

## Chapter 3

# LMX Theory

### ABSTRACT

*This chapter develops the background and use of a basic principle for the entire book: LMX. Defined in the introduction, LMX is a relationship-based approach for managing teams. It drives leader effectiveness through developing dyadic relationships with members, and even using these dyads to build effective groups. Leaders measure the dyadic relationships in terms of the level of loyalty, support, respect, and trust. The leader treats each member as a unique individual as a singular relationship is built. In role making, leaders tend to put people into groups: in-group or out-group. LMX is a powerful way to create and nurture relationships between the leader and each member supervised. It shines the light on leadership communication and demonstrates how trust, respect, and loyalty can improve work relationships.*

### BACKGROUND

The Leader-Member Exchange Theory (LMX) was discovered in the 1970s to focus on work relationships. A seminal article by Fred Dansereau, George Graen, and William Haga (1975) evolved LMX from vertical dyad linkage (VDL) theory. LMX employs the vertical dyadic interaction between leaders and members. The LMX term is used herein to signify the crucial team relationships that contribute to or detract from effective telework programs. This notion ties to the recommended emphasis on improving LMX quality to reduce the impact on negative effects of teleworking such as professional isolation (de Vries, Tummers, & Bekkers, 2019).

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## **LMX Theory**

*Figure 1. Leader-Member Exchange Theory (LMX) focuses on dyadic (two-way) relationships with members, and on using those dyads to build effective groups.*



LMX theory is well suited to developing new teams or to team building during a major change. For the purposes of the current discussion, the major change is telework. COVID-19 forced a majority of the country into telework or some kind of remote situation, and today organizations and their employees are struggling with what to do about telework. Every day there is a post online or a TV news report or a board meeting or a conference that addresses why organizations do or do not want to telework, why employees will or will not come back to work, and whether telework can provide increased productivity or other benefits over an extended period of use. The world is dealing with these issues and this work suggests using LMX to guide the necessary communication and operations in pursuit of an answer.

It allows rapid evaluation of people's current skills and promotes a convenient way to segment them into groups where the work is done. Putting the team into two groups, each possessing similar skills and abilities, is a way to get people working and possibly avoid some of the team-forming tensions that may arise using other leadership techniques. This segmentation is placing

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