

## WHAT ABOUT THE LEADER IN LEADER-MEMBER EXCHANGE? THE IMPACT OF RESOURCE EXCHANGES AND SUBSTITUTABILITY ON THE LEADER

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To date, leader-member exchange (LMX) research has primarily examined member outcomes, such as member attitudes and performance. However, little research exists regarding outcomes specific to the leader. Focusing on the leader-member dyad, we develop a framework of leader outcomes resulting from resource exchanges with members. We propose specific resource substitutes and discuss the impact of LMX quality on the leader.

Research on leader-member exchange (LMX) began decades ago, with the vast majority of work focusing on how the relationship between a leader and member impacts the member (Graen & Uhl-Bien, 1995). Most research to date has examined member outcomes of LMX, such as member satisfaction, performance, organizational commitment, and citizenship behaviors, among other attitudes, perceptions, and outcomes (Gerstner & Day, 1997). Yet little research has discussed how LMX impacts the leader. In 1997 Liden, Sparrowe, and Wayne stated that "research is needed on outcomes of LMX for leaders" (p. 73). This request remains largely unanswered in the LMX literature. Therefore, our main contribution is the development of a comprehensive framework of leader outcomes resulting from resource exchanges with members.

LMX theory is built on the concept that, within workgroups, different types of relationships develop between leaders and their subordinates or members. That is, LMX theory takes a relationship-based approach to leadership and proposes that the dyadic relationship between a leader and member develops around the dimensions of trust, respect, loyalty, liking, intimacy, support, openness, and honesty (Graen & Scandura, 1987). Furthermore, Graen and Cashman (1975) discussed how the basis for this exchange between leaders and members is in the valued

resources they choose to offer each other. Leaders hold a variety of positional resources, such as the assignment of interesting tasks, the distribution of valuable information, and opportunities to speak favorably about subordinates to others in the organization. Members, in turn, may contribute greater levels of initiative and proactive behavior on tasks and exercise commitment to the leader (Liden et al., 1997). Following the tradition of focusing on resources exchanged in LMX (Graen & Cashman, 1975; Graen & Scandura, 1987), and given that previous research has concentrated on the resources that members receive, our main contribution is examining the resource outcomes leaders obtain as a result of their exchanges with members.

Using Foa and Foa's (1974) resource theory as a starting point, we develop a typology of resource outcomes leaders obtain by focusing on the benefits leaders receive through managing subordinates. Among other reasons, which we will review shortly, we use Foa and Foa as a foundation because they offer a comprehensive illustration of the various resources utilized in exchanges and focus not only on how resources are exchanged but also on what resources are exchanged. Examples of these resource outcomes include reputation (i.e., member impacts on the leaders' prestige, regard, or esteem), support, and favors from members (Foa & Foa, 1974;

Graen & Scandura, 1987; Graen & Uhl-Bien, 1995; Liden et al., 1997; Sutton & Hargadon, 1996). However, we extend Foa and Foa (1974) to an organizational context by developing in more detail the resource exchange relationships shared between leaders and subordinates.

Given that previous research focuses primarily on how LMX impacts the member, we highlight the outcomes leaders obtain from their exchanges with subordinates. Our analysis contributes to the LMX literature in three ways. First, we delineate what resources members are likely to exchange with their leaders, as well as how such resources are different, depending on whether the member or leader provides the resource. Second, we discuss which resources are most likely to be substituted given the various constraints leaders and members typically operate under within organizations. Finally, we consider how the value leaders receive from different resources can depend on the quality of the relationship leaders develop with each member.

Considering the outcomes leaders obtain as a result of their exchanges with members has a number of important implications for managers and organizations. First, the quality of LMX impacts leaders' career advancement. As we will discuss, leaders with high-quality LMX receive more promotions, based on studies by Wakabayashi and colleagues (Wakabayashi & Graen, 1984; Wakabayashi, Graen, Graen, & Graen, 1988). In addition, we expect LMX quality not only to positively impact member job satisfaction and organizational commitment and negatively impact member turnover intentions (Gerstner & Day, 1997) but also to impact leader satisfaction, commitment, and turnover. Although not the focus of the current theoretical development, we assume leaders also form judgments about their job and organization based on the relationships they develop with subordinates, which holds implications for organizations in terms of leader or management-level retention strategies. This is noteworthy given the high cost of replacing managers; one large high-tech company estimates the cost of replacing a middle manager at forty thousand dollars (Wagner & Hollenbeck, 2005). Thus, understanding what leaders receive from their working relationships and responsibilities is an important element for enhancing organizational retention and effectiveness.

## LEADER OUTCOMES FROM THE LMX RELATIONSHIP

Leadership researchers have proposed categorizations of resources that managers exchange with members (e.g., Graen & Scandura, 1987); these categorizations have generally focused on resources that leaders provide to members, not what members might provide to leaders. Adopting a bidirectional perspective highlights that LMX is truly a social exchange between parties and that broader social exchange models might be useful in classifying what resources leaders may receive from members. Although resources have rarely been explicitly studied in organizational contexts, some scholars have developed classification schemes for them. For example, Martin and Harder (1994) distinguished between financial and socioemotional rewards. In a scenario study they found that resource allocators (who could theoretically be leaders or subordinates) "made up" for providing some recipients with small financial rewards by providing them with greater socioemotional rewards, such as friendship. Liden and colleagues (1997) noted that members can offer leaders resources such as extra effort on tasks and greater levels of organizational and leader commitment. Graen and Scandura (1987) noted six categories of resources that leaders exchange with members, and we extend this by arguing that these are resources members can potentially exchange with leaders as well. Accordingly, we include examples of such resources members might provide to leaders after each category outlined by Graen and Scandura. According to them, the resources exchanged include tasks (performed by members), information (e.g., from the member "grapevine"), flexibility or latitude (e.g., favors from members, which create more time for leaders to focus on other things), support (e.g., leaders receive support from their members on various projects or tasks), attention (e.g., members respond to and fulfill requests from their leader), and influence (e.g., members provide feedback and ideas to leaders on various work tasks and decisions).

Perhaps the most comprehensive classification of resources involved in exchange situations comes from social psychology. In their "resource theory of social exchange," Foa and Foa (1974) proposed that resources are classified into one of six basic categories: money, goods, ser-

vices, status, information, and affiliation/friendship (originally labeled as *love* by Foa and Foa). Money consists of any coin or currency that has some standard of exchange value. Goods reflect tangible objects or products. Services involve the labor an individual (the member) performs for another (the leader). Status is defined as expressions of evaluative judgment that convey high and low prestige or esteem. Information resources represent advice, opinions, instruction, or enlightenment. Last, affiliation refers to expressions of affectionate regard, warmth, support, or comfort (Donnenworth & Foa, 1974; Foa & Foa, 1974).

This categorization has several advantages. First, it is more comprehensive than the categories noted by Graen and Scandura (1987), whose categories of information, tasks, latitude, support, attention, and influence coincide with the resource theory categories of information, services, status, affiliation, status, and information, respectively (i.e., the Graen and Scandura categorization does not include the money or goods categories). Second, the Foa and Foa categorization is theory driven, arguing that resources are positioned along two underlying theoretical dimensions: universal-particular and concrete-abstract, which are discussed below. Third, it has received support across a variety of cultures and contexts (e.g., Foa, 1971; Foa, Converse, Tomblom, & Foa, 1993). Finally, this scheme has some interesting implications for how we view the exchange of resources between leaders and members. In fact, Seers, Wilkerson, and Grubb (2006) noted that the Foa and Foa categories were developed with a particular emphasis on the idea of exchange and, as such, would be highly relevant to LMX research.

Foa and Foa (1974) noted that an important component in social exchange relationships is not simply *how* a resource is exchanged (the distributive and procedural characteristics of the exchange) but also *what* is exchanged. Their elaboration of interpersonal and economic resources has been successfully applied to theoretical and empirical work in other areas of organization study. For example, in his review of organizational economics, Griesinger (1990) argued that a key oversight in the transaction cost literature involves the neglect of exchanges concerning interpersonal resources. Drawing specifically on resource theory arguments, Griesinger posited that while more mechanistic

organizational forms may facilitate the exchange of such resources as money and goods, more organic structures are required for the exchange of such resources as affiliation and status. More recently, Ingram and Zou (2008) incorporated resource theory categories and arguments in their elaboration of why business friendships are hard to manage, noting that resource exchanges may impact the friendships themselves, as well as employee well-being. Their distinctions between affective interests and economic interests are similar to the distinctions made by Griesinger (1990), although they are applied in a very different area of study.

In terms of empirical work, McLean Parks, Conlon, Ang, and Bontempo (1999) placed MBA students in the role of a leader who had to distribute or take away resources from members. The authors found that it was more difficult for MBA "leaders" to recover resources than it was to distribute resources, and it was especially difficult (time consuming) to make decisions about taking away such resources as money and affiliation, as opposed to giving out goods or services. Looking at members rather than leaders, Conlon, Porter, and McLean Parks (2004) examined a subset of the resource categories in a scenario study where participants learned that their manager allocated or took back a good (an office chair), money (salary adjustment), or status (authority to call a meeting) resource from some members of the workgroup. Participants reported higher fairness judgments and expected less future conflict in the workgroup when goods were being allocated than when status resources were being allocated.

### **Applying Resource Theory's Taxonomy to LMX**

While the Foa and Foa tenets have been successfully applied in other areas of organizational study, we know of no research other than recent work by Seers et al. (2006) that applies this categorization to the leadership literature specifically. Therefore, we apply this categorization to LMX and propose that, within and across these categories, leaders and members frequently exchange resources. For instance, a manager may receive citizenship behaviors from some members while receiving admiration from other members. We expect these differences to be associated with the resources lead-

ers initially give members, which we discuss in more detail shortly.

Foa et al. (1993) argued that the six resource categories are classified along two dimensions: whether the resource is *concrete* or *abstract* and whether the resource can be characterized as *particular* or *universal*. Concrete resources include a "tangible activity or product" (Foa et al., 1993: 15). Abstract resources are more symbolic and may be conveyed by "verbal and paralinguistic" behaviors (Foa et al., 1993: 16). According to the theory, status and information are the most abstract resources. In contrast, goods and services are the most concrete. Particularistic resources are those where the identity of the individual in the exchange relationship is important to the resource exchanged, and universal resources are those where exchange member identity is irrelevant. Affiliation resources are the most particularistic; as one might imagine, we care very much about the identity of an exchange member when it comes to receiving affiliation resources (e.g., words of encouragement or expressions of sympathy matter more when received from some people compared to others). Status and service resources also rank high in particularism. At the other end of the spectrum, money is universal since its value is typically unaffected by who provides the resource—\$100 received from one person is typically perceived as being just as valuable as \$100 received from anyone else.

Figure 1 presents each resource's conceptual positioning in terms of the underlying dimensions of universal-particular and concrete-abstract, along with examples of each type of resource relevant to leader-member dyads. This categorization allows us to classify the many potential resources that leaders and members exchange, with an emphasis in our work on what members can provide to leaders. Below we posit a series of relationships related to the resources that leaders are likely to receive from their subordinates, as well as how these resource exchanges are impacted by the quality of the leader-member relationship. However, we first outline which resources members have access to and are able to provide to leaders. That is, what constraints do members operate under in terms of the resources they can provide and give to leaders? The examples provided in Figure 1 include specific resources within each of the six categories and include both resources

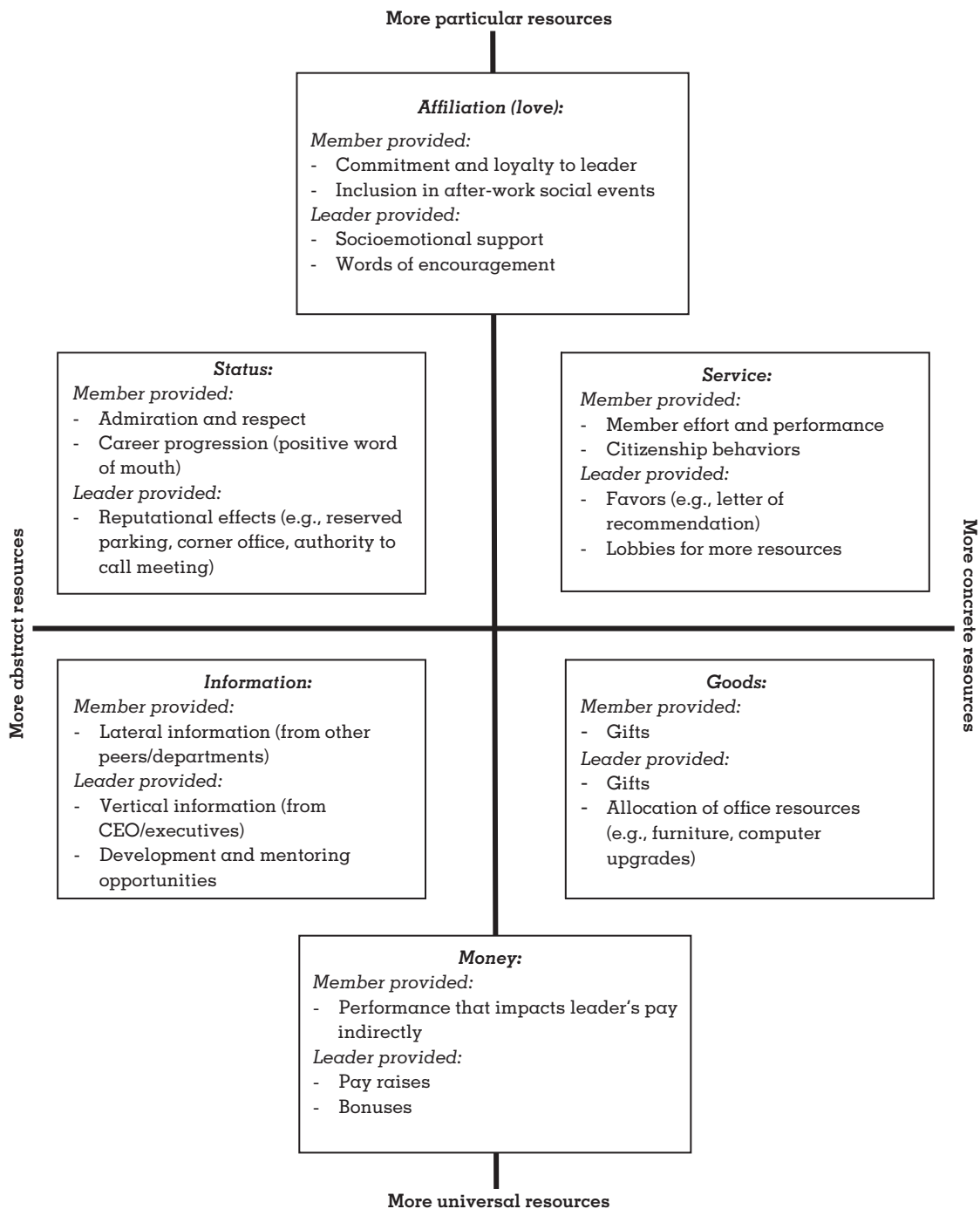
leaders typically provide to members and resources members are able to provide leaders. In addition, we discuss how and why such resources are different depending on whether the member or leader provides the resource. We then formally propose the specific resource exchanges we expect to occur in leader-member dyads based on Foa and Foa's (1974) theory and circumplex, while accounting for the constraints outlined. Finally, we consider how the quality of leader and member relationships impacts which resource exchanges leaders prefer or, in other words, how the value leaders place on various outcomes received from members depends on the quality of their relationship.

### Which Resources Can Members Provide to Leaders?

A central tenet in Foa and Foa's (1974) theory is that individuals are most likely to exchange the same resource type (Brinberg & Castell, 1982). In other words, each resource is most likely to be exchanged for itself (e.g., status is exchanged in return for receiving status, affiliation is exchanged for affiliation, etc.). However, it is important to recognize that certain organizational factors may act as constraints on the ability of individuals to engage in in-kind exchanges. For instance, *resource scarcity* has been shown to influence what types of exchanges are more or less likely. Work by Brinberg and Wood (1983) suggests that when resources are perceived as scarce, particularistic resources are more likely to be exchanged. This may be because it is easier to cognitively modify the perceived value of a particularistic resource such that it meets the acceptable threshold of constituting a fulfilled exchange. In contrast, when environments are munificent, exchanges involving universal resources are marginally more common. This is notable in the current context because some resources are not readily available or accessible for members to provide to leaders, such as goods or money.

Organizational settings present constraints in terms of which resources members are able to provide to (or exchange with) leaders. For example, consider applying the resource theory adage that goods are (and, in fact, ought to be) given in return for goods received. While we can imagine a member giving his or her leader a desk calendar at the end of the year after receiv-

**FIGURE 1**  
**Leader and Member Resource Categories**



ing a gift from that leader, we do not expect such gift exchanges to occur on a regular basis. That is, we assume members do not have access to many goods-related resources (besides gifts) compared to leaders (e.g., leaders can upgrade

members' office furniture). This suggests that in terms of which resources leaders receive from members, goods are not commonly exchanged by members. In addition, members do not typically provide leaders directly with money-

related resources (i.e., we assume organizations pay leaders, although their pay might be indirectly impacted by the performance efforts of their subordinates). This suggests that within the realm of universal resources, *information resources* are the key resource that leaders are expected to receive from subordinates or members. In other words, leaders can provide any universal resource to members, yet members are constrained by organizational factors and most likely can only give back informational resources and not goods or money-related resources. In contrast, there are fewer organizational constraints when members provide leaders with particularistic resources, such as status, affiliation, and services.

While resource exchanges can occur in two main directions (exchanges initiated by the leader and exchanges initiated by the member), we focus on one direction of leader and member resource exchange: what a leader receives as a result of his or her relationships with members, which includes leader-initiated exchanges. This is consistent with LMX theory, which characterizes leaders as sending roles, such as requests or assignments, to members, suggesting that leaders generally initiate exchanges with members (Graen & Scandura, 1987). Merging resource theory arguments with an awareness of the organizational factors that may constrain similar resources from being exchanged leads to our first proposition regarding which resource categories are exchanged in-kind. For instance, we expect that leaders who provide information to members will be more likely to receive information from those members in return. This includes new skills or abilities leaders learn from subordinates. In addition, we expect similar exchanges to occur for the three particularistic categories of resources. This is based on Foa and Foa's (1974) principal claim that individuals are most likely to exchange the same type of resources (e.g., information is given for information received).

*Proposition 1: Leaders will receive (a) information-related resources from members in exchange for providing information, (b) status-related resources from members in exchange for providing status, (c) affiliation-related resources in exchange for providing*

*affiliation, and (d) service resources in exchange for providing service.*

However, we would like to extend and further elaborate on this proposition by suggesting that the specific form of the resource (i.e., information, status, etc.) is different based on the provider (leader versus member) of the resource. In other words, the specific form or type of information, status, affiliation, and service resource that members provide to leaders is different from the resource that leaders provide to members. Our discussion begins with status-related resources; the purpose of this discussion is to provide examples of each resource and an overall perspective to follow when thinking about the specific types of resources leaders and members exchange in organizations.

First, the specific form of status-related resources leaders and members provide each other is different based on the roles each individual is assigned. When role theory was applied to formal organizations or work contexts, the theory began to focus "on social systems that are preplanned, task-oriented, and hierarchical. Roles in such organizations are assumed to be associated with identified social positions and to be generated by normative expectations" (Biddle, 1986: 73). The hierarchical aspect of organizations includes a "chain of command" or "authority system," and such authority is typically ascribed to individuals in leader roles (Biddle, 1979). In fact, Biddle (1979) defined the leader as the person who assigns or determines what is to be done and the follower as the person who actually completes the work. The leader has authority over the follower by virtue of the respective positions assigned to them structurally.

This suggests that as a result of leader and member role differences, leaders and members have different status-related resources they can provide. For instance, because leaders have authority over members based on their structural position, we expect leaders to arrange or call meetings with members and for members to generally clear their schedules for such meetings. On the other hand, members can request meetings with leaders but do not have the sole authority to determine when these meetings will take place. In addition, leaders have the authority to promote members, but members can only indirectly impact leaders' career progression by

speaking favorably about their leaders. These are some illustrative (but not exhaustive) examples of the different status-related resources that leaders and members are able to provide each other.

In terms of affiliation resources, we suggest that leaders have more flexibility in this category in terms of what they can exchange with members based on their elevated position within a typical hierarchical structure. As a result, we believe members are more likely to provide previously established or legitimized affiliation resources to leaders, whereas leaders have more freedom to initiate "new" affiliation-related resources. Members are less likely to ignore norms or established affiliation exchanges because leaders have authority over the members' role (including members' position and pay), and members would not want to risk or jeopardize their position by initiating an inappropriate affiliation exchange. Besides role theory, this is related to the view that both leaders and subordinates hold implicit theories or expectations regarding how the other is generally supposed to behave (i.e., implicit leadership theory; Engle & Lord, 1997). That is, members hold implicit ideas regarding "typical" leadership qualities and behaviors, and supervisors or leaders hold implicit performance theories regarding subordinates (Engle & Lord, 1997). These implicit ideas or theories form the basis for how leaders and members act toward and evaluate each other.

For the most part, we expect leaders and members to fulfill these implicit expectations within their relationship, and as a result, leaders and members will provide different affiliation-related resources to one another. For instance, a leader may plan a special dinner party to celebrate end-of-year sales with members, whereas a member may provide affiliation by asking a leader to play on the work softball team (an established social event for the organization). A leader may host a holiday party for the entire workgroup, whereas members may host (and invite the leader to) an unofficial "after party."

Turning to the final particularistic resource, we note that the service-related resources leaders and members provide each other are different based on whether those resources directly or indirectly impact the recipient. The most obvious form of service that members provide to

leaders is their effort and performance on the job. The leader also provides services to members, such as negotiating to procure new funding for employee projects, lobbying for new tools or technologies members need to work effectively, or writing a letter of recommendation to nominate a member for an award or promotion. Note that the services provided by the leader are frequently directed at other parties yet are ultimately intended to impact the member. Thus, members target service (i.e., perform tasks) to their leader, and leaders target service to other parties within the organization (e.g., leaders' supervisors or human resources), which may impact members at some point in the future.<sup>1</sup> Such patterns, where one party provides direct benefit to another but receives indirect benefit back through a different party, are referred to as circular logrolling in the literature on multiparty negotiations (Thompson, 2009).

In addition to the three particularistic resources just described, we also consider one universal resource that is exchanged between leaders and members—namely, information resources. While both members and leaders provide information to each other, this information typically originates from different networks and areas within an organization's hierarchical structure. For instance, members are most likely connected to other individuals at the same or similar level within the organization's hierarchy. Consider a marketing employee who is hired out of college and enters an organization (e.g., attends orientation) with a group of other new college graduates from merchandising, finance, and human resources. This employee or member may gain information about other departments through his or her fellow graduates and then share this information with his or her leader. We consider this information horizontal in nature, because it comes from individuals

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<sup>1</sup> Money is similar to services in this regard since members do not *directly* impact leader pay. Given that our focus is on resources members provide to leaders, this further supports our claim that members are constrained in terms of providing leaders with money-related resources. Therefore, we do not discuss money in the relationships we propose. In addition, members do not have access to as many goods as leaders, as already discussed (e.g., leaders can upgrade a member's office furniture or give a member a larger computer monitor, access to a laptop, or company cell phone, etc.), which is why we also do not focus on goods in the relationships proposed.

who are all at a similar level within the organization. Conversely, leaders typically communicate more top-down or vertical information to members. For instance, supervisors may share overall company news or directives with members that they were given from the CFO or other executives. Graen and Cashman noted that a leader can be a "gatekeeper of information from higher up in the hierarchy" (1975: 153). Overall, these examples suggest that the information leaders and members share is different in nature depending on each individual's network outside his or her immediate workgroup.

The number of unique networks and amount of information leaders and members have may be related to the quality of their relationship (which we will discuss in more detail later); however, the point of this section is to outline explanations for why leaders receive different forms of resources (within the same resource category) from members, compared to the specific resources leaders provide to members. Overall, role theory and implicit leadership theory have provided a foundation for this discussion. In sum, the authority that leaders have over members provides them with access to different status and affiliation resources. In addition, a leader's role places him or her at a different social position within an organization's structure, which creates different networks from which the leader and members gain information. Finally, service-related resources differ depending on whether the service is aimed directly or indirectly at the recipient (i.e., members perform tasks and deliver these tasks directly to their leader, but leaders direct services at other parties within or outside an organization, which may impact members in the future).

Overall, this suggests that of the six resource types proposed by Foa and Foa (1974), members are able to provide leaders four (i.e., information, status, affiliation, and service) but are not consistently able to provide leaders with two others (money and goods). In addition, within these four types of resources, members provide different forms of such resources to leaders compared to what leaders may initially provide members.

### **Resource Substitutability in Leader-Member Dyads**

Whereas Foa and Foa's (1974) principal claim is that individuals most likely exchange the

same type of resource (see Proposition 1), there are also situations where it is not possible to exchange the same kind of resource. Foa and Foa propose, in such cases, that individuals exchange the next most proximal resource as the most appropriate substitute (see Figure 1). Considering universal resources, when a leader provides a good to a member and the member cannot reciprocate with a good, the member is most likely to substitute a service-related resource (e.g., extra effort or citizenship behaviors) rather than a money-related resource (which members are constrained from giving leaders, as previously discussed). This is consistent with Brinberg and Castell's (1982) work, in which individuals viewed goods and services as most similar to each other, which suggests one is an appropriate substitute for the other.

*Proposition 2: In exchange for providing goods-related resources to members, leaders will receive more service-related resources from members as a substitute for goods-related resources than any other resource substitute.*

The appropriateness of a resource substitute in an exchange is driven by the proximity of a reciprocated resource to the originally given resource (Foa & Foa, 1974). When a leader provides money-related resources to a member, the member is most likely to respond with information rather than a goods-related resource (which members are constrained from giving leaders, as previously discussed). For instance, when a subordinate receives a bonus from his or her leader, he or she might feel the need to give back something in order to convey gratitude. Since the subordinate does not have the ability to give the leader a bonus in return, he or she will most likely share new information with the leader (i.e., information he or she thinks the leader does not already know), such as information about changes in an adjacent department. This suggests the following.

*Proposition 3: In exchange for providing money-related resources to members, leaders will receive more information-related resources from members as a substitute for money-related resources than any other resource substitute.*



While the first proposition is grounded in Foa and Foa's idea that in-kind resource exchange is the most appropriate, our second and third propositions highlight that such exchanges of goods and money may not be possible in an organizational setting. Instead, members have to reciprocate with the resources they have available, and the adjacent resource in the circumplex is the most suitable substitute.

Next, we recognize that members may be unable or unwilling to provide in-kind exchanges. For example, members may think that they do not possess valuable or unique information to offer their leaders in exchange for information they received. In that case, the members would have to rely on a resource substitute to fulfill the exchange. We expand on this notion of resource substitution in the following propositions.

The resources adjacent to information are status and money (Figure 1). We assume that members do not provide leaders with money-related resources, which suggests that the major substitute for information is status. For example, a member might rate his or her leader more highly on an organizational feedback report after receiving inside information about the organization from the leader, thus improving the leader's reputation. Indeed, previous research has shown that status and information are considered very similar resources (Bringberg & Castell, 1982; Haslam, 1995), which supports the assertion that status is an appropriate substitute for information.

*Proposition 4: In exchange for providing information-related resources to members, leaders will receive more status-related resources from members as a substitute for information-related resources than any other resource substitute.*

Similarly, in Foa and Foa's circumplex, status resources are positioned near information resources (one of the particularistic resource categories). Brinberg and Castell (1982) found that individuals perceive status and information as highly similar to one another on the abstract-concrete dimension as Foa and Foa (1974) originally proposed. This suggests that leaders might also receive information resources from members as a substitute for giving status-related resources to members. For example, leaders who recommend a member to other

leaders of an organization or who promote a member are more likely to receive information from that member in return, rather than services or goods. In addition, leaders might also receive affiliation from members as a substitute for providing status to members because status is next to both information and affiliation in Foa and Foa's circumplex. Furthermore, we assume that members are able to provide leaders with both information and affiliation, which suggests that either is more likely to be substituted for status compared to the remaining resources of service, goods, and money.

*Proposition 5: In exchange for providing status-related resources to members, leaders will receive more (a) information-related resources and (b) affiliation-related resources from members as a substitute for status-related resources than any other resource substitute.*

Continuing our discussion of Foa and Foa's circumplex, leaders also provide affiliation-related resources to members. Affiliation is located next to both status and service resources, the other two particularistic resources originally outlined. This suggests that it is appropriate for members to substitute status or service in return for receiving affiliation from their leader. In fact, Haslam (1995) found that the affiliation and status resource dimensions overlap, and one can imagine that a member would be willing to provide additional services or labor to a leader who gives him or her socioemotional support.

*Proposition 6: In exchange for providing affiliation-related resources to members, leaders will receive more (a) status-related resources and (b) service-related resources from members as a substitute for affiliation-related resources than any other resource substitute.*

Finally, we note that leaders perform a variety of services on behalf of members (e.g., requesting departmental resources, writing letters on employees' behalf, etc). Should a member feel he or she is unable to reciprocate with an in-kind exchange, the resources that would serve as the most suitable substitutes include goods and affiliation resources. As previously described, the nature of the employment context

constrains members from providing goods to the leader. These constraints are less apparent in terms of affiliation resources, making this category of resources (e.g., enhanced support for the leader, inclusion of the leader in social events) the most likely substitute offered to the leader by the member.

*Proposition 7: In exchange for providing service-related resources to members, leaders will receive more affiliation-related resources from members as a substitute for service-related resources than any other resource substitute.*

Hence, there are three key ideas to our discussion of resource exchange and substitutability in LMX dyads. First, resource exchange that is in-kind is the most appropriate and most likely to occur. Second, because of organizational constraints, members only have four of the six resources at their disposal when interacting with leaders. Third, when in-kind exchange is not likely or possible owing to organizational and individual constraints, the adjacent resource(s) serve(s) as the most suitable or likely substitute(s). On the whole, this set of propositions has implications for how leaders should engage in relational exchanges with their members. Different leader-initiated resource exchanges will elicit the reciprocation of certain resources according to the principles laid out above.

### **LMX Quality and Resource Exchange: Value to the Leader**

Thus far, we have discussed which resource exchanges and substitutes are expected to be most appropriate in leader-member dyads. We now consider how the quality of this dyadic relationship impacts the value leaders place on the various outcomes they receive from members. That is, leaders must value the resources they receive in terms of their needs, valences, and expectancies (cf. Graen, 1976). We have discussed, in general, which resource outcomes leaders are expected to receive from their members; however, not all resources will have identical value for leaders. In particular, leaders are expected to prefer certain resources from certain members (e.g., a leader might prefer to receive social support or affection from members with whom they have high-quality relationships).

This is related to the particularistic dimension from Foa and Foa's resource theory, which pertains to "the extent to which the value of a given resource is influenced by the particular persons involved in the exchange" (1974: 80).

As discussed previously, affiliation resources are the most particularistic because the identity of the individual (the member, in this case) who provides affiliation is of great consequence. Affiliation includes liking, which can be demonstrated in a variety of ways, such as "by spontaneous gestures of affection, by voicing concern and support for personal issues, and by socializing outside of the workplace" (Liden et al., 1997: 85). Graen and Scandura (1987) mentioned liking as one of the dimensions from which high-quality LMX develops. In addition, Gibbons and Grover (2006) examined the role of friendship in leader and member relationships. Friendship involves positive affect, intimacy, altruism, and trust (Gibbons, 2004), which would be expected in high-quality LMX relationships since they develop around the behaviors of trust, respect, liking, and intimacy.

Another particularistic resource is status. For example, to the extent that leader and member efforts result in promotions for the leader, the leader receives a status-related resource in the form of career progression. Studies by Wakabayashi and Graen (1984) and Wakabayashi and colleagues (1988) showed that managers who had high-quality LMX in early positions experienced greater career progression into upper management positions. On the other hand, leaders with low-quality LMX relationships are not expected to advance in their careers as easily and may experience career stagnation. One reason could be that members with low-quality LMX are less likely to advocate for their leaders. In addition, even when members with low-quality LMX attempt to advocate for their leaders, they may not be as effective in their advocacy. Thus, we expect a leader to prefer high-quality LMX members to speak favorably about him or her to others in the organization, whereas a leader would not wish a low-quality LMX member to speak on his or her behalf. Ironically, a low-quality LMX member might add unique insights, but we expect that the leader would experience high uncertainty over what such a member might say and would consequently prefer that such a member not advocate on his or her behalf.

*Proposition 8: Leaders value receiving (a) affiliation-related resources and (b) status-related resources more from high-quality LMX members than low-quality LMX members.*

The third particularistic resource includes service. In addition to job performance, service can include helping or citizenship behavior, which is defined as "behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization" (Organ, 1988: 4). Organizational citizenship behavior can be construed as a service-related resource that includes labor that is above and beyond an individual's job requirements.

Given the original depiction of service as a particularistic resource, one might expect leaders to value service-related resources from high-quality LMX members more than from low-quality LMX members. Nevertheless, we argue that there is an important distinction between organization-targeted citizenship behavior (OCBO) and individual-targeted citizenship behavior (OCBI). OCBOs (such as general compliance with firm policies and extra work effort) focus on and benefit the organization (Ilies, Nahrgang, & Morgeson, 2007) and tend to be beneficial for the firm as a whole, regardless of the quality of the firm's leader and member relationships. In contrast, OCBI (such as helping coworkers or socializing newcomers) immediately benefit specific individuals (Ilies et al., 2007), and we argue that leaders are more likely to trust high-quality LMX members to inculcate the right work values and ethics to other employees. Thus, OCBI is a more particularistic type of service resource, whereas OCBO is more universalistic in nature.

*Proposition 9: Leaders value receiving (a) OCBO types of service-related resources from all members, regardless of the quality of the LMX relationship, and (b) OCBI types of service-related resources more from high-quality LMX members than low-quality LMX members.*

Finally, members can provide leaders with information-related resources. These include developmental opportunities the leader receives, knowledge the leader acquires, or new

skills and abilities the leader learns from members. Graen and Scandura note that "information is indeed valued by managers, especially so-called inside information" (1987: 182). Since information is a universalistic resource, one might expect leaders to value information from both high-quality LMX members and low-quality LMX members equally. However, research on feedback and information seeking (Ilgen, Fisher, & Taylor, 1979; Momson & Vancouver, 2000) documents that the credibility of the information source is a key determinant of the perceived value placed on the information itself. Thus, with higher levels of mutual trust and respect tending to occur in high-quality relationships, we posit that leaders will deem high-quality LMX members as more credible information sources than low-quality members. This suggests that, subjectively, leaders will value receiving information-related resources from high-quality LMX members.

On the other hand, research from social network theory provides another important perspective on this issue. In particular, Granovetter's (1973, 1983) work on the strength of weak ties suggests that individuals with "few weak ties will be deprived of information from distant parts of the social system and will be confined to the provincial news and views of their close friends" (Granovetter, 1983: 202). Imagine a leader and member with a low-quality exchange—a "weak tie." Individuals with a weak tie have less overlap in terms of the individuals they interact or network with, and this suggests that leaders and members with low-quality LMX hold unique relationships within organizations. These unique relationships are expected to lead to unique information or knowledge, suggesting that information from low-quality LMX members may be objectively more valuable because such information will be different from the information typically received from high-quality LMX members.

*Proposition 10: In terms of information-related resources, (a) leaders subjectively value receiving information more from high-quality LMX members than from low-quality LMX members; however, (b) the unique content of the information-related resources will be greater from low-quality LMX members than from high-quality LMX members.*

To summarize, there are three key ideas in our discussion of resource exchange and the impact of LMX quality. First, resources that are more particularistic (i.e., status and affiliation) are considered to be more valuable when received from high-quality LMX members. Second, while service-related resources are generally regarded as particularistic, the organizational context of OCBO is an example of a service resource that is more universalistic in nature and is thus likely to be valued equally regardless of LMX quality. Third, while information-related resources are regarded as universalistic in Foa and Foa's circumplex, research on information seeking and social network theory provides contrasting predictions on the subjective versus objective value of information resources received from members with differing levels of LMX quality. On the whole, this set of propositions has implications for how members should engage in relational exchanges with their leaders. While the type of appropriate resource members should provide to leaders depends largely on the resources initially given by the leaders (i.e., Propositions 1 through 7), members (especially low-quality members) may still benefit by choosing and reciprocating the type of resource most valued by leaders (i.e., Propositions 8 through 10).

## DISCUSSION

Understanding the outcomes leaders obtain from their relationships with members represents important progress for LMX theory and research. Previous LMX research has examined numerous *member* outcomes related to LMX (Gerstner & Day, 1997) but has largely neglected one of the parties involved in this dyadic relationship—the leader. We have delineated a variety of outcomes leaders are expected to obtain as a result of supervising others, as well as organizational constraints that impact the exchange and perceived value of various resources.

### Theoretical and Practical Implications

The framework presented here integrates LMX theory with resource theory in order to develop an understanding of the resource outcomes leaders obtain from their subordinates. Some outcomes leaders obtain are mutual between the leader and member. For instance, friendship

is often shared between a leader and member, and both individuals are assumed to benefit from such a connection. On the other hand, other outcomes, even within the same resource category, are expected to be unique to leaders. For example, the favors leaders receive from members (e.g., a member volunteering to help with some of the leader's task work) are expected to be different from the possible favors members receive from leaders (e.g., a leader allowing a member to work a flexible schedule one day). Role theory and implicit leadership theory both provide frameworks for understanding these differences in the specific resources leaders and members are able to exchange. Furthermore, we propose numerous expectations regarding what leaders receive from their relationships with members, as well as discuss the value or importance of these resource outcomes to leaders. These contributions begin a discussion in the organizational research literature concerning what leaders take away from managing subordinates.

From a practical perspective, this research articulates which resource outcomes leaders or managers obtain on the job. Our goal is to illustrate what types of affiliation-, status-, information-, and service-related outcomes leaders obtain based on the relationships they form with subordinates. The present research informs human resource personnel and executives about some of the challenges leaders face (e.g., attempting to manage low-quality LMX members well enough to be able to exchange information with them) and how organizational constraints and the quality of leaders' relationships with members impact the leaders themselves. Leaders might want to chart their own relationships with members in order to better understand what resources they might hope to receive from members. Our conclusions also suggest that members would benefit from knowing their own leader well enough so that they would be able to understand and provide the best resources possible, especially in situations where decisions involve providing substitute resources to the leader.

### Limitations

One potential limitation of the present research is that other constraints may exist that affect the resources members are able to provide leaders. We concluded that members are less likely to give leaders resources related to

goods and money; however, there are other constraints that may impact leader and member resource exchanges. For example, time is an important constraint that impacts which resource one is willing to give (and perhaps receive) in an exchange. For instance, the existence of time pressure or deadlines may lead to an increased likelihood that an inappropriate resource exchange might occur. Time can also impact the perceived quality or value of an exchange. The passage of a long period of time without providing reciprocation for a received resource could lead to conflict and bad feelings for one or both dyad members since perceptions of what would constitute an appropriate level of in-kind or substitute resource can change over time (e.g., Flynn, 2003). However, time pressure to reciprocate an exchange may be irrelevant or less of an issue in high-quality relationships because of the high degree of mutual trust shared between leaders and members in such dyads. Our current propositions do not take time into account; therefore, we recommend scholars consider in future research how resource exchanges between leaders and members unfold or change over time.

In addition, our discussion may simplify leader- and organization-specific constraints. We suggest that leaders provide money and goods to members; however, one might ask whether it is really the leader or the organization who provides these resources to members.<sup>2</sup> We believe the leader actually allocates and disburses these resources, even though the resources originate from the organization. Nevertheless, we acknowledge that we did not consider the constraints leaders face in resource distribution (e.g., budget cuts that affect the availability or level of resources differentially) because this is outside the scope of our focus on what resources members provide leaders. Future research should address this issue more precisely.

In the present work we focus on the resource benefits leaders receive from their exchanges with subordinates. We do not discuss the possible "burdens" leaders might also obtain (cf. Day, Sin, & Chen, 2004; Sondak, Neale, & Pinkley, 1995). For instance, a recent social network analysis of interpersonal relationships found that

the strength of negative affective relationships, which are characterized by dislike and animosity, is positively related to harmful behaviors (e.g., spreading rumors, acting rudely, interfering with the other's work, etc.) within the dyad (Venkataramani & Dalal, 2007). This suggests that members with low-quality LMX relationships may engage in harmful behaviors that are in conflict with the "legitimate interests" of their leader. Thus, leaders with low-quality LMX relationships might be the recipients of harmful behaviors compared to the positive affiliation resources we expect leaders to obtain from high-quality members. Another recommendation for future research is to examine both the benefits and burdens leaders receive as a result of their LMX relationships.

### Future Directions and Extensions

First, most of our discussion concerning the value leaders place on receiving various resource outcomes from members has considered the benefits leaders gain from an exchange involving a single member. Leaders often have multiple members, and, thus, it is worthwhile to consider some of the implications our propositions have on the value a leader might receive from getting a type of resource from *multiple* members. Future research should consider the impacts resource exchanges have within workgroups with multiple members.

A second potential extension of the present research is to consider the issue of whether to focus on the leader's or member's perception of LMX quality. Specifically, leader and member reports of LMX do not correlate highly, meaning there is only a moderate level of agreement between leaders and members regarding their relationship (Gerstner & Day, 1997; Sin, Nahrgang, & Morgeson, 2009). This suggests that if a leader believes he or she has a high-quality relationship yet the member holds a lower perception of the quality of the relationship, then the leader will not receive the resource he or she expects from this member. Consequently, the leader may reevaluate this member and their relationship. Future research would benefit from evaluating both leader and member perspectives and examining how agreements or differences impact the leader.

Finally, we note that resources can be dynamic in the sense that the resource categoriza-

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<sup>2</sup> We thank an anonymous *AMR* reviewer for this question.

tion of an item can change over time. Some resources that are goods can change either over time or at some level and become more particularistic. For instance, when a leader buys a sympathy card, the card itself is a good; when he presents it to a member, it becomes an affiliation-type resource. This would suggest the need for careful re-examination of resources over time to ensure that they continue to be in-kind or appropriate substitute exchanges. Likewise, measuring the quality of the leader-member relationship and its potential for change over time also remains important. In his presentation of the Leader-Member Excellence Shared Leadership Exchange measure, Graen (2009) highlights the importance of measuring the quality of one's exchange relationship with others at appropriate intervals to capture the improvement or erosion of relationship quality. Other recent work (Seers et al., 2006) has developed measures for the contribution and receipt of Foa and Foa's social resources in working relationships between supervisors and subordinates or between employees and their workgroup peers. Thus, building on the methodology and measures in these studies, future research could empirically test the propositions purported herein via lab- or survey-based approaches.

## Conclusion

Overall, we hope future research will empirically test the relationships proposed in this paper as well as build on the resource examples presented in order to further our understanding of the resource outcomes leaders receive from members. Additionally, empirically examining the value leaders assign to these resource outcomes (e.g., measuring leader reactions/attitudes regarding each resource received from members) will advance our understanding of what leaders want to get out of their working relationships with members.

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