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).

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

7 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/lmx-theory/290248

Related Content

The Role of the Human Capital in the Corruption-Economic Growth Nexus: A VECM Approach to the Case of Tunisia
Terzi Chokriand El Ammari Anis (2020). *International Journal of Human Capital and Information Technology Professionals (pp. 60-79).*
www.irma-international.org/article/the-role-of-the-human-capital-in-the-corruption-economic-growth-nexus/259948

Sustaining Family Businesses in India: An Appreciative Inquiry Approach to Traditional Businesses
Meghna Goeland Girish Santosh Bagale (2020). *Appreciative Inquiry Approaches to Organizational Transformation (pp. 225-234).*
www.irma-international.org/chapter/sustaining-family-businesses-in-india/245571

Including Client Opinion and Employee Engagement in the Strategic Human Resource Management: An Advanced SWOT- FUZZY Decision Making Tool
Rachid Belhajand Mohamed Tkiouat (2015). *International Journal of Human Capital and Information Technology Professionals (pp. 20-33).*
www.irma-international.org/article/including-client-opinion-and-employee-engagement-in-the-strategic-human-resource-management/129032

Baby Boomers and Online Learning: Exploring Experiences in the Higher Education Landscape
Malaika T. Edwardsand Petra A. Robinson (2020). *Five Generations and Only One Workforce: How Successful Businesses Are Managing a Multigenerational Workforce (pp. 48-74).*
www.irma-international.org/chapter/baby-boomers-and-online-learning/234881

Impact of Employer Branding on Employee Engagement in BPO Sector in India With the Mediating Effect of Person-Organisation Fit
Poonam Chawla (2020). *International Journal of Human Capital and Information Technology Professionals (pp. 59-73).*
www.irma-international.org/article/impact-of-employer-branding-on-employee-engagement-in-bpo-sector-in-india-with-the-mediating-effect-of-person-organisation-fit/252847