Leader-Member Exchange and Affective Commitment: The Moderating Role of Exchange Ideology

Seung Yeon Son

Abstract—In today’s rapidly changing and increasingly complex environment, organizations have relied on their members’ positive attitude toward their employers. In particular, employees’ organizational commitment (primarily, the affective component) has been recognized as an essential component of organizational functioning and success. Hence, identifying the determinants of affective commitment is one of the most important research issues. This study tested the influence of leader-member exchange (LMX) and exchange ideology on employee’s affective commitment. In addition, the interactive effect of LMX and exchange ideology was examined. Data from 198 members of the Korean military supports each of the hypotheses. Lastly, implications for research and directions for future research are discussed.

Keywords—Affective commitment, exchange ideology, leader-member exchange, commitment.

I. INTRODUCTION

Most leadership theory and research does not consider the variety of exchange quality leaders form with their subordinates. However, actual phenomenon in the field makes it clear that dyadic relationships of leader-members are not identical for all of a supervisor’s subordinates. This view suggests that the leader-member relational net becomes differentiated into dyads with lower leader-member exchange (LMX) relations and dyads with higher LMX relations. According to [18], exchange relationships are constructed on the basis of personal congeniality and employee capability and reliability. Over time, a leader is likely to develop either a high quality of exchange relationship or a low-exchange relationship with each member. In short, the basic premise of LMX theory is that a leader develops a distinct relationship with each member as the two parties mutually establish the employee’s role.

According to prior research [16], [20], [31], as the quality of LMX increases, leaders offer more benefits and resources to their employees. Such positive support stimulates obligations for the member to reciprocate, which they do by performing more efficiently and usefully. To be more concrete, leaders can provide assignment to interesting and meaningful tasks; personal support and approval; and confidence in, and consideration for, the member. In return for greater benefit, support, and trust, a high-exchange member feels a sense of obligation beyond their formally required role [33]. The member is expected to be more committed to his or her task, to be loyal to the supervisor, to work harder to achieve their organization’s goals, and to support the success of their leader’s managerial duties.

Following this trend, most of the studies on LMX have explored how LMX is related to an employee’s attitude, behaviors, and performance. For example, one set of research examined how LMX is related to subordinate’s reactions such as satisfaction, commitment, and performance. This research has suggested that the member’s attitude toward organization or job performance is positively related to the development of higher quality LMX.

Although prior work has broadened our knowledge breadth of LMX, there are several uncharted territories so far. In other words, we give credit to previous research on LMX which has enlarged our understanding of supervisor-subordinate relationship [7]. Nonetheless, we have plenty of topics worth exploring. First, organizational commitment has been studied as an important indicator of organizational effectiveness in various leadership research efforts [33]. However, the number of research studies to verify the effect of LMX on employee’s organizational commitment is limited, and most studies have been conducted in Western cultural settings. This asymmetry calls for more research in Oriental culture.

Second, according to social exchange perspectives [4], [10], social exchange relationships are a prevalent phenomenon in almost the entirety of an organization. Employee’s personal beliefs in exchange [14], therefore, play a critical role in forming an individual’s attitude towards things such as organizational commitment. Nevertheless, the effort to link exchange ideology with organizational commitment is something we rarely find. Third, recent theoretical treatments of the determinants of employee’s attitude and performance have adopted an interactional perspective whereby employee’s reactions are perceived to be the result of the complex interaction between personal and situational factors. Likewise, interactional approach to organizational commitment is more appealing. Nonetheless, studies to examine the interaction effects of LMX and personal belief in exchange (i.e., exchange ideology) on organizational commitment are limited.

The purpose of this study is therefore threefold. First, we will explore the relationship between LMX and organizational commitment in South Korea. By doing so, we will contribute to the generalizability of the previous research. Second, the present paper aims to examine the effect of exchange ideology on employee’s organizational commitment. To our knowledge, it is the first study to explore the role of exchange ideology in encouraging or discouraging organizational commitment.

Finally, we will investigate the interactive effects of LMX and exchange ideology on organizational commitment. This
touch the surface of how exchange ideology might interact with LMX to serve to encourage or discourage organizational commitment. Our contribution is not only to enlarge the theoretical understandings, but also to suggest the practical implications to managers.

II. THEORY AND HYPOTHESES

A. LMX and Affective Commitment

Organizational commitment has been recognized as one of the critical catalysts for effectiveness and success of organizations. According to [23], organizational commitment was composed of three distinct forms: commitment as an affective attachment to the organization (i.e., affective component), commitment as a perceived cost associated with leaving the organization (i.e., continuance component), and commitment as an obligation to remain in the organization (i.e., normative component).

Of these, affective commitment has been preferred as the core concept of organizational commitment by many scholars [5], [24]. More specifically, the most popular approach to organizational commitment in the available literature is one in which commitment is considered to be an emotional attachment to the organization such that the strongly committed employee identifies with, is involved in, and enjoys membership in, the organization [2]. Therefore, affective commitment has been utilized as the sole indicator of organizational commitment [29]. As a result, affective commitment has been a subject of interest in management literature for a long time [24], and many researchers put forth considerable effort into verifying what causes employee’s affective commitment.

Extant research has indicated that leadership is the most powerful predictor of organizational commitment. In particular, we argue that affective commitment is likely to be influenced by LMX. Research on leader-member dyads has produced a consistent pattern characterized by leader-member transactions. In exchange for positional resources from a supervisor, the employee commits himself or herself to higher degrees of participation in the organizations’ functioning [11]. Once established, the LMX relationship may be a primary pipeline through which organizational support and resources are delivered to employees. A leader may offer greater levels of organizational support and resources to their higher LMX members. By doing so, members in higher LMX relationship may be motivated to reciprocate to their supervisor.

This relationship can entail highly valued outcomes for both the leader and the follower. The leader can provide power in the decision making process, transparent communication, support for the follower’s behaviors, and increased trust in the follower [26]. The follower can reciprocate with greater involvement towards the success of the supervisor or the entire organization. Research on this dyad linkage model has showed that this differentiation or quality of LMX relations is associated with attitude, such as satisfaction and productivity, such as performance [19].

There are several reasons why LMX would have an effect on affective commitment. First, the leader in a high quality LMX can encourage member commitment to the organization by convincing the follower that the organization deserves commitment [31]. In addition, followers in high quality relationships are likely to accept their leader’s requests or influence because of a sense of loyalty to their supervisor.

Second, a core tenet of social exchange perspectives is reciprocity, whereby individuals repay any favors to make equal the exchange [17]. Thus, favorable treatment from their supervisor or good relationships with their leader (i.e., high quality of LMX) should increase the member’s positive attitude and emotions toward his or her leader, and stimulate feelings of obligation towards contributing to the supervisor’s goals. Furthermore, because the leader acts as an agent of the organization [13], employees would consider their leader’s favorable treatment or high quality of LMX as an indicator of the organization’s manner towards them.

Third, it has been suggested that organizational commitment is influenced by social interaction opportunities, job challenge, and substantial feedback. In general, supervisors are responsible for task assignments and feedback provisions. Members in closer contact with their leaders generally are assigned meaningful and desirable tasks. These kind of tasks are helpful for individual growth and development. Moreover, typically followers in high-quality LMX are can have more feedback opportunities because of their proximity to their leaders and frequent interaction with supervisors [8]. For these reasons, members of high quality LMX are expected to report higher levels of affective commitment to their organization.

Taken together, high levels of LMX are thought to produce high levels of affective commitment. Previous research conducted in Western cultural environments has confirmed our expectations [12], [16]. Thus, we expect that affective commitment is also likely to increase when there is a high quality LMX in an Asian environment.

H.1 LMX will have a positive relationship with affective commitment.

B. Exchange Ideology and Affective Commitment

Researchers generally concur that individual differences, such as personality, are important antecedents of attitudes and behaviors. For this reason, personal characteristics are becoming increasingly popular in organizational behavior. Of these, exchange ideology has been considered as one important individual difference that affects the social exchange processes [10]. According to social exchange theory and the norm of reciprocity, when individuals receive benefits or desirable treatments, they feel obligated to reciprocate [4], [10], [17]. In contrast, negative returns might occur when there is a lack of balance between exchange partners. Although individuals may generally follow reciprocity norms, they are likely to engage in different reactions to the same exchange situation depending on their orientation toward exchange, that is, exchange ideology [10].

Exchange ideology implies “both an employee’s expectation of and likely behavioral response to exchange relationships within a given organization or organizational member [27].” For example, exchange ideology was a powerful moderator on
the relationship between organizational justice and outcome [27]. However, research on exchange ideology is still deficient. For instance, we have little knowledge of the main effects of exchange ideology. Considering that researchers have paid great attention to the main impacts of personal characteristics on various outcomes and that exchange ideology is likely to have an effect on social exchange relationships in the workplace, it would be productive to explore the main effects of exchange ideology centrally [28]. In this paper, we thus examine the main effects of an employee’s exchange ideology on the attitude toward his or her organization (i.e., affective commitment).

Researchers recognize that individuals vary in the strength of their reciprocal beliefs [3]. Whereas some individuals with a high exchange ideology put forth effort toward other parties (e.g., coworkers, supervisor, and organization) with the expectation of reciprocity, others are not sensitive to give-and-take [32]. Therefore, exchange ideology is considered a dispositional orientation [22] or individual difference trait [28]. Because some individuals prefer quid pro quo exchanges with a quick turnaround [14], most prior studies have explored exchange ideology’s moderating role on relations between predictor and outcomes. However, research on exchange ideology would provide us with several implications on the main effects of exchange ideology. First, individuals with strong exchange ideology give more attention to what they receive than what they give and consider exchange partners as debtors [9]. Such a disposition probably generates a self-serving bias, which makes these employees think they are receiving less than they deserve [28]. This implies that high exchange ideology holders pay more attention to tangible exchange with an organization than the organization itself, which may lead to less emotional attachment to the organization.

Second, employees with a high level of exchange ideology set a premium on immediate or direct exchange [25]. In other words, while long-term relationships with the organization are not important to strong exchange ideology holders, benefits and rewards for contributions represent much to them. They are also more calculating and selfish persons. Therefore, members high in exchange ideology may be less likely to feel an obligation to the organization [28], which leads to lower levels of affective commitment. A few studies indicated the negative effects of exchange ideology on felt obligation to the organization [13], [28] and in job-related behaviors such as organizational citizenship behaviors [21]. In short, it seems that employee’s exchange ideology should have a negative effect on his or her affective commitment. Therefore, we offer the following hypotheses:

H.2 Exchange ideology will have a negative relationship with affective commitment.

C. The Moderating Role of Exchange Ideology

The strength of the bivariate relations assumed in the research model may vary, depending on the third variable, i.e., moderator. To this point, we have posited the main effect of LMX relating to affective commitment. However, LMX researchers have consistently called for the investigation of moderators, in particular, LMX-to-outcome relationships [15], [16], [30]. We speculate that exchange ideology is a very suitable moderator in LMX-affective commitment relations.

As mentioned above, exchange ideology captures “employees’ belief that it is appropriate and useful to base their concerns about the organization’s welfare, as well as their work effort, on how favorably they have been treated by the organization [13].” In the supervisor-subordinate relationship, employee’s readiness to repay desirable treatment is influenced by their acceptance of the reciprocity norm. Because LMX indicates a positive valuation of employees and concern with their development, and most employees recognize exchange ideology to some degree, LMX should increase felt obligation to the organization. In addition, members with high levels of exchange ideology should exhibit an increased emotional attachment to their organization, and work effort based on the favorable treatment received from their supervisor [13]. As a result, these employees would show a stronger positive relationship between LMX and affective commitment than would employees with a low level of exchange ideology.

Prior research found that the associations between social exchange with the organization and employee’s attitude or behavior toward the organization were greater among individuals having a strong exchange ideology [13], [14]. Likewise, there is high probability of interaction when LMX is considered in conjunction with exchange ideology because employees’ perceive their leader as an agent of the organization [13]. However, the moderating effect of exchange ideology on LMX-affective commitment relationship was not examined. We, therefore, will investigate the moderating role of exchange ideology on the LMX-affective commitment relationship. Therefore, we expect the following hypothesis:

H.3 Employee’s exchange ideology moderates the relationship between LMX and employee’s affective commitment such that the relationship between LMX and affective commitment will be stronger when exchange ideology is high.

III. METHODS

A. Sample and Procedure

A self-completion questionnaire was distributed to noncommissioned officers of South Korea’s armed forces. The entire survey was translated from English into Korean and then back-translated into English by two independent bilingual persons to ensure equivalency of meaning [6]. A cover letter attached to each of the questionnaires informed respondents the survey objectives and assured the confidentiality of their responses. The questionnaires were returned directly to us, and 198 responses were received. Of the 198 respondents, 86.9% held the rank of staff sergeant, average age was 23.20 years, and average tenure with the organization was 1.88 years.
B. Measures

1. Leader-Member Exchange

We measured LMX using the 7-item scale developed by [26]. Response options ranged from 1 = strongly disagree to 7 = strongly agree. Sample items are “I always know how satisfied my supervisor is with what I do,” and “My supervisor understands my problems and needs well enough.” Cronbach’s alpha for this scale was .97.

2. Exchange Ideology

An 8-item exchange ideology scale [14] was used to measure employee's exchange ideology (along a 7-point Likert scale ranging from strongly disagree to strongly agree). One item from exchange ideology was dropped because it formed a separate additional factor. Sample items are “Employee should not care about the organization that employs them unless that organization shows them that it cares about its employees,” and “An employee who is treated badly by an organization should work less hard.” The reliability of this scale was .87.

3. Affective Commitment

As with previous research, the respondents completed an 8-item scale of affective commitment (along a 7-point Likert scale ranging from strongly disagree to strongly agree). This scale was developed by [23]. Several items for affective commitment were reversed coded to be consistent with the other items, which had a positive valence. However, three items among reverse-coded items formed a separate additional factor. Therefore, three items were dropped. Sample items include “I would be very happy to spend the rest of my career in this organization,” and “I enjoy discussing my organization with people outside it.” The reliability was .85 for the remaining five-item affective commitment.

4. Control Variables

According to prior research, we controlled for respondents' age, education, rank, organizational tenure and tenure with their supervisor.

C. Data Analysis

We assessed discriminant validity of our constructs with confirmatory factor analysis with AMOS 19.0 software. We reduced the number of items by creating three indicators for each construct because the number of items was large relative to the sample size. This approach enhances the subject-to-degrees-of-freedom ratio. On the basis of factor analysis results, the items with the highest and lowest loadings for each construct were combined first, followed by items with the next highest and lowest loadings, until all the items for each construct had been assigned to one of the indicators. Scores for each indicator were then computed as the mean of the scores on the items that constituted each indicator. To assess model fit, we used the overall model chi-square measure, the comparative fit index (CFI), the goodness of fit index (GFI), and root-mean-square error of approximation (RMSEA).

As shown in Table I, our hypothesized three-factor model fit the data well ($\chi^2$ = 74.94, $df$ = 24, $p < .001$; CFI = .96; GFI = .93; RMSEA = .10). We compared the fit of this three-factor model with a series of competing models: Model 1 was a two-factor model with LMX merged with affective commitment to form a single factor; Model 2 was a one-factor model combining all variables into a single factor. As Table I shows, the fit indexes supported the hypothesized three-factor model, providing evidence of the construct distinctiveness of the variables in this study.

We standardized those variables involved in moderation before creating the interaction terms. To test our hypotheses, we performed three sets of hierarchical regression analyses. In Step 1, we included the LMX, followed by exchange ideology in Step 2. In Step 3, the interaction term (LMX × Exchange Ideology) was entered. In addition, following [1], we plotted the significant interaction effect, using plus or minus one standard deviation.

IV. Results

Table II displays the descriptive statistics and zero-order correlations among the study variables. As indicated Table II, the correlations for all variables were in the anticipated direction. Table III summarizes the regression results.

Five control variables were entered in all of the equations (age, education, rank, organizational tenure, and tenure with supervisor) to reduce the possibility of spurious relationships based on these types of personal characteristics. Hypothesis 1 proposed a positive relationship between the LMX and affective commitment. As shown in Table III, the result provided support for this hypothesis ($\beta = .52$, $p < .001$). Hypothesis 2 suggested a negative relationship between the exchange ideology and affective commitment. The exchange ideology was significant and negative related to affective commitment ($\beta = -.29$, $p < .001$). Therefore, this result provided support for Hypothesis 2.

Hypothesis 3 proposed a moderating effect of exchange ideology on the relationship between the LMX and affective commitment. The result demonstrates that there was a significant interaction effect between the LMX and exchange
ideology on affective commitment, as the interaction step accounted for an incremental variance of 1% ($\Delta F = 4.35, p < .05$; $\beta = .13, p < .05$). We depict this interaction graphically in Fig. 1. Consistent with our hypothesis, the results of simple slope analysis confirm that the relationship of LMX and affective commitment was stronger for those high in exchange ideology ($\beta = .48, p < .001$), than for those low in exchange ideology ($\beta = .23, p < .05$). Such results supported the interaction proposed in Hypothesis 3.

<table>
<thead>
<tr>
<th>Variables</th>
<th>AFFECTIVE COMMITMENT</th>
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<tbody>
<tr>
<td>Step 1: IV</td>
<td></td>
</tr>
<tr>
<td>LMX</td>
<td>.52***</td>
</tr>
<tr>
<td>MV</td>
<td>.41***</td>
</tr>
<tr>
<td>ExId</td>
<td>.36**</td>
</tr>
<tr>
<td>Step 2: Interaction</td>
<td></td>
</tr>
<tr>
<td>LMX × ExId</td>
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<tr>
<td>Overall F</td>
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<tr>
<td>$R^2$</td>
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<tr>
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<tr>
<td>F change</td>
<td>70.71***</td>
</tr>
<tr>
<td>$F$ change</td>
<td>.06</td>
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Note: Standardized regression coefficients are shown in columns. IV = independent variable; MV = moderating variable; LMX = leader-member exchange; ExId = exchange ideology. * $p < .05$. ** $p < .001$.

The results of this study suggest that LMX may serve to encourage organizational commitment and exchange ideology may discourage employee’s emotional attachment to organization. Also, we examined the variability of LMX-affective commitment relation depending on the exchange ideology level. Results support all of our expectations, demonstrating the positive effect of LMX and negative effect of exchange ideology on affective commitment, respectively. In addition, results show that LMX has a stronger impact on affective commitment when exchange ideology is high. The results of our research have several important theoretical and practical implications. First, this study demonstrates that employee’s attachment to his or her organization increases when members have high quality work relationships with their supervisors. This suggests that high quality relationships with, or favorable treatments from, their supervisors influence even attitude to, or perception of, the organization. Therefore, leaders should realize the importance of their role as an agent of their organization [13].

The limitations of our study also point to possible directions for future research. First, causality is unclear due to this being a cross-sectional study. A longitudinal design would be needed for definitive conclusions in the future. A second limitation in this paper is that we used self-report survey measures to collect data. Consequently, the observed relationships may have been artificially inflated as a result of common method bias. Third, we didn’t consider the impact of other potential moderators on the hypothesized relationship in this study. Despite these limitations, this study has added to our understanding of how LMX as a social exchange concept, with supervisor and exchange ideology as individual difference variables, affect the employee’s organizational commitment.

V. DISCUSSION

The results of this study suggest that LMX may serve to encourage organizational commitment and exchange ideology may discourage employee’s emotional attachment to organization. Also, we examined the variability of LMX-affective commitment relation depending on the exchange ideology level. Results support all of our expectations, demonstrating the positive effect of LMX and negative effect of exchange ideology on affective commitment, respectively. In addition, results show that LMX has a stronger impact on affective commitment when exchange ideology is high. The results of our research have several important theoretical and practical implications. First, this study demonstrates that employee’s attachment to his or her organization increases when members have high quality work relationships with their supervisors. This suggests that high quality relationships with, or favorable treatments from, their supervisors influence even attitude to, or perception of, the organization. Therefore, leaders should realize the importance of their role as an agent of their organization [13].

Second, this study shows that an individual’s reciprocal belief can be a significant prerequisite of organizational commitment. Employees often join an organization with personal characteristics of their own. Results indicate that organizations should consider applicants’ predispositions as well as abilities in their selection and training processes to secure the highest possible level of organizational commitment. Third, this paper integrates prior research streams by simultaneously investigating exchange ideology as individual differences, and LMX as quality of exchange, as predictors of affective commitment. Our findings suggest that both personal characteristics and situational factors need to be considered together as determinants of attitude to an organization.

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9. J. A.-M. Coyle-Shapiro, and N. Conway, “Exchange relationships:


