# Relationships have value, the impact of Leader-Member Exchange on Affective Commitment

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## Abstract

*The present study aims to delve deeper into the influence of Leader-Member Exchange (LMX) on work attitude, specifically affective commitment. This research uses a positivist paradigm with a cross-sectional descriptive study. A self-managed survey was given to 235 representatives from all 32 banks in Larkana, with a 75% response rate. Two scales were used: Leader Member Exchange and Affective Commitment. The results show a significant and positive correlation between LMX and affective commitment. These findings underscore the crucial role of high-quality Leader-Member Exchange in achieving favorable organizational outcomes.*

**Keywords:** *Leader-member exchange (LMX), affective commitment (AC), positive correlation, banking sector.*

**JEL Classification:** *B26, E30, M20*

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## 1. INTRODUCTION

Leadership is widely acknowledged as a fundamental component of individual and organizational success across different organizations. Despite extensive research, leadership remains a complex and elusive construct that challenges researchers and practitioners (Milne et al., 2007). In recent years, the dyadic relationship between leaders and their subordinates, known as leader-member exchange (LMX), has gained significant attention in organizational research (Stringer, 2006). A growing body of evidence indicates that high-quality LMX relationships are associated with positive employee outcomes, such as greater job satisfaction, higher work performance, and enhanced organizational commitment (Nahrgang & Morgeson, 2007).In this study, we aim to investigate the relationship and impact of LMX quality on affective commitment, a specific organizational outcome that reflects employees' emotional attachment to their organization. By examining the extent to which LMX quality contributes to affective commitment, our study aims to advance our understanding of the complex dynamics between leaders and their subordinates and the implications of these dynamics for organizational outcomes.

## 2. LITERATURE REVIEW

The Leader-Member Exchange (LMX) theory posits that leaders who face constraints in time and resources may establish a closer, more personal relationship with a small number of critical subordinates, leading to a mutually beneficial relationship (Scandur & Graen,1987). Other subordinates are categorized as out-group. LMX relationships of high quality enable subordinates to

gauge their boss's level of satisfaction with their performance, thereby fostering a positive work association with their manager (Graen et al., 1982). An intriguing avenue for further exploration would be to examine the impact of LMX on employee attitudes, such as affective commitment.

## 2.1 Quality LMX and Organizational Outcomes

More than adequate examination has been led to explore the relationship between the nature of LMX and hierarchical results. Allow us to survey some of the major explorers and their discoveries in this unique situation. Ferris(1985) suggested that diminishing the pace of representative turnover is connected with high LMX; additionally, the results of subordinates may likewise be anticipated by LMX.Green et al. (1982) explained that representatives with excellent trade relationships with their bosses could appreciate the expanded chances of working, the opportunity to work, and having better work tasks, Interestingly, of that, the worker with bad quality LMX are appointed to undesirable positions and have reduced chances of collaboration with bosses.In a similar setting, Carson and Carson (2002) analyzed that representatives with high LMX are furnished with uncommon restitution like a more significant level of regard, trust, shared, cooperation, support, obligation, commitment, and prizes from the boss, and this is inaccessible for low LMX (out-gatherings) workers. Consequently, high LMX representatives must invest more energy, time, and responsibility toward their positions.

## 2.2 LMX and Affective Commitment

For some creators, the term emotional responsibility is depicted as full of feeling the direction of workers towards the association, as Kanter (1968) states that it is a union responsibility. It is a positive close-to-home connection of workers with an association.The hypothesis is approved with the experimental work, which recommended that LMX connect decidedly to numerous results of representatives like "work fulfillment", "hierarchical responsibility", "skill discernments", "authoritative citizenship conduct (OCB)", "task execution,", and negative connection to "strange way of behaving" (Narhgang & Morgeson, 2007; Lapierre & Hackett, 2007).The nature of LMX might have a relationship with authoritative results, as higher fulfillment with LMX might have a positive relationship with a hierarchical result full of feeling of responsibility.Based on finding, literature review, the present study expected the following relationship.

## Hypothesis:
*H1*: Leader Member Exchange is positively related to employees' Affective Commitment
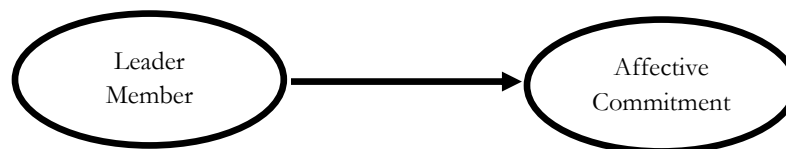


*Figure 1*: Semantic Diagram

## 3. METHODOLOGY

### *3.1 Research Design*

The research follows a positivist paradigm with a cross-sectional descriptive study. A survey from commercial banks of Larkana with A Self-Managed Survey was dispersed among 235 Representatives of all 32 banks in Larkana. Of the 235 surveys disseminated, 177 finished polls were gotten, for a reaction pace of 75 %.

### *3.2 Measures*

Scandura et al. (1994) developed the 7-item scale of Leader Member Exchange. A sample item is "How well does your immediate supervisor understand your problems and needs?" ( Aplha = 0.87). Six items scale developed by (Meyer , Allen 1993) with (Aplha = 0.84).

## 4. DATA ANALYSIS

### *4.1 Data Screen and Cleaning*

**Table 1**, presented the descriptive statistics of all variables studied (including control variables). The minimum and maximum value reflects the minimum and maximum ranges of responses on each item of variables. Further, it is also a check on codes used and responses by the respondents. All values are within the range and per actual codes.

The descriptive statistics shown in **Table 1 a**, reflect the mean values of LMX and AC; it also shows the values of Skewness and Kurtosis. For the perfectly normal distribution, both values would be ZERO, which is very unlikely for social sciences research.

### *4.2 Scales Reliability Analysis*

### *Table 2 and 2 b*

show the scale reliability for all thirteen items, 7 items of LMX scale and six items of the Affective Commitment scales showed good internal consistency, with a Cronbach alpha coefficient of 0. 703, which is acceptable. However, the total item statistics revealed that the scale's internal consistency would increase if certain items were deleted. For example, if we delete LMX 4 from the reliability analysis, the Cronbach alpha coefficient will be increased from 0.703 to 0.736.

### *4.3 Correlation Analysis*

**Table 3, 3a** shows that The relationship between Leader member exchange (as measured by the LMX scale) and affective commitment (as measured by the Ac Scale) was investigated using the Pearson product–moment correlation coefficient. A strong positive correlation was found between the two variables, r= 0.350, n=177, $p < 0.01$, at higher satisfaction levels of LMX, linked to high level of affective commitment.

Table 1
 *Model Fit Summary of CFA with all items*

| Variables | Mean | SD | LMX |
|---|---|---|---|
| LMX | 3.8238 | 0.7210 | |
| AC | 3.8563 | 0.6061 | 0.350** |

N= 160;* p<0.05, **p<0.01

### 4.4 Analysis (Principal Component, Varimax Rotation)

EFA was performed for the validity establishment, and the measures' generalizability check was required in this study's context. Certain items in both variables, such as AC1, AC 5, AC6, and LMW 4 may cause problems in further analysis *(Table 4).* KMO is much above the cut-off value of 0.6 (Kaiser 1970, 1974). The two-component solutions explained a total of 38.238% of the variance.

**Confirmatory Factor Analysis with all Items of LMX and AC**
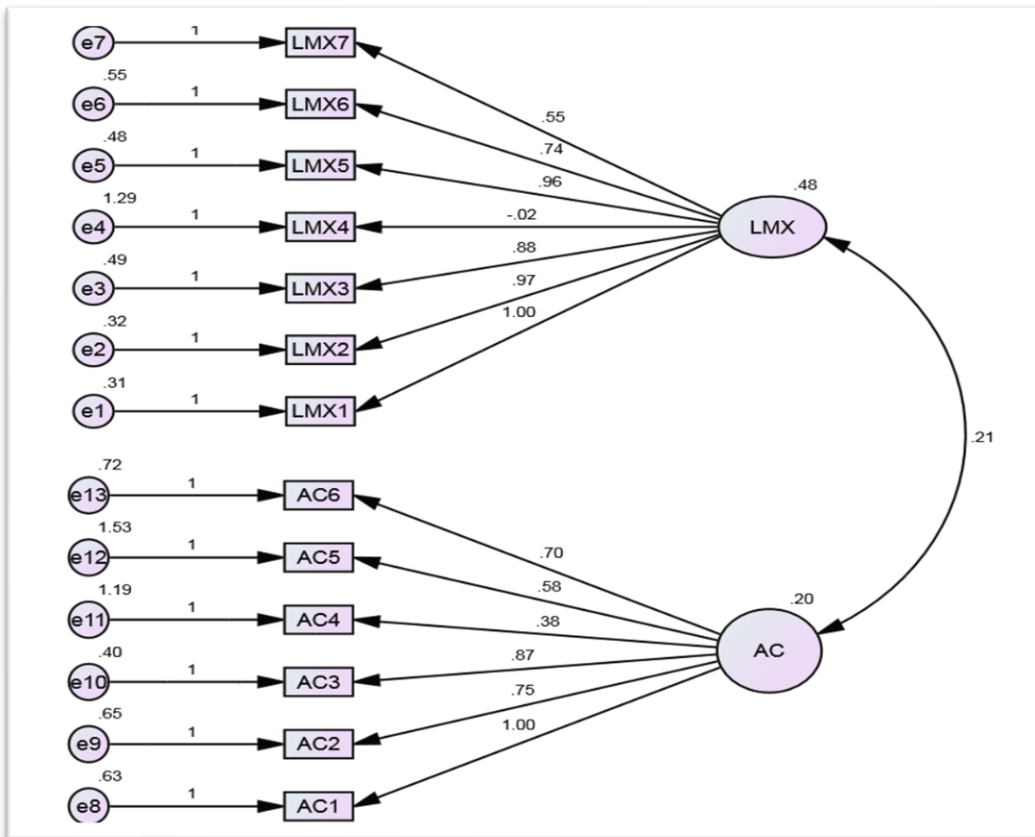


*Figure 2:* Confirmatory Factor Analysis with all Items of LMX and AC

To test the proposed model in this study, CFA was conducted using AMOS 18. The constructs were analyzed together, and model fit indices were assessed for model adequacy, including the Chi-square difference test, Root Mean Square Error of Approximation (RMSEA), Comparative Fit Index, and Tucker Lewis Index (TLI). A well-fitting model would exhibit an RMSEA score below 0.08 and all other indices above 0.90 (Hair et al., 1998; Kline, 2005). Regression estimates indicated that all paths were significant except for two paths. Modification indices revealed some residual covariances, with the highest covariance found.

In the First Model, when all items of 2 factors were tested, the model fit statistics were a bit poor; CMIN / DF = 1.868, and sig value p is not greater than 0.000, GFI = 9.05, TLI = 0.844, CFI = 0.872 and RMSEA is 0.070. The model fitness showed a good fit in some indices and poor in others, such as the p-value of Chi-square, TLI, and CFI. All poor indices values are labeled.

Table 2
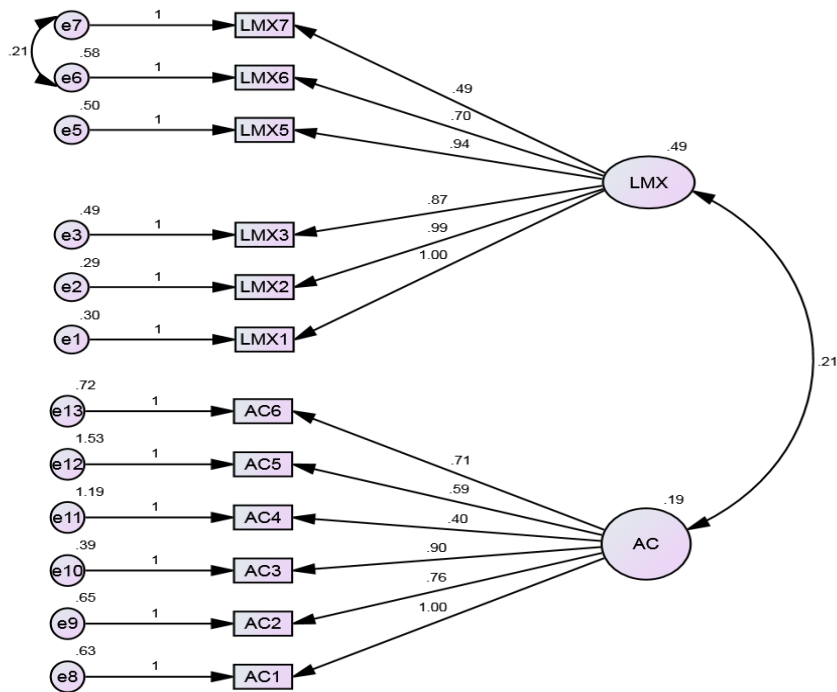*Regression Weights: (Group number 1 - Default model)*

|  |  |  | Estimate | SE. | CR. | P | Label |
|---|---|---|---|---|---|---|---|
| LMX1 | <--- | LMX | 1.000 |  |  |  |  |
| LMX2 | <--- | LMX | .974 | .099 | 9.807 | *** | par_1 |
| LMX3 | <--- | LMX | .876 | .105 | 8.376 | *** | par_2 |
| **LMX4** | **<---** | **LMX** | **-.016** | **.133** | **-.120** | **.904** | **par_3** |
| LMX5 | <--- | LMX | .959 | .108 | 8.852 | *** | par_4 |
| LMX6 | <--- | LMX | .745 | .103 | 7.230 | *** | par_5 |
| LMX7 | <--- | LMX | .555 | .112 | 4.944 | *** | par_6 |
| AC1 | <--- | AC | 1.000 |  |  |  |  |
| AC2 | <--- | AC | .745 | .225 | 3.315 | *** | par_7 |
| AC3 | <--- | AC | .871 | .221 | 3.947 | *** | par_8 |
| AC4 | <--- | AC | .382 | .242 | 1.576 | .115 | par_9 |
| AC5 | <--- | AC | .582 | .285 | 2.042 | .041 | par_10 |
| AC6 | <--- | AC | .698 | .225 | 3.095 | .002 | par_11 |

Table 3
*Model Fit Summary- CFA with all Items of Variables in Model*

|  | CMIN/df | GFI | TLI | CFI | RMSEA |
|---|---|---|---|---|---|
| **SR Model** | 1.868 | .905 | .844 | .872 | .07 |

**CFA After Modification -Delectation of low factor loading Path (LMX 4) and Creating Covariance among, e6 –e 7**

*Figure 3*: CFA Estimates and Model Fit Summary - After Modifications



Following modifications, which included the removal of insignificant paths and the creation of covariance between e6 and e7, Confirmatory Factor Analysis was conducted again. In regression estimates, all paths were found to be significant. Additionally, the model fit indices showed improvement.

Table 4

*Regression Weights: (Group number 1 - Default model)*

|  |  |  | **Estimate** | **SE.** | **CR.** | **P** | **Label** |
|---|---|---|---|---|---|---|---|
| LMX1 | <--- | LMX | 1.000 |  |  |  |  |
| LMX2 | <--- | LMX | .995 | .099 | 10.074 | *** | par_1 |
| LMX3 | <--- | LMX | .870 | .104 | 8.392 | *** | par_2 |
| LMX5 | <--- | LMX | .939 | .107 | 8.732 | *** | par_3 |
| LMX6 | <--- | LMX | .703 | .103 | 6.853 | *** | par_4 |
| LMX7 | <--- | LMX | .493 | .112 | 4.387 | *** | par_5 |
| AC1 | <--- | AC | 1.000 |  |  |  |  |
| AC2 | <--- | AC | .757 | .230 | 3.292 | *** | par_6 |
| AC3 | <--- | AC | .899 | .228 | 3.935 | *** | par_7 |
| AC4 | <--- | AC | .401 | .247 | 1.621 | .105 | par_8 |
| AC5 | <--- | AC | .592 | .291 | 2.038 | .042 | par_9 |
| AC6 | <--- | AC | .708 | .230 | 3.073 | .002 | par_10 |

Table 5
*Model Fit Summary, After Modification*

|  | CMIN/df | GFI | TLI | CFI | RMSEA |
|---|---|---|---|---|---|
| **SR Model** | 1.523 | .929 | .918 | .935 | .055 |

**Final - Structural Regression (SR) Model**

The structural Regression (SR) Model (using AMOS 18) was conducted for hypotheses testing and evaluating the conceptual model's overall fit. Results of SR model 0 demonstrated a good fit to the data; CMIN / DF = 1.523 p > 0.000, GFI = 9.29, TLI = 0.918, CFI = 0.935, and RMSEA is 0.055.
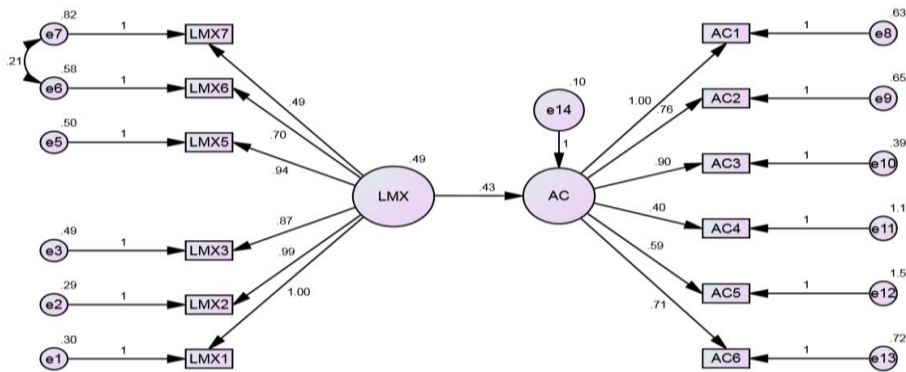


*Figure 4:* Final - Structural Regression (SR) Model

### 4.5. Structural Model Assessment

The study results suggest a significant positive relationship between Leader Member Exchange (LMX) and employees' affective commitment. The value of the regression coefficient (β) of 0.429 indicates that for every one-unit increase in LMX, affective commitment increased by 0.429 units on average. This coefficient is statistically significant at $P < 0.01$, meaning that the relationship between LMX and affective commitment is not likely due to chance. Additionally, the standard error (SE) value associated with the coefficient estimates the amount of random variation in the data. In this case, the SE value was not provided, so we cannot make any specific interpretation about the variation in the data. The finding of a significant positive impact of LMX on affective commitment is consistent with previous research highlighting the importance of high-quality leader-member relationships for employees' job attitudes and behaviors. Affective commitment refers to an emotional attachment and sense of loyalty to the organization and is considered an important predictor of employee retention and performance. These results suggest that managers who build high-quality relationships with their employees may see positive outcomes in increased affective commitment, which could lead to improved job satisfaction, motivation, and performance.

## 5. DISCUSSION

The results strongly support the research hypothesis that posits a positive association between LMX and employees' affective commitment. This finding underscores the significance of LMX quality to employees and highlights the importance of building high-quality leader-member relationships in organizations. Previous research has also consistently highlighted the positive impact of LMX on employee outcomes. For instance, research has shown that high-quality LMX is associated with increased job satisfaction, organizational commitment, and performance and decreased turnover intentions and absenteeism. These findings are consistent with the results of the current study, which found that LMX had a significant positive impact on employees' affective commitment.

Employees with low levels of commitment can be effectively managed with quality LMX relationships. This is consistent with previous research showing that LMX can help mitigate the negative impact of low organizational support and stressful work conditions on employees. By developing strong relationships with their employees, managers can provide support and resources to help employees navigate challenging work situations and maintain their commitment to the organization. Overall, the findings of this study are consistent with existing research on the importance of LMX for employee outcomes. The discussion highlights the potential positive work outcomes that can be expected when managers build strong relationships with their employees, emphasizing the significance of LMX quality to employee well-being and organizational performance.

### 5.1 Future Research Directions

Several potential future research directions can build upon the findings of this study. First, e while this study found a positive association between LMX and affective commitment, it is unclear how exactly LMX quality leads to increased commitment. Future research could explore potential mediators or moderators of this relationship, such as job satisfaction, organizational justice, or perceived organizational support. Moreover, the relationship between LMX and affective commitment may vary depending on certain contextual factors. For instance, the effect of LMX may be stronger in certain types of organizations, industries, or job roles. Future research could investigate these boundary conditions to understand better when and how LMX is most important for employee commitment. Finally, cultural factors may also influence the relationship between LMX and affective commitment. For instance, collectivistic cultures may emphasize interpersonal relationships more than individualistic cultures, which could impact the importance of LMX for commitment. Future research could explore these cultural differences to shed light on potential cross-cultural variations in the LMX-commitment relationship.

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## **Appendix**

Table 1

|  | N | Minimum | Maximum | Mean |
|---|---|---|---|---|
| LMX1 | 177 | 1 | 5 | 3.90 |
| LMX2 | 177 | 2 | 5 | 3.92 |
| LMX3 | 177 | 2 | 5 | 3.82 |
| LMX4 | 177 | 1 | 5 | 3.15 |
| LMX5 | 177 | 1 | 5 | 3.51 |
| LMX6 | 177 | 1 | 5 | 4.12 |
| LMX7 | 177 | 1 | 5 | 3.86 |
| AC1 | 177 | 1 | 5 | 3.65 |
| AC2 | 177 | 2 | 5 | 3.42 |
| AC3 | 177 | 2 | 5 | 3.93 |
| AC4 | 177 | 1 | 5 | 3.51 |
| AC5 | 177 | 1 | 5 | 2.84 |
| AC6 | 177 | 1 | 5 | 3.71 |
| Gender | 177 | 1 | 2 | 1.14 |
| Age | 177 | 1 | 7 | 3.25 |
| Experience | 177 | 1 | 6 | 2.37 |
| Valid N (listwise) | 177 |  |  |  |

## Scale
## Reliability

Table 2
*Reliability Statistics*

| Cronbach's Alpha | N of Items |
|---|---|
| .703 | 13 |

Table 2 a
*Item-Total Statistics*

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|
| AC1 | 43.69 | 30.727 | .331 | .685 |
| AC2 | 43.92 | 31.335 | .286 | .691 |
| AC3 | 43.41 | 31.197 | .380 | .682 |
| AC4 | 43.82 | 32.509 | .093 | .721 |
| AC5 | 44.50 | 31.286 | .142 | .720 |
| AC6 | 43.63 | 31.495 | .254 | .695 |
| LMX1 | 43.44 | 28.532 | .585 | .653 |
| LMX2 | 43.42 | 28.757 | .566 | .656 |
| LMX3 | 43.52 | 29.217 | .480 | .665 |
| **LMX4** | **44.19** | **33.690** | **-.006** | **.736** |
| LMX5 | 43.83 | 27.607 | .627 | .643 |
| LMX6 | 43.21 | 29.363 | .479 | .666 |
| LMX7 | 43.47 | 30.523 | .319 | .687 |

**Pearson's Product Moment Correlations Among Leader Member Exchange (LMX) and Affective Commitment (AC)**

Table 3
*Descriptive Statistics*

|  | Mean | Std. Deviation | N |
|---|---|---|---|
| Mean_LMX | 3.8238 | .72107 | 177 |
| Mean_AC | 3.8563 | .60612 | 177 |

Table 3 a
*Correlations*

| Measures | | Mean_LMX | Mean_AC |
|---|---|---|---|
| Mean_LMX | Pearson Correlation | 1 | .350$^{**}$ |
|  | Sig. (2-tailed) |  | .000 |
|  | N | 177 | 177 |
| Mean_AC | Pearson Correlation | .350$^{**}$ | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N | 177 | 177 |
| $^{**}$. Correlation is significant at the 0.01 level (2-tailed). | | | |

Factor Analysis (Principal Component, Varimax Rotation)

Table 4

*Rotated Component Matrix[a]*

| Items | Component | |
|---|---|---|
| | 1 | 2 |
| LMX1 | .775 | |
| LMX5 | .731 | |
| LMX2 | .730 | |
| LMX3 | .711 | |
| LMX6 | .697 | |
| LMX7 | .567 | |
| **AC1** | **.474** | |
| **AC5** | | |
| **AC4** | | .725 |
| **AC3** | | .472 |
| **AC2** | | .401 |
| **LMX4** | | |
| **AC6** | | |

Total Variance Explained = 38.238 % , KMO = .0.777 ( Values above 0.60 are acceptable)