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of Economic Leader-Member Exchange Relationships**

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**The Destructiveness of Laissez-Faire Leadership Behavior: The Mediating
Role of Economic Leader-Member Exchange Relationships**

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Abstract

This study examined the mediating role of economic leader-member exchange (ELMX) on the negative associations between laissez-faire leadership and affective commitment, self-reported work effort, and self-reported organizational citizenship behavior (OCB). Two samples were used. Study 1 consisted of 199 employees from an international high-technology manufacturing organization. Study 2 consisted of 197 employees from an international private security firm. Both studies supported a positive association between laissez-faire leadership and an ELMX relationship. Study 1 showed that ELMX fully mediated the negative association between laissez-faire leadership and affective commitment. Study 2 showed that ELMX fully mediated the negative association between laissez-faire leadership and self-reported work effort, and partially mediated the negative association between laissez-faire leadership and self-reported OCB. Theoretical and practical implications are discussed.

Keywords: laissez-faire leadership, economic leader-member exchange relationships.

Introduction

Whereas constructive leadership behaviors, such as transformational and transactional leadership, have been the primary focus of leadership research (cf. Hiller, DeChurch, Murase, & Doty, 2011; Schyns & Schilling, 2012), destructive leadership behaviors have received less attention (Skogstad, Einarsen, Torsheim, Aasland, & Hetland, 2007). Still, destructive leadership is highly prevalent in contemporary working life (Aasland, Skogstad, Notelaers, Nielsen, & Einarsen, 2010; J. Hogan, Hogan, & Kaiser, 2011; R. Hogan, 2007; Schat, Frone, & Kelloway, 2006), and may have devastating consequences for both employees and organizations (Skogstad, et al., 2007) as reflected in, for example, attitudinal and counterproductive work outcomes (Schyns & Schilling, 2012).

Beyond mainstream conceptualizations of destructive leadership (Krasikova, Green, & LeBreton, 2013; Schyns & Schilling, 2012; Tepper, 2007), Skogstad et al. (2007) recently obtained support for the proposition that laissez-faire leadership—which is not only a lack of leadership, but also implies not meeting the subordinates' legitimate expectations—may also represent destructive-leadership behavior that relates positively to role ambiguity, role conflict, conflicts with coworkers, and bullying at work. In addition, laissez-faire leadership seems associated with personality traits that typically are not associated with effective leadership (Derue, Nahrgang, Wellman, & Humphrey, 2011). Further supporting the lack of basic leadership competence, other studies have shown that laissez-faire leadership behavior relates negatively to subordinates' job satisfaction (Judge & Piccolo, 2004), leader effectiveness, satisfaction with the leader, and affective commitment towards the organization (Bučiūnienė & Škudienė, 2008; Judge & Piccolo, 2004; Yammarino, Spangler, & Bass, 1993). In fact, research reviewed by Bass (2008) shows that laissez-faire leadership has negative correlations with effectiveness outcomes across different situations, across different leaders, and for outcomes with both hard and soft data.

The mechanisms through which laissez-faire leadership negatively influences constructive employee outcomes, however, have received less attention, as most empirical research has focused on the direct relationships between laissez-faire leadership and employee outcomes (Bass, 2008). In the present study, we propose that an economic leader-member exchange (ELMX) relationship mediates the relationship between laissez-faire leadership and employee outcomes. Leader-member exchange (LMX) scholars have conceptualized LMX as falling on a continuum from low-quality exchange relationships to high-quality exchange relationships. Based on social-exchange theory, however, social and economic exchange relationships represent qualitatively different relationships, rather than relationships of different quality (Blau, 1964; Shore, Tetrick, Lynch, & Barksdale, 2006). In accordance with such a conceptualization, Kuvaas, Buch, Dysvik, and Haerem (2012) recently obtained support for the proposition that ELMX and social leader-member exchange (SLMX) relationships represent two different forms of relationships between a leader and subordinate.

Kuvaas et al. (2012) argued that a SLMX relationship is characterized by what has been referred to as a high-quality LMX; that is, ongoing exchanges less in need of an immediate “pay off” because they are based on a diffuse future obligation to reciprocate. An ELMX relationship, however, has a more contractual character, and does not imply long-term diffuse obligations. For instance, while each party expects some future return in both SLMX and ELMX relationships, the form and timing of the repayment is made clearer in ELMX relationships, so that the trust required is less tied to the relationship itself (Buch, Kuvaas, Dysvik, & Schyns, in press). As stated by Blau (1994), an economic exchange relationship “... specifies the precise nature of the obligations of both parties and when any outstanding debts are due” (p. 155). An ELMX relationship is therefore more impersonal and rests upon formal status differences and calculus-based trust (Scandura & Pellegrini, 2008). Such a LMX relationship is experienced as more short-term, and motivated by immediate self-interest

(Buch, et al., in press; Kuvaas, Buch, Dysvik, et al., 2012). In the present study, we argue that laissez-faire leadership is likely to encourage subordinate perceptions of a more impersonal, contractual ELMX relationship (Kuvaas, Buch, Dysvik, et al., 2012) which, in turn, reduces subordinates' affective commitment towards the organization, their work effort, and organizational citizenship behavior (OCB), or their willingness to "go beyond that which is required" (Organ, 1990, p. 43). For leaders lacking necessary leadership competence, but who still are in a formal leadership position, ELMX may represent an instrumental and pseudo leadership solution to their leadership responsibilities.

Our intended contribution is twofold. According to Howell and Hall-Meranda (1999), leadership research implicitly assumes that the nature of the relationship between a leader and a subordinate is essential to the link between a leader's behavior and a subordinate's response. In line with this, Wang, Law, Hackett, Wang, and Chen (2005) found that a high-quality leader-member exchange (LMX) relationship mediated the link between transformational leadership behavior, and subordinates' organizational citizenship behaviors and work performance. Accordingly, in responding to calls for research integrating the transformational leadership and LMX literatures (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Howell & Hall-Meranda, 1999), we intend to contribute to research on laissez-faire (destructive) leadership by providing an explanation for the negative relationships between laissez-faire and affective organizational commitment, work effort, and OCB. Second, Kuvaas, Buch, Dysvik, and Haerem (2012) found that an ELMX relationship negatively related to subordinates' work performance and organizational citizenship behaviors. Such findings call for more research on potential antecedents to an ELMX relationship. Accordingly, by investigating laissez-faire as an antecedent to ELMX, we aim to contribute to the extant LMX literature with a better understanding of the factors that shape an ELMX relationship.

Theory and Hypotheses

Laissez-faire Leadership and ELMX Relationships

Leader-member exchange (LMX) is a well-established construct with respect to the nature of the relationship between a leader and a subordinate is leader-member exchange (Graen & Uhl-Bien, 1995). Initially, Graen and colleagues (Dansereau, Cashman, & Graen, 1973; Dansereau, Graen, & Haga, 1975; Liden & Graen, 1980) founded LMX theory on the premise that leaders develop relationships of varying quality with individual subordinates. These leader-subordinate relationships, or LMX relationships, were assumed to fall on a continuum from low-quality economic exchange relationships to high-quality social exchange relationships (e.g. Bernerth & Walker, 2009; Walumbwa, Cropanzano, & Goldman, 2011; Wayne, et al., 2009). However, because social- and economic-exchange relationships represent qualitatively different relationships (Blau, 1964; Shore, et al., 2006), Kuvaas, Buch, Dysvik, and Haerem (2012) recently argued and obtained support for the proposition that a single continuum may not be warranted. Theoretically, a social leader-member exchange (SLMX) relationship should be more encompassing and involve the exchange of socio-emotional resources such as support, and be based on trust, mutual liking, and respect (Bernerth, Armenakis, Feild, Giles, & Walker, 2007; Liden & Graen, 1980). An ELMX relationship, on the other hand, should involve little more than economic exchanges that rest upon discrete agreements, formal status differences, and downward influence (Buch, et al., in press). The emphasis in such relationships is on the balance between what one gives and gets from the relationship (Kuvaas, Buch, Dysvik, et al., 2012). Employees in ELMX relationships can go beyond the call of duty, but not unless they know exactly what to get in return within a relatively short period of time (Kuvaas, Buch, Dysvik, et al., 2012). While SLMX relationships should involve relationship-based trust (see Lau & Cobb, 2010), ELMX relationships should be limited to calculus-based trust emerging “from a focused and systematic cognitive

evaluation of the other party's likelihood of completing a transaction" (Lau & Cobb, 2010, p. 901). Kuvaas, Buch, Dysvik, et al. (2012) argued that ELMX relationships negatively relate to in-role and extra-role performance, as employees in such relationships withhold effort because they worry about their self-interest and future returns.

Experiencing laissez-faire leadership by one's immediate supervisor is clearly compatible with descriptions of ELMX as involving little more than what is stipulated in the employment contract (Kuvaas, Buch, Dysvik, et al., 2012). Still, ELMX is not merely laissez-faire leadership as it takes a *relationship*-based approach to investigating the leader-member dyad, as opposed to investigating laissez-faire leadership *behaviors*. Specifically, laissez-faire leadership is typically conceived as an inactive leadership style in which leaders have no confidence in their own ability to supervise and instead bury themselves in paperwork and actively seek to avoid subordinates (Bass, 2008). Laissez-faire leadership is characterized by delayed decisions, lack of involvement and feedback, and no attempts to satisfy the needs of the subordinates or motivate them (Bass & Avolio, 1990). Rather, the laissez-faire leadership style involves leaving the subordinates with too much responsibility, diverting attention from hard choices, and abdicating responsibility (Bass, 2008). Furthermore, Bass argues that laissez-faire leaders "refuse to take sides in a dispute, are disorganized in dealing with priorities, and talk about getting down to work, but never really do" (2008, p. 143). These characteristics of laissez-faire leadership should make the subordinates feel ignored and isolated (Loi, Mao, & Ngo, 2009), and thus more likely to focus on the economic exchange aspects of their relationship with their immediate supervisor. That is, they should be more likely to worry more about the balance between what they give and get from the relationship with their supervisor, and more likely to pursue *quid pro quo* economic exchanges with their supervisor as a pre-emptive strategy to protect their self interest. In addition, ELMX can be viewed as simple instrumental form of leadership where reward is used as a tool instead of relying on

relationship-oriented behaviors, such as recognizing, supporting, delegating, and consulting (Yukl, O'Donnell, & Taber, 2009). Because laissez-faire leaders may lack the personality traits that are typically associated with effective leadership (Derue, et al., 2011), the development of ELMX relationships may represent a viable means for supervisors to deal with their subordinates, as they are unable to lead. After all, most HR and management systems are organized in a way that makes total absence of management impossible. For instance, appraisals must be performed, regular meetings must be held, and so forth. Accordingly, laissez-faire leaders should be more likely to develop ELMX relationships with their subordinates. We therefore hypothesize:

Hypothesis 1: There is a positive relationship between laissez-faire leadership behavior and an ELMX relationship.

The Mediating Role of an ELMX Relationship

Because decisions are often delayed, and involvement and attempts to satisfy the needs of the subordinates are absent, laissez-faire leadership “implies not meeting the legitimate expectations of the subordinates” (Skogstad, et al., 2007, p. 81). Not meeting the legitimate expectations of subordinates is likely to make them uncertain about the supervisor’s obligations in the long run, and as a result enable subordinates’ experience of an ELMX relationship in which they focus on more short-term, *quid pro quo* exchange of benefits (cf. Wong, Wong, Ngo, & Lui, 2005). In turn, experiencing a more instrumental economic-exchange relationship with one’s supervisor (i.e. ELMX), in which the emphasis is on formal and contractual obligations, and needs and preferences of the subordinates are not considered (Shore, Bommer, Rao, & Seo, 2009) should serve to undermine subordinates’ affective commitment, work effort, and discretionary behaviors (OCBs) directed towards the organization. After all, subordinates

are probably motivated to determine the organization's "readiness to reward increased work effort and to meet needs for praise and approval" (Eisenberger, Huntington, Hutchison, & Sowa, 1986, p. 501), and the ELMX relationship may be considered as a lens through which the subordinates view their entire work experience (Gerstner & Day, 1997). Accordingly, we expect that laissez-faire leadership will negatively relate to affective commitment, work effort, and OCB via the impersonal, contingent, transactional, and short-term nature of an ELMX relationship:

Hypothesis 2: The negative relationships between laissez-faire leadership and subordinates' (a) affective organizational commitment, (b) work effort, and (c) OCB is mediated by subordinate perceptions of an ELMX relationship.

Methods

Sample and Procedure

We performed two studies to test the hypotheses. In both studies, we administered two surveys with a one-month time interval to reduce the potential influence of common-method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The first waves of data collection included the control variables, measures of laissez-faire leadership, and ELMX, whereas the second waves of data collection included measures of affective commitment toward the organization (Study 1), and work effort and OCB (Study 2). For Study 1, we surveyed employees from an international high-technology manufacturing organization. In Study 2, we surveyed employees from an international private security firm. Both organizations were located in Norway. The samples were confined to participants who responded to both waves of data collection, arriving at final samples of $N = 199$ (Study 1), and $N = 197$ (Study 2). The

overall response rate was 19.3 %¹. In Study 1, 69% were men, 8% were temporary employees, and 14% had managerial responsibilities. The average age was 43 years, and average dyad tenure was 1.7 years. In Study 2, 70% were men, 100% were employed on a permanent basis, and 17% had managerial responsibilities. The average age was 36 years, and average dyad-tenure was 2.5 years.

Measures

Laissez-faire leadership. In both studies, we measured laissez-faire leadership by means of four items from Bass and Avolio's (2000) MLQ Form 5x-Short, albeit adapted to refer to the supervisor (cf. Walumbwa, Wu, & Orwa, 2008). Employees rated the supervisors' laissez-faire leadership behavior on a five-point scale ranging from zero (not at all) to four (frequently, if not always). The internal consistency (Cronbach's α) of this scale was $\alpha = .87$ in Study 1 and $\alpha = .89$ in Study 2.

ELMX. Kuvaas, Buch, Dysvik, and Haerem (2012) recently developed separate measures of ELMX and SLMX. However, some of the more contingent quid pro quo items were excluded from the ELMX scale because they cross loaded or had weak factor loadings (Kuvaas, Buch, Dysvik, et al., 2012). Accordingly, additional items were developed on the basis of social exchange theory (e.g. Blau, 1964) by Buch, Kuvaas, and Dysvik (2011). In the present study, we use their refined ELMX scale. Sample items include, "I watch very carefully what I get from my immediate supervisor, relative to what I contribute," and, "In order for me to feel certain that I will receive something in return for a favor, my supervisor and I have to specify the return in advance." The internal consistency of the scale was $\alpha = .81$ in Study 1 and $\alpha = .85$ in Study 2.

¹ Unfortunately, the students who helped us collect the data only kept track of the overall response rate due to a misunderstanding. Accordingly, we cannot assess whether the response rates differ in the two organizations.

Affective commitment. Affective commitment ($\alpha = .89$), or the “affective or emotional attachment to the organization such that the strongly committed individual identifies with, is involved in, and enjoys membership in, the organization” (Allen & Meyer, 1990, p. 2), was measured in Study 1 by means of the six-item scale by Meyer, Allen, and Smith (1993). Sample items include, “I would be very happy to spend the rest of my career with this organization,” and, “I really feel as if this organization’s problems are my own.”

Work effort. For Study 2, we measured self-reported work effort ($\alpha = .89$) with a five-item scale (Dysvik & Kuvaas, 2011) that included items such as, “I try to work as hard as possible,” and, “I usually don’t hesitate to put in extra effort when it is needed.”

Organizational citizenship behavior. We measured self-reported OCB ($\alpha = .88$) in Study 2 by the seven-item helping behaviour scale of Van Dyne and LePine (1998). Sample items include, “I help others in my work group with their work responsibilities,” and, “I volunteer to do things for my work group.”

Control variables. Because ELMX and SLMX are not opposite poles on a single continuum (Kuvaas, Buch, Dysvik, et al., 2012), we controlled for SLMX in both Study 1 ($\alpha = .91$) and Study 2 ($\alpha = .94$) with an eight-item measure (Buch, et al., 2011) when investigating the mediating role of ELMX. In both studies we also controlled for gender because research suggests a male preference for quid pro quo exchange relationships (Kuvaas, Buch, & Dysvik, 2012; Kuvaas, Buch, Dysvik, et al., 2012), and we controlled for age since research suggests a systematic relationship between age and affective commitment (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Furthermore, we controlled for conditions of employment (1 = temporary employee, 2 = standard employee) and managerial responsibility (1 = managerial responsibilities, 2 = no managerial responsibilities), because permanent and temporary employees (see e.g. De Cuyper & De Witte, 2006), and employees with or without managerial responsibilities, may hold different expectations against which they evaluate their employment

relationship. Finally, because the duration of the leader-subordinate relationship may have implications for the research findings since it gives the dyad opportunities to interact and communicate (e.g. Zhou & Schriesheim, 2009), we controlled for length of time reporting to the same leader (dyad tenure) in both studies.

Analyses

We first conducted confirmatory factor analyses (CFA) with the use of the WLSMV estimator of Mplus (Muthén, du Toit, & Spisic, 1997) to test whether the scale items would conform to the *a priori* hypothesized data structure. To test whether ELMX mediates the relationship between laissez-faire leadership and affective commitment (Study 1), and between laissez-faire leadership and self-reported work effort and OCB (Study 2), we conducted a structural equation modeling (SEM) analysis with the use of the delta-method procedure in Mplus (using the Sobel test). The SEM approach is preferable to the causal-steps approach of Baron and Kenny (1986) because it estimates everything at the same time instead of assuming independent equations (Zhao, Lynch, & Chen, 2010). In addition, the causal-steps approach does not provide a quantification of the indirect effect itself, and is among the lowest in power (Fritz & MacKinnon, 2007).

Results

In Study 1, a four-factor CFA model representing laissez-faire leadership, ELMX, SLMX, and affective commitment achieved a good model fit ($\chi^2 [293] = 493.91, p < 0.01; \chi^2/df = 1.69; RMSEA = 0.059; CFI = 0.96; TLI = 0.95$) in terms of frequently used rules of thumb (e.g. Hair, Black, Babin, Anderson, & Tatham, 2006). For Study 2, a five-factor CFA model representing laissez-faire leadership, ELMX, SLMX, work effort, and OCB achieved a similarly good fit ($\chi^2 [454] = 677.30, p < 0.01; \chi^2/df = 1.49; RMSEA = 0.05; CFI = 0.97; TLI$

= 0.97). In addition, all factor loadings were statistically significant with a mean standardized loading of .74 (Study 1) and .80 (Study 2), thereby providing support for the convergent validity of the constructs (Anderson & Gerbing, 1988). The scales displayed high internal consistency with reliability estimates ranging from $\alpha = .81$ to $\alpha = .94$. Table 1 and Table 2 report the correlations, means, and standard deviations among the Study 1 and Study 2 variables, respectively. As expected, laissez-faire correlates positively with ELMX in both Study 1 ($r = .33, p < .01$) and Study 2 ($r = .31, p < .01$). Furthermore, ELMX correlates negatively with affective commitment ($r = -.34, p < .01$) in Study 1. However, laissez-faire does not correlate significantly with self-reported work effort ($r = -.07, ns.$) or OCB ($r = .07, ns.$) in Study 2. We present the results of the structural equation models in Table 3.

 Insert Table 1 and Table 2 about here

 Insert Table 3 about here

The structural-equation models that we estimated for Study 1 ($\chi^2 [390] = 702.37, p < 0.01; \chi^2/df = 1.809; RMSEA = 0.06; CFI = 0.94; TLI = 0.94$) and Study 2 ($\chi^2 [600] = 914.64, p < 0.01; \chi^2/df = 1.52; RMSEA = 0.05; CFI = 0.96; TLI = 0.95$) provided a good fit with the data. In support of Hypothesis 1, the results demonstrate a positive relationship between laissez-faire leadership and ELMX in both Study 1 ($\gamma = .59, p < .01$) and Study 2 ($\gamma = .50, p < .01$). Hypothesis 2 contended that the negative relationships between laissez-faire leadership and subordinates' (a) affective organizational commitment, (b) work effort, and (c) OCB is mediated by subordinate perceptions of an ELMX relationship. In support of Hypothesis 2a, the results of Study 1 demonstrate that laissez-faire leadership indirectly negatively relates to affective commitment (standardized effect = $-.15, p < .01$). Specifically, since the direct relationship was not statistically significant ($-.24, ns.$), the mediation classifies as indirect-only

mediation (Zhao, et al., 2010), thus suggesting that ELMX fully mediates the relationship between laissez-faire and affective commitment. Furthermore, the results of Study 2 demonstrate a significant indirect relationship between laissez-faire leadership and self-reported work effort via ELMX (standardized effect = $-.17$, $p < .01$), and a nonsignificant direct relationship between laissez-faire leadership and self-reported work effort. Accordingly, Hypothesis 2b is supported as well. Finally, in partial support of Hypothesis 2c, the results of Study 2 suggest a significant negative indirect relationship between laissez-faire leadership and self-reported OCB via ELMX (standardized effect = $-.19$, $p < .01$), and a significant direct *positive* relationship between laissez-faire leadership and self-reported OCB ($\gamma = .48$, $p < .05$). Since the indirect relationship has a different sign than the direct relationship, the form of mediation can be classified as *competitive* (Zhao, et al., 2010) or *inconsistent* (MacKinnon, Fairchild, & Fritz, 2007).

Discussion

By exploring the mediating role of ELMX on the negative relationships between laissez-faire leadership and affective commitment (Study 1), and work effort and OCB (Study 2), the overriding goal of this study was to contribute to a better understanding of why laissez-faire leadership negatively relates to constructive employee outcomes. Our findings hold a number of distinct contributions.

First, our findings show that ELMX fully mediates the relationships between laissez-faire leadership and affective commitment (Study 1) and work effort (Study 2), and partially mediates the relationship between laissez-faire leadership and OCB (Study 2). These findings support previous research suggesting that laissez-faire leadership is not a form of zero leadership, but a form of destructive-leadership behavior (Skogstad, et al., 2007). They also support the proposition that although laissez-faire leadership has received less attention than

transactional and transformational leadership dimensions, it is just as important (e.g. Hinkin & Schriesheim, 2008). Together, these findings contribute to the extant literature on laissez-faire (destructive) leadership by demonstrating a mechanism through which laissez-faire leadership negatively relates to constructive employee outcomes. In addition, by indicating that ELMX mediates the influences of destructive (laissez-faire) leadership behaviors, we complement and extend research indicating that high-quality (S)LMX mediates the influence of constructive (transformational) leadership behaviors (Wang, et al., 2005).

Second, most of the research on LMX relationships has focused on outcomes rather than antecedents (Erdogan & Liden, 2002; Yukl, et al., 2009). In both studies, we observed a positive association between laissez-faire leadership and ELMX relationships. These observations should contribute to the extant LMX literature by indicating that laissez-faire leadership encourages the formation of perceived impersonal, short-term, contractual, formal, ELMX relationships motivated by immediate self-interest (Kuvaas, Buch, Dysvik, et al., 2012).

Finally, while Study 2 revealed a significant *negative* indirect relationship between laissez-faire leadership and OCB via ELMX, it also revealed a significant *positive* direct relationship between laissez-faire and OCB. Researchers typically label such phenomenon inconsistent (MacKinnon, et al., 2007) or competing (Zhao, et al., 2010) mediation, and argue that there are several instances in which the mediated effect may have a different sign in a model than the direct effect. Mackinnon et al. (2007), for instance, use the example of making widgets, where intelligence (X) relates to widget production (Y) via boredom (M). Whereas intelligent workers tend to get bored and produce fewer widgets (indirect negative relationship), intelligent workers also tend to produce more widgets (direct positive relationship). The two relationships are thus competing, and the overall relationship between intelligence and widgets may actually be zero. With respect to the relationship between laissez-faire and OCB in particular, our findings suggest that while employees who perceive higher

levels of laissez-faire leadership may engage in fewer OCBs because they develop perceptions of ELMX relationships, they tend also to engage in more OCBs when their leader leaves them with too much responsibility, diverts attention from hard choices, and abdicates responsibility (i.e. laissez-faire leadership; Bass, 2008). The direct and indirect effects are thus competing, and the total relationship between laissez-faire leadership and OCB may actually be zero, which is also suggested by the nonsignificant raw correlation between laissez-faire leadership and OCB ($r = .07, ns.$) reported in Table 2.

Limitations and Research Directions

As with any study, both studies have a number of potential limitations. First, the cross-lagged nature of the research design means that the causal relationships among the variables should be interpreted with caution (e.g. Shadish, Cook, & Campbell, 2001). Experimental or longitudinal studies may thus be warranted in future research.

Second, the variables in both studies were measured by means of self-report data, which raises concerns about potential common-method variance and percept–percept inflation (e.g., Crampton & Wagner, 1994). We have attempted to deal with these issues in both studies by undertaking several procedural remedies, including temporally and psychologically separating the variables, and ensuring the anonymity of the respondents, which should reduce the threat of common-method variance (Chan, 2009; Podsakoff, et al., 2003). The time lag serves to reduce potential common-method variance by “allowing previously recalled information to leave short-term memory” (Podsakoff, et al., 2003, p. 888) and by reducing “the respondent’s ability and/or motivation to use previous answers to fill in gaps in what is recalled and/or to infer missing details” (Podsakoff, et al., 2003, p. 888). Emphasizing confidentiality should serve to make the respondents’ less likely “to edit their responses to be more socially desirable,

lenient, acquiescent, and consistent with how they think the researcher wants them to respond” (Podsakoff, et al., 2003, p. 888).

Finally, it is worthwhile to consider the generalizability of our findings. Even though the studies were performed in two relatively different organizations, both studies were conducted in a single country and involved mostly male respondents. Clearly, research is needed in other countries and on other types of employees to determine the generalizability of our mediation model.

Given that the negative relationships between laissez-faire leadership, and affective commitment and work effort can be explained by the subordinates’ perceptions of ELMX, another avenue for future research is to identify other antecedents to perceived ELMX relationships. In Study 1 and Study 2, we were able to account for 44% and 29% of the variance in ELMX, respectively, suggesting that ELMX relationships are not solely determined by laissez-faire leadership. Accordingly, future research may want to investigate the potential roles played by active management by exception and contingent-reward leadership.

Practical implications

On a practical level, our study serves to identify specific types of relations-oriented behavior that managers can aim to avoid or improve to facilitate exchange relationships with individual subordinates. More specifically, our findings suggest that leaders should seek to avoid being absent when needed, make necessary decisions, respond to urgent questions, and get involved when important issues arises. Improving such relations-oriented behaviors is likely to reduce the likelihood that the subordinates experience an ELMX relationship characterized by a focus on more short-term, quid pro quo exchange of benefits, which in turn results in less desirable outcomes such as reduced affective organizational commitment, work effort, and OCB.

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Table 1. Descriptive statistics, correlations, and scale reliabilities for Study 1

	Mean	SD	1	2	3	4	5	6	7
1. Age	42.98	10.10							
2. Gender ^a	1.30	.46	-.14*						
3. Dyad tenure	1.74	1.57	.21**	-.09					
4. Managerial responsibility ^b	1.83	.37	-.05	.09	-.22**				
5. SLMX	3.73	.87	-.08	-.03	.06	-.18**	(.91)		
6. ELMX	1.85	.64	-.14	-.06	-.09	.21**	-.45**	(.81)	
7. Laissez-faire leadership	2.23	.91	.25**	.15**	.06	.10	-.63**	.33**	(.87)
8. Affective commitment	3.42	.77	.13	.03	.12	-.13	.26**	-.34**	-.26** (.83)

Note. $N = 199$.

* $p < .05$.

** $p < .01$.

^a Men = 1, women = 2.

^b 1 represents managerial responsibility and 2 represents no managerial responsibility.

Table 2. Descriptive statistics, correlations, and scale reliabilities for Study 2

	Mean	SD	1	2	3	4	5	6	7	8	9
1. Age	36.46	13.56									
2. Gender ^a	1.31	.47	-.07								
3. Dyad tenure	2.54	4.95	-.04	.01							
4. Employment condition ^b	1.08	.27	.10	-.00	-.04						
5. Managerial responsibility ^c	1.86	.35	.01	-.01	.02	.07					
6. SLMX	3.25	1.14	-.07	.18*	.13	-.04	-.21**	(.94)			
7. ELMX	2.37	.84	-.09	-.15*	-.06	.01	.07	-.39**	(.85)		
8. Laissez-faire leadership	2.44	1.04	.29**	.15**	-.06	.04	.12	-.67**	.31**	(.89)	
9. Work effort	4.11	.77	.17*	.03	.06	-.08	-.13	.24**	-.28**	-.07	(.89)
10. OCB	4.16	.69	.12	.01	.10	-.03	-.11	.05	-.19**	.07	.60** (.88)

Note. $N = 197$.

* $p < .05$.

** $p < .01$.

^a Men = 1, women = 2.

^b Permanent position = 1, temporary employment = 2.

^c 1 represents managerial responsibility and 2 represents no managerial responsibility.

Table 3. The mediating role of ELMX on the relationship between laissez-faire leadership and employee outcomes

	Study 1			Study 2				
	ELMX	Affective commitment		ELMX	Work effort		OCB	
	Direct	Direct	Indirect	Direct	Direct	Indirect	Direct	Indirect
<i>Control variables</i>								
Age	.14	.10		-.12	.14		.09	
Gender ^a	-.10	.04		-.17*	.01		-.04	
Dyad tenure	-.04	.08		-.07	.05		.10	
Employment condition ^b	N/A	N/A		.01	-.10*		-.02	
Managerial responsibility ^c	.24**	-.06		.06	-.12		-.13	
SLMX		-.02			.47**		.28*	
<i>Independent variable</i>								
Laissez-faire leadership	.59***	-.24	-.15*	.50***	.41	-.17**	.48*	-.19**
<i>Mediating variable</i>								
ELMX		-.26*			-.34**		-.37**	
R ²	.44		.23	.29		.25		.18

N = 199 (Study 1) and 197 (Study 2). **p* < .05. ***p* < .01. ****p* < .001. Standardized path coefficients and standardized indirect effects are reported.

Fit indices Study 1: χ^2 [390] = 702.37, *p* < 0.01; RMSEA = 0.06; CFI = 0.94; TLI = 0.93.

Fit indices Study 2: χ^2 [600] = 914.64, *p* < 0.01; RMSEA = 0.05; CFI = 0.96; TLI = 0.95.

^a Men = 1, women = 2.

^b Permanent position = 1, temporary employment = 2 (there were no temporary employees in our Study 1 sample).

^c 1 represents managerial responsibility and 2 represents no managerial responsibility