudes such as follower engagement (Rich et al., 2010) and follower job satisfaction (Fisk & Friesen, 2012) and controlled for daily work hassles captured by follower depletion (Zohar, 1999) and follower stress appraisals (LePine et al., 2016) to determine the significance of our relationships beyond other explanatory mechanisms. We used the same MSEM approach with manifest variables noted above (Preacher et al., 2010) and generated
### Table 4  Table of indirect effects

<table>
<thead>
<tr>
<th>Indirect effects</th>
<th>Estimate</th>
<th>90% BCCI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affective path</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader positive affective state → Follower positive affective state</td>
<td>0.10</td>
<td>[0.057, 0.146]</td>
</tr>
<tr>
<td>→ Follower performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follower positive affective state → Follower performance → Leader OCBI</td>
<td>0.10</td>
<td>[0.072, 0.137]</td>
</tr>
<tr>
<td>directed toward the follower</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follower positive affective state → Follower performance → State LMX (leader</td>
<td>0.08</td>
<td>[0.053, 0.124]</td>
</tr>
<tr>
<td>rated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader positive affective state → Follower positive affective state</td>
<td>0.04</td>
<td>[0.022, 0.062]</td>
</tr>
<tr>
<td>→ Follower performance → Leader OCBI directed toward the follower</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader positive affective state → Follower positive affective state</td>
<td>0.03</td>
<td>[0.017, 0.054]</td>
</tr>
<tr>
<td>→ Follower performance → State LMX (leader rated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader negative affective state → Follower positive affective state</td>
<td>−0.02</td>
<td>[−0.042, −0.001]</td>
</tr>
<tr>
<td>→ Follower performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follower negative affective state → Follower performance → Leader OCBI</td>
<td>−0.05</td>
<td>[−0.098, 0.0001]</td>
</tr>
<tr>
<td>directed toward the follower</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follower negative affective state → Follower performance → State LMX (leader</td>
<td>−0.04</td>
<td>[−0.087, −0.001]</td>
</tr>
<tr>
<td>rated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader negative affective state → Follower negative affect →</td>
<td>−0.01</td>
<td>[−0.17, 0.002]</td>
</tr>
<tr>
<td>Follower performance → Leader OCBI directed toward the follower</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader negative affective state → Follower negative affect →</td>
<td>−0.01</td>
<td>[−0.14, 0.001]</td>
</tr>
<tr>
<td>Follower performance → State LMX (leader rated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inferential path</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader positive affective state → State LMX (follower rated) →</td>
<td>0.01</td>
<td>[−0.008, 0.038]</td>
</tr>
<tr>
<td>Follower performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State LMX (follower rated) → Follower performance → Leader OCBI directed</td>
<td>0.13</td>
<td>[0.090, 0.182]</td>
</tr>
<tr>
<td>toward the follower</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State LMX (follower rated) → Follower performance → State LMX (leader rated)</td>
<td>0.11</td>
<td>[0.077, 0.153]</td>
</tr>
<tr>
<td>Perceived leader positive affective state → State LMX (follower rated) →</td>
<td>0.01</td>
<td>[−0.002, 0.013]</td>
</tr>
<tr>
<td>Follower performance → Leader OCBI directed toward the follower</td>
<td></td>
<td></td>
</tr>
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<td>Perceived leader positive affective state → State LMX (follower rated) →</td>
<td>0.004</td>
<td>[−0.002, 0.011]</td>
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<tr>
<td>Follower performance → State LMX (leader rated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived leader negative affective state → State LMX (follower rated) →</td>
<td>−0.04</td>
<td>[−0.066, −0.012]</td>
</tr>
<tr>
<td>Follower performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State LMX (follower rated) → Follower performance → Leader OCBI directed</td>
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</tr>
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<td>Perceived leader negative affective state → State LMX (follower rated) →</td>
<td>−0.01</td>
<td>[−0.026, −0.004]</td>
</tr>
<tr>
<td>Follower performance → Leader OCBI directed toward the follower</td>
<td></td>
<td></td>
</tr>
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<td>Perceived leader negative affective state → State LMX (follower rated) →</td>
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</tr>
<tr>
<td>Follower performance → State LMX (leader rated)</td>
<td></td>
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</tr>
</tbody>
</table>

**Note.** Bold = Significant at 90% bias-corrected confidence interval.
four additional models, each with one of the alternative mechanisms suggested by AET serving as an additional mediator parallel to the affective path (follower positive and negative affective states) and inferential path (follower state LMX). Overall, our findings remained consistent with the inclusion of the control variables lending further support to our results. Although not hypothesized, we also found that follower engagement (γ = −.08, p = .045) and follower stress appraisals (γ = −.07, p = .041) were significantly related to leader-rated state LMX highlighting two other daily constructs that may drive change in state LMX. See Online Supplemental Appendices B.1–B.4 for full results.

Finally, given that our theorizing is grounded in the affect-driven approach to LMX theory (Dienesch & Liden, 1986), we conducted supplemental analyses to control for leader behaviors and better isolate leader affective states. Specifically, we ran two additional models using the same analytic approach noted above and controlled for leader behaviors and perceived leader support by adding the constructs as additional predictor variables in their respective models. All results remained consistent offering further evidence of the robust nature of our findings. Interestingly, our findings suggest that daily behaviors may also drive change in state LMX as leader behaviors were significantly related to follower-rated state LMX (γ = .12, p = .009) as was perceived leader support (γ = .13, p < .001). See Online Supplemental Appendices C.1–C.2 for full details.

5 | DISCUSSION

In this study, we integrate and test theory on workplace affect and the LMX relationship to enhance understanding of the daily reciprocal exchange process between leaders and followers. Using an ESM approach enabled us to hone in on daily interactions and articulate how dynamic constructs, like affective states, influence daily state LMX (Tse et al., 2018). We found that perceptions of a leader’s daily positive and negative affective states affected followers, sparking the reciprocal influence process, and leading the follower to subsequently reciprocate by altering their level of daily performance. In turn, daily performance by the follower generated a change in OCBI directed at the follower (i.e., the latter action in the action-response-action reciprocal exchange sequence) as well as a change in leader state LMX.

By incorporating EASI theory, we were able to dive deeper into the information provided to the follower by the leader’s daily affective states. Specifically, although the leader’s positive and negative affective states showed evidence of contagion via the affective path to follower performance, such contagion did not continue through to the more distal outcomes in the reciprocal exchange process (leader OCBI directed at the follower and leader state LMX) for the leader’s negative affective state. In contrast, the leader’s negative affective state did proceed through the reciprocal exchange process along the inferential path (i.e., relational orientation). That is, the results showed a significant serial indirect effect from perceptions of the leader’s negative affective state to leader OCBI directed at the follower and leader state LMX through follower-rated state LMX and follower performance. Furthermore, our results demonstrated that the leader’s positive affective state was stronger along the affective path and the leader’s negative affective was stronger along the inferential path. Overall, our findings supported our theorizing about the daily reciprocal influence process and how our integration of LMX theory and EASI theory deepens our understanding of the daily ebbs and flows in leader–follower relationships as well as the distinct processes for the leader’s daily negative and positive affective states in LMX relationships.

5.1 | Theoretical implications

Our findings have several theoretical implications. First, our work contributes to LMX research by teasing out the intricacies of the reciprocal exchange process on a daily level. In doing so, we distinguish between daily state LMX and global assessments of LMX quality. Our findings not only show significant variance in measurement of the daily state LMX (leader and follower rated) in line with other constructs previously assumed to be stable (big five personality traits; Judge et al., 2014), but also support the full action-response-action exchange sequence inherent in LMX theory.
The shift towards the daily level extends LMX research by opening up the possibility for other dynamic constructs that could spark the reciprocal exchange process such as rudeness from a member of the dyad (Foulk et al., 2016) or daily psychological empowerment from the leader (Schilpzand et al., 2018). In addition, although prior research has found limited evidence of the connection between leader trait negative affect and global assessments of the LMX quality (Dulebohn et al., 2012), our findings propel notions that predictors of global LMX may not be the same as state LMX by finding that leader negative affective states can be a significant driver of change in state LMX. Overall, we contribute to the LMX literature by testing the dynamic nature of the LMX relationship and examining how the daily interactions of the leader and follower influence the state of the LMX relationship.

Our findings also extend the LMX literature by drawing attention to the neglected area of leader outcomes (Wilson et al., 2010). Regarding leader outcomes, our findings suggest that the daily reciprocal exchange process can have significant implications for the leader, which is notable since LMX researchers have focused primarily on the impact of the LMX relationship on followers (Wilson et al., 2010). This dearth of consideration for leader inputs and outcomes has persisted despite evidence that leaders and followers can disagree about the quality of their relationship (Sin et al., 2009) and such disagreements can distort research findings (Matta et al., 2015). Specifically, we find that the follower’s response to the leader’s perceived affective state (i.e., change in daily follower performance) generated a reciprocal response in the leader through a change in OCBI directed back to the follower. This aligns with work connecting the LMX relationship to follower outcomes (e.g., job satisfaction, Dulebohn et al., 2012) and provides further support for the importance of examining interlocked outcomes for leaders and followers to better understand the reciprocal exchange process.

In addition to theoretical implications for the LMX literature, we advance EASI theory by building on research that highlights the interpersonal influence of affective states within ongoing workplace relationships, as opposed to lab settings (e.g., Liu et al., 2017; Van Kleef et al., 2009; Wang & Seibert, 2015). Specifically, we draw attention to differences in the follower’s interpretation of the leader’s positive and negative affective states, highlighting the potential significance not only of the perception of affective states, but also of the significant relational orientation created by state LMX. For positive affective states, our findings reaffirm the role of emotional contagion along the affective path of EASI theory, demonstrating that the leader’s positive affective state promotes a positive affective state from the follower, and in turn, leads to enhanced follower performance. However, our findings show that negative affective states proceed not only along the affective path, but also along the inferential path with the latter generating a stronger impact on follower performance. As such, state LMX is a significant mechanism along the inferential path, capturing the follower’s relational orientation and serving to guide the follower’s response to the leader’s negative affective state. These findings align with prior research that has shown that negative information weighs more heavily on perceptual processing (Ito et al., 1998) and is therefore more likely to drive cognitive inferences. Thus, our work extends EASI theory and builds on recent research on the substantive differences between positive and negative affective states (Hillebrandt & Barclay, 2017).

Relatedly, we contribute to EASI theory by demonstrating that an affective state does not solely impact the recipient. We also find interpretation of the affective state prompts the recipient’s response that then circles back to also impact the original sender. Specifically, our findings show a significant serial indirect effect whereby the leader’s positive affective state prompts the follower’s response through the affective path to enhance the leader’s daily state LMX and leader OCBI. Conversely, the leader’s negative affective state prompts the follower’s response through the inferential paths to diminish the leader’s daily state LMX and leader OCBI. Although this type of downstream, reciprocal effect has been alluded to by EASI theory (Van Kleef, 2014), it has, to the best of our knowledge, yet to be tested.

5.2 Practical implications

Our representation of the daily experience of the reciprocal exchange process has several practical implications. First, whereas prior LMX research has implied a high level of stability in leader–follower relationships, we found that a
significant portion of the variance in state LMX occurred at the daily level. This draws attention to the ups and downs of work that are shared between leaders and followers on a daily basis. From a broad level, our daily reciprocal exchange process suggests that these ups and downs occur because leaders and followers are continually making sense of the LMX relationship through emotionally laden conversations, expressions, and other actions (Weick, 1995; Wrzesniewski et al., 2003). Even in high-quality LMX relationships, follower behaviors like performance can be negatively impacted by these emotionally laden conversations, expressions, and other actions suggesting that, regardless of the leader’s general relationship with a follower, displaying negative affective states can be detrimental for both members of the dyad. Consequently, if the leader needs to take a break and step out or step away from an interaction to control their negative emotions, it would be advisable to do so. Similarly, emotional intelligence and use of emotional regulation strategies like empathy can benefit managers and subordinates alike as they weigh the affective states expressed within LMX relationships (Mahsud et al., 2010). Furthermore, both members of the dyad should be cognizant that their affective states, words, and other actions inform the ongoing interpretation of the relationship and take steps to ensure that they are deliberate in the information they convey. This is particularly important as leaders are likely to bring a certain mood to work with them in the morning that serves as an affective prime to subsequent events and interactions (Rothbard & Wilk, 2011).

Relatedly, prior research suggests that good leaders are expected to exhibit positive affect (Epitropaki et al., 2013). Our work upholds the importance of the leader’s positive affective states for follower outcomes by demonstrating the positive spiral that a positive affective state can spark benefitting both leader and follower outcomes. Indeed, positive affect may be associated with charismatic leadership and implicit expectations for leader affective states (Bono & Ilies, 2006; Lord et al., 2001). Although faking emotions at work can exhaust leaders (Gardner et al., 2009), managers should be aware that their positive affective states can benefit follower performance. Managers may benefit from daily self-reflection through expressive writing (i.e., journaling about their role as a leader) to improve their state of being and allow them to evoke more positive affective states (King, 2002; Lanaj et al., 2019). This self-reflection can help align internal feelings with the external demands of the leader role to present positive affect (Humphrey et al., 2008). Such alignment of internal feelings and external expectations reflects deep acting in leader–follower exchanges that would lessen the costs of presenting a positive affective state that is expected from followers, but not an accurate reflection of the leader’s internal affective state (Hochschild, 1983).

Building on this point, our findings suggest that the follower’s daily perception of the leader’s affective state can also set into motion negative spirals as those perceptions influence follower state LMX and behaviors, which in turn, return to influence the leader. Thus, a negative daily affective state from a leader can have an indirect, deleterious effect back on a leader as this state can negatively influence daily follower performance, which in turn, adversely affects the leader’s perception of the LMX relationship and citizenship behavior for that day. To avoid initiating such negative sequences, in addition to self-reflective expressive writing, managers can moderate their own moods by practicing gratitude and mindfulness, managing stress, and maintaining personal relationships outside of work (Snyder & Lopez, 2009). These efforts can uplift the mood of manager’s without having to maintain a smile that is “just painted on” (Hochschild, 1983, p. 33).

5.3 Limitations and future research

Our study had several strengths, including examining our hypotheses using data from both leaders and followers at multiple points in time to help address CMB. We also drew on a sample of dyads from a variety of industries and organizations to improve generalizability. However, our study design also has limitations. One limitation is that we did not consider new dyads (i.e., dyads that had been working together for less than 6 months) given our desire to build from prior work that has demonstrated daily fluctuations in the state of the LMX relationship for new dyads (Guarana & Barnes, 2017). Some scholars suggest that LMX relationships are relatively stable once they are no longer new dyads (e.g., Ellis et al., 2019), so our focus on mature dyads is potentially a more conservative test of the daily reciprocal
exchange process (Liden et al., 1993; Nahrgang et al., 2009). However, with our design, we cannot draw conclusions about differences between new and more mature dyads. Additionally, we relied on one dyad member to recruit the other dyad member that can create a ceiling effect in which our reports of state LMX could be higher than the general population (Aguinis et al., 2001). In comparing our average state LMX rating (mean = 4.06 for follower rated and 4.10 for leader rated) with recently published work using the same scale, we found that our means were in the range of such work, but on the higher end (mean range = 3.25–4.24). A ceiling effect, particularly prevalent in ESM studies with three-path mediation effects, can limit variance in constructs meaning that non-significant relationships could be significant in the absence of the ceiling effect (Taylor et al., 2008). In our model, we did not find a significant relationship between perceptions of leader’s positive affective state and follower-rated state LMX nor for the serial indirect effects for perceptions of the leader’s negative affective state along the affective path. Future research could build on the limitations of our design by comparing the reciprocal exchange process among both new and mature dyads and comparing different recruitment strategies (i.e., a priori sampling rather than ad hoc sampling; Sin et al., 2009) to test differences in effect sizes.

Additionally, although we proposed a causal order in our theorizing and study design, causality cannot be definitively established with a survey methodology. Within our study design and analyses, we used temporal sequencing to capture the interlocked actions at multiple points of the day and controlled for the prior-day variables. However, causal ambiguity often persists in field research. Moreover, the time interval over which to consider reciprocal influence is challenging to determine given the ongoing nature of LMX relationships. Broader research on relationship satisfaction indicates that while there is significant variance at the within-person, between-day level, significant variance also may occur within a day (Schönbrodt et al., 2019). While consideration of single interactions may provide cleaner results, it may not be feasible outside a lab experiment that would simulate work relationships and not account for relationship history thereby failing to accurately represent LMX relationships in the workplace. Relatedly, our theorizing and study design allowed us to focus on within-person fluctuations. Such a design allowed us to minimize the impact of between-person variables, but also limited our ability to capture aspects of the context that could affect the dyad, such as exchanges with skip-level leaders or other members of the work group or affective match or gender similarity between the leader and follower. Relatedly, EASI theory suggests that individual differences in information processing (i.e., epistemic motivation; Van Kleef et al., 2009) and social-relational factors (i.e., preferences for social harmony; Van Kleef et al., 2011) can serve as moderators strengthening the impact of either the affective or inferential path. Future research could incorporate these and other contextual factors.

Future research could also consider other dynamic constructs, like those referred to as relational cues (Wrzesniewski et al., 2003) or affect-driven events like those referenced in AET (Weiss & Cropanzano, 1996) that could spark the reciprocal exchange process. Specifically, AET defines events as “a happening or something that occurs in a certain place during a particular time period [which implies] the idea of change” (Weiss & Cropanzano, 1996, p. 31). Events such as disagreements between a leader and follower about goals or priorities (Conroy et al., 2017) or interruptions from the follower (Feldman & Greenway, 2021) could prompt change in leader affective states and spark the reciprocal exchange process. Finally, in our analyses, we modified LMX-7 to refer to that day and measure state LMX. While it is customary to adopt measures for use in daily studies (Gabriel et al., 2019) and we found significant variance of LMX at the daily level, the LMX-7 was not developed for daily state measurement. Therefore, future research could examine whether this approach may be improved by designing a separate measure for state LMX and comparing it with our adapted measure.

CONCLUSION

Our study shifted consideration of leader–follower relationships from global assessments of LMX quality, to the sequences of reciprocal, interlocked actions and reactions of leaders and followers that take place during their daily
exchanges. In doing so, we highlight satisfaction with the daily reciprocal exchange process, or state LMX. This begins to address some of the issues related to the dearth of research on LMX as an outcome and the limited understanding of the intersection between workplace affect and LMX, which have been highlighted in recent critiques of the LMX literature (i.e., Gottfredson et al., 2020; Tse et al., 2018). Specifically, we capture the daily reciprocal exchange process in LMX relationships and examine how a leader’s daily affective states spark this process generating a response from the follower (i.e., change in performance via the affective or inferential path) and reaction from the leader (i.e., change in leader OCBI directed at the follower) as well as a change in the leader state LMX. By applying EASI theory, we find differential processes within this pattern for positive and negative affective states. The leader’s positive affective states followed the affective path in EASI theory with results finding that the leader’s affective state impacted the follower’s affective state, follower performance, leader OCBI directed at the follower and leader state LMX. However, the leader’s negative affective state followed the inferential path in EASI theory with results finding that the leader’s negative affective state impacted the follower’s state LMX, follower performance, leader OCBI directed at the follower and leader state LMX. Overall, we found support for the significant and unique roles of positive and negative affective states in the reciprocal exchange process and offered avenues for future research.

NOTES
1 EASI theory examines this process on a broader level by looking at many different kinds of individuals engaging in interactions and observing affective states (e.g., Van Kleef & De Dreu, 2010). For clarity purposes in this paper, we will refer to the expresser as the leader and the observer as the follower, rather than the more general terms of expresser and observer.
2 In our analyses, we control for the prior-day’s reports of our mediators and outcomes in order to interpret the relationships as changes. We explain this in further detail in our Methods section.
3 Gabriel and colleagues (2019) suggest that, for ESM studies, all multi-item measures should report internal consistency reliabilities for all Level 1 measures. To account for the repeated nature of all Level 1 measures, we calculated the reliability of each construct on each day and then averaged all of the reliability coefficients together to get the reported value for all constructs within our model.
4 We report key changes in significance for our hypothesized paths in the manuscript. We also found shifts in some significance levels between control variables and our model variables and model paths outside of our hypothesized model. See Online Supplemental Appendices for full results.

DATA AVAILABILITY STATEMENT
The data that support the findings of this study are available from the corresponding author upon reasonable request.

REFERENCES


**SUPPORTING INFORMATION**

Additional supporting information may be found online in the Supporting Information section at the end of the article.

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