3-2023

Why and how leaders differentiate?

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SINGAPORE MANAGEMENT UNIVERSITY

2023

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Submitted to Lee Kong Chian School of Business
in partial fulfilment of the requirements for the
Degree of Doctor of Philosophy in Business (General Management)

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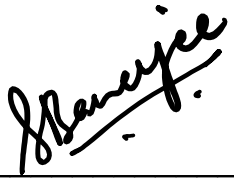
2023

I hereby declare that this PhD dissertation is my original work
and it has been written by me in its entirely.
I have duly acknowledged all the sources of information
which have been used in this dissertation.

This PhD dissertation has also not been submitted for any degree
in any university previously.



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17 March 2023

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ABSTRACT

A key tenet of Leader-Member Exchange (LMX) Theory is that leaders treat followers differently, referred to as leader-member exchange differentiation (LMXD) (Yu et al., 2018). When leaders treat followers differently, they develop a varying quality of relationships within the team referred to as LMX quality (LMXQ). LMXQ has received the vast majority of research with findings being largely consistent that higher quality relationships benefit followers (Yu et al., 2018). In contrast, surprisingly, much less research has focused on how this actual differentiation (LMXD) impacts employee reactions and there are no conclusive findings regarding its effects (Bauer & Erdogan, 2015; Chen et al., 2014; Martin et al., 2018).

The vast majority of research on leader differentiation has investigated LMXD in general. That is, studies have merely investigated to what extent leaders differentiate between their followers. In my dissertation, to better understand the effects of LMXD, I theorize that the “why” and “how” leaders differentiate affect followers’ fairness perceptions and team coordination perceptions. Specifically, regarding why leaders may differentiate, I theorize about differentiation in general, based on performance, and based on follower ingratiation. Regarding how leaders differentiate, I theorize about differentiation in resource allocation and differentiation in liking towards followers.

Data for the study were collected using a survey method and gathered usable responses from 338 participants. The results of this study supported the proposed negative effect of differentiation in general, differentiation based on follower ingratiation, differentiation in resource allocation, and differentiation in liking on followers’ fairness and team coordination perceptions. However, contrary to predictions, differentiation based on

performance also showed a negative effect on followers' fairness and team coordination perceptions.

This study examined the effects of LMXD on employee criteria needed to better understand LMXD. Accordingly, it has been able to make several contributions to the extant LMX, team coordination and justice literatures. First, it explored the effects of leader differentiation beyond just examining it in general, hence advancing LMX theory as well as other leadership theories that are similar (for example, transformational leadership theory, individualized leadership theory). Secondly, the dyadic relationship between a leader and follower does not exist in isolation and in fact, affects other team members. This study examined how leader differentiation impacts a critical team process, namely team coordination. Finally, although a number of studies have explored justice perceptions within the LMX literature, there is a lack of a uniform understanding of the relationship between the LMX-related constructs and fairness perceptions.

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ACKNOWLEDGEMENT

Undertaking this PhD has been a great learning experience for me. It has deepened my academic curiosity and broadened my intellectual perspectives. This would not have been possible without the support and guidance that I received from many people.

I am forever grateful to my supervisor Professor Gary Greguras from whom I have learnt immensely. Without his guidance and continuous feedback this PhD would not have been achievable. I would also like to thank my other committee members Professor Michael Bashahur and Professor Christian Tröster for their encouragement and valued insights. Thank you to Professor Shantanu Bhattacharya as well who always believed in me and was available to answer any question no matter how naive it sounded.

Finally, I would like to thank my family who were always helpful and patient throughout this journey.

CHAPTER 1: INTRODUCTION

Leader-member exchange (LMX) theory is one of the most well established theories within the field of organizational leadership (Dansereau et al.,1975; Graen & Uhl-Bien, 1995; Liden & Graen, 1980; Sin et al., 2009). A key tenet of LMX theory is that leaders treat followers differently, referred to as leader-member exchange differentiation (LMXD) (Yu et al., 2018). When leaders treat followers differently, they develop varying quality of relationships within the team, whereby a higher quality relationship is defined by higher levels of contribution, affect, loyalty and respect vis-a-vis a lower quality relationship (Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998). These varying qualities of relationships between leaders and followers are referred to as LMX quality. LMX quality has received the vast majority of research in this area with findings being largely consistent that higher quality relationships benefit followers (Yu et al., 2018). In contrast, surprisingly, much less research has focused on how this actual differentiation (LMXD) impacts employee reactions (Hooper & Martin, 2008). While there have been some questions explored related to determinants and consequences of leader differentiation (Bauer & Erdogan, 2015; Chen et al., 2014, 2018; Duchon et al., 1986; Gerstner & Day, 1997; Kim & Organ, 1982), there are no conclusive findings regarding its effects (Bauer & Erdogan, 2015; Chen et al., 2014; Martin et al., 2018). For example, LMXD was found to have a positive relation with team performance (Naidoo et al., 2011), a negative relation with employee well-being and employee satisfaction (Hooper & Martin, 2008) and no relation with job satisfaction, organizational commitment, co-worker helping behavior and turnover intention (Chen et al., 2014). Additional research regarding the effects of LMXD on employee criteria is needed to better understand the conditions in which LMXD may have positive, negative, or null effects on various work-related criteria.

One likely employee reaction affected by LMXD is followers' fairness perceptions. Although a number of studies have explored justice perceptions within the LMX literature, there is a lack of a uniform understanding of the relationship between the LMX-related constructs and fairness perceptions (Bauer & Erdogan, 2015). As such, more research is

warranted to better understand fairness issues with the LMX literature and direct effects of LMXD on followers' fairness perceptions (Chen et al., 2018; Masterson & Lensges, 2015). There is evidence to show that as soon as followers become aware of differential treatment within the group, fairness perceptions become a consideration (Henderson et al., 2009; Sias & Jablin, 1995). Inherent in the concept of leader differentiation is leader non-neutrality, given that there is variable treatment (e.g., allocation of resources) amongst team members (Bryman et al., 2011; Hooper & Martin, 2008). In turn, this violates the notion of equality within the team and may jeopardize the trust followers have in their leaders (Liden et al., 2006; Scandura, 1999). Given that the attention the in-group members receive likely leads to a feeling of unfairness amongst out-group members, possibly bringing the concept of organizational justice to the forefront (Scandura, 1999). Accordingly, considering fairness is important because fairness perceptions are integral to the leadership process (Scandura, 1999) and may form the basis of evaluation by a follower in determining whether LMXD is negative, null or positive within the work setting (Chen et al., 2014; Hooper & Martin, 2008; Nishii & Mayer, 2009). The factors affecting fairness are important to understand given that fairness relates to various employee (e.g., job satisfaction, trust, performance), group (e.g., team member exchange), and organizational (e.g., organizational commitment, organizational citizenship behavior) criteria (for meta-analyses, see Cohen-Charash & Spector, 2001; Colquitt et al., 2001).

Besides fairness perceptions, studies have shown that LMXD negatively impacts team processes, owing to the tension created between team members by the formation of an in-group (i.e., followers who are favored with higher LMX quality relationships) versus an out-group (i.e., followers with whom impersonal exchanges and lower LMX quality relationships) (Estel et al., 2019; Liden et al., 1997; Sherony & Green, 2002). Furthermore, perceived team relations have been shown to be negatively impacted by perceptions of LMXD (Hooper & Martin, 2008). Research is needed to better understand the effects of LMXD on team related processes, especially given the lack of empirical research on team related outcomes (Han et al., 2021; van Breukelen et al., 2002). Team coordination is one such process, which role system theory recognizes as being necessary for effective functioning of the group, whereby

each member carries out allocated roles and responsibilities (Kozlowski & Ilgen, 2006; Li & Liao, 2014; Sui et al., 2016). Social identity theory also highlights team coordination as one of the key processes to be impacted by social categorization which likely results from leader differentiation, categorizing followers into in-group versus out-group (Sui et al., 2016). Moreover, researchers have pointed out that the dyadic relationship between a leader and follower does not exist in isolation and in fact, affects other team members (Yu et al., 2018). Previous findings have suggested that unequal distribution of benefits, mostly by leaders, relates to jealousy amongst team members, in turn negatively affecting team cohesiveness (Sias & Jablin, 1995; van Breukelen et al., 2002). Given that both team coordination and LMX theory have their theoretical grounding in role theory, a unified understanding of the two will offer better insight into the effects of LMXD and may help to explain how team processes may impact individuals (Li & Liao, 2014). Understanding factors that affect team coordination is important given its links, for example, to member satisfaction and performance (Kozlowski & Ilgen, 2006; LePine et al., 2008), re-emphasizing that team coordination perceptions potentially play a critical role in affecting employee work-related criteria.

The vast majority of research has investigated LMXD in general. That is, studies have merely investigated to what extent leaders differentiate between their followers. In this context, to better understand the effects of LMXD, I theorize below that the “why” and “how” leaders differentiate affect followers’ fairness perceptions and team coordination perceptions. Specifically, regarding why leaders may differentiate, I theorize about differentiation in general, based on performance, and based on follower ingratiation. Regarding how leaders differentiate, I theorize about differentiation in resource allocation and differentiation in liking towards followers.

CHAPTER 2: THEORETICAL BACKGROUND AND HYPOTHESES

Spanning over four decades, relationship-based leadership approaches have taken precedence in organization leadership research (Dansereau et al.,1975; Graen & Cashman, 1975). Replacing the more traditional focus on leader traits (Graen & Uhl-Bien, 1995), LMX theory focuses on the dyadic relationship between leaders and followers (Bauer & Erdogan, 2015; Liden et al., 1997). It asserts that leaders form different types of relationships with the followers known as leader-member exchange differentiation (Martin et al., 2018). LMX differentiation is defined as:

… a process by which a leader, through engaging in differing types of exchange patterns with subordinates, forms different quality exchange relationships (ranging from low to high) with them. As such, LMX differentiation refers to a set and outcome of dynamic and interactive exchanges that occur between leaders and members, the nature of which (transactional versus social exchange) may differ across dyad within a work group (Henderson et al., 2009; p. 519).

Despite the emphasis on LMXD as a construct within LMX research, there is lack of clarity around its implications on employee reactions. In fact, the findings have been mixed and conclusive results are scarce (Bauer & Erdogan, 2015; Yu et al., 2018). This possibly stems from two opposing schools of thought with regards to effects of LMXD. One school of thought proposes that followers have a negative reaction to LMXD and view it as being unfair, owing to the differential treatment by the leader, for example, in resource allocation (Uhl-Bien et al., 2000). Several theories including relative deprivation theory and equity theory support the view that followers are impacted also by how others within the team are being treated. Based on this, it has been further suggested that LMXD is detrimental not only to fairness perceptions, but also to team related processes, for example, team coordination because team members may withhold team efforts (Liden et al., 2006). The second school of thought proposes that followers prefer leaders who differentiate based on relative contribution of team members, hence they would be dissatisfied if similar exchange relationships are developed

across all members of the team (Sias & Jablin, 1995). Additionally, leaders are probably able to derive higher productivity from the team if they differentiate between followers based on their relative ability, for example (Liden et al., 2006; Martin et al., 2018). To resolve the conflict between these two opposing views, both the potential positive and negative effects of LMXD need to be considered simultaneously, as has been recommended by other researchers (Yu et al., 2018). Accordingly, in my study I consider the conditions under which leaders differentiate in order to determine the corresponding effects of LMXD.

Another potential reason for inconclusive findings related to effects of LMXD is because of the levels issue highlighted within LMX research. Given that an organization has many levels, it has been recommended that the level of analysis be clearly specified so there is better understanding of the construct and its effects (Gerstner & Day, 1997; Schriesheim et al., 1999; Yammarino et al., 2005). This in turn is also linked to the choice of measurement and data analytic methods being adopted in the study (Schriesheim et al., 1999). Studies have found that the nature of relationship at an individual level, where equity principle may be preferred, is different to the nature of relationship at the group level where both equity and equality principles need to be considered (Bauer & Erdogan, 2015; Boies & Howell, 2006; Henderson et al., 2009; Liden et al., 2006). Existing perspectives often adopt an approach whereby either positive or negative effects of differentiation are extrapolated from individual to group level, which potentially lead to erroneous results, given that theoretical relationships are not similar across levels (Yu et al., 2018). It is an individuals' perceptions about LMXD that affects that individual's fairness and coordination perceptions. Other studies have supported a similar view, suggesting that it is followers' assessment of the relationship with the leader that drives their perceptions (Nishii & Mayer, 2009). Accordingly, in my study the level of analysis selected to review the effects of LMXD is individual which is in line with the majority of current literature.

Why do leaders differentiate?

LMXD in general

LMX theory recognizes that exchanges form the basis of leader-follower relationships (Dansereau, Graen & Haga, 1975). Such exchanges likely result in valuable benefits for the followers (Graen & Uhl-Bien, 1995), including better access to information, support and growth opportunities (Wayne et al., 1994). Majority of the research investigating LMXD has investigated it in general. That is, most theorizing and measurement of LMXD explore to what extent leaders differentiate between their followers, but do not specify why and how leaders differentiate. I explore LMXD in general in this dissertation to allow for a comparison of the results of this study with those of previous studies. Current theorizing about LMXD in general argues that differential treatment offered by a leader within the team is likely to affect the trust followers put in the leader and his level of fairness (Liden et al., 2006; van Breukelen et al., 2002). Furthermore, this differential treatment implies a leader's non-neutrality given the varying distribution of tangible and intangible resources amongst team members (Hooper & Martin, 2008). For team members excluded from the in-group, it may also reflect a lack of trust and respect from the leader which they feel they deserve (Xie et al., 2019). In fact, in cases where the leader differentiates excessively within the team, even in-group members worry about the future fairness of leaders (Liden et al., 2006; van Breukelen et al., 2002). All of these findings imply a negative impact on followers' fairness perceptions. Differential treatment also leads to creation and underscoring of relational boundaries within the team, hence forming an in-group versus an out-group which may lead to conflict (Hooper & Martin, 2008; Li & Liao, 2014). Owing to such differential treatment a leader is deemed to be non-neutral, impacting team members' group-oriented behaviors (Hooper & Martin, 2008). This will potentially lead to a conflict situation amongst team members and negatively affect critical group processes like team coordination. Further, given that LMXD violates the equality principle, members may reduce their efforts towards teamwork, fostering an environment of hostility (Han et al., 2021; Hooper & Martin, 2008; Li & Liao, 2014). Such a conflict disrupts harmony and poses challenges to effective functioning of the group, likely resulting in poor

team coordination (Bolino & Turnley, 2009; Li & Liao, 2014). Consistent with these theoretical arguments, research has observed negative relations between LMXD and fairness perceptions (Sias & Jablin, 1995; van Breukelen et al., 2002), and LMXD and team coordination perceptions (Li & Liao, 2014). Based on this, I hypothesize:

Hypothesis 1: LMXD in general negatively correlates with (a) fairness perceptions and (b) team coordination perceptions.

LMXD based on performance

One of the theorized determinants of leader differentiation is followers' performance (Bauer et al., 1996; Chen et al., 2018; Gerstner & Day, 1997; Han et al., 2021; Wayne & Ferris, 1990). That is, leaders may form higher LMX quality relationships with those that exhibit higher performance and lower LMX quality relationships with those who perform lower. Both role theory and equity principle recognize that leaders identify high performers (Chen et al., 2018; Dienesch & Liden, 1986; Dulebohn et al., 2012; Yu et al., 2018). Followers also likely respond to such differentiation by leaders based on their assessments of whether it is determined by performance or not (Chen et al., 2018; Nishii & Mayer, 2009; Sias & Jablin, 1995). Social hierarchy research supports this notion and suggests that differentiation will be viewed positively by team members depending on what it is based on (Han et al., 2021). If the differentiation is based on ability and performance of the team members, it is likely that it will lead to cooperation within the wider group, while the opposite may be true when the differentiation is not considered legitimate for example, when it is not performance based (Cropanzano et al., 2017; Han et al., 2021; Sui et al., 2016; Tyler, 2006). Basing differentiation on performance helps build trustworthiness for a leader (Chen et al., 2018). Hence, performance-based differentiation is theorized to be fair as it relates to each member's respective contribution. Further, it will undermine any antagonistic interaction between members, instead increasing team coordination (Han et al., 2021; Yu et al., 2018). Accordingly, I hypothesize:

Hypothesis 2: LMXD based on performance positively correlates with (a) fairness perceptions and (b) team coordination perceptions.

LMXD based on ingratiation

Besides the performance-based determinants, non-performance determinants (e.g., follower ingratiation) have been discussed in relation to leader differentiation (Deluga & Perry, 1994; Dienesch & Liden, 1986; Wayne & Ferris, 1990)**.** Unlike traditional leadership theories which contend that it is primarily the leader who impacts the dyadic relationship, followers equally influence the social exchange in LMX theory (Dienesch & Liden, 1986; Dulebohn et al., 2012). One such potential factor is follower ingratiation. Researchers have recommended reviewing its role as a determinant in the formation of an LMX relationship (Schriesheim et al., 2000; Wayne et al., 1994). Tedeschi and Melburg (1984) define ingratiation as tactics used by followers to influence the leader who has control over resources and to achieve goals (Kumar & Beyerlein, 1991). Ingratiation involves behavior used to influence the leader by creating a positive impression, which in turn leads to access to various benefits (Bohra & Pandey, 1984; Deluga & Perry, 1994; Kipnis et al., 1980; Wayne et al., 1994; Wayne & Ferris, 1990). Followers attempt to use ingratiation to produce mutual liking with the leader, creating interpersonal attractiveness and benefit from it (Kipnis et al., 1980; Schriesheim et al., 2000; Wayne et al., 1994; Yukl et al., 1993). Research suggests that when differentiation is based on personal liking derived through ingratiation, it will lack legitimacy and challenge the integrity of the leader (Han et al., 2021). The organizational justice perspective also states that when the basis of differentiation is not performance driven it will create negative fairness perceptions (Chen et al., 2018; Martin et al., 2018). For example, in a group scenario it can create an apparent tension between high quality and low quality LMX members, as the former may use tactics like upward influence to retain their positions, while the latter will resent it leading to a lack of cooperation (Han et al., 2021). Overall, any kind of a favorable exchange within dyads based primarily on ingratiation lacks legitimacy, will likely be viewed as unfair by most followers and impact perceptions of the leader's integrity (Hooper & Martin, 2008; Naidoo et al., 2011; Nishii & Mayer, 2009). Empirical research also shows that such differentiation negatively impacts team processes, given the differentiation is deemed to be undeserving and can generate group politics (Han et al., 2021). Based on these arguments, I hypothesize:

Hypothesis 3: LMXD based on ingratiation negatively correlates with (a) fairness perceptions and (b) team coordination perceptions.

How do leaders differentiate?

Followers likely evaluate the legitimacy of exchange not only by reviewing the input factors (i.e., the "why" of differentiation), but also by evaluating the output factors (i.e., the "how" of differentiation) (Han et al., 2021). As part of this social exchange, leaders offer differential resources and treatment to their followers (Graen & Scandura, 1987). As such, I examine the impact on fairness perceptions and team coordination perceptions when leaders differentiate in treatment of resources and in treatment of liking.

Differential treatment in resource allocation

It is largely acknowledged that access to resources is critical for followers to accomplish tasks within an organization, however their distribution often depends on the quality of one's relationship with the leader (Liden & Maslyn, 1998; Omilion-Hodges & Baker, 2013; Wilson et al., 2010). Given that leaders have limited resources to disseminate, they evaluate the followers and accordingly determine the allocation of resources. For example, these resources could be in the form of information, influence, tasks, latitude (Graen & Scandura, 1987). Previous research recognizes that leader differentiation results in followers becoming highly sensitive not only to the varied relationships that form within the team, but also to dissemination of resources held by the leader (Estel et al., 2019; Henderson et al., 2009). Unequal resource allocation between followers may aggravate differences between them, negatively affecting both fairness perceptions and group functioning (Nishii & Mayer, 2009; Omilion-Hodges & Baker, 2013). Within organizational justice research, resource allocation by leaders has been underscored, given that leaders have limited resources at hand and are selective about its dissemination among followers (Lee, 2001). In fact, rewards have been recognized as being important determinants of employee perceptions and behaviors, affecting their internal cognitive processes (Podsakoff et al., 2006). Rewards impact fairness perceptions of the followers and help them identify behavior that is preferred

by the leader (Podsakoff et al., 2006). When individual team members compare their rewards against others in the team and form a perception that rewards received by them is lesser than what they deserve it leads to relative deprivation (Bolino & Turnley, 2009). Given that a high quality LMX relationship is associated with greater access to resources, it strengthens the rank order among team members and is likely to be detrimental to collective team functioning (Han et al., 2021; Omilion-Hodges & Baker, 2013). In fact, equality in resource allocation is known to enhance team effectiveness, promoting behaviors like team coordination (Yu et al., 2018). However, LMX quality relationships in a given group are highly varied and it is the high quality relationships that often require greater resources from leaders (Estel et al., 2019). Given the dominance of social comparisons within teams (Hooper & Martin, 2008), differential treatment in resource allocation will likely lead to undermining of group processes by the team members who receive limited resources, for example, less proactive behavior is expected from followers who form a low quality relationship with the leader (Estel et al., 2019). Based on these arguments, I hypothesize:

Hypothesis 4: Differential treatment in resource allocation negatively correlates with (a) fairness perceptions and (b) team coordination perceptions.

Differential treatment in liking

Liking is recognized as being integral in determining the quality of LMX relationships, given that leaders possibly often use automatic categorization processes during their interactions with followers, which forms the basis of information processing (Bauer & Erdogan, 2015; Engle & Lord, 1997). Taking this further, I theorize that liking plays an important role in explaining how leaders differentiate among followers. Studies have shown that subordinates who are liked by their leaders are offered more psychological support and receive more investment into the relationship (Turban et al.1990). Liking has also been linked to creating a “halo” effect, whereby a general impression by the leader about one or two characteristics of the subordinate can influence assessment of the subordinate on a variety of parameters (Turban et al., 1990). Furthermore, in the context of performance evaluation it has often been linked to liking by the leader, whereby there is bias involved resulting from

interference in information processing and unconscious affective behavior (Dulebohn et al., 2012). Such an obvious difference in treatment and behavior on part of the leaders may negatively impact fairness perceptions, especially given that it is recognized that most followers would prefer to have higher quality relationships with their leader (Bolino & Turnley, 2009). In fact, based on their findings Hooper and Martin (2008) even recommended that while equity principle may need to be applied to tangible rewards, leaders should try to allocate non-tangible resources (for example, liking) uniformly amongst all their followers (Hooper & Martin, 2008). Leader differentiation in liking is likely to negatively impact team dynamics as well, whereby the lower quality LMX members will refrain from contributing towards effective group functioning and the higher quality LMX members (i.e., those who are liked more by the leader) may indulge in tactics to retain their status. Both of these respective behaviors will be detrimental to team coordination (Han et al., 2021). Based on this, I hypothesize:

Hypothesis 5: Differential treatment in liking negatively correlates with (a) fairness perceptions and (b) team coordination perceptions.

CHAPTER 3: STUDY

Procedure and participants

Participants were recruited using Prolific which is a data collection organization with a large participant database, applies good standards of recruiting and offers transparency both to participants and researchers (Palan & Schitter, 2018). Respondents were paid (1.55 pounds ~ SGD 2.48) for their completion of the survey. All participants were full-time employees based in the US and only individuals who had a previous 100% acceptance score of previous Prolific surveys were recruited. Furthermore, an attention check question was added to the survey to potentially identify those participants who were carelessly responding to the survey. Out of a total of 354 participants, 338 completed the survey and passed the attention check item (95.48%). On average, participants were 36.5 years of age (SD = 10.43) and the majority were male (61%). Participants had an average tenure in the organisation of 6.05 years (SD = 5.68). Average number of coworkers in the current work group was 9.69 (SD = 6.93). Average tenure with the current supervisor was 3.6 years (SD = 3.79). Average number of hours worked per week was 41.7 (SD = 5.79) hours. Majority of the participants were American nationals (94.7%) and the remaining were spread across various nationalities.

Measures

For each item, participants indicated how much they agreed or disagreed on a 5-point Likert-type scale (1 = Strongly disagree to 5 = Strongly agree). Please see Appendix A for a complete list of all scale items.

LMXD in General

The scale used for LMXD-general consists of 4 items that I wrote for this study. LMXD-general refers to the degree to which followers perceive that their leader treats subordinates differently in general. A sample item is “My supervisor treats subordinates differently”. Based on the LMXD-general scale, other LMXD-related scales were developed and used in this study.

LMXD based on Performance

The scale used for LMXD based on performance consists of 4 items written for this study. LMXD based on performance refers to the degree to which followers perceive that their leader treats subordinates differently based on their respective performance. A sample item is “My supervisor treats subordinates differently based on their performance”.

LMXD based on Ingratiation

The scale used for LMXD based on ingratiation consists of 4 items written for this study. LMXD based on ingratiation refers to the degree to which followers perceive that their leader treats subordinates differently based on follower ingratiation directed towards the leader. A sample item is “My supervisor treats subordinates differently based on whom praises him/her”.

LMXD of Resources

The scale used for LMXD of resources consists of 4 items written for this study. LMXD of resources refers to the degree to which followers perceive that their leader treats subordinates differently in the allocation of resources. A sample item is “My supervisor treats subordinates differently by providing more information to some”.

LMXD of Liking

The scale used for LMXD of liking consists of 4 items written for this study. LMXD of liking refers to the degree to which followers perceive that their leader treats subordinates differently in their liking towards followers. A sample item is “My supervisor treats subordinates differently with respect to whom he/she likes or dislikes”.

Fairness Perceptions

For measuring fairness perceptions, Ambrose and Schminke’s (2009) 6-item perceived overall justice (POJ) scale was adapted for the study (Ambrose & Schminke, 2009). In the original study, the entity being assessed using the POJ scale is the organization, while in this study the entity being assessed is the supervisor. Fairness

perception refers to the degree to which followers perceive their leader to be just in their treatment of followers. A sample item is “Overall, I’m treated fairly by my supervisor”.

Team Coordination Perceptions

For measuring team coordination perceptions, Li and Liao’s (2014) 3-item scale was used (Li & Liao, 2014). Team coordination perception refers to the degree to which followers perceive that the actions of their team members are synchronized towards achieving common goals. A sample item was “My team/coworkers work together in a well-coordinated fashion”.

Additional Exploratory Variables

Leader Effectiveness

For measuring leader effectiveness, Hassan and colleagues’ (2013) 2-item scale was used (Hassan et al., 2013). Leader effectiveness refers to the ability of the leader to influence followers and accomplish goals. A sample item was “My supervisor is effective in carrying out his/her job responsibilities”.

LMX Quality

For measuring LMX quality (LMXQ), Graen and Uhl-Bien’s (1995) 7-item scale was used (Graen & Uhl-Bien, 1995). LMX quality refers to the varying quality of relationships between leaders and followers. A sample item was “I have a good standing with my supervisor”.

LMX Social Comparison

For measuring LMX social comparison (LMXSC), Anand and colleagues’ (2010) 6-item scale was used (Anand et al., 2010). LMX social comparison refers to followers’ perception of their relative standing in the team with regards to their own LMX quality. A sample item was “I have a better relationship with my supervisor than most others in my work group”.

CHAPTER 4: RESULTS

Descriptive Statistics and Correlations

Table 1 includes study descriptive statistics, intercorrelations and estimated reliability coefficients. Results showed a negative correlation between LMXD-general and both criteria - followers' fairness perceptions ($r = -0.67$, $p<0.01$) and team coordination perceptions ($r = -0.42$, $p<0.01$). Correlation between LMXD-performance and both criteria - followers' fairness perceptions ($r = -0.39$, $p<0.01$) and team coordination perceptions ($r = -0.29$, $p<0.01$) was negative. Correlation between LMXD-ingratiation and both criteria - followers' fairness perceptions ($r = -0.71$, $p<0.01$) and team coordination perceptions ($r = -0.38$, $p<0.01$) was negative. Correlation between LMXD-resources and both criteria - followers' fairness perceptions ($r = -0.68$, $p<0.01$) and team coordination perceptions ($r = -0.49$, $p<0.01$) was negative. Finally, correlation between LMXD-liking and both criteria - followers' fairness perceptions ($r = -0.67$, $p<0.01$) and team coordination perceptions ($r = -0.42$, $p<0.01$) was also negative.

Besides the key variables, correlations for three additional variables are also reported - followers' leader effectiveness perceptions, LMXQ and LMXSC. Followers' leader effectiveness negatively correlates with differentiation in general ($r = -0.57$, $p<0.01$), differentiation based on performance ($r = -0.29$, $p<0.01$), differentiation based on ingratiation ($r = -0.65$, $p<0.01$), differentiation in resources ($r = -0.57$, $p<0.01$) and differentiation in liking ($r = -0.61$, $p<0.01$), while it had a positive correlation with followers' fairness perceptions ($r = 0.78$, $p<0.01$) and team coordination perceptions ($r = -0.52$, $p<0.01$). Similarly, LMXQ negatively correlated with differentiation in general ($r = -0.58$, $p<0.01$), differentiation based on performance ($r = -0.33$, $p<0.01$), differentiation based on ingratiation ($r = -0.65$, $p<0.01$), differentiation in resources ($r = -0.58$, $p<0.01$) and differentiation in liking ($r = -0.58$, $p<0.01$), while being positively related to followers' fairness perceptions ($r = 0.82$, $p<0.01$) and team coordination perceptions ($r = 0.51$, $p<0.01$). LMXSC positively correlated with differentiation based on performance ($r = 0.22$, $p<0.01$) and fairness perceptions ($r = 0.27$, $p<0.01$).

Test of Hypotheses

Hypotheses 1(a) and 1(b) stated that LMXD-general negatively correlates with fairness perceptions and team coordination perceptions, respectively. As expected, the relation between LMXD-general and fairness perceptions was negative ($r = -0.67$, $p<0.001$). The relation between LMXD-general and team coordination perceptions was also negative ($r = -0.42$, $p<0.001$). Hence, both Hypotheses 1(a) and 1(b) were supported.

Hypothesis 2(a) and 2 (b) stated that LMXD-performance positively correlates with fairness perceptions and team coordination perceptions, respectively. The relation between LMXD-performance and fairness perceptions was negative ($r = -0.39$, $p<0.001$). Similarly, the relation between LMXD-performance and team coordination perceptions was negative ($r = -0.29$, $p<0.001$). Hence, both Hypotheses 2(a) and 2(b) were not supported.

Hypothesis 3(a) and 3(b) stated that LMXD-ingratiation negatively correlates with fairness perceptions and team coordination perceptions, respectively. As hypothesized, the relation between LMXD-ingratiation and fairness perceptions was negative ($r = -0.71$, $p<0.001$). Similarly, the relation between LMXD-performance and team coordination perceptions was also negative ($r = -0.38$, $p<0.001$). Hence, both Hypotheses 3(a) and 3(b) were supported.

Hypothesis 4(a) and 4(b) stated that LMXD-resource allocation negatively correlates with fairness perceptions and team coordination perceptions, respectively. The relation between LMXD-resource allocation and fairness perceptions was negative ($r = -0.68$, $p<0.001$). The relation between LMXD-resource allocation and team coordination perceptions was also negative ($r = -0.49$, $p<0.001$). Hence, both Hypotheses 4(a) and 4(b) were supported.

Hypothesis 5(a) and 5(b) stated that LMXD-liking negatively correlates with fairness perceptions and team coordination perceptions, respectively. As hypothesized, the relation between LMXD-liking and fairness perceptions was negative ($r = -0.67$, $p<0.001$). The relation between LMXD- liking and team coordination perceptions was also negative ($r = -0.42$, $p<0.001$). Hence, Hypotheses 5(a) and 5(b) were supported.

Supplementary Analysis

Interactions

Although the study did not hypothesize interactions, additional analyses were conducted to explore potential interactions of various "how" and "why" LMXD factors. Specifically, I tested all potential interactions between why (i.e., differentiation based on performance, differentiation based on ingratiation) and how (i.e., differentiation in resource allocation, differentiation in liking). To do so, all variables were centered and all interaction products were created by centered variables. Results are located in Tables 2 to 9. Simple slopes for all of the significant interactions are different from zero, except for the interaction between LMXD-liking and LMXD-ingratiation for the prediction of team coordination perceptions – this finding is highlighted below when discussing this particular interaction.

First, the interaction between LMXD-resource allocation and LMXD-performance was tested to see if it predicted followers' fairness perceptions. Results indicated that the interaction was not significant ($p>0.05$). I also tested this interaction in the prediction of team coordination perceptions. Results indicated that the interaction was significant ($\Delta R2=0.02$, $p<0.05$). Figure 1 depicts the nature of this interaction and indicates that when LMXD-performance is lower (simple slope=-0.48), the negative relation between LMXD-resource allocation and team coordination perception is stronger than when LMXD-performance is higher (simple slope=-0.29).

Second, the interaction between LMXD-resource allocation and LMXD-ingratiation was tested to see if it predicted followers' fairness perceptions. Results indicated that the interaction was significant ($\Delta R2=0.02$, $p<0.001$). Figure 2 depicts the nature of this interaction and indicates that when LMXD-ingratiation is higher (simple slope=-0.35), the negative relation between LMXD-resource allocation and fairness perception is stronger than when LMXD-ingratiation is lower (simple slope=-0.17). I also tested this interaction in the prediction of team coordination perceptions. Results indicated that the interaction was significant ($\Delta R2=0.01$, $p<0.05$). Figure 3 depicts the nature of this interaction and indicates that when LMXD-ingratiation is lower (simple slope=-0.37), the negative relation between LMXD-

resource allocation and team coordination perception is stronger than when LMXD-ingratiation is higher (simple slope=-0.19).

Third, the interaction between LMXD-liking and LMXD-performance was tested to see if it predicted followers' fairness perceptions. Results indicated that the interaction was not significant ($p>0.05$). I also tested this interaction in the prediction of team coordination perceptions. Results indicated that the interaction was significant ($\Delta R2=0.02$, $p<0.01$). Figure 4 depicts the nature of this interaction and indicates that when LMXD-performance is lower (simple slope=-0.39), the negative relation between LMXD-liking and team coordination perception is stronger than when LMXD-performance is higher (simple slope=-0.18).

Fourth, the interaction between LMXD-liking and LMXD-ingratiation was tested to see if it predicted followers' fairness perceptions. Results indicated that the interaction was significant ($\Delta R2=0.03$, $p<0.001$). Figure 5 depicts the nature of this interaction and indicates that when LMXD-ingratiation is higher (simple slope=-0.37), the negative relation between LMXD-liking and fairness perception is stronger than when LMXD-ingratiation is lower (simple slope=-0.16). I also tested this interaction in the prediction of team coordination perceptions. Results indicated that the interaction was significant ($\Delta R2=0.02$, $p<0.05$). Figure 6 depicts the nature of this interaction and indicates that when LMXD-ingratiation is lower (simple slope=-0.27), the negative relation between LMXD-liking and team coordination perception is stronger than when LMXD-ingratiation is higher (simple slope=-0.06). As noted above, the simple slope for this interaction is not different from zero.

Three-way Interaction

Liu et al (2019) observed a three-way interaction amongst LMXD, LMXQ and LMXSC predicting supervisory overall justice perceptions. This three-way interaction was also assessed in the current study to predict followers' fairness perceptions, team coordination perceptions and leader effectiveness perceptions. However, the three-way interaction was not significant ($p>0.001$) for all. Results are located in Tables 10 to 12.

CHAPTER 5: DISCUSSION

The purpose of this study was to investigate the effect of leader differentiation on followers' perceptions of fairness and team coordination. Whereas previous studies generally investigated LMXD in general, the current study theorizes that the "why" and "how" leaders differentiate affect followers' fairness perceptions and team coordination perceptions. Drawing on role theory and social exchange theory, it was proposed that differentiation in general, differentiation based on follower ingratiation, differentiation in resource allocation, and differentiation in liking would have a negative relation with followers' fairness and team coordination perceptions, while differentiation based on performance would have a positive relation with followers' fairness and team coordination perceptions.

The results of this study indicated that all of the investigated "why" and "how" LMXD factors, including differentiation based on performance negatively related with fairness and team coordination perceptions. Contrary to predictions of this study, differentiation based on performance is negatively related with followers' fairness and team coordination perceptions. While leaders may choose to differentiate based on performance, and although equity theory suggest that followers may view this as being fair (Chen et al., 2018; Dulebohn et al., 2012), results of this study indicate that in general followers do not view LMXD based on performance as being fair. It also possibly results in relational conflict and decreased coordination within the team, negatively influencing team coordination perceptions. Overall, the results suggest that independent of the reason a leader differentiates or how he/she manifests it, followers uniformly perceive differentiation as being unfair and as being detrimental to team coordination. Given that the findings related to LMXD effects in literature have been mixed, this study highlights the importance of a unified understanding of why and how leaders differentiate. However, as discussed below, many of these bivariate relations are qualified by observed significant interactions.

Additional analyses were conducted to explore potential interactions of various "how" and "why" LMXD factors. First, the negative relation between LMXD-resource allocation and team coordination perceptions was found to be stronger when LMXD-performance was lower

than higher. That is, LMXD was perceived to decrease team coordination, especially when leader differentiation was based less on performance. Given the importance of resources in helping employees accomplish their tasks and the fact that leaders are expected to acquire resources for the team, the unequal distribution is likely to be detrimental to group functioning broadly (Omilion-Hodges & Baker, 2013b). At the same time, equity theory dictates that when high quality relationships are merit based, they are often viewed as being fair (Chen et al., 2018; Dulebohn et al., 2012), likely resulting in less conflict within the team. These arguments combined imply that when leaders differentiate less based on performance, the inequality in resource allocation may become more perplexing to team members, aggravating the negative effect on team coordination.

Second, the negative relation between LMXD-resource allocation and fairness perceptions was found to be stronger when LMXD-ingratiation was higher than lower. That is, LMXD-resource allocation was perceived to decrease fairness, especially when leader differentiation was based more on ingratiation. Research shows that ingratiatory behavior on part of the subordinates using upward influence tactics goes against the notion of merit based assessment generally supported by followers (Han et al., 2021) and instead may lead to misguided assessments by the leader (Deluga & Perry, 1994). This in turn possibly results in followers attributing unequal resource allocation to a kind of reciprocation on part of the leader to follower ingratiation, which is likely considered unfair by the followers.

Third, the negative relation between LMXD-liking and team coordination perceptions was found to be stronger when LMXD-performance was lower than higher. That is, LMXD-liking was perceived to decrease team coordination, especially when leader differentiation was based less on performance. Previous studies have already shown liking based LMX relationship potentially challenges team dynamics given the divide it creates between members, whereby high quality LMX members focus on retaining their status, while the low quality LMX members refrain from contributing towards group processes (Cropanzano et al., 2017; Halevy et al., 2011). This effect possibly gets further aggravated in the instance when followers don't find a strong link between LMXD-performance and differentiation in liking by the leader, hence highlighting the absence of merit being the basis for such leader behavior.

Fourth, the negative relation between LMXD-liking and fairness perceptions was found to be stronger when LMXD-ingratiation was higher than lower. That is, LMXD-liking was perceived to decrease fairness, especially when leader differentiation was based more on ingratiation. It is well established that liking by a leader results in the formation of a high quality LMX relationship with the targeted follower, which in turn has both direct and indirect effects (Ferris et al., 1994; Turban et al., 1990). These effects are visible in treatment of followers by the leader and might create a halo, biasing the leader's judgement (Turban et al., 1990). Furthermore, when followers observe that LMXD-ingratiation is high, they possibly rationalize that liking by a leader is a result of ingratiating behaviors of followers with whom they form high quality LMX relationships. Given that ingratiatory behavior of followers is linked with absence of merit based assessment, it may be considered unfair (Han et al., 2021).

Surprisingly, it was observed that the negative relation between LMXD-resource allocation and team coordination perception was stronger when LMXD-ingratiation is lower than higher. Similarly, the negative relation between LMXD-liking and team coordination perceptions was stronger when LMXD-ingratiation is lower than higher. That is, LMXD-resource allocation and LMXD-liking were perceived to decrease team coordination, especially when leader differentiation was based less on ingratiation. Although this needs to be further examined, firstly previous research has observed that some individuals may ingratiate more than others and it manifests in a consistent manner across situations and target persons (Bohra & Pandey, 1984). Therefore, there is a possibility that ingratiating behavior towards the supervisor extends towards other team members as well. Secondly, studies have also found that need for influence correlates with interpersonal orientation (Bennett, 1988). Given that ingratiation mainly involves influence tactics (Kumar & Beyerlein, 1991), ingratiating behavior towards team members may positively relate with interpersonal relations. These reasons suggest that when a follower ingratiates in general, it may not result in a similar decrease in team coordination perception as is observed when the ingratiating behavior is targeted towards the leader. Additionally, it may be that team coordination suffers more when there is a lack of a strong basis for unequal distribution of resources or for liking

towards some followers by the leader. Instead, for example, when the followers recognize that the reason for differentiation is related to higher ingratiation. This is in line with previous research that has underlined the importance of knowing the basis of differentiation for followers (Chen et al., 2014, 2018), given that their reactions to differentiation vary depending on various factors (Chen et al., 2018; Nishii & Mayer, 2009).

Besides fairness perceptions and team coordination perceptions, the study also looked at leader effectiveness, LMXQ and LMX social comparison. The findings suggested that leader effectiveness negatively relates with LMXD-general, LMXD-performance, LMXD-ingratiation, LMXD-resource allocation and LMXD-liking. Previous studies have shown a positive association between leader effectiveness and fairness perceptions (van Knippenberg et al., 2007), hence it is no surprise that results are similar. With regards to LMXQ, it was observed that it negatively relates with LMXD-general, LMXD-performance, LMXD-ingratiation, LMXD-resource allocation and LMXD-liking. Research related to LMXQ has generated consistent results suggesting that high LMXQ benefits followers (Yu et al., 2018). This offers support to the findings here that when a leader strongly differentiates for any reason, LMXQ suffers. Unlike leader effectiveness and LMXQ, LMXSC did not have a significant relationship with any of the predictors, except for LMXD-performance. Findings of this study show that LMXD-performance negatively relates with followers' perceptions of fairness and team coordination. Based on this, there is a possibility that when LMXD-performance is high, followers are concerned and indulge in comparing their respective relationship quality with others within the team, that is, it results in high LMXSC. Although this line of reasoning will have to be examined further.

The result of the three-way interaction assessed in the current study to predict followers' fairness perceptions, team coordination perceptions and leader effectiveness perceptions was not significant. This is similar to the findings of the study conducted by Liu et al (2019) who also found that the 3-way interactions did not significantly predict overall justice perceptions.

Theoretical Implications

Firstly, the study explores the effects of leader differentiation beyond just examining it in general, hence advancing LMX theory. Even though it is well established that leaders differentiate between followers, the effects of such differentiation are largely inconclusive (Bauer & Erdogan, 2015; Chen et al., 2014; Martin et al., 2018). The findings of this study add to more recent literature that highlights the negative effects of LMXD (Sias & Jablin, 1995; van Breukelen et al., 2002). In answering the question "why do leaders differentiate" two well theorized determinants are explored - performance and follower ingratiation. Findings of this study support existing research related to follower ingratiation and its negative relation with followers' fairness and team coordination perceptions. In contrast, in case of performance the results are not as predicted. The negative relation between differentiation based on performance and followers' fairness and team coordination perceptions strengthens the main idea proposed in the study that leader differentiation has a detrimental effect on followers' perceptions. Next, in answering the question "how do leaders differentiate" the study explores two critical variables - differentiation in resource allocation and differentiation in liking. Although these two variables have been researched in the context of LMX, they haven't been explored as possible ways in which leaders differentiate. The results show a negative relation between differentiation in resource-allocation and followers' fairness and team coordination perceptions. Similarly, the relation between differentiation in liking and followers' fairness and team coordination perceptions is also negative. These findings further corroborate negative effects of leader differentiation. Despite the research done in the area of LMX, in my knowledge no previous study has combined the questions of why and how leaders differentiate to study the effect of leader differentiation and resolve the issue related to inconsistent findings.

Secondly, the findings of the study add value to other leadership theories (e.g., transformational leadership theory, individualized leadership theory). For example, transformational leaders are known to adapt their behavior to individual follower needs, which is similar to LMX building process between a leader and follower (Gerstner & Day, 1997). Similarly, the individualized leadership model also dictates that leaders customize their style

to the needs of individual team members, instead of treating everyone the same way (Hooper & Martin, 2008). The negative effects of LMXD found in this study potentially challenge the utility of such differentiation recommended as part of these theories.

Thirdly, less attention has been given in literature to the effects of LMXD on team-related outcomes and the results have been mixed (Han et al., 2021; Li & Liao, 2014; van Breukelen et al., 2006). This study addresses the gap and examines from a follower's lens how leader differentiation impacts a critical team process, namely team coordination with which LMX shares its theoretical root. This is especially critical given that dyadic relationship between a leader and follower does not exist in isolation and in fact, affects other team members.

Finally, although a number of studies have explored justice perceptions within the LMX literature, there is a lack of a uniform understanding of the relationship between the LMX-related constructs and fairness perceptions (Bauer & Erdogan, 2015). Despite leaders being in positions of authority, there has not been enough examination of leaders as the source of justice. Instead, there has been a wider focus on the organization as a source of justice (van Knippenberg et al., 2007). Although research on LMX and justice have been largely independent of each other, both have often been examined using the social exchange theory (Bauer & Erdogan, 2015; Williams et al., 2016). Hence, a unified understanding of the two concepts as is done in this study makes an important contribution.

Practical implications

Despite the inconclusive findings, a substantial part of LMX literature has highlighted the benefits of leader differentiation for followers (Dansereau et al.,1975). However, findings from this study show that LMXD impacts followers' fairness and team coordination perceptions negatively of which the leaders need to be cognizant. Given that LMX theory has a prescriptive element (van Breukelen et al., 2006) and the fact that benefits of high quality LMX relationships are well recorded (Yu et al., 2018), it is imperative to make leaders aware of the negative effects of LMXD and train them to improve LMX quality with team members, for example, training could be offered on relationship building skills or on justice related

concepts (Dulebohn et al., 2012; Martin et al., 2016). At the very least, leaders should be cautious of the potential negative impact of LMXD and build their own best practices based on their respective team context and culture (Sui et al., 2016; Xie et al., 2019). For example, LMXD may have a less negative impact on teams with an individual focus versus a high interdependent team where followers may prefer equal treatment (Hooper & Martin, 2008). Given the importance of fairness perceptions and its impact on various organizational variables (Cohen-Charash & Spector, 2001; Colquitt et al., 2001), leaders should be guided about justice principles overall, which may aid in alleviating the negative effects of LMXD (Yu et al., 2018). Leaders need to be aware of how differentiation may interfere with critical team processes, such as team coordination, resulting from relational boundaries which get formed due to varying quality of exchanges (Hooper & Martin, 2008). Previous research has also highlighted that often there is disparity in leader perception of LMX versus follower perception of LMX, hence leaders need to be aware of how followers are reacting to differentiation (Li & Liao, 2014). The leaders may have engaged in a high level of differentiation without being aware of it. Again, through leadership training and feedback sessions, leaders should be made aware of these issues.

Limitations and future research

Despite its contributions, the study has several limitations. One of the limitations of the research is that leader differentiation has only been measured from followers' perspective. As has been recommended by other researchers, LMXD should also be measured from the perspective of both leaders and followers (Gerstner & Day, 1997; Greguras & Ford, 2006; Scandura & Schriesheim, 1994), which in turn might offer insight into the level of agreement between them. Secondly, the level of analysis adopted in this research is at an individual level, whereby followers' perspective on LMXD is measured. This is an important first step towards uncovering answers to why and how leaders differentiate. However, future studies should also explore these questions from a group and organization perspective to get a comprehensive view. Thirdly, the data were collected at one time because of which causality cannot be confirmed, for example, relationship between LMXD and fairness perceptions may

be complementary (Williams et al., 2016), hence future research should adopt other methods of data collection which involve a longitudinal research design. Fourth, the data from the survey were mainly collected within the US, hence the generalizability of the study should be tested in other countries and cultures. Fifth, because the study constitutes only self-reported measures, it is prone to common method bias. Finally, future studies should extend the research further to uncover other why and how factors that affect LMXD. For example, perceived similarity could be a potential why variable and leader support could be a potential how variable that could be examined.

CHAPTER 6: CONCLUSION

This study explored critical questions that has not been explored fully in LMX literature – how do the "why" and "how" leaders differentiate affect followers' fairness perceptions and team coordination perceptions. The results of the study begin to address these questions. The findings of this study indicate that both the why (i.e., differentiation based on performance, differentiation based on ingratiation) and how (i.e., differentiation in resource allocation, differentiation in liking) factors negatively impact followers' fairness and team coordination perceptions. Importantly, results indicated that many of these factors interacted to influence followers' fairness and team coordination perceptions. Given the close association between fairness and various employee and organizational criteria, the impact of LMXD on fairness perceptions is important to better understand. Similarly, given the link between team coordination and employee work-related criteria, the impact of LMXD on team coordination perceptions becomes necessary to examine. Accordingly, the study has been able to make several contributions to the extant LMX, justice and team coordination literatures.

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TABLES AND FIGURES

Table 1

Means, Standard Deviations, and Correlations among Key Variables

No	Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Age	36.59	10.43	-																
2	Gender (M=0/F=1)	0.62	0.49	(0.06)	-															
3	Tenure at current organization	6.06	5.68	0.56**	0.03	-														
4	Tenure with current supervisor	3.62	3.79	0.42**	0.04	0.63**	-													
5	Number of coworkers in current group	9.69	6.93	0.08	-0.16**	0.00	(0.80)	-												
6	Average number of work hours weekly	41.67	5.79	0.19**	(0.03)	0.16**	(0.03)	(0.01)	-											
7	Supervisor's gender (M/F)	0.60	0.49	0.07	0.42***	0.13*	0.14**	(0.07)	0.04	-										
8	LMXD in general	2.96	1.18	0.09	0.02	0.11*	0.03	(0.01)	0.13*	0.04	(0.92)									
9	LMXD based on performance	3.11	1.14	0.07	0.10	0.03	(0.04)	0.03	0.13*	0.08	0.74**	(0.91)								
10	LMXD based on ingratiation	2.22	1.08	(0.01)	(0.02)	0.02	(0.02)	0.05	0.07	(0.03)	0.69**	0.46**	(0.88)							
11	Differentiation in resource allocation	2.71	1.17	0.11	0.00	0.13*	0.02	0.03	0.11*	0.04	0.81**	0.63**	0.67**	(0.89)						
12	Differentiation in liking	2.87	1.17	0.06	(0.02)	0.11*	0.02	(0.01)	0.09	0.02	0.84**	0.63**	0.70**	0.77**	(0.90)					
13	Followers' fairness perceptions	3.67	0.74	(0.05)	0.02	(0.08)	0.00	(0.04)	(0.02)	0.05	-0.67**	-0.39**	-0.71**	-0.68**	-0.67**	(0.73)				
14	Followers' team coordination perceptions	4.05	0.83	0.03	0.06	0.00	0.05	(0.09)	(0.04)	0.01	-0.42**	-0.29**	-0.38**	-0.49**	-0.42**	0.50**	(0.83)			
15	Followers' leader effectiveness perceptions	4.13	1.10	0.01	0.04	-0.11*	(0.03)	(0.01)	(0.01)	0.11*	-0.57**	-0.29**	-0.65**	-0.57**	-0.61**	0.78**	0.52**	(0.97)		
16	LMX quality	3.88	0.91	0.02	0.02	(0.01)	0.07	(0.06)	0.01	0.07	-0.58**	-0.33**	-0.65**	-0.58**	-0.58**	0.82**	0.51**	0.77**	(0.93)	
17	LMX social comparison	2.59	0.95	(0.01)	0.08	0.02	0.06	(0.04)	0.05	0.07	0.07	0.22**	(0.10)	0.05	0.06	0.27**	0.00	0.20**	0.42**	(0.90)

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
* p < .05, ** p < .01, *** p < .001

Table 2

Interactive effects of LMXD-resource allocation and LMXD-performance on followers' Fairness Perceptions

	Model 1		**Model 2**	
	B	**SE**	**B**	**SE**
Variables				
LMXD-resource allocation	-0.46***	(0.03)	-0.47***	(0.03)
LMXD-performance	0.05	(0.03)	0.06	(0.04)
LMXD-resource allocation*LMXD-performance			0.02	(0.02)
Constant	3.67***	(0.03)	3.65***	(0.04)
R-square	0.47		0.47	
R-square change			0.00	
F	145.01***		97.03***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXD-resource allocation and LMXD-performance are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001

Table 3

Interactive effects of LMXD-resource allocation and LMXD-ingratiation on followers' Fairness Perceptions

	Model 1		Model 2	
	B	**SE**	**B**	**SE**
Variables				
LMXD-resource allocation	-0.24***	(0.03)	-0.26***	(0.03)
LMXD-ingratiation	-0.31***	(0.03)	-0.25***	(0.04)
LMXD-resource allocation*LMXD-ingratiation			-0.09***	(0.02)
Constant	3.67***	(0.03)	3.74***	(0.03)
R-square	0.58		0.59	
R-square change			0.02***	
F	226.28***		162.70***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXD-resource allocation and LMXD-ingratiation are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001

Table 4

Interactive effects of LMXD-liking and LMXD-performance on followers' Fairness Perceptions

	Model 1		Model 2	
	B	**SE**	**B**	**SE**
Variables				
LMXD-liking	-0.45***	(0.03)	-0.45***	(0.03)
LMXD-performance	0.04	(0.03)	0.04	(0.04)
LMXD-liking*LMXD-performance			-0.01	(0.02)
Constant	3.67***	(0.03)	3.68***	(0.04)
R-square	0.45		0.45	
R-square change			0.00	
F	139.28***		92.71***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXD-liking and LMXD-performance are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001

Table 5

Interactive effects of LMXD-liking and LMXD-ingratiation on followers' Fairness Perceptions

	Model 1		Model 2	
	B	**SE**	**B**	**SE**
Variables				
LMXD-liking	-0.22***	(0.03)	-0.27***	(0.03)
LMXD-ingratiation	-0.32***	(0.04)	-0.23***	(0.04)
LMXD-liking*LMXD-ingratiation			-0.10***	(0.02)
Constant	3.67***	(0.03)	3.76***	(0.03)
R-square	0.56		0.58	
R-square change			0.03***	
F	212.49***		156.16***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXD-liking and LMXD-ingratiation are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001

Table 6

Interactive effects of LMXD-resource allocation and LMXD-performance on followers' Team coordination Perceptions

	Model 1		Model 2	
	B	**SE**	**B**	**SE**
Variables				
LMXD-resource allocation	-0.36***	(0.04)	-0.38***	(0.04)
LMXD-performance	0.02	(0.05)	0.05	(0.05)
LMXD-resource allocation*LMXD-performance			0.82*	(0.03)
Constant	4.05***	(0.04)	3.98***	(0.05)
R-square	0.24		0.26	
R-square change			0.02*	
F	52.87***		38.32***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXD-resource allocation and LMXD-performance are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001

Table 7

Interactive effects of LMXD-resource allocation and LMXD-ingratiation on followers' Team coordination Perceptions

	Model 1		Model 2	
	B	**SE**	**B**	**SE**
Variables				
LMXD-resource allocation	-0.30***	(0.05)	-0.28***	(0.05)
LMXD-ingratiation	-0.07	(0.05)	-0.13*	(0.05)
LMXD-resource allocation*LMXD-ingratiation			-0.08*	(0.03)
Constant	4.05***	(0.04)	3.99***	(0.05)
R-square	0.25		0.26	
R-square change			0.01*	
F	54.20***		38.55***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXD-resource allocation and LMXD-ingratiation are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001

Table 8

Interactive effects of LMXD-liking and LMXD-performance on followers' Team coordination Perceptions

	Model 1		Model 2	
	B	**SE**	**B**	**SE**
Variables				
LMXD-liking	-0.28***	(0.05)	-0.28***	(0.05)
LMXD-performance	-0.03	(0.05)	0.00	(0.05)
LMXD-liking*LMXD-performance			0.09**	(0.03)
Constant	4.051***	(0.04)	3.97***	(0.05)
R-square	0.18		0.20	
R-square change			0.02**	
F	36.11***		27.41***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXD-liking and LMXD-performance are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001

Table 9

Interactive effects of LMXD-liking and LMXD-ingratiation on followers' Team coordination Perceptions

	Model 1		Model 2	
	B	**SE**	**B**	**SE**
Variables				
LMXD-liking	-0.21***	(0.05)	-0.17**	(0.05)
LMXD-ingratiation	-0.13*	(0.05)	-0.22***	(0.06)
LMXD-liking*LMXD-ingratiation			0.10*	(0.04)
Constant	4.05***	(0.04)	3.97***	(0.05)
R-square	0.20		0.21	
R-square change			0.02*	
F	39.50***		29.32***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXD-liking and LMXD-ingratiation are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001

Table 10

Results of three-way interaction between LMXQ, LMXSC, LMXD on followers' Fairness Perceptions

	Model 1		Model 2		Model 3	
	B	**SE**	**B**	**SE**	**B**	**SE**
Variables						
LMXQ	0.52***	(0.03)	0.45***	(0.04)	0.46	(0.04)
LMXSC	0.01	(0.03)	-0.05	(0.03)	-0.06	(0.04)
LMXD	-0.19***	(0.02)	-0.22***	(0.02)	-0.22***	(0.03)
LMXQ*LMXSC			0.03	(0.03)	0.05	(0.03)
LMXQ*LMXD			0.15***	(0.02)	0.14***	(0.03)
LMXSC*LMXD			0.01	(0.02)	0.02	(0.03)
LMXQ*LMXSC*LMXD					-0.02	(0.03)
Constant	3.67	(0.02)	3.75***	(0.03)	3.75***	(0.03)
R square	0.73		0.77		0.77	
R square change			0.04		0.00	
F	304.89***		182.12***		155.85***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXQ, LMXSC and LMXD are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001.

Table 11

Results of three-way interaction between LMXQ, LMXSC, LMXD on followers' Team Coordination Perceptions

	Model 1		Model 2		Model 3	
	B	**SE**	**B**	**SE**	**B**	**SE**
Variables						
LMXQ	0.50***	(0.06)	0.57***	(0.07)	0.58***	(0.07)
LMXSC	-0.20***	(0.05)	-0.20***	(0.05)	-0.20***	(0.05)
LMXD	-0.06	(0.04)	-0.08	(0.05)	-0.07	(0.05)
LMXQ*LMXSC			0.08	(0.05)	0.09	(0.07)
LMXQ*LMXD			-0.02	(0.04)	-0.04	(0.06)
LMXSC*LMXD			-0.03	(0.04)	-0.02	(0.05)
LMXQ*LMXSC*LMXD					-0.02	(0.05)
Constant	4.05***	(0.04)	4.01***	(0.05)	4.01***	(0.05)
R square	0.32		0.33		0.33	
R square change			0.01		0.00	
F	51.46***		26.81***		22.95***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXQ, LMXSC and LMXD are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001.

Table 12

Results of three-way interaction between LMXQ, LMXSC, LMXD on followers' Leader Effectiveness Perceptions

	Model 1		Model 2		Model 3	
	B	**SE**	**B**	**SE**	**B**	**SE**
Variables						
LMXQ	0.89***	(0.06)	0.88***	(0.06)	0.88***	(0.07)
LMXSC	-0.12*	(0.05)	-0.21***	(0.05)	-0.21***	(0.05)
LMXD	-0.13**	(0.04)	-0.20***	(0.04)	-0.20***	(0.05)
LMXQ*LMXSC			0.11*	(0.05)	0.11	(0.06)
LMXQ*LMXD			0.22***	(0.04)	0.21***	(0.06)
LMXSC*LMXD			-0.10*	(0.04)	-0.10	(0.05)
LMXQ*LMXSC*LMXD					-0.01	(0.05)
Constant	4.13***	(0.04)	4.23***	(0.05)	4.23***	(0.05)
R square	0.63		0.66		0.66	
R square change			0.03***		0.00	
F	188.79***		107.98***		92.28***	

Note. N = 338. Unstandardized coefficients are displayed. Standard errors are in parentheses.
LMXQ, LMXSC and LMXD are centered. All the interaction products are created by centered variables.
* p < .05, ** p < .01, *** p < .001.

Figure 1

Interactive Effect of LMXD-Resource Allocation and LMXD-Performance on Team Coordination Perceptions

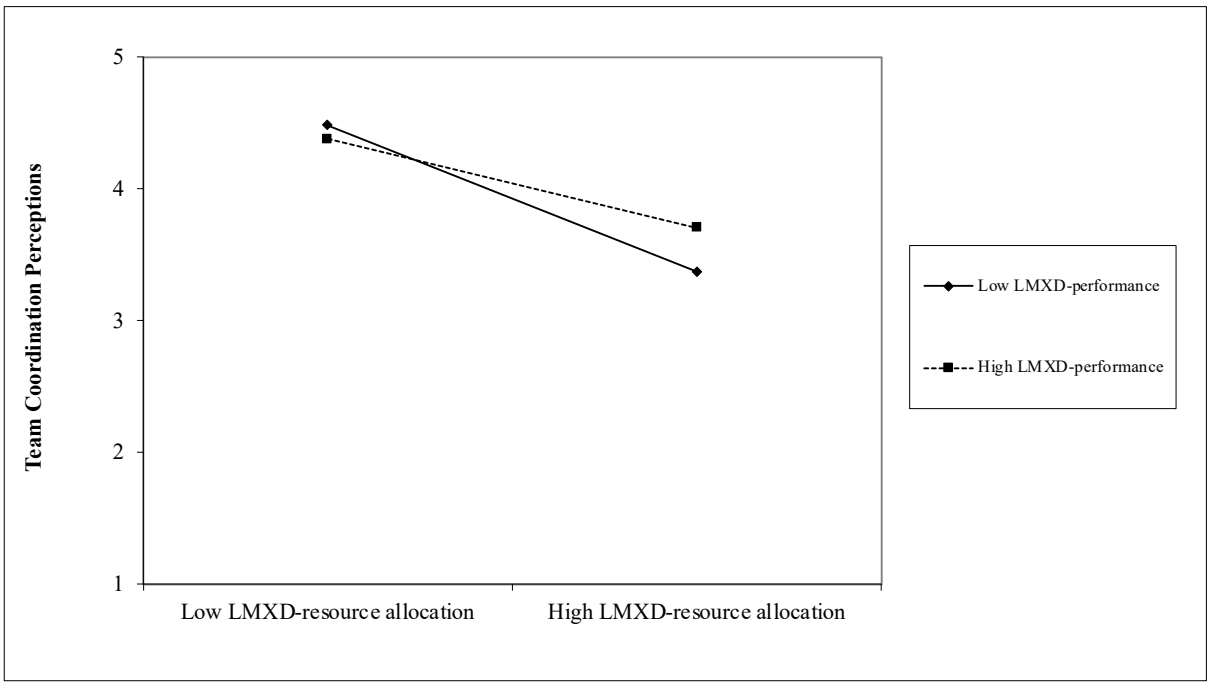


Figure 2

Interactive Effect of LMXD-Resource Allocation and LMXD-Ingratiation on Fairness Perceptions

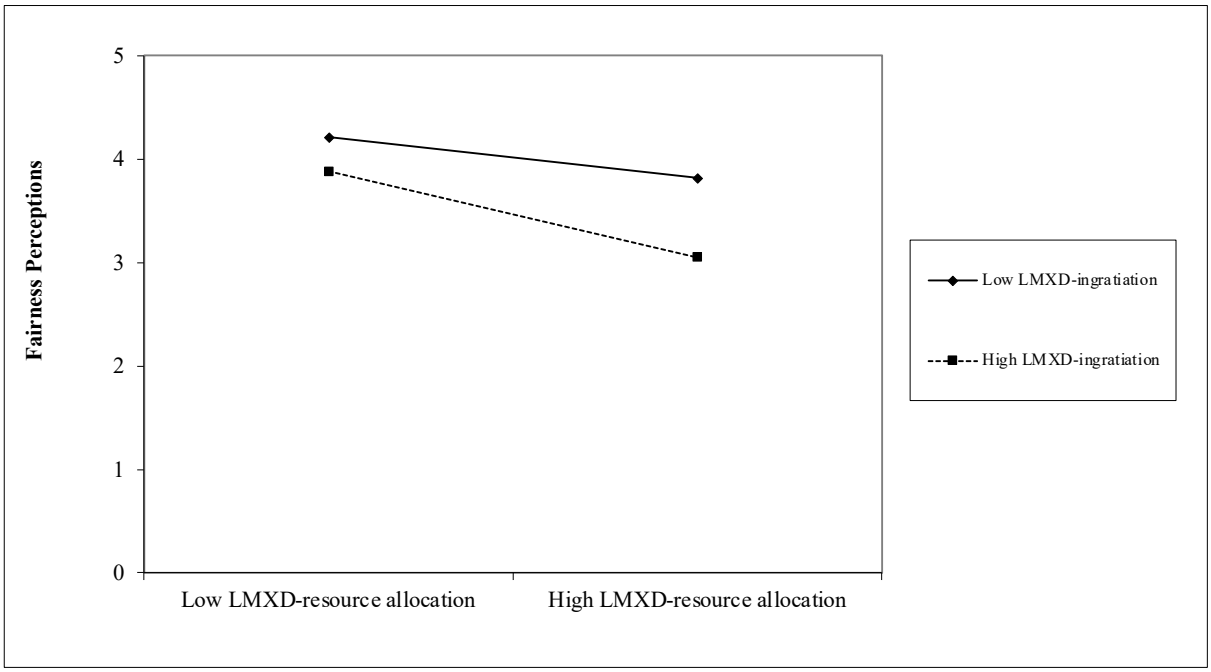


Figure 3

Interactive Effect of LMXD-Resource Allocation and LMXD-Ingratiation on Team Coordination Perceptions

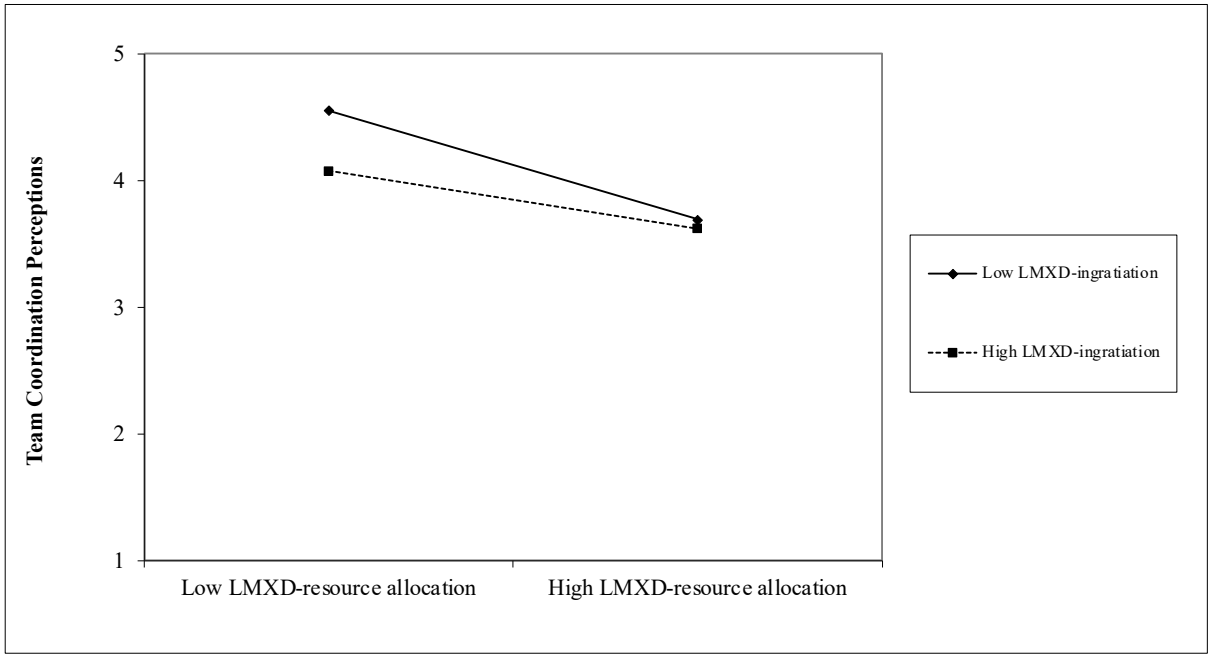


Figure 4

Interactive Effect of LMXD-Liking and LMXD-Performance on Team Coordination Perceptions

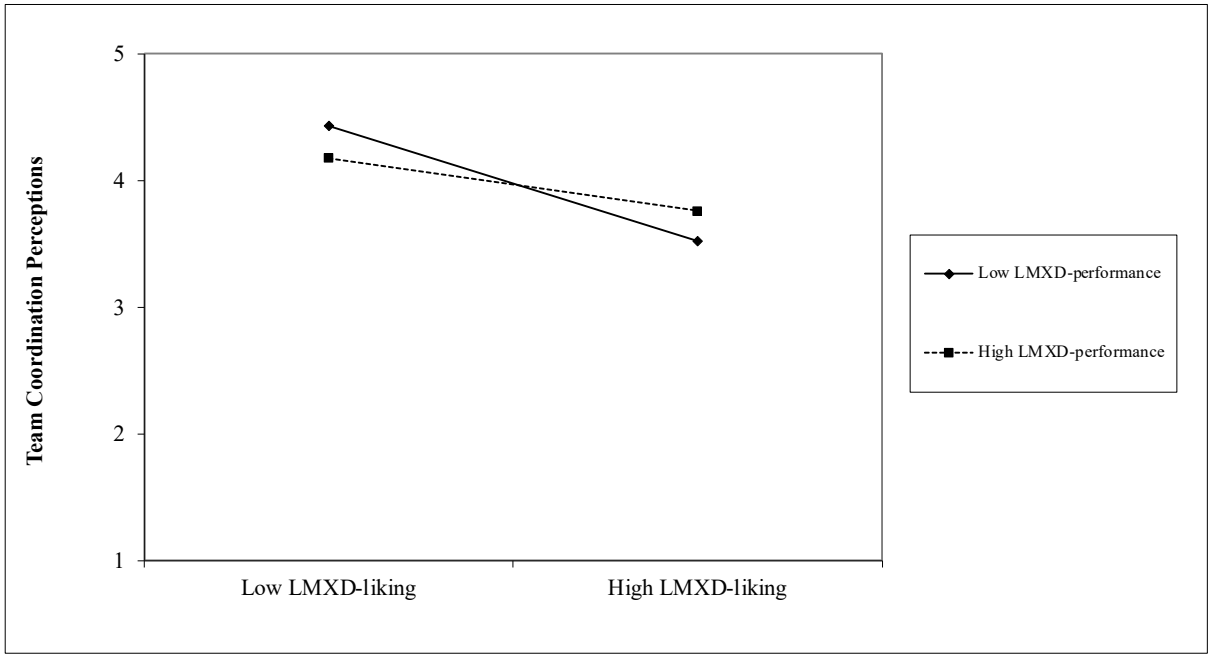


Figure 5

Interactive Effect of LMXD-Liking and LMXD-Ingratiation on Fairness Perceptions

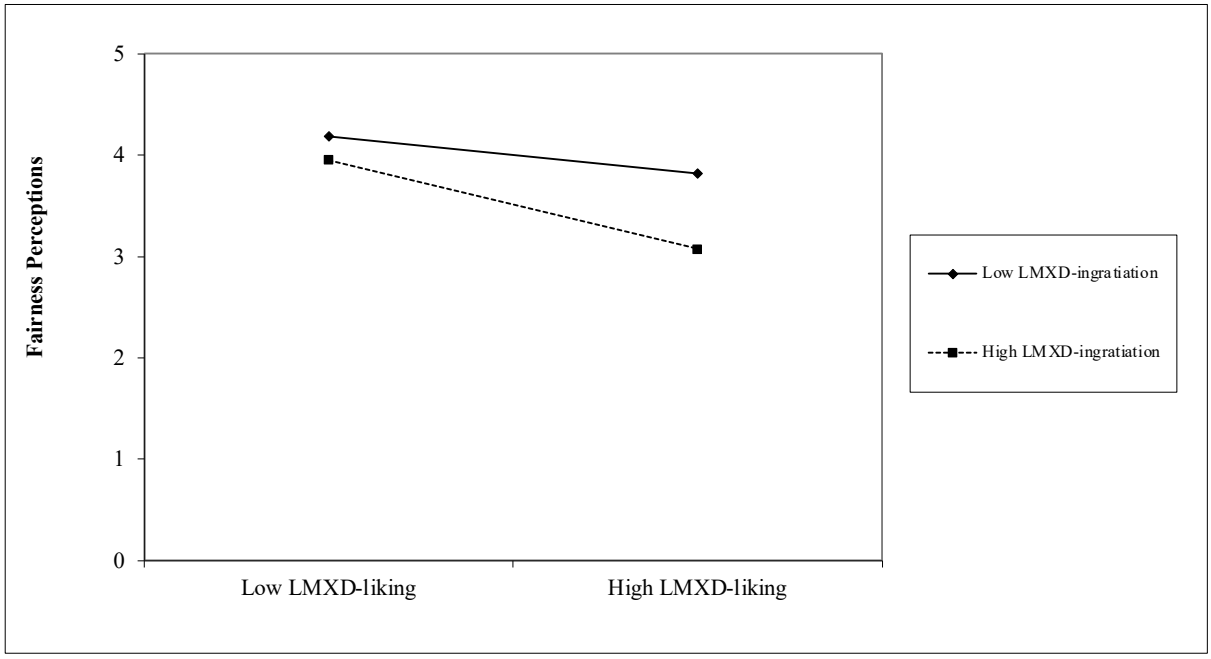
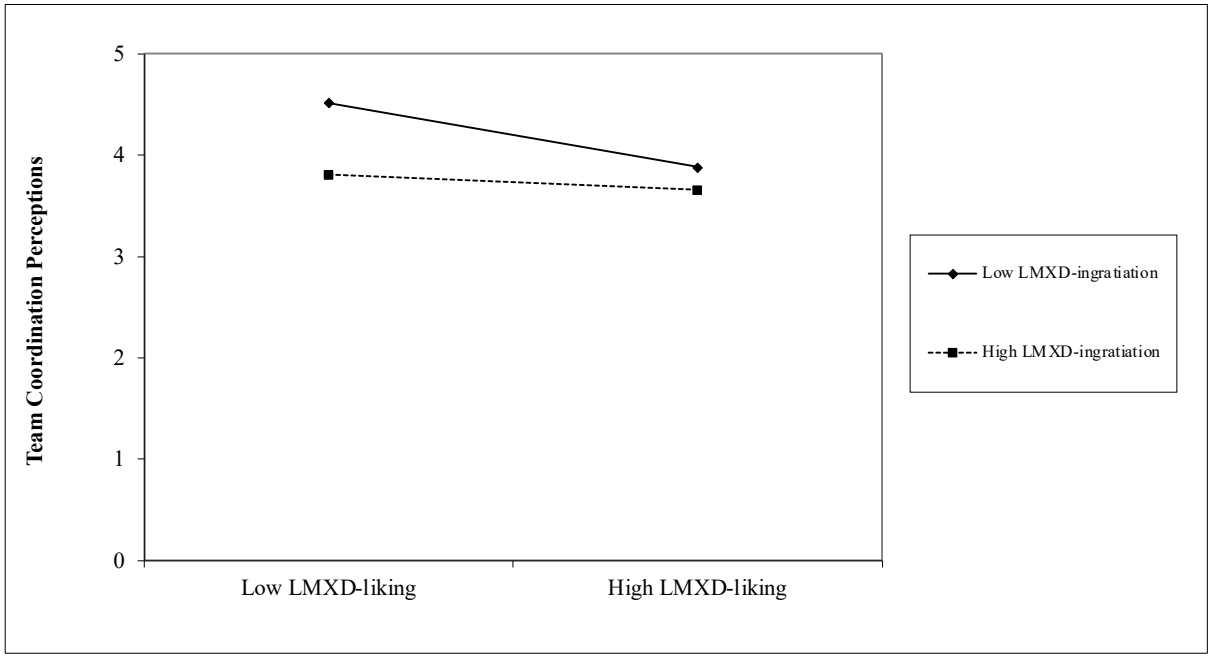


Figure 6

Interactive Effect of LMXD-Liking and LMXD-Ingratiation on Team Coordination Perceptions



APPENDIX

Below are items written for the current study to assess LMXD variations.

Item Stem: My supervisor -

Developed items for LMXD-general:

1. Treats subordinates differently;
2. Favors some subordinates;
3. Treats subordinates equally (reverse scored);
4. Makes distinctions between coworkers.

Developed items for LMXD based on performance:

1. Treats subordinates differently based on their performance;
2. Favors some subordinates because of their job-based accomplishments;
3. Treats subordinates equally regardless of their job performance (reverse scored);
4. Makes distinctions between coworkers based on their job proficiency.

Developed items for LMXD based on ingratiation:

1. Treats subordinates differently based on who praises him/her;
2. Favors some subordinates based on whether they flatter him/her;
3. Treats subordinates equally regardless of how much a subordinate tries to please him/her (reverse scored);
4. Makes distinctions between coworkers based on how much a subordinate compliments him/her.

Developed items for LMXD of resources:

1. Treats subordinates differently by providing more information to some;
2. Offers more resources to some subordinates;
3. Treats subordinates equally by providing the same rewards to everyone (reverse scored);
4. Gives more time to some subordinates.

Developed items for LMXD of liking:

1. Treats subordinates differently with respect to whom he/she likes or dislikes;
2. Favors some subordinates in terms of whose company he/she enjoys;
3. Treats subordinates equally by liking everyone similarly (reverse scored);
4. Makes distinctions between coworkers by developing friendships with some.

Followers' Fairness Perceptions scale items:

1. Overall, I'm treated fairly by my supervisor;
2. In general, I can count on my supervisor to be fair;
3. In general, the treatment I receive from my supervisor is fair;
4. Usually, the way things work in my organization are not fair (reverse scored);
5. For the most part, my organization treats its employees fairly;
6. Most of the people who work in my organization would say they are often treated unfairly (reverse scored).

Followers' Team Coordination Perceptions scale items:

1. My team/coworkers work together in a well-coordinated fashion;
2. My team/coworkers need to backtrack and start over frequently (reverse scored);
3. My team/coworkers integrate everyone's efforts smoothly and effectively.

Followers' Leader Effectiveness Perception scale items:

1. My supervisor is effective in carrying out his/her job responsibilities;
2. Overall, my supervisor is effective.

LMXQ scale items:

1. I have a good standing with my supervisor;
2. My supervisor understands my job problems and needs very well;
3. My supervisor recognises my potential;
4. Regardless of how much formal authority he/she has built into his/her position, chances are that my supervisor would use his/her power to help me solve problems in my work;

5. Regardless of the amount of formal authority my supervisor has, chances are that he/she would “bail me out,” at his/her expense;
6. I have enough confidence in my supervisor that I would defend and justify his/her decision if he/she were not present to do so;
7. I have an effective working relationship with my supervisor.

LMXSC scale items:

1. I have a better relationship with my supervisor than most others in my work group;
2. When my supervisor cannot make it to an important meeting, it is likely that he/she will ask me to fill in;
3. Relative to others in my work group, I receive more support from my supervisor;
4. The working relationship I have with my supervisor is more effective than the relationships most coworkers have with him/her;
5. My supervisor is more loyal to me compared to my coworkers;
6. My supervisor enjoys my company more than he/she enjoys the company of other group members.