The Role of Work Values in Leader-Member Exchange.

The Leader-Member Exchange (LMX) approach to leadership emphasizes the interactive nature of the superior-subordinate relationship, asserting that an individual's role in an organization is defined through a series of episodes with the supervisor. Because work-related values are potentially important subordinate characteristics in LMX development, a study was conducted to examine the role that leader and subordinate work values and leader attributions play in the development of supervisor-subordinate relationships. Undergraduate management students (N=111) with either high or low intrinsic and high or low extrinsic work values supervised the work of four theoretical subordinates. The work values of the "subordinates" were also manipulated. Analyses revealed that subordinates with high intrinsic or extrinsic work values were treated with greater negotiating latitude and were assigned more challenging tasks. Attributions for the subordinate's past high performance were more internal and less external when the subordinate had high intrinsic and extrinsic work values and when subordinates had work values similar to those of their leader. Furthermore, attributions for past subordinate performance were found to mediate the effect of work values on leader-subordinate exchanges. These findings suggest implications for organizational effectiveness. (NB)
The Role of Work Values in Leader-Member Exchange

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The study examined the roles leader and subordinate work values and leader attributions play in the development of supervisor-subordinate relationships. We predicted that subordinate values would affect supervisors' attributions and the quality of supervisor-subordinate relationships. In addition, we proposed that the similarity of supervisor and subordinate values would facilitate the development of a positive relationship. In order to examine these predictions, 111 management students with either high or low intrinsic and high or low extrinsic work values supervised the work of four subordinates. The work values of the subordinates were also manipulated. Analyses revealed that subordinates with high intrinsic or extrinsic work values were treated with greater negotiating latitude and were assigned more challenging tasks. Attributions for the subordinate's past high performance were more internal and less external when the subordinate had high intrinsic and extrinsic work values and when subordinates had work values similar to their leader. Furthermore, attributions for past subordinate performance were found to mediate the effect of work values on leader-subordinate exchanges. Implications of the results for organizational effectiveness are discussed.
Recent approaches to leadership emphasize the interactive nature of the superior-subordinate relationship; each dyad member is said to influence the other. One of these approaches, Leader-Member Exchange (Graen, Novak, & Sommerkamp, 1982), asserts that an individual's role in the organization is defined through a series of episodes with the supervisor. Due to constraints within superiors' own positions, they will develop close relationships with only a few subordinates, relying on the formal power of their positions to influence remaining subordinates (Graen, 1976). In the Leader-Member Exchange (LMX) approach, the close relationships are described as leadership exchanges. In these dyads, the leader provides influence and support beyond that expected in the employment contract (Graen & Cashman, 1975; Liden & Graen, 1980). The other relationship, relying on formal authority, is the supervisory exchange.

To date, little research or theory development has been conducted to delineate the processes by which a particular relationship develops in the LMX approach (Dienesch & Liden, 1986; Duchon, Green, & Taber, 1986). In early work, Graen and Cashman (1975) proposed that a compatibility of leader and member characteristics was important for a leadership exchange to develop. More recently, Dienesch and Liden (1986) have proposed a model of the LMX development process. Their model posits that leader characteristics and member characteristics, such as attitudes, abilities, and personalities, have a potentially strong impact on the nature of the relationship that develops. Later components of the model include the subordinate's behavior and the
attributions the leader makes about the behavior. Diesth and Liden point out, however, that the leader's initial impressions of the subordinate may be so strong that the nature of the exchange is determined before the attributional processes can come into play. In such cases, some salient characteristic of the member is entirely responsible for the exchange, and the behavior becomes irrelevant.

Work-related values are potentially important subordinate characteristics in LMX development. Members who appear to place great importance on work may be viewed more favorably by the leader, which in turn, may lead to the development of leadership as opposed to supervision exchanges. Work values can be classified as either intrinsic and extrinsic. Intrinsic values refer to things such as the importance of staying busy, pride in work, and job involvement; while extrinsic values encompass such things as attitude toward earnings and social status (Wollack, Goodale, Wijting, & Smith, 1971).

While the effects of subordinate work values on leader-member exchanges have not been examined in past research, subordinates with high work values should be given more responsibility and autonomy in their jobs because of their preference for an active involvement in the work. In addition, their value orientation should result in favorable impressions so that they are assigned to jobs or specific tasks that require more involvement and responsibility. Giving a subordinate responsibility and autonomy is consistent with the way leaders behave toward subordinates in the more favorable, leadership exchanges (Dienesch & Liden, 1986). The first purpose of the present
study is to test this prediction.

**Hypothesis 1:** A leadership exchange will be more likely to develop when subordinates have high intrinsic and high extrinsic work values than when subordinates have low intrinsic and low extrinsic work values.

The similarity of leader and subordinate work values may also affect leader-member exchanges. Consistent with Graen and Cashman's (1975) assertion that compatibility of the two parties is important, Kemelgor (1982) suggested that a similarity of values between superior and subordinate might facilitate the development of a leadership exchange. Initial support for work value similarity as a facilitator of LMX development was achieved in a laboratory simulation study by Steiner (1985). Subjects in leadership exchanges rated the simulated supervisor's work values more similar to their own than subjects in supervisory exchanges. Furthermore, a study by Duchon et al. (1986) found that demographic compatibility (e.g., sex) played a partial role in explaining type of exchange, thus suggesting that other background characteristics may be of importance as well.

The above research suggests that leadership exchanges will be most likely to develop when leader and subordinate work values are congruent. The second purpose of the current study was to test this prediction.

**Hypothesis 2:** A leadership exchange will be more likely to develop when the work values of the leader and subordinate
are congruent than when they are incongruent.

**Attributions in Leader-Member Exchanges**

Attribution theory has recently been applied to increase our understanding of the manner in which leaders respond to poor performers (e.g., Green & Mitchell, 1979) and distribute organizational rewards such as promotions and merit pay increases (e.g., Heilman & Guzzo, 1978). The attributional orientation proposes that leaders first diagnose the cause of the employee's past performance using Kelley's (1973) covariation principle. Leaders analyze the subordinate's behavior with regard to its consistency over time, distinctiveness across settings, and consensus across employees, and then attribute the performance to factors that are internal or external to the subordinate. Leaders then respond to subordinates based, in part, upon their attribution for subordinate behavior. Dienesch and Liden built upon this attributional orientation and proposed that leader attributions mediate the development of LMX. Specifically, they indicated that leaders make attributions for the performance of their subordinates, and, based upon these attributions, a leadership or supervisory relationship develops.

The notion that leader attributions mediate LMX is consistent with several lines of research which demonstrate that leaders' actions toward subordinates are affected by their attributions. First, leaders respond more punitively and less supportively toward subordinates when their poor performance is attributed to internal rather than external factors (Mitchell, Green, & Wood, 1981). Second, leaders are more likely to reward high performance with pay raises and promotions.
when they attribute the high performance to internal factors rather than external factors (Heckman & Guzman, 1978; Tucker & Rowe, 1979). Third, leaders are more inclined to assign employees to challenging job tasks when they attribute past high performance to internal rather than external factors (Mai-Dalton & Sullivan, 1981; Tucker & Rowe, 1979). These findings suggest that leaders will develop leadership exchanges with subordinates when they attribute the subordinate's past high performance to internal rather than external factors. The third purpose of the present study is to test this prediction.

Hypothesis 3: Leaders will be more likely to develop a leadership exchange when they attribute past subordinate high performance to internal rather than external factors.

In order to examine these predictions, a 2 X 2 X 2 X 2 factorial experiment was conducted manipulating the factors of leader intrinsic (high versus low) and extrinsic (high versus low) work values and subordinate intrinsic (high versus low) and extrinsic (high versus low) work values. The major dependent measures were leader-member exchanges, task assignments, and leader attributions. It was predicted that the dependent measures would be affected by the subordinate work values and the interaction between subordinate and leader work values.

Method

Subjects

Subjects were 52 female and 59 male undergraduate management students taking a senior level course in organizational behavior.
Students received extra-credit for their participation.

Procedure

Phase I. In phase I, subjects completed the Survey of Work Values (SWV; Wollack et al., 1971), revised slightly to be applicable to students (Steiner, 1985). The SWV has adequate construct validity and has been extensively used in past research (e.g., Cherrington, Condie, & England, 1979; Stone, 1975, 1976). The SWV contains subscales to assess intrinsic and extrinsic work values. Coefficient alphas were .83 for the intrinsic work value subscale and .71 for the extrinsic work value subscale.

Subjects were divided into four groups based upon their scores on the SWV. Subjects with intrinsic scores greater than the median (52) were classified as having high intrinsic work values, while subjects with intrinsic scores less than the median were classified as having low intrinsic work values. Similarly, subjects with extrinsic value scores greater than the median (58) were classified as having high extrinsic work values and subjects with extrinsic scores less than the median were classified as having low extrinsic work values. This procedure resulted in the following cell sizes: 21 high intrinsic-high extrinsic (HI-HE), 29 high intrinsic-low extrinsic (HI-LE), 32 low intrinsic-high extrinsic (LI-HE), and 21 low intrinsic-low extrinsic (LI-LE). Eight subjects were eliminated because either their intrinsic or extrinsic scores fell on the median.

Phase II. Phase II was conducted two weeks after Phase I. Subjects assumed the position of Director of Branch Operations for a large
metropolition bank (State National Bank). Their responsibilities in this leadership position included hiring all branch managers and directly supervising their activities. Due to rapid expansion, they needed to promote two of their subordinates to Branch Managers. Subjects were given job descriptions for the position of Branch Manager as well as personnel files of four subordinates with outstanding work records. These files were equivalent except that the subordinates had either HI-HE, HI-LE, LI-HE, or LI-LE work values. Subjects reviewed the four personnel files, rated the extent to which each applicant should be promoted to Branch Manager, made attributions for each subordinate's past performance, and then indicated the type of leader-member exchange that they would have with each subordinate.

Manipulation of Subordinate Work Values.

The work values of the subordinate were manipulated in the personnel files. These files were constructed following consultation with the personnel department of a large bank, and contained biographical information, employment histories, and results from the two most recent performance appraisals. Pretesting indicated that the four personnel files did not differ in terms of promotability and were perceived as realistic.

The intrinsic and extrinsic work values of subordinates were manipulated by presenting the results of a bogus personality test in the files. Subordinates' scores on this instrument indicated that their intrinsic and extrinsic work values were either in the upper or lower quartile. An interpretative paragraph was presented in each
file to reinforce the scores of the personality instrument. These paragraphs described the characteristics of either a HI-HE, HI-LE, LI-HE, and LI-LE individual as defined by Wollack et al. (1971).

For example, a high intrinsic work value paragraph stated:

Tom takes great pride in his work and feels that there is nothing as satisfying as doing the best job possible. He also tries to improve the operation of the bank and passes his ideas to upper management. He feels that a person should try to stay busy all day instead of finding ways to get out of work.

Pretesting indicated that the intrinsic and extrinsic work value manipulations were successful.¹

**Dependent Measures**

After reviewing the personnel files, leaders completed a questionnaire that assessed their attributions for the subordinate's performance, the type of exchange that they would establish with each subordinate, and the extent to which they would assign each subordinate to a position of more responsibility.

**Leader Attributions.** Leaders rated the extent to which the subordinate's past performance was due to internal and external factors. Following the recommendations of Weiner (1985), the internal causes of ability and effort and the external causes of task difficulty and luck were assessed. Leaders rated the extent to which each subordinate's past performance was due to high ability, high effort, task easiness,
and good luck on a 5-point Likert scale anchored by "1=Very Little", "3=Moderately" and "5=Very Much". This attributional scale is very similar to those used in past research (e.g., Tucker & Rowe, 1979; Knowlton & Mitchell, 1980; Dobbins, Pence, Orban, & Sgro, 1983).

**Negotiating Latitude.** Negotiating latitude refers to the extent to which leaders allow subordinates to define their own role. High negotiating latitude is characteristic of leadership exchanges, while low negotiating latitude is characteristic of supervisory exchanges. The amount of negotiating latitude that leaders would give each subordinate was assessed with Rosse and Kraut's (1983) 4-item scale (e.g., "How frequently would you get ideas from the subordinate to guide the operation of the bank"). Each of the four items was rated on a 5-point likert scale anchored by "1=Never", "3=Occasionally", and "5=Always". The authors reported a coefficient alpha of .62 for the scale.

**Task Assignments.** The final part of the questionnaire asked leaders to rate the extent to which each subordinate should be promoted to a more demanding position, in this case, a branch manager. These ratings were made on a 5-point likert scale anchored by "1=would not recommend", "3=would recommend with some reservation", and "5=would strongly recommend".

**Results**

Task assignments, negotiating latitude ratings, and the attribution measures were analyzed with a 2 X 2 X 2 X 2 mixed-groups multivariate analysis of variance incorporating the between-subject variables of leader intrinsic (high vs. low) and extrinsic (high vs. low) work values, and the within-subject variables of subordinate intrinsic (high vs. low) and extrinsic (high vs. low) work values. This procedure
revealed significant multivariate effects for: (1) intrinsic work values of the subordinate \( F(6,96)=41.43, p < .0001 \); (2) extrinsic work values of the subordinate \( F(6,96)=52.58, p < .0001 \); (3) the Leader Intrinsic Work Values X Subordinate Intrinsic Work Values interaction \( F(6,96)=2.59, p < .05 \); and (4) the Leader Extrinsic Work Values X Subordinate Extrinsic Work Values interaction \( F(6,95)=2.19, p < .05 \). In order to clarify these effects, univariate ANOVAs were conducted on each dependent measure. The results of the ANOVAs are presented in Table 1 and described below.

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Insert Table 1 about here

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**Negotiating Latitude**

Leaders' negotiating latitude ratings were affected only by the work values of the subordinates (see Table 1). Specifically, consistent with Hypothesis 1, leaders provided high intrinsic (\( M=15.09 \)) and high extrinsic (\( M=14.40 \)) work value subordinates with more negotiating latitude than low intrinsic (\( M=13.34 \)) or low extrinsic (\( M=14.03 \)) work value subordinates.

**Task Assignment Ratings**

Task assignment ratings were also affected only by the work values of subordinates. Specifically, leaders were more inclined to promote high intrinsic (\( M=4.01 \)) or high extrinsic work value (\( M=3.27 \)) subordinates than low intrinsic (\( M=2.08 \)) or low extrinsic (\( M=2.82 \)) work value subordinates.

**Attributions**

All of the attribution measures were affected by the work values
of subordinates. First, leader's attributed past performance more to ability \((M=3.61)\) and effort \((M=3.74)\) and less to task easiness \((M=2.61)\) when the subordinate had high intrinsic work values than when the subordinate had low intrinsic work values \((M=3.45, M=3.41, \text{ and } M=2.75, \text{ respectively})\). Second, leaders attributed past performance more to ability \((M=3.84)\) and effort \((M=4.33)\) and less to task easiness \((M=2.36)\) and luck \((M=2.17)\) when the subordinate had high extrinsic work values than when the subordinate had low extrinsic work values \((M=3.22, M=2.80, M=3.00, M=2.86, \text{ respectively})\).

In addition to the above main effects, the Leader Extrinsic Work Value X Subordinate Extrinsic Work Value interaction also affected ability and effort attributions. Newman-Keuls post-hoc comparisons indicated that subordinate performance was attributed more to effort and ability when the subordinate's work values were consistent with those of the leader. Specifically, the performance of high extrinsic work value subordinates was attributed more to ability \((M=3.91)\) and effort \((M=4.43)\) by leaders with high extrinsic work values than by leaders with low extrinsic work values \((M=3.75 \text{ and } M=4.21, \text{ respectively})\). The complementary effect was also revealed; i.e., the performance of low extrinsic work value subordinates was attributed more to ability \((M=3.35)\) and effort \((M=2.98)\) by leaders with low extrinsic work values than by leaders with high extrinsic work values \((M=3.09 \text{ and } M=2.64, \text{ respectively})\).

Leaders' attributions to task easiness were affected by the Leader Intrinsic Work Value X Subordinate Intrinsic Work Value interaction. Newman-Keuls post-hoc analyses indicated that the performance of subordinates with low intrinsic work values was attributed less to
task easiness by leaders with low (M=2.71) rather than high intrinsic values (M=2.79). High and low intrinsic work value leaders did not differ in the extent to which they attributed the performance of high intrinsic work value subordinates to task easiness (M=2.63 and M=2.60, respectively).

**Correlational Analyses**

Several correlational analyses were conducted to clarify the role of attributions in leader-member exchanges and task assignments. As predicted in Hypothesis 3, these analyses indicated that negotiating latitude and task assignments were significantly correlated with ability (r=.12 and r=.14, respectively), effort (r=.18 and r=.19, respectively), and task easiness (r=-.12 and r=-.11). In addition, two-step hierarchical regression analyses were conducted to examine the mediating effects of leader attributions on the relationship between subordinate work values and task assignments and the relationship between subordinate work values and negotiating latitude. Negotiating latitude and task assignments were first regressed onto subordinate work values. These analyses demonstrated that subordinate work values accounted for a significant proportion of the variance in both dependent measures (R²=.15 for negotiating latitude and R²=.50 for task assignments). Next, the four attribution measures were added to the model, resulting in a significant increase in variance accounted for in negotiating latitude (R²=.17) and task assignments (R²=.52). These findings are consistent with the proposition that work values affect leaders' attributions, which in turn, influence task assignments and negotiating latitude.
Discussion

Three major findings were revealed in the present study. First, consistent with the Dienesch and Liden (1986) model and as predicted in Hypothesis 1, subordinate work values significantly influenced leader negotiating latitude and job assignment. Specifically, subordinates with higher intrinsic or extrinsic values were viewed more favorably, given more negotiating latitude, and assigned to more challenging positions. However, contrary to Hypothesis 2, value compatibility did not significantly affect either task assignments or negotiating latitude.

Subordinate work values also influenced leaders' attributions for subordinate past performance. Specifically, leaders attributed performance more to ability and effort and less to task easiness and good luck when subordinates had high intrinsic or high extrinsic work values.

The correlational analyses provide some support for Dienesch and Liden's (1986) hypothesis that attributions mediate the relationship between subordinate characteristics and leader-member exchanges. Specifically, as predicted in Hypothesis 3, supervisors formed more of a leadership relationship when they attributed past high performance to ability and effort than when they attributed performance to task easiness. Furthermore, the hierarchical regression analyses indicate that attributions mediate, at least somewhat, the effects of subordinate work values on task assignments and leader-member exchanges. Specifically, leaders were more inclined to attribute the performance of subordinates with high intrinsic and high extrinsic work values to ability and effort, which, in turn, resulted in assignments to challenging tasks.
and high levels of negotiating latitude.

While support was not obtained for the work value compatibility hypothesis on task assignments or negotiating latitude, the compatibility of leaders' and subordinates' work values did affect the attribution measures. Leaders were more likely to attribute subordinate past high performance to the internal factors of ability and effort when the leaders' and subordinates' extrinsic work values were congruent than when they were incongruent. This finding is consistent with research in social psychology which has demonstrated that observers tend to make more internal attributions for positive behavior when the actor is similar to them (Banks, 1976). An implication of this finding is clear. When leader and subordinate work values are congruent, leaders should be biased to make internal attributions for past subordinate performance, which in turn, should result in leadership exchanges.

Applications of the Findings

The findings have serious implications for the use of human resources in organizations. They suggest that subordinates with high intrinsic and high extrinsic work values may be assigned to challenging jobs even when they do not have the required abilities. Furthermore, subordinates with low work values may be assigned to very routine jobs which are well below their qualifications. Thus, subordinate work values may prevent leaders from optimally placing subordinates, which, in turn, could result in a tremendous waste of human resources in each work group and decreased organizational effectiveness.

Several possible techniques could be developed to overcome the tendency for supervisors to form leadership exchanges with high work value subordinates and supervisory exchanges with low work value
subordinates. One of the most promising would be to develop programs which train leaders to respond to subordinates based upon their abilities, and not upon extraneous factors such as work values. Such a program should result in leaders making more appropriate task assignments, more equitable exchanges between leaders and subordinates, and hopefully, more effective work groups.

It must be noted that the above results were obtained using undergraduate management students in a laboratory settings. Generalization of laboratory results to actual organizational settings must always be done with caution. However, as has been recently noted (e.g., Dipboye & Flanagan, 1979; Mook, 1983), laboratory studies can enhance our understanding of behavior which occurs in organizational settings. It is this understanding which should generalize to field settings. Thus, the present findings should have process generality since the same basic attribution and task assignment process should retain a certain degree of commonality whether they occur in the laboratory or in an actual organization.

In sum, this research provides some support for the newly proposed model of Dienesch and Liden (1986) regarding the role of leader and member characteristics in the development of leader member exchanges. It also shows that value compatibility can play a role in this process through its effects on attributions and supports Duchon et al.'s (1986) contention that compatibility merits further research.
References


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Footnotes

1All materials and pretest results can be obtained from the authors.
### Table 1

Results of Univariate Analyses of Variance

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<th>Effect</th>
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<td>Subordinate Extrinsic Values (SEV)</td>
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* *p < .05.

** *p < .01.