ABSTRACT
I seek to examine the relationships of LMX with its antecedents and consequence within the context. I propose that organizational collectivism and organizational individualism influence the four dimensions of LMX. I also suggest that LMX quality and perceived organizational prestige interact in predicting organizational commitment, besides their main effects.

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In addition to individual characteristics, external environment also matters to the social exchange between a leader and a member (LMX). Little research has been conducted to examine how organizational cultural values, and particularly, organizational collectivism and organizational individualism, influence LMX, or how members’ perceptions of their organizations’ prestige and the joint influence of such perceptions and LMX quality affect the relative strength of members’ identification with and involvement in their organizations. Therefore, the model proposed in this research is to address these issues and provide a guiding framework for future empirical assessments as well as practice in organizations.
Context refers to the “stimuli and phenomena that surround and thus exist in the environment external to the individual, most often at a different level of analysis” (Mowday & Sutton, 1993, p.198). Context of leader-member exchange (LMX) (Liden & Graen, 1980; Liden, Sparrowe, & Wayne, 1997; Liden & Maslyn, 1998) has been largely downplayed (Johns, 2001), ignored, or assumed constant (Roberts, Hulin, & Rousseau, 1978). However, it does matter to LMX since LMX is embedded within context (Rousseau & Schalk, 2000; Thomas & Au, 2002). Prior LMX research has examined a number of contextual factors such as organization sizes, workgroup composition, leaders’ power, organizational climate, organizational policies, organizational support for innovation and creativity, locus of control, resources, time pressure, workload, and workgroup cohesiveness (Green, Blank, & Liden, 1983; Dansereau, Graen, & Haga, 1975; Green & Liden, 1980; Kipnis & Cosentino, 1969; Scott & Bruce, 1994; Kinicki & Vecchio, 1994; Green, Anderson & Shivers, 1996; Cogliser & Schriesheim, 2000). Diener and Liden (1986) identified organizational culture as another contextual factor, but its impact on LMX has not been well studied yet.

Therefore, I seek to examine the relationships of LMX with two organizational cultural values—organizational collectivism and organizational individualism (Robert & Wasti, 2002)— and organizational commitment (Mowday, Steers, & Porter, 1979; Meyer & Allen, 1991). Moreover, Liden et al. (1997) urged scholars to explore novel moderators for the relationships between LMX quality and its consequences as well as scrutinize those that have generated inconsistent results. To respond to this appeal, I seek to explore the impact of perceived organizational prestige (Bergami & Bagozzi, 2000; Mael & Ashforth, 1992) on the relationship between LMX quality and organizational commitment. I consider perceived organizational prestige as a contextual factor and an organizational-level construct (Smidts, Pruyn, & van Riel,
2001). It captures members’ general and homogeneous perceptions of organization prestige and is usually measured through members’ descriptions rather than objective indicators. Members’ perceptions of organizational prestige are assumed to be veridical and can be treated as a relatively enduring quality of organizations (Roberts et al., 1978). Figure 1 illustrates the proposed model.

LMX and Its Four Dimensions

The social exchange between a leader and a member is referred to as leader-member exchange (LMX), which assesses the dyadic relationship between them on the interrelated dimensions of trust, respect, and mutual obligation (Graen & Uhl-Bien, 1995; Dienesch & Liden, 1986; Graen & Scandura, 1987; Liden & Maslyn, 1998; Sparrowe & Liden, 1997; Yukl, 1998; Dansereau et al., 1975; Graen & Cashman, 1975; Graen, 1976). It zooms in on the differences between a leader and each member (Northouse, 1997; Phillips & Bedeian, 1994), and it tends to develop quickly and keep stable over time (Liden & Graen, 1980).

Virtually all role theorists concur with the multidimensionality of roles (e.g., Katz & Kahn, 1978; Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964) and the vast majority of scholars endorse that LMX is multidimensional rather than unidimensional (Dienesch & Liden, 1986) based on the concepts of role conflict and role ambiguity (Kahn et al., 1964) and social exchange relationships (Emerson, 1962; Liden et al., 1997; Sparrowe & Liden, 1997). Dienesch and Liden (1986) suggested that LMX entails varying amounts of three “currencies of exchange” that fit the definition of mutuality: task-related behavior (labeled contribution), loyalty to each other (labeled loyalty), and simply liking one another (labeled affect). In addition to these three
extensively-agreed-upon dimensions, Liden and Maslyn (1998) added another dimension—
*professional respect.*

Contribution to LMX refers to “the perception of the amount, direction, and quality of
work-oriented activity each member puts forth toward the mutual goals (explicit or implicit) of
the dyad” (Dienesch & Liden, 1986, p.624), which is close to an economic exchange (Cole,
Schaninger, & Harris, 2002). The level of contribution affects the number, difficulty, and
importance of tasks assigned to and accepted by members since it shows leaders’ confidence in
their members' abilities and willingness to successfully complete difficult, extensive, and
important tasks, as well as members’ faith in their own abilities and willingness to accept large
workload, resources, guidance, advice, and support from their leaders (Dienesch & Liden, 1986).
Accordingly, contribution focuses on members’ task-related behaviors (Graen & Scandura, 1987;
Liden & Maslyn, 1998). Members who impress their leaders receive resources and support that
further enhance their job performance (Graen & Cashman, 1975; Liden & Graen, 1980; Liden &
Maslyn, 1998). In addition, members with high-quality LMX often engage in tasks and duties
beyond formal employment contract requirements (Graen, 1976; Liden & Graen, 1980), and
their leaders reciprocate with vast decision making latitude (Scandura, Graen, & Novak, 1986).

Loyalty is expressed through “public support for the goals and the personal character of
the other member of the LMX dyad” (Dienesch & Liden, 1986, p.625). It is primarily concerned
with the degree to which leaders and members in dyads protect each other relative to the outside
forces in their immediate environments (Dienesch & Liden, 1986). Strong loyalty is manifested
by sensitive and vigilant behaviors that concern interactions with the outside as well as members’
attempts to assure their leaders’ benefits from the relationship continuance over a long haul
(Dienesch & Liden, 1986). Leaders are more likely to entrust their loyal members with task
assignments that require independent judgment and responsibility (Liden & Graen, 1980; Liden & Maslyn, 1998).

Affect concerns the “mutual affection members of the dyad have for each other based primarily on interpersonal attraction rather than work or professional values” (Dienesch & Liden, 1986, p.625). Such affection may be manifested in the desire for and/or occurrence of a relationship that has personally rewarding components and outcomes (Liden & Maslyn, 1998, p.50). Affect can be manifested as gestures of affection, empathy for personal issues, or unsolicited support (Cappella, 1981). It has a vast and positive effect on the number and “tone” of the leader-member interactions and it leads to warm and friendly working atmosphere. Hence, members can expect “flexibility and emotional support concerning non-work problems and/or crises which impinge on the work situation” (Dienesch & Liden, 1986, p.625).

As an essential component of leadership (Bass, 1990), professional respect taps into “the perception of the degree to which each member of the dyad has built a reputation, within and/or outside the organization, of excelling at his or her line of work” (Liden & Maslyn, 1998, p.50). It may be based on historical data vis-à-vis firsthand experience with a person, comments and recommendations about a person, and awards or professional recognition achieved by a person (Liden & Maslyn, 1998; Graen & Uhl-Bien, 1995; Bass, 1990; Graen & Scandura, 1987). It can be communicated by mutual advice seeking, admiration expressing about the dyadic partners’ professional skills and integrity, etc. (Liden et al., 1997).

**Relationships of LMX Dimensions with Organizational Collectivism and Organizational Individualism**

**Two Organizational Cultural Values: Organizational Collectivism and Organizational Individualism**
The concept of culture is well-entrenched at the societal level, but it also applies to the organizational level and it is essential to characterize how work is done in organizations (Earley, 1993; Schein, 1992; Smith & Peterson, 1988). Organizational culture reflects a “set of shared, taken for granted, implicit assumptions” within organizations (Schein, 1996, p.236). Among numerous cultural syndromes, two cultural values—collectivism and individualism—have engrossed scholars’ minds since Hofstede’s (1980) seminal work (e.g., Wheeler, Reis, & Bond, 1989; Wagner, 1995). Greenfield (2000) considered the collectivism-individualism cultural syndrome as the deep structure of cultural differences. Collectivism entails collective goals and values, concerns about others, collective accomplishments, etc. (Triandis, 1995; Triandis & Gelfand, 1998; Erez & Earley, 1993). It characterizes a tendency to treat groups to which individuals belong as the most meaningful social units (Robert & Wasti, 2002). By contrast, individualism entails self-concerns and emphases on individual autonomy, self-fulfillment, and individual accomplishments (Hofstede, 1980). It represents a tendency to treat selves as the most meaningful social units (Robert & Wasti, 2002). Triandis (1995) summarized four defining attributes of collectivism and individualism to explain their differences: conceptions of the self, goal relationships, relative importance of attitudes and norms, and emphasis on relationships (Chen, Chen, & Meindl, 1998).

Research on collectivism and individualism at the organizational level (i.e., organizational collectivism and organizational individualism) can be fruitful (Robert & Wasti, 2002), but only a few studies have explicitly explored these two organizational cultural values to date (e.g., Chatman & Barsade, 1995; Hofstede & Spangenberg, 1987). Worth stressing, collectivism and individualism actually are not polar opposites, but rather, orthogonal and independent constructs (Oyserman, Coon, & Kemmelmeier, 2002; Triandis, 1995).
Organizations can function legitimately and effectively with either organizational collectivism or organizational individualism (Chatman & Jehn, 1994; Chatman & Barsade, 1995). Organizational collectivism places priority on collective goals, cooperative action, and interpersonal relationships, and members are rewarded for joint contributions to organizational accomplishments, whereas organizational individualism motivates members to maximize their individual goals, gain rewards for their individual performance and achievements, and make the best personal choices, regardless of their implications for the collective (Chatman & Barsade, 1995; Triandis, 1989; Triandis, 1995; Triandis et al., 1986; Chatman & Jehn, 1994).

Organizational cultural values affect LMX dimensions. Organizational collectivism encourages members and leaders to publicly express to one another their support for the collective goals and personal characters, behave sensitively and vigilantly during social interactions, and build up long-term relationships. Hence, it makes leaders more likely to select, evaluate, and promote members on the basis of their loyalty (Triandis, 1995), and simultaneously, it encourages members to hold steadfast to their leaders (Engel, 1988). Organizational collectivism encourages members and their leaders to show concerns to each other, empathize each other emotionally, and create harmonious atmosphere for interpersonal interactions. In the development and maintenance of such close relationships, members and leaders display personal affection toward each other beyond work relationships.

*Proposition 1:* Organizational collectivism is positively related to loyalty in LMX.

*Proposition 2:* Organizational collectivism is positively related to affect in LMX.

Conversely, organizational individualism encourages members to concentrate on individual contributions to tasks within dyadic relationships with their leaders, and thus, members are more willing to work as hard as possible, even beyond normal job requirements.
Contribution exchange in LMX involves a definite contingency, a *quid pro quo* between a leader and a member, and provides the base of equity judgments and attributions (Heneman, Greenberger, & Anonyuo, 1989; Wilhelm, Herd, & Steiner, 1993; Liden et al., 1997). Since organizational individualism emphasizes individual success, achievements, honors, and rewards, it motivates members to compete with each other by virtue of their knowledge, competence to realize self-interest goals (Triandis, 1995; Chen et al., 1998), and professional skills. For that reason, in the dyadic LMX, organizational individualism induces the perceptions of professional skills, individual uniqueness, personal achievements, awards, and reputation of excelling at the line of work within or outside organizations. Both social approval and respect for leaders’ abilities are indispensable for their super-ordination and legitimacy and members’ willing compliance (Blau, 1964), which are essential in organizations with culture emphasizing individualism. Hence, organizational individualism fosters professional respect in LMX.

*Proposition 3: Organizational individualism is positively related to contribution to LMX.*

*Proposition 4: Organizational individualism is positively related to professional respect in LMX.*

**Relationship between LMX Quality and Organizational Commitment with the Impact of Perceived Organizational Prestige**

*Perceived Organizational Prestige*

Perceived organization prestige, also known as *perceived external prestige* (Smidts et al., 2001; Carmeli, 2005; Fuller, Hester, Barnett, Frey, & Relyea, 2006) or *construed external image* (Dutton, Durkrich, & Harquail, 1994), refers to organizational members’ perceptions that outsiders, whose opinions are valued, believe that their organizations are well-regarded (e.g., respected, admired, prestigious, and well known) (Bergami & Bagozzi, 2000). Mael and
Ashforth (1992) considered *perceived organizational prestige* as the degree to which organizations are well-regarded both in absolute and comparative terms.

Perceived organizational prestige is a socio-emotional resource and a socially valued characteristic (Fuller et al., 2006; Dutton et al., 1994). It is a reward that members gain indirectly from their organizations (Fuller et al., 2006). Members identify with their organizations to enhance self-esteem since self-esteem is derived in part from the social categories individuals belong to (Tajfel & Turner, 1985). The more prestigious their organizations are perceived, the greater the potential increases of members’ self-esteem and socio-emotional need fulfillment through the identification are (Mael & Ashforth, 1992; Fuller et al., 2006). Strong perceived organizational prestige sustains members’ coherent and consistent sense of selves, intensifies their distinctiveness in the eyes of the outsiders, and promotes self-enhancement by providing members with important information about how the outsiders are likely to appraise their characters based on their organizational affiliations (Dutton et al. 1994; Smidts et al., 2001; Bergami & Bagozzi, 2000).

**Organizational Commitment**

Organizational commitment has been identified as a critical factor in understanding and explaining organizational behaviors. Mowday, Porter, and Steers (1982) defined *organizational commitment* as the relative strength of individuals’ identification with and involvement in their organizations. It is characterized by at least three factors: strong beliefs in and acceptance of organizational goals and values, willingness to exert considerable efforts on behalf of organizations, and strong desire to maintain organizational membership (Porter, Steers, Mowday, & Boulian, 1974; Meyer & Allen, 1991; Sheldon, 1971; Hall, Schneider, & Nygren, 1970; Mowday et al., 1979; Reichers, 1985, 1986). Weiner (1982) articulated that organizational
commitment (1) bespeaks the sacrifices members make for the sake of their organizations; (2) does not primarily rely on reinforcements or punishments; and (3) indicates members’ preoccupation with their organizations. Organizational commitment is an affective orientation of members toward their organizations (Mowday et al., 1982), a recognition of the costs associated with members’ leaving their organizations (Becker, 1960), and a moral obligation of members to stay in their organizations (Weiner, 1982). It reflects a bond members have to their organizations (O’Reilly & Chatman, 1986).

LMX positively influences members’ organizational commitment (e.g., Morris & Sherman, 1981; Steers, 1977) since their social involvement in the dyadic relationships with leaders facilitates their organizational commitment (Sheldon, 1971; Buchanan, 1974). Members with high-quality LMX frequently interact with their leaders; have their leaders’ support, confidence, encouragement, and consideration; take on added duties; play a key role in reaching team goals; and deliver performance beyond contractual expectations (Howell & Hall-Merenda, 1999; Dunegan, Duchon, & Uhl-Bien, 1992; Sparrowe & Liden, 1997; Wayne, Shore, & Liden, 1997; Chen, Lam, & Zhong, 2007). Consequently, high-quality LMX brings about members’ sense of responsibility for the success of their work units and organizations, and positive affective states, attitudes, and loyalty towards their leaders that extend to their organizations. Thus, members with high-quality LMX may be very willing to maintain their organizational membership, spend time and energy (Klein & Kim, 1998), exert effect on behalf of their organizations, and increase their organizational commitment as a means to reciprocate for their leaders’ goodwill to them.

Proposition 5: LMX quality is positively related to organizational commitment.
Members develop their self-concepts and personal identities in part through their beliefs in others’ views on their organizations (Dutton & Duekrich, 1991). They develop their perceptions of organizational prestige by interpreting the feedback gained during an array of social encounters for interpersonal communication (Gotsi & Wilson, 2001; Fuller et al., 2006). March and Simon (1958) suggested that members become committed to their organizations that they believe are well-regarded by the outsiders. Perceived organizational prestige affects organizational commitment with both cognitive biases and emotional biases (Bergami & Bagozzi, 2000). If an organization has strong perceived organizational prestige, its members tend to choose the organization over others and be willing to pay a reasonable premium to do so (Carmeli, 2005). Members are loyal to their organizations with strong perceived prestige in that it increases members’ self-esteem and self-worth (Shamir, 1991; Tyler, 1999; Blau, 1964). When members sense that their peers and outsiders maintain positive attitudes toward their organizations, such perceptions “rub off” on them, leading to heightened organizational commitment (Buchanan, 1974).

Proposition 6: Perceived organizational prestige is positively related to organizational commitment.

In addition, LMX quality may interact with perceived organizational prestige to affect members’ organizational commitment. If LMX is of low quality but perceived organizational prestige is strong, members may still have strong organizational commitment arising from their strong attitudes or orientations toward their organizations, which link or attach their identities to their organizations (Sheldon, 1971), and from their strong feelings of being admired and respected by the outsiders. Therefore, strong perceived organizational prestige enhances the impact of LMX quality on organizational commitment. Conversely, if perceived organizational
prestige is weak but members feel content with the LMX within their organizations, they may still sustain strong organizational commitment because the exchange relationships to the organization systems as a whole (Grusky, 1966) are pleasant and through the high-quality LMX, their goals and values become integrated and congruent with those of their organizations (Hall et al., 1970).

*Proposition 7: The interaction of LMX quality and perceived organizational prestige is positively related to organizational commitment.*

**Conclusion and Implications**

**Conclusion**

I have proposed that organizational cultural values affect the four dimensions of LMX. Specifically, organizational collectivism is positively related to loyalty and affect in LMX, whereas organizational individualism is positively related to contribution to and professional respect in LMX. Furthermore, I have suggested that above and beyond the positive main effects of prestige organizational prestige and LMX quality, their interaction is also positively associated with organizational commitment.

**Implications for Research**

First, contextual factors of LMX such as organizational cultural values have captured scholars’ attention, but the nature of their influences has not been explicitly specified. House, Rousseau, and Thomas-Hunt (1995) asserted that general psychological theories are inadequate for the development of intra-organizational behavior theory, and only until general psychological theories are linked to organizational context variables will they remain inadequate to explain organizational phenomena (p.77). Without assessing context, generalization of LMX research results from one setting to another will turn into a thorny problem (Roberts et al., 1978). Scholars
should not be trapped in their bounded rationality (cf. Bottom, Kong, & Zhang, 2007) or unaware that one’s context is not another’s taken-for-granted assumption (Rousseau & Fried, 2001). Second, despite the long-standing disputes over the multidimensionality versus unidimensionality of LMX (cf. Liden & Maslyn, 1998), the majority of the research has not measured LMX as a multidimensional construct (Dienesch & Liden, 1986; Liden & Maslyn, 1998), but rather, a unidimensional construct (Graen & Uhl-Bien, 1995; Scandura & Graen, 1984; Hofmann, Morgeson, & Gerras, 2003; Chen, Lam, & Zhong, 2007; Golden, 2006; Schriesheim & Scandura, 1998). De facto, the impact of different components of context (e.g., organizational cultural values) on the multiple dimensions of LMX can be at variance. Third, a few leading LMX scholars (e.g., Liden et al., 1997) put emphasis on the exploration of novel moderators or interaction effects for the relationships between LMX quality and its consequences. In this light, I have focused on the interaction effect of LMX quality and perceived organizational prestige as a contextual factor on organizational commitment. To emphasize, LMX is embedded within context, and therefore, contextual influences on LMX and its consequences deserve to be seriously considered, systematically examined, and explicitly specified.

The existing evidence forms the basis of the proposed model in this research, but the specific propositions should undergo empirical assessments hereafter. I hope that the elaboration provided here will serve as a guiding framework for such empirical assessments, which must be preceded by the development of appropriate concept operationalizations (Pawar & Eastman, 1997). In this vein, I have assumed an organizational-level unit of analysis for organizational collectivism, organizational individualism, and perceived organizational prestige, and an individual-level unit of analysis for organizational commitment and fourfold LMX. Nevertheless,
Smidts et al. (2001) suggested the individual level of perceived organizational prestige. Therefore, the measure of perceived organizational prestige as an organizational-level construct should concentrate on members’ general and homogeneous perceptions of their organizational prestige.

In the future, the empirical validity of some premises and interactions of the variables in the present model needs be appraised. More contextual factors should be investigated and spelled out to further the model. It helps develop middle-range theories of LMX to guide empirical inquiry, permit empirical test, and explain multifold existing organizational phenomena (Pinder & Moore, 1979).

**Implications for Practice**

Most LMX studies have identified personal and interpersonal attributes (e.g., Phillips & Bedeian, 1994). Granted, these important factors help leaders and members develop their relationships, but being oblivious to the key role of context in LMX, leaders will miss the opportunities to create and capitalize on the external environment, including organizational culture and organizational climate, to magnify the positive outcomes of high-quality LMX and counteract the negative outcomes of low-quality LMX. It should be kept in mind that LMX is rooted in and affected by its context. In particular, if leaders are able to develop organizational cultural values that fit their organizations and work units and simultaneously strengthen the perceived organizational prestige, the LMX quality and leadership relationships may improve considerably or even beyond the expectation, through which their members will feel much more attached and satisfied with the organizations.
References


**Figure 1. Proposed Model**

**Antecedents**
- Organizational Cultural Values
  - Organizational Individualism
  - Organizational Collectivism

**LMX**
- Leader-Member Exchange
  - Contribution
  - Professional Respect
  - Affect
  - Loyalty

**Consequence**
- Organizational Commitment
  - Perceived Organizational Prestige

LMX Antecedents and Consequence relationships:
- P1
- P2
- P3
- P4
- P5
- P6
- P7