

Does Leader-Member Exchange Affect Job Performance? An Investigation Of The Effect Of Leader-Member Exchange On Performance.

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Abstract:

Background: The relationship between LMX and performance has been widely investigated in the literature, with the Leader-Member Exchange (LMX) Theory emerging as a relevant framework in this context. This study examines the effect of LMX on employee performance in the workplace.

Research Methodology: This study based on a quantitative and cross-sectional research design. Data were collected through a structured questionnaire applied to a non-probabilistic sample of 67 employees from different economic sectors in Brazil.

Results and Discussions: The findings indicate that LMX has a positive and moderate association with performance. These results reinforce the importance of leader-member interactions in promoting individual performance, although they suggest the existence of other relevant determinants.

Conclusion: As a theoretical contribution, the study corroborates previous findings by demonstrating the relevance of LMX in the organizational context. From a managerial perspective, the study highlights the need to enhance leadership practices to optimize employee engagement and productivity.

Key Word: Leadership. Leader-member exchange. Job performance.

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I. Introduction

Employee performance is directly associated with the quality of leadership exercised in organizations. Leaders who neglect the human aspect of management may contribute to adverse effects, such as high turnover^{1,2}, increased absenteeism³, and employee demotivation⁴. On the other hand, those who develop interpersonal skills and adopt strategic management practices foster a more engaged and productive organizational environment⁵.

In this context, the Leader-Member Exchange (LMX) Theory has been widely studied to understand how the relationship between leaders and employees influences work performance. Evidence from the literature indicates that high-quality leader-member relationships are associated with greater motivation, commitment, and professional effectiveness^{6,7}. Recent studies suggest that this relationship may be moderated by other factors, highlighting the importance of the quality of the interaction between leader and employee for achieving better work performance⁸. Furthermore, research demonstrates that the leader's role can strengthen the LMX relationship, resulting in higher employee engagement and productivity⁹.

However, transformations in the corporate environment, such as the rise of hybrid and remote work, as well as the growing emphasis on inclusion and equity, raise questions about the applicability of LMX in the contemporary organizational context. While frequent in-person interactions may strengthen leader-member exchanges, new work formats challenge this dynamic and require more adaptable leadership approaches⁷.

Against this backdrop, this study investigates the effect of LMX on employee performance in the workplace, considering the contemporary challenges and dynamics of organizations. By analyzing whether the positive relationship between LMX and performance holds in more flexible and diverse organizational contexts, this study contributes to the literature on management and leadership, offering valuable insights for business practice.

II. Literature Review

Leadership has a decisive influence on organizational productivity and individual employee performance. The Leader-Member Exchange (LMX) Theory, developed in the field of leadership, seeks to explain the vertical dyadic influence in the workplace, emphasizing how leaders establish differentiated relationships with each team member over time ⁶. This theory highlights that the effects of leadership are not uniform but vary according to the quality of the relationship between leaders and subordinates.

The concept of LMX is essential to understand how interpersonal relationships can be strengthened in the organizational context and how this impacts performance measures at work. Studies indicate that high-quality LMX relationships are associated with greater job satisfaction and higher performance ⁷. These relationships are characterized by trust, mutual respect, reciprocal support, and effective communication ⁸.

On the other hand, when leaders maintain predominantly transactional or formal relationships with their subordinates, the effects on performance tend to be less expressive. The literature demonstrates that the perceived quality of the leader-member relationship directly affects motivation and engagement at work, generating a positive effect both on individual and collective performance ⁹.

The relationship between LMX and performance has been widely studied across different sectors and organizational cultures. Recent research indicates that employees who perceive a positive relationship with their leaders exhibit higher levels of productivity and organizational commitment ¹⁰. Furthermore, the leadership style adopted can enhance the effects of LMX. Transformational leaders, for example, create an environment that stimulates creativity, innovation, and alignment of individual goals with those of the organization, resulting in superior performance ¹¹.

Another relevant aspect is the role of emotional intelligence in building high-quality relationships in LMX. Leaders who demonstrate empathy, active listening, and coaching skills strengthen interpersonal bonds and improve internal communication, which in turn reduces conflicts and increases team performance ⁹. This positive effect reinforces the importance of managers acting as facilitators in the development of their employees.

Additionally, there is evidence that members' perceptions of the quality of LMX directly influence their job performance. Employees who perceive a positive relationship with their leaders tend to show greater dedication and engagement in their tasks, while those who experience a distant or conflicted relationship exhibit lower performance and satisfaction ^{12, 13}.

Finally, the literature suggests that organizational culture and support for professional development can enhance the benefits of LMX. Companies that promote a work environment based on trust and valuing interpersonal relationships tend to achieve better results in terms of innovation, talent retention, and productivity ¹⁰. However, challenges such as the management of remote and hybrid work can impact the quality of interactions between leaders and members, requiring new approaches to maintain high levels of engagement and performance.

III. Research Method

To achieve the proposed objective, a quantitative approach was adopted, focusing on analyzing the relationships between variables. The study was conducted with employees from companies located in southern Brazil, using a sample of 67 participants. The sample included different economic sectors, distributed as follows: industry (75%), services (15%), commerce (5%), and agriculture (5%), with the aim of representing a diversity of workers. The sampling technique used was convenience sampling, a non-probability method suitable for exploratory studies.

Data collection was carried out through an online questionnaire, created on the Google Forms platform. The instrument included sociodemographic questions to characterize the participants' profiles, covering variables such as gender, age, education, and income. Gender was measured by a dichotomous question, while age was collected through an open-ended question. Education and income were assessed by multiple-choice questions.

In addition to the sociodemographic information, the survey included validated scales to measure the variables of interest. LMX was assessed with a 7-item scale ¹⁴, while performance was measured using a 4-item scale ¹⁵. Both scales were applied using a 5-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5).

To ensure the validity and reliability of the instrument, the questionnaire was subjected to a validation process with academic experts and professionals in the field. Additionally, a pre-test was conducted with three individuals from the target audience to identify potential errors and evaluate the clarity of the questions. The questionnaire was distributed via WhatsApp, facilitating participant reach.

The collected data were organized and tabulated in Excel. Initially, reliability tests were performed to ensure the internal consistency of the instrument, as well as normality tests to determine the most appropriate analysis technique.

Data analysis was divided into two stages: (a) Descriptive analysis – Descriptive statistics such as frequency distribution, mean, and standard deviation were used to characterize the sociodemographic profile of the participants, considering variables such as age range, gender, education, income, and hierarchical position; (b)

Inferential analysis – The linear regression technique was employed to examine the impact of the independent variable (LMX) on the dependent variable (performance).

IV. Result And Discussions

The research included a sample of 67 participants from different sectors of the economy. The sectorial distribution showed a predominance of the industrial sector (75%), followed by the service sector (15%), commerce (5%), and agriculture (5%). The average age of the participants was 33 years, ranging from 19 to 54 years. In terms of gender, 67% of the respondents were women, and 33% were men.

Regarding education, there was significant diversity: 35.8% have or are pursuing postgraduate studies, 40.3% have or are pursuing higher education, 19.4% have or are pursuing high school, and 4.5% are pursuing elementary school. This educational diversity reflects a heterogeneous sample, which may impact the interpretation of the results.

As for the hierarchical structure, the majority of the participants (67%) hold operational positions, such as assistants, analysts, and operators. Another 30% hold tactical positions, such as supervisors and coordinators, while only 3% hold strategic positions, such as managers and directors. Table 1 presents the hierarchical distribution of the participants.

Table 1: Frequency distribution of hierarchical structure

Hierarchical Level	Position	Frequency	Percentage
Strategic	Manager and Director	2	3%
Tactical	Supervisor and Coordinator	20	30%
Operational	Assistant, Analyst, Operator	44	67%

Source: Prepared by the authors.

The income data indicate that 20.9% of participants earn up to 2 minimum wages. Another 38.8% earn between 2 and 4 minimum wages, while 34.3% earn between 4 and 10 minimum wages. Only 6% of participants have incomes higher than 10 minimum wages.

The length of time in the company ranged from 1 to 29 years, with an average of 6 years. These data reveal a profile of participants with varied experience, adding value to the understanding of the analyzed relationships.

The results of the simple linear regression indicate a significant relationship between LMX (independent variable) and performance (dependent variable). The model presented a correlation coefficient (R) of 0.327, showing a positive and moderate relationship between the variables (Table 2).

Table 2: Summary of linear regression model

Model	R	R ²	Adjusted R ²	Estimated standard error	Durbin-Watson
1	0.327	0.107	0.093	0.567	1.853

Source: Prepared by the authors.

The coefficient of determination (R² = 0.107) indicates that 10.7% of the variation in performance can be explained by LMX, suggesting that other factors also significantly influence this variable. The analysis of variance (ANOVA) confirmed the adequacy of the model, with F = 7.769 and p = 0.007, indicating statistical significance at a 5% level (Table 3).

Table 3: Analysis of variance of linear regression model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.495	1	2.495	7.769	0.007
Residual	20.874	65	0.321		
Total	23.369	66			

Source: Prepared by the authors.

The model coefficients, presented in Table 4, show that the standardized Beta coefficient (β = 0.327) is statistically significant (p = 0.007), indicating that LMX has a moderate and positive effect on performance.

Table 4: Linear regression coefficients of the models

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	Collinearity Statistics	
	Beta (β)	Error	Beta (β)			Tolerance	VIF
Performance	3.655	0.365		10.025	0.000		

LMX	0.239	0.086	0.327	2.787	0.007	1.000	1.000
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Source: Prepared by the authors.

These results reinforce that improvements in leadership practices can lead to increased employee performance. Previous studies support this perspective, highlighting that effective leadership motivates teams and contributes to achieving organizational goals ¹⁶. Moreover, employees' positive perception of leadership enhances performance, with managers' personal characteristics playing a significant role in business success ¹⁷.

Although the effect of LMX on performance was considered moderate, the results confirm its relevance. The partial explanation of performance variance ($R^2 = 10.7\%$) suggests that other factors also need to be explored in future research to expand the understanding of individual and organizational performance determinants.

V. Conclusion

This study aimed to analyze the relationship between leader-member exchange (LMX) quality and employee performance, considering a sample of workers from different economic sectors in southern Brazil. The results demonstrate that LMX has a positive and moderate effect on performance. These findings indicate that employees' perception of their relationship with leaders significantly influences their performance but also highlight that other factors contribute to performance variation.

From an academic perspective, this research contributes to the literature by reinforcing the importance of LMX in people management and organizational performance. The study adds empirical evidence supporting the theoretical relationship between leader-member exchange quality and individual performance. Furthermore, the research corroborates previous findings that emphasize the role of effective leadership in motivation and achieving organizational goals.

From a managerial standpoint, the results suggest that leaders who invest in strengthening relationships with their subordinates may achieve higher employee performance levels. This implies that organizations should encourage leadership practices that promote more collaborative interactions based on mutual trust. Leadership development programs, mentoring, and specific training can be effective strategies to enhance relationships between managers and subordinates.

Despite its contributions, this research has some limitations. First, the convenience sampling limits the generalization of results to other populations. Additionally, data collection was conducted cross-sectionally, preventing the analysis of changes in the LMX-performance relationship over time. Another limitation concerns the number of variables analyzed, as other factors influencing employee performance were not included in the model.

For future studies, expanding the sample and adopting a longitudinal design is recommended to allow a deeper understanding of the dynamics between LMX and performance over time. Moreover, including variables such as job satisfaction, engagement, and organizational culture may provide a more comprehensive view of the factors impacting employee performance. Comparative studies across different economic sectors could also generate valuable insights into how leader-member relationships vary according to organizational context.

Thus, this study reinforces the importance of interpersonal relationships in the workplace and suggests that more effective leadership practices may be a key factor in improving organizational performance.

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Appendix

Items	Mean	Standard Deviation
LMX ($\alpha = 0.839$)		
My supervisor and I get along well together.	4.448	0.909
I have a successful working relationship with my supervisor.	4.299	0.954
My supervisor would come to my defense if I were slandered by others.	4.179	1.072
My supervisor is the type of person I would like to have as a friend.	3.940	1.217
I admire my supervisor's professional skills.	4.149	1.158
I respect my supervisor's knowledge of and competence on the job.	4.343	1.095
I perform work for my supervisor that beyond which is specified in my job description.	3.896	1.489
Performance ($\alpha = 0.920$)		
Adequately completes assigned duties.	4.612	0.695
Fulfills responsibilities specified in job description.	4.761	0.605
Performs tasks that are expected of him/her.	4.731	0.642
Meets formal performance requirements of the job.	4.507	0.704