

**Leadership for India INC Practical Concepts and Constructs**  
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**Week - 02**  
**Leadership Theories**  
**Lecture - 10**  
**Leader-Member Exchange Theory**

Hi Friends, Welcome to the NPTEL course on Leadership for India Inc. Practical Concepts and Constructs. We are in week 2, discussing various Leadership Theories. In this lecture number 10, we are going to discuss leader member exchange theory.

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**Leader-Member Exchange (LMX) Theory**

Leader-Member Exchange (LMX) theory conceptualizes leadership that is anchored on the interactions between leaders and followers. These are viewed as relations between a leader and each follower typically (dyadic relationships).

The leader's relations with a work group may be seen as a group of vertical relations between the leader and each follower in the group

One class of relations is based on expanded and negotiated role responsibilities (extra-roles); called the *in-group*

The other class of relations is based on formal employment contract (defined roles); called the *out-group*

The nature of relationships between the leader and each of the followers determines whether the followers become part of the in-group or out-group.

The diagram shows a central purple oval labeled 'Dyadic Relationships' connected by vertical lines to two levels of nodes. The top level has two nodes labeled 'L' (Leader). The bottom level has two nodes labeled 'F1' and 'F2' (Followers). A blue box below the diagram says 'And so on...'. The NPTEL logo is in the top right corner.

Leader member exchange theory has got this abbreviated form LMX theory. L stands for leader, M stands for member and X stands for exchange.

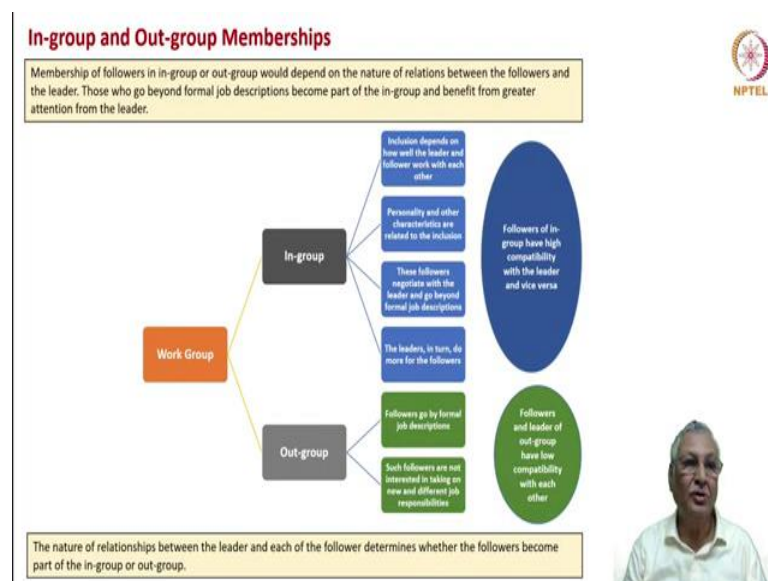
This theory conceptualizes a leadership's model, that is anchored on the interactions between leaders and each of the leaders' followers. They are typically dyadic relationships. A dyadic relationship is a relationship between two members. For example, a teacher and student relationship, a father and son relationship, a mother and girl relationship and so on.

The leaders' relations with a work group may be seen as a group of vertical relations between the supervisor or the leader and each follower in the group. One class of relations is based on expanded and negotiated role responsibilities that is role responsibilities beyond the formal, official job contracts, such a group is called the in-group. The other class of relations is based on formal employment contract, defined as roles or responsibilities and this group is called the out-group.

On the right side you have dyadic relationships; typically, one leader has relationship with a follower. Then, the same leader has another relationship with the other follower and so on.

Now, these relationships could be an in-group or an out-group. The nature of the relationships between the leader and each of the followers determines, whether the followers become part of the in-group or out-group.

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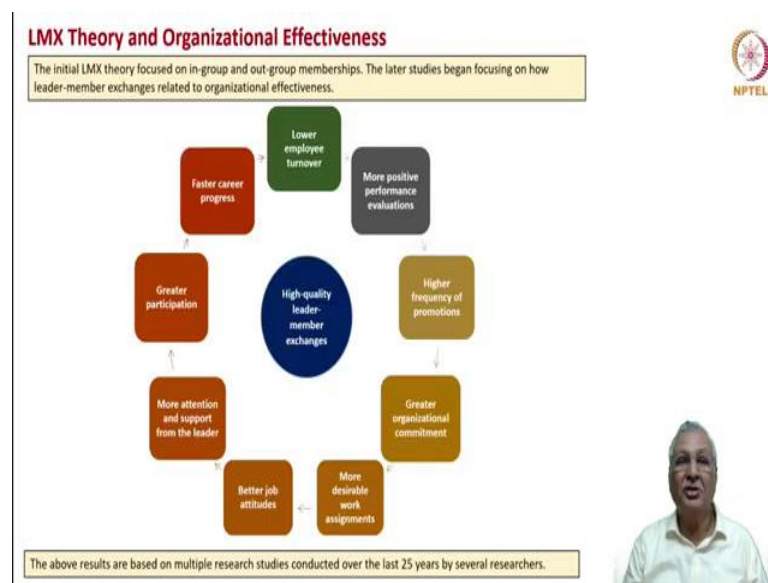
What are the characteristics of in-group? In the in-group, the inclusion depends on how well the leader and the follower are able to work with each other. Therefore, personality and other characteristics are related to the inclusion beyond the job responsibilities, these followers typically negotiate with the leader and go well beyond the job definitions.

The leaders also in turn do much more for the followers who belong to the in-group. So, followers of in-group have high compatibility with the leader and vice versa. The out-

group is defined by formal role responsibilities, or job responsibilities, followers do not go beyond what is described in the formal job contract. Such followers are not interested in taking up traditional job responsibilities, nor are they interested in negotiating with leader, favorable positioning based on increased boundaries of work.

Followers and leaders of out-group have low compatibility with each other. As I said earlier, the nature of relationships between the leader and each follower determines, whether the followers become part of the in-group or out-group.

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LMX theory and organizational effectiveness has got certain logical moorings. High quality leader-member exchanges have several benefits. It results in lower employee turnover because, employees are satisfied.

More positive performance evaluations are possible, higher frequency of promotions, is possible, greater organizational commitment, more desirable work assignments, better job attitudes, more attention and support from the leader, greater participation in the teamwork as well as in the organizational work and faster career progress.

You can think of in-group as a specially curated work group, which is based on doing more work and getting more rewards. And, it is a favorable disposition, mutually shared between the leader and the followers. These results are based on multiple research studies conducted over the last 25 years by several researchers.

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**Multiple Meta Analyses on LMX Theory**

From the mid-1990s, there have been several meta-analyses of the relation between LMX theory and organizational and people effectiveness. The results of the various studies have been as follows:

- Consistently related to member job performance, satisfaction (overall and supervisory), commitment, role conflict and clarity, and turnover intentions. Strong support for the LMX 7 psychometric questionnaire; highlighted the importance of leader-member exchange measurement (1)
- Group dynamics influence leader-member exchanges. Perceived high-quality leader-member exchange was positively related to feelings of energy in employees which related to greater involvement in creative work. Though not directly related to creativity, LMX served as a mechanism to nurture people's feelings, which then increased their creativity (2, 3)
- Higher degree of electronic communication found to have more positive leader-member relationships (4)
- Though not directly related to creativity, LMX served as a mechanism to nurture people's feelings, which then increased their creativity (5)
- Positive relationship between the quality of LMX relationships and citizenship behaviours that go beyond formal relationships (6)
- Empowerment and LMX exchange quality had a slight synergistic effect on job outcomes (7)
- In high technology firms, greater autonomy increased the positive relationship between leader-member exchange and creativity at work (8)

Sources:  
(1) Gardner, G. L., & Day, D. E. (2007). Meta-analysis: review of leader-member exchange theory: Correlates and construct issues. *Journal of Applied Psychology*, 92, 821-844.  
(2) Howell, J., Wu, L., Cohen, J. L., & Ledford, P. A. (2012). Leader-member exchange: Research, research findings and prospects for the future. In A. Bryman, J. Collinson, A. Kemp, G. Jackson, & S. Vainonen (Eds.), *The SAGE handbook of leadership* (pp. 423-432). London, UK: Sage. (2012)  
(3) Houghton, S. B., Johnson, B., & Korman, J. M. (2012). Attachment style and leader-member exchange. *Leadership and Organization Development Journal*, 33(3), 403-414.  
(4) Hill, M. L., Wang, Y., & Shi, M. (2016). The interactive effect of leader-member exchange and electronic communication on employee psychological engagement and work outcomes. *The Leadership Quarterly*, 27(16), 1712-1723.  
(5) Johnson, S. B., Johnson, B. (2010). Leader-member exchange, feelings of energy and involvement in creative work. *The Leadership Quarterly*, 21, 284-293, and Cornell (2010).  
(6) Kulp, D. (2016). Multidimensional basis of organizational behavior. *Behavioral Science*, 5, 123-146; Cogan, C. M. (2016). Organizational citizenship behavior: The good soldier syndrome. Lexington, MA: Lexington Books.  
(7) Harris, A. C., Wheeler, A. A., & Kacmar, K. M. (2010). Leader-member exchange and empowerment: Direct and interactive effects on job satisfaction, turnover intentions, and performance. *The Leadership Quarterly*, 21, 375-382.  
(8) Johnson, J., Park, S., & Bennett, C. (2012). Leader-member exchange (LMX), job autonomy, and creative work involvement. *The Leadership Quarterly*, 23(1), 45-60.

The above research studies indicate that organizations gain from leaders who create good working relationships. When leaders and followers have good exchanges, they feel better and accomplish more, and the organization prospers.



There is a very strong research support for the LMX theory. This is an information rich slide, I have quoted 8 research studies, which represent Meta analysis on LMX theory conducted over the last 25 years. The results of the various studies have been as follows, although I cannot go in detail on these studies and when you have time you can refer to any of these studies.

One, member jobs performance, satisfaction, overall as well as supervisory commitment, role conflict and clarity and turnover intentions are all positively correlated with in-group existence. Strong support for the LMX 7 psychometric questionnaire, which is a questionnaire designed as part of the LMX theory, has highlighted the importance of leader member exchange measurement.

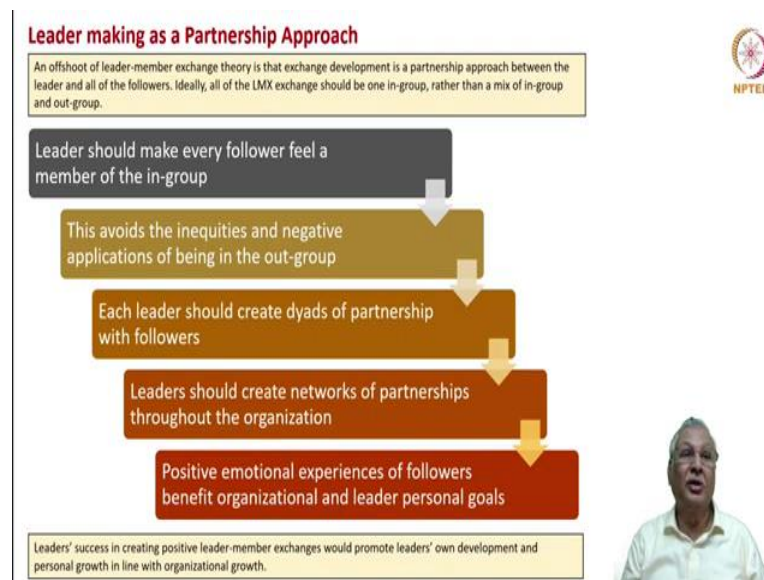
Similarly, group dynamics are positive in leader member exchanges which are characterized by in-groups. It is a mechanism to nurture people's feelings, which increase their creativity. Electronic communication has had a positive impact on leader member relationships as told by one research.

Though not directly related to creativity, LMX also served as a mechanism to stimulate the creativity in the followers. Positive relationships between the quality of LMX and citizenship behavior of the followers go beyond formal relationships. Empowerment and LMX exchange quality have a slight synergistic effect on job outcomes. Particularly in

high technology firms, greater autonomy increased the positive relationship between leader and members exchange and creativity at work.

The above research studies indicate that organizations gain from leaders, who create good working relationships with their followers. If the leaders and followers succeed in having good exchanges, they feel better, they accomplish more and the organization prospers.

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So, leader making, that is the development of a leader is considered as a partnership approach in the LMX exchange. If you see the previous theories, they treat leader and followers as two distinct groups of individuals.

And the relationship is based on certain assumptions about the followers, and certain assumed leadership styles which are considered effective. Whereas, leadership development under the partnership approach of LMX ensures that leader and follower act in concert with each other.

So, there are five characteristics of this partnership approach. One, the leader should make every follower feel, that he is a valued member of the in-group. This avoids the inequities and negative applications of being in the out-group. Clearly as you can see from the definition of the in-group and out-group, in-group tends to be a favored group.

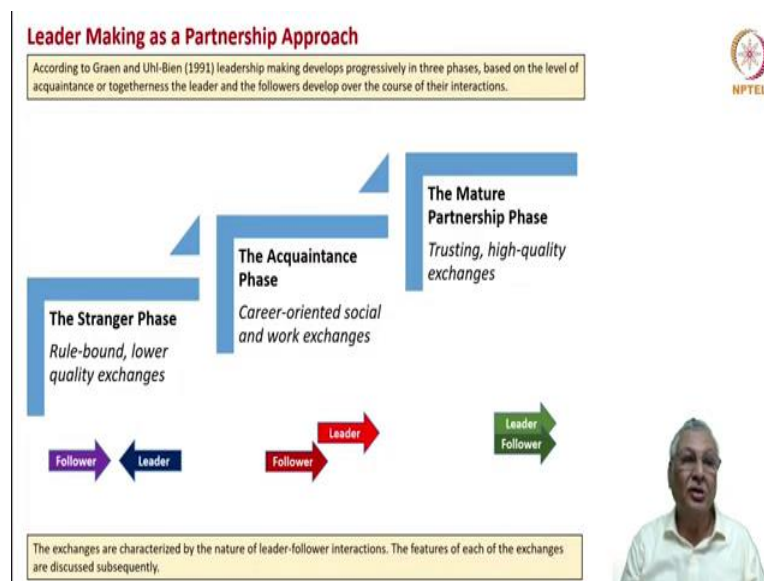
Favored by the followers as also by the leader, whereas, the out-group seems to be a passive group, which is very role bound and mechanistic.

Therefore, they are bound to be inequities and negative applications of a follower being in the out-group versus a follower, who is a part of the in-group. Therefore, to avoid the inequities and negative applications of being in the out-group, the partnership approach of the leader must aim at enlarging the in-group as much as possible in fact, converting his or her entire team into an in-group.

Under the LMX theory, each leader should create dyads of partnership with followers; they should also create networks of such partnerships throughout the organization, so that, the entire organization can turn out to be a strongly network dyad system. Positive emotional experience of followers will benefit organizational and leader personal goals. So, the leaders' success in creating positive leader member exchanges would promote leaders own development because, there is a process of negotiation involved.

Understanding what the followers can do and what the followers need and accordingly adjust the work roles and responsibilities. And also elevating the organizational performance through this negotiation, provides for better leadership development. So, it is not just for follower's management. It is also for leaders own self management.

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When you are making leaders as a partnership approach, you have three stages. In the first stage is the stranger phase, wherein the follower and leader see each of the other as the adversary. The stranger phase is marked by rule-bound lower quality exchanges. In the acquaintance phase; both leader and follower get more acquainted with each other. And as a result, they become more aligned with each other. These exchanges are more career oriented and more social and work related exchanges.

Whereas in the third phase, which is the mature partnership phase. The leader and follower are closely aligned and bonded, resulting in trusting high quality exchanges. The goal of leader making in LMX theory is aimed at having the mature partnership phase at the earliest.

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**Phase 1: The Stranger Phase**

The key features of the Phase 1, the Stranger Phase, in terms of leader-follower relationships are as below.

- The leader-follower relationships are rule-bound, and formal contract-based
- The relationships will be within the prescribed organizational roles
- The work group will be a lower-quality exchange, similar to out-groups
- The follower complies with the authority and hierarchical status of the leader
- The follower is cognizant of the economic rewards that the leader controls
- The leader makes no effort to recognize the needs of, or develop, the followers
- The follower is motivated by self-interest rather than the good of the group

The Stranger Exchanges are characterized by a tentative and questioning nature of leader-follower interactions, operating within the strict boundaries of leader instructions and follower compliances.

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The stranger phase, let us try to understand, what are the key aspects of this stranger phase. The leader-follower relationships are rule bound, it is like a leader meeting a follower for the first time based on a job contract that was provided by him or the human resources department. And accordingly, the follower also entered the organization, trying to follow the rules that have been set up.

It is a very formal and very contract based relationship. And the roles are very clearly defined, if you are a person whose job is to buy components, you try to do only buying of components. Vendor development are the larger quality management is unlikely to be your agenda because, that does not get specified in the appointment letter.

The work group will therefore, be a lower quality exchange similar to out-groups. More number of followers are required to do the same job compared to an in-group where the boundaries are extended by individuals. Therefore, it is the lower quality exchange because you do what is told. The follower complies with the authority and hierarchical status of the leader. And, he is also cognizant of the economic rewards that the leader controls.

Therefore, it is better to listen to the leader rather than extent himself. The leader also makes no effort to recognize the needs of and develop the followers. And, the follower is motivated by self-interest more by security, safety and regular compensation needs rather than the good of the group. The stranger exchanges as stipulated here, or characterized by a tentative and questioning nature of leader-follower interactions. Both the entities, the leader entity as well as the follower entity the human entities.

They are trying to probe each other, they are trying to find each other in terms of their systems, governing mechanisms and other value based systems. And, they want to operate until this is resolved within the strict boundaries of the jobs as defined by the contracts.

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**Phase 2: The Acquaintance Phase**

The key features of the Phase 2, the Acquaintance Phase, in terms of leader-follower relationships are as below.

- Either the leader or the follower suggests improved career-oriented social exchange
- It involves sharing more personal or work information as well as resources
- The leader evaluates if follower will take on more roles and responsibilities, and the follower evaluates if the leader provides more challenges and opportunities
- The leader and the follower will start looking beyond formal roles and job descriptions
- The work group will display interactions of medium quality
- The successful dyads begin to develop greater trust and respect for each other, and the other dyads
- The leaders and the followers are driven less by self-interests and more by group-interests

The Acquaintance Exchanges are characterized by certain definitive moves towards more trusting and respectful relationships.

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*(Video inset of a man speaking)*

In the acquaintance phase, both leader and the followers begin to open up, they tend to have more career oriented approaches and more social exchanges, trying to understand each other better, each gets to know the other person better.



Therefore, there will be sharing of more work related information, more personal information. When the follower encounters a situation, which is of adverse nature or encounters a situation, where the accomplishment has been much more easily done. The follower is willing and eager to share that information with the leader; therefore, there is more interaction in the acquaintance phase.

The leader also has the opportunity to evaluate, whether the follower can take on additional responsibilities. And the follower also evaluates whether the leader is one who encourage and reward additional responsibilities.

And, whether the system itself offers more challenges and opportunities. Accordingly, the leader and the follower in the acquaintance phase start looking beyond formal roles and job descriptions. As a result of all these changes, the work group will display interactions of medium quality than the other dyads. The leaders and the followers are driven less by self-interest and more by group interests. This is the situation in the acquaintance phase.

The acquaintance exchanges are characterized by certain definitive moves, towards more trusting and respectful relationships.

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**Phase 3: The Mature Partnership Phase**

The key features of the Phase 3, the Mature Partnership Phase, are all of those of Acquaintance Phase plus the ones below:

- It is characterized by high-quality leader-member exchanges, marked by mutual trust, respect and obligation
- The relationship would have been tested and proven itself, for dependency on each other
- High degree of reciprocity and equity of relationship between leaders and followers
- The partnership exchanges are egalitarian with control balanced between the leader and the follower
- The leaders rely on the followers to do extra works and the followers rely on leaders for extra support
- The partnership phase goes well beyond traditional job and role definitions
- The leaders and the followers are driven by shared and aligned interests and organizational group interests

The Partnership Exchanges are characterized by creative ways of bonding between leader and followers to produce positive outcomes for themselves, their groups and the organization. A simple comparison follows.

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In the matured partnership phase, the key aspects are as follows: one, high quality leader member exchanges are developed. Because of mutual trust, respect and obligation which

the leader and the follower has for each other. The relationship would already have been tested and proven itself for dependence on each other presumably in the acquaintance phase. High degree of reciprocity and equity of relationship between leaders and followers, the partnership exchanges are egalitarian and control balanced between the leader and the follower. The leaders rely on the followers to do extra work and the followers rely on the leaders for extra support.

The partnership phase goes well beyond traditional role definition and the job responsibility. And the leaders and the followers in this model phase are driven by shared and aligned business interests as well as organizational group interests. The partnership exchanges in general are characterized by creative ways of bonding between leader and followers, to produce an extraordinary level of output and an extraordinary positivity in the way the work is achieved. A simple comparison of these 3 phases follows.

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**A Comparison of Phases**

The key features of the three phases are compared below in terms of several key factors.

Feature	Phase 1 Stranger	Phase 2 Acquaintance	Phase 3 Partnership
<b>Roles</b>	Formal, Contractual	Formal with flexibility	Evolved, Negotiated
<b>Execution</b>	Compliant	Tested	Reinforced
<b>Influences</b>	One-way	Mixed	Reciprocal
<b>Exchanges</b>	Low quality	Medium quality	High quality
<b>Characterization</b>	Do what is scripted	Add a few extra works	Go far beyond the role
<b>Interests</b>	Self	Self and Leader	Self, Leader and Organization
<b>Time</b>	Immediate term	Short term	Medium term

Source: Adapted from "Relationship-Based Approach to Leadership: Development of Leader-Member Exchange (LMX) Theory of Leadership Over 25 Years: Applying a Multi-Level, Multi-Domain Perspective", by G. B. Gram and M. Lili-Bra, The Leadership Quarterly, 6(2), pp. 219-247

The success of LMX exchanges depends on the manner in which the formality of organization and role structures are developed with flexibility and adaptability to deliver positive results for themselves, the group and the organization.

The factors are roles, execution, influences, exchanges, characterization, interests and time. In the phase 1 stranger phase, the roles are formal and contractual, whereas in phase 2 acquaintance phase, they are formal, but with flexibility. Whereas, in phase 3 partnership, the relationships will be evolved, negotiated role-based relationships. That is the role is defined in a brief manner.

But, once the person joins the group or seeks to be a member of the group, they would have a larger responsibility that is sketched out. In respect of execution, stranger phase

involves only compliance whereas, in acquaintance phase both parties, that is the leader and the follower test each other. And, see whether it is possible to do more than what is specified in the formal contract.

Whereas, in the partnership phase there is a rainforest execution wherein, both parties believe that more can be accomplished through this dyadic relationship. As far as the influence are concerned, in the stranger phase is all one way. Whereas, in phase 2 acquaintance phase, it is a mixed thing at times there is a two-way communication, at most times it is also a one-way communication as in this stranger phase.

Whereas, in phase 3 clearly the entire communication is reciprocal, in the exchange quality is low in stranger phase, medium in acquaintance phase and of high caliber and high quality in the partnership phase. As far as the overall characterization is concerned, stranger phase is based on standard operating procedures do what is scripted. In acquaintance phase a few things are added as add-ons.

Whereas, in the partnership phase, that is the phase 3, the mature partnership phase the role actually executed goes far beyond the role that is defined in the formal contract. The interest in the stranger phase are self, in the acquaintance phase self and leader. Whereas in the partnership phase, it is, self, leader and the organization. What happens in respect of timeframe? Is that in the strangers phase it is all immediate term.

What happens today is the question? That the leader and follower try to address through their dyadic relationship, whereas in the acquaintance phase, it is not strictly day to day it is of short term nature. Whereas, in the phase 3 partnership, mature partnership the relationship is of the medium term.

The success of LMX exchange is depends on the manner in which the formality of the organization and role structures, are developed with flexibility and adaptability to deliver positive results for themselves, the group and the organization.

At times having prior acquaintance between the leader and the follower as new groups are constituted, helps development of in-group you can also see that. When, a leader is there with a particular group of people, when people with prior acquaintance with the leader come into the group. In-groups are formed as dyadic relationship between the new entrant and the leader more easily, more flexibly.

Whereas, the others are just observers at that point of time, as I said in the beginning such kind of relationship could lead to iniquity and dissonance. Therefore, it is the interests of the leader to bring every relationship, every dyadic relationship to a relationship that is of the status of in-group.

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So, what are the expectations of the leader from the followers, and what are the followers' expectations from the leaders in a dyadic relationship, in the LMX theory? Leader expects the followers to display enthusiasm, participation, gregariousness that is friendliness, collaborative spirit, and extraversion, willing to speak out, willing to give feedback.

Whereas, the follower expects the following things from the leaders, the leader should be pleasant so that, the follower could come near him and then come out with his opinions and feedback. The leader should be trusting leader. The cooperative nature of the leader should be visible and actually felt and the leader should be agreeable.

Leaders typically look for followers who extend themselves to support leaders. And similarly, followers look for leaders, who are willing to go that extra mile to support the followers. And also reward them not only with additional responsibilities, but also with additional career growth or compensation growth based on the performance. Therefore, this positivity which is there in these expectations, bind the leader and the follower in a stronger dyadic relationship, in a positive mature leader member exchange.

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**Assessment of Relationship Quality**

Leaders and followers need mechanisms to assess the quality of relationship they have. Segregation of trustworthy and untrustworthy leaders or followers is a key aspect of leader-member exercises.

Relationships			
Trustworthy	Indeterminate	Untrustworthy	



**Determining Method**

Storytelling	Simulation	Cooperative communication	Social interaction
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**Relationship Preserving Method**

Transparent communication	Responsiveness to feedback	Shared tasks	Conflict management
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Leader-follower behaviours impact the relationship quality. In partnerships, these issues will be discussed and resolved openly. The evolution from Stranger to Acquaintance and Partnership states, and sustainability in Partnership state depends on relationship quality.



How do you assess the quality of the relationships? There are three types of relationships. One, trustworthy that is absolute trust between the leader and the follower, and clearly that is the hallmark of the in-group. Then, there is the indeterminate relationship, that is, we cannot really make out, whether the leader and follower are made for each other in terms of in-group. And the third one is the untrustworthy that is leader and follower do not trust each other.

The trustworthy relationship gets into the in-group characteristics without any doubt. Whereas, indeterminate could be the testing phase of the stranger phase or the acquaintance phase. Whereas, untrustworthy is a kind of out-group mechanism, wherein people would go by the letter than by the spirit people, would go by the contracts than by anything else.

So, the determining method for the relationship building is either by storytelling, the leader saying that this is the vision I have and please come and share in this vision getting executed.

Similarly, the follower could say that I have this expected strategy which is quite different from yours. But I have certain logic for this and let us work together on this, that is the story telling part of the determining method for the relationship. Then, there could be simulation both the leader and the follower could get together, and work out a


scenario which the company would face in case they follow the new path which they are thinking about themselves.

Then, we have cooperative communication where, both the parties are consistently and continuously engaging with each other. Then, there is a broader social interaction that is having fun at work or meeting outside. Having a relationship that extends beyond pure work relationship, that is the determining method for the relationship quality. And, how do you preserve the relationship once it is developed? One, transparent communication, there should not be seen as hidden agenda on the part of the follower or the leader.

There, should be genuine responsiveness to the feedback. Feedback should not be taken only for feedback sake and the tasks should be shared, it is not the leaders job is to give direction. And the followers job is only to implement the tasks should be shared, planning and execution should be mutually shared. And conflict management should be fast, seamless and equitable.


When, these kinds of relations are developed through appropriate analytical methodologies, as I have indicated the relationship quality would be at a high level. And, the issues will be discussed and resolved openly and the in-group will be stable, well bonded and high performing.

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Impact on Followers	
High-quality leader-member exchanges provide significant benefits to followers, which improve productivity and positivity. Per contra, low-quality leader-member exchanges provides significant disadvantages to followers.	
Advantages of High-Quality LMXs to Followers	Disadvantages of Low-Quality LMXs to Followers
Preferential treatment	Cautious treatment by leaders
Increased communication from leaders	Limited communication from leaders
Ample access to leaders	Limited access to leaders
Increased performance support	Limited performance support
Increased performance related feedback	Minimal performance related feedback
Compensation benefits only based on contract	Compensation benefits beyond formal contract

A group of positively motivated and aligned followers enhance the strengths of leadership; High-quality leader-member exchanges become continuously virtuous.



What is the impact on followers of high quality leader member exchanges? The advantages of high quality LMXs are many, one, preferential treatment, they get the leaders eyes and ears very quickly, increased communication from the leaders', ample access to leader.

Increased performance support, increased performance related feedback and compensation benefits, not merely based on contract, but beyond formal contract. Whereas, the disadvantages of low quality LMXs to followers are cautious treatment by leaders.

Limited communication from leaders, limited access to leaders, limited performance support, minimal performance related feedback and compensation benefits based only on formal contract. So, these are the disadvantages of low quality LMXs whereas, what I said earlier or the advantages of high quality LMXs to followers.

A group of positively motivated and aligned followers enhances the strengths of leadership; high quality leader-member exchanges become continuously virtuous because, they keep elevating their performance to higher and higher levels.



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**Impact on Leaders**

High-quality leader-member exchanges provide significant benefits to leaders as well, which improve their ability to build strong work groups and enhance emotional and economic strengths to the organization.

Advantages of High-Quality LMXs to Leaders	Disadvantages of Low-Quality LMXs to Leaders
Individualize leadership style through dyadic relationships	Formal work-based leadership
Increased confidence on followers delivering on tasks	Limited communication from followers
Institutionalization of employee engagement processes	Limited access to followers
Collaborative two-way feedback	Performance of followers by rule-book
Ability to lead based on trust	Minimal performance related feedback
Ability to compensate better based on 'stretch' by followers	Compensation benefits controlled by formal contract

In high-quality leader-member exchanges, leaders take a proactive role in engaging with followers and triggering their positivity. In low-quality exchanges, everything will be capped by non-negotiated job and role definitions.



What is the impact on leaders? There are certain advantages of high quality LMXs to leaders; they individualize leadership style through dyadic relationships. The confidence on followers is increased they trust their followers, therefore, there is so much less of

micromanagement in high quality LMXs. The employee engagement process is institutionalized with collaborative two-way feedback.

And, there is an ability to lead based on trust, rather than monitoring of actual work. And ability to compensate better based on this stretch by followers. What are the disadvantages of low quality LMXs to leaders? A very formal work based relationship, they need to micromanage because there is very limited participation by the followers in the development of plans or in the execution.

There is limited communication from followers. So, you should keep seeking information, limited access to followers because they would like to be cocooned in their work atmosphere and not really interact with the leaders on a free basis. And, performance of followers will be by rule book, you cannot push them or stretch them beyond a point, even if the company needs such extra performance.

Minimal performance related feedback is provided by the leaders; leaders also want to exert beyond, what is specified in the job description and compensation benefits are controlled by formal contract. This situation as far as the leader impact is concerned, from the high quality LMXs.

In high quality LMXs leaders take a proactive role in engaging with followers and triggering their positivity. Whereas, in low quality exchanges everything will be kept by whatever is described in the non negotiated job and role definitions.



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**Important Organizational Variables**

The variables that impact individual, leader, group and organizational performance are indeed many. Some are:

## Organizational Variables

Performance and Appraisals	Commitment	Career Progress	Equity and Fair-play	
Working climate	Respect	Citizenship	Rewards	Openness

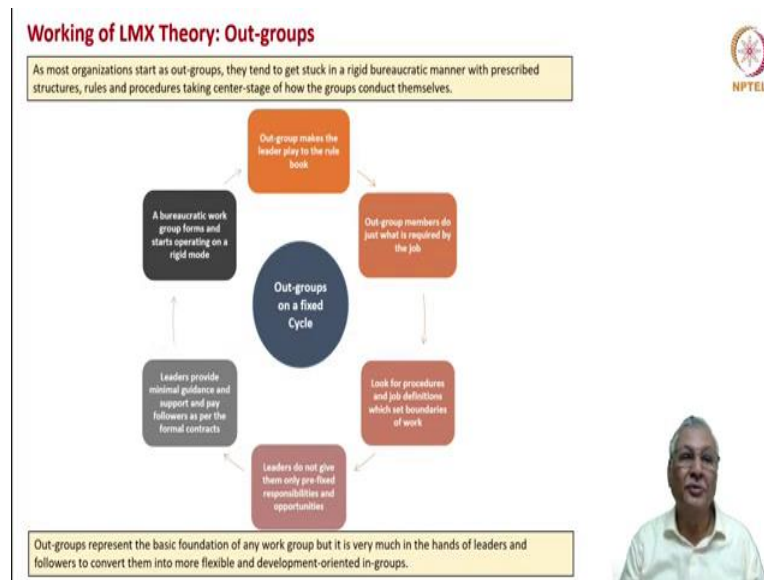
The practice of leader-member exchange gets fortified by positive organizational variables. Presence of positive organizational variables encourages formation of positive in-groups in leader-member exchanges.

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So, what are the important organizational variables that impact the way the LMXs are developed. One, performance and appraisals, two commitment, three career progress, four equity and fair play, five working climate, six respect, seven citizenship, eight rewards and nine openness. These are the nine organizational variables, which are at play in the individual, leader, group and organizational interactions that arise out of the LMX exchanges.

So, if these variables are positive, as they should be in an in-group setting, the organizational effectiveness would be that much more. Therefore, the LMX theory suggestion is that the in-groups should be as many as possible in an organization, and the leaders' emphasis should be on enlarging the scope and size of the in-groups and minimizing the size and scope of the out-groups.

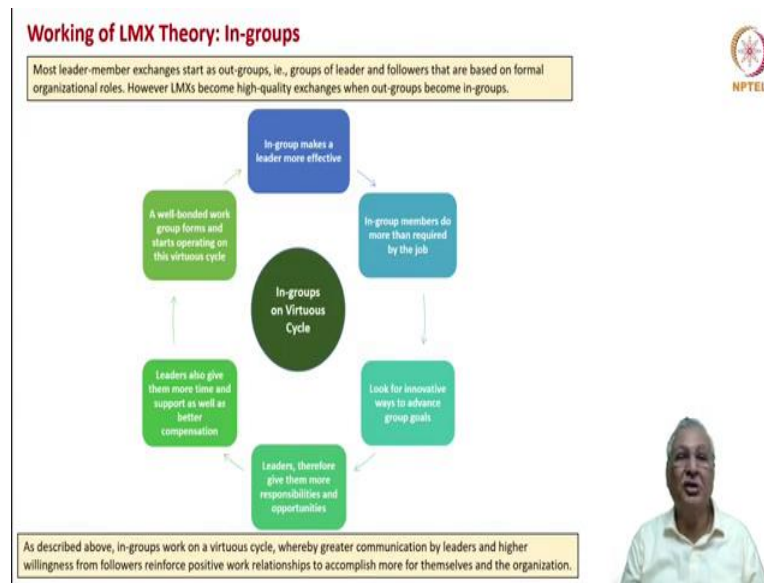
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How do out-groups work? Because, out-groups cannot be ruled out, they would exist in any organization, particularly in a bureaucratic formal organization, they work on a very fixed cycle. They make the leader play to the rule book. The out-group members do just what is set by the contract, they look for procedures and job definitions and very frequently, they say is not in my responsibility.

Leaders give them only prefixed responsibilities and opportunities. Leaders also provide minimal guidance and support, and pay followers as per the formal contracts. A bureaucratic workgroup forms and starts operating on a rigid mode. These are the characteristics of the out-groups, as you can see it is rule bound and textbook kind of functioning of the groups.

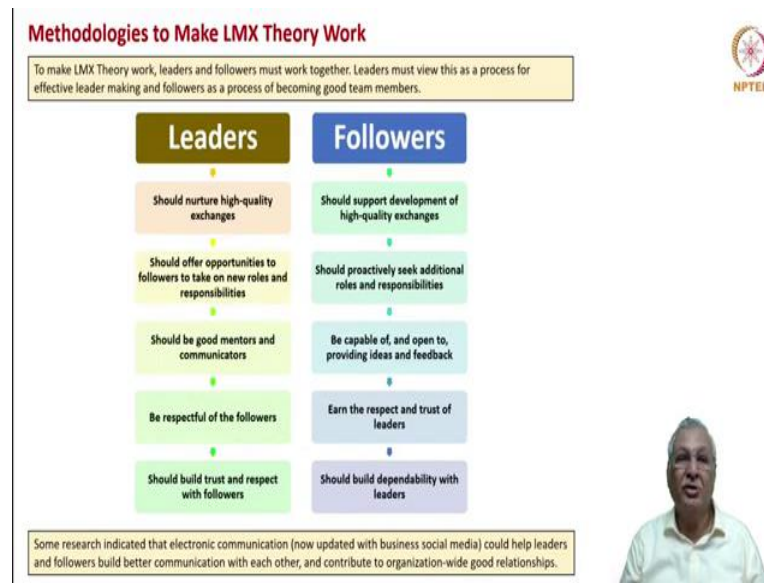
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Whereas the working of LMX in-groups' contrasts in a very significant manner, it is more virtuous group. The in-group makes a leader much more effective. The in-group members do more than required by the job, they look for innovative ways to advance group goals. Therefore, the leaders give them more responsibilities and opportunities. Leaders also give them more time and support, as well as better compensation. A well-bonded work group forms and starts operating on this virtuous cycle.

So, the in-groups which form a virtuous cycle of an organization are to be recommended, are to be encouraged and are to be spread in terms of their impact on the organization. And the key for that is the communication ability of the leader as well as the follower.

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So, how can we make LMX theory work? For that, leaders and followers must work together. It is a process; it is not just something which is imposed, or which automatically becomes available in an organization.

Leaders should do five things; they should nurture high quality exchanges as a goal. Second, they should offer opportunities for followers to take on new roles and responsibilities, that is based on the trust. If they think that the roles are large enough and we cannot test the employee on an expanded role, then there would not be any scope for testing out the high quality LMX.

Therefore, leader should take risks and discuss new roles and responsibilities. Similarly, followers also should reciprocate; leaders should primarily be good mentors and communicators. They should be very respectful of the followers and they should build trust and respect with the followers. What should followers do? They should support along with the leaders the development of high quality exchanges.

They should proactively seek additional roles and responsibility. The leaders typically feel very happy, when the followers come forward and say that we could do more, and we would perform better. So, that the organization benefits, that is the expectation generally of a good leader, a nurturing leader. Follower should be capable of and open to providing ideas and feedback, they should earn the respect and trust of leaders. And

finally, they should build dependability with the leaders, these are the five things which the followers should do.

So, that the leaders feel enthused to build an in-group with the followers. Some research indicated that electronic communication, now updated with business social media could help leaders and followers better their communication linkages with each other, and contribute to organization wide good relationships. Because, such communication particularly in professional social media channels, shows the other side of the followers.

That they think and act in different ways than what they career expects them to do, that provides some insights to the leaders to expand their role. Similarly, the way the leaders respond on these social media platforms, also gives a clue to the followers as to the other interests' leaders have beyond getting the work extracted from the followers. So, there are some advantages of being in professional social media platforms, to enhance the LMX applicability in the organizational settings.

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**Advantages of LMX Theory**

- LMX Theory makes several positive contributions to the understanding of leadership process, enveloping both leaders and followers as one cohesive group based on clear principles of operation.
- LMX Theory is a strong descriptive theory but with very practical moorings, promoting work unit flexibility
- LMX theory brings the perspective of positive relationships motivating superior leadership and followership
- Instead of just being leader-centric, LMX theory focuses on dyadic leader-follower relations
- It focuses on the importance of two-way positive communication in building trust-based work groups
- Differential opportunities and payments are based on proactive behaviours and actual work
- In-groups and out-groups are based on mutual commitment to accomplish more
- Helps a leader build in-groups and adopt approaches for transformation of out-groups into in-groups

The emphasis on LMX theory is not on individuals but on dyadic relationships. Thus, the focus shifts to collectivism for organizational good. Judging leadership by the extent of in-groups is by itself a contributor to effective leadership.

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What are the advantages of LMX theory? One, it is a very strong descriptive theory with lot of practical application. It provides basically work unit flexibility, the very fact that leader and the followers can discuss, and develop a jurisdiction beyond the job responsibility.


That itself is a very strong fundamental contribution to the organizational effectiveness and competitiveness. Secondly, it brings the perspective of positive relationships motivating superior leadership and followership. Instead of just being leader centric, LMX theory supports the followers also showing some level of leadership capability, in the dyadic leader follower interactions.

It focuses on the importance of two-way positive communication in building trust based work groups. Differential opportunities and payments do exist in the LMX model. But these are based on proactive behaviors and actual work, which happens to be beyond the stipulated work.

And, in-groups and out-groups are based on mutual commitment to accomplish more or standard. It helps a leader build in-groups and adopt approaches, for transformation of out-groups into in-groups. So, the emphasis on LMX theory is not on individuals, but on dyadic relationships that is the big difference.

The focus therefore, shifts to collectivism rather than individualism for organizational good. Judging leadership by the extent of in-groups that a leader possesses is itself a contributor to develop leaders and also to judge leadership effectiveness in an organization.

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### Criticisms of LMX Theory

LMX Theory also suffers from some serious limitations, most being linked to the concept of group formation and group management, as preferred leadership options.

- Encourages in-groups which feature preferential relationships between leaders and followers; flies against the principle of equality and fairness that was the basis of traditional rule-based out-groups
- May encourage leaders and followers to form in-groups based on mutual convenience, discriminating against out-group members who exist and operate by formal contracts
- May also encourage and leaders to bring in non-professional considerations into play under the veneer of forming in-groups
- Simultaneous existence of out-groups and in-groups in an organization could lead to undesirable effects on the organization as a whole
- The theory is silent on how leader-individual dyadic relationships in a group can be converted to group level formations between leader and multiple followers
- Does not guide how members of out-groups can move into in-groups - the criteria, the initiating processes, and the like

From a focus on individuals (leaders or followers) to a focus on dyadic relationships (leader and follower) is an improvement. However, without conversion to equitable and universal in-group formation, the theory is deficient.



What are the criticisms of LMX theory? Because, it is a dyadic oriented theory, you need to have a number of dyads to describe a typical large organizational framework. One of the important criticisms of LMX theory is that it encourages in-groups, rather than out-groups. In terms of preferential relationships, that is if you are a member of out-group in a way you are kind of confined at times condemned to be a member of the out-group. The leader never gives an extra work because; you are seen to be a member of the out-group.

Whereas, preferentially in-groups find themselves given all additional responsibility, additional support as also additional rewards. So, there is a kind of disturbance to the principle of equality, equity and fairness. That otherwise would have been a characteristic of traditional rule based out-groups, which are standardized, bureaucratized and objective and clinical irrespective of the individual and the leader, that is one big criticism.

It may encourage leaders and followers, to develop groups of comfort. That is the in-groups may be formed based on mutual convenience, discriminating against out-group members who exist and operate by formal contracts. The out-group members are getting penalized, for accepting a formal contract and working within the confines of the formal contract.

It may also encourage and leaders to bring in non-professional considerations into play, under the veneer forming in-groups, I mentioned about the example of somebody known to the leader being recruited from outside the organization. And, he and that new entrant form a preferred in-group dyad relationship. That could be upsetting to the entire organizations because; a question of favoritism could also emerge.

Simultaneous existence of out-groups and in-groups in an organization, could lead to undesirable effects on the organization as a whole. The theory overall is silent on how leader-individual dyadic relationships, in a group can be converted into group level formations between the leader and multiple followers. The whole theory is based on dyadic relationship one leader and one follower, the same leader and another follower and so on.

How this leader will be able to convert all of this into one cohesive group dyad, that is not discussed or exemplified in the LMX theory. And, it also does not specify how

members of the out-group can move into the in-group. And what are the risks of members of the in-group moving into the out-group, the criteria, the initiative process and the likes. These are some of the important criticisms of the LMX theory. Therefore, from a focus on individuals that is leaders or followers, which was explicit in the previous four theories we discuss.

To a focus on dyadic relationships, shared goals, shared vision and shared execution between the leader and the follower, is certainly an improvement. However, without conversion into equitable and universal in-group formation throughout the organization the theory would be deficient somewhat.

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**Fairness Issues of LMX Theory**

LMX Theory also suffers from some issues which we could turn into serious fairness considerations. These could stem from the followers themselves perceiving unfairness in several interactions of in-groups.

- Distributive Justice**
  - Fairness of pay increases and promotions
  - Fairness of linkages between opportunities, performance and compensation
- Procedural Justice**
  - Fairness of decision making resources
  - Fairness of linkages between opportunities, performance and resources
- Interactional Justice**
  - Fairness in communication of issues within the organization
  - Fairness of multiple dyadic communications in the overall organizational communication

The LMX theory makes an improvement from individuals to dyadic relationships. However, in an organization with multiple leaders, each having multiple followers, dyadic relationship could be seen to be promoting inequity.

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The fairness issues of LMX theory must be addressed, if LMX theory has to be adopted on a large scale in organizations, because equity is impacted. The first fairness issue is the distributive justice, the fairness of pay increases and promotions and, the fairness of linkages between opportunities, performance and compensation.

If the in-group members alone, keep getting all opportunities and therefore, get all pay increases and promotions. And, also leadership support and leadership communication, then the distributive justice is impacted, company as a whole earns certain set of revenues and profits.



But, if everything or a preponderant share of that goes only to the in-group, on the basis that they are working beyond the job contracts, then the other out-groups are improperly impacted. Then, the procedural justice that is the second lacuna, the fairness of decision making resources, the fairness of linkages between opportunities, performance and resources.

The processes are somewhat distorted to favor the in-group, whether the formation of in-groups distorts the processes or the processes are a priori distorted, so, that the in-groups can be formed that could be debated, but the end result is that the procedures work in favor of in-group, rather than in favor of the out-group.

Although the whole idea of having an organizational structure, and having standard operating procedures, having clear role responsibilities to avoid unfair process. So, in-groups disrupt the existing organizational structure, fairness, procedural equity and bring in some kind of arbitrariness.

Then, you also have interactional justice, that is also questioned. How fair we are in communicating all the issues with the in-group organization, rather than with the out-group organization?, Just because, the in-group organization is much more communicative and much more comfortable in reaching up to the leader, or the leader is comfortable in reaching up to the individuals.

So, the fairness of dyadic relationships which are multiple in the overall organizational communication, create a lot of noise in the overall organization system. So, what is the interactional justice within the large organization? How is it impacted? So, if an organization has multiple leaders and each leader has multiple dyadic followers, the dyadic relationships could be seen to be promoting inequity and a lot of noise in the organizational management.

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**Contextual Factors Impacting LMX Exchanges**

LMX Theory does not adequately address several contextual factors that may impact on LMX relationships.

Leader-Member Exchanges are studied in isolation without considering the potential impact of other variables on LMX dyads, as below

Workplace norms	Impact of top leaders	Organizational culture variables
<i>These are usually organization-wide requirements that cannot be contravened by individual groups</i>	<i>Leaders are also followers to certain senior leaders and cannot, therefore, have absolute freedom in deciding on their dyadic relationships</i>	<i>Integrity, ethics, customer-centricity, compliance and many others have impact on organizational behaviour</i>

Not understanding the impact of contextual variables, leaves a major gap in understanding the evolution of leader-member exchanges



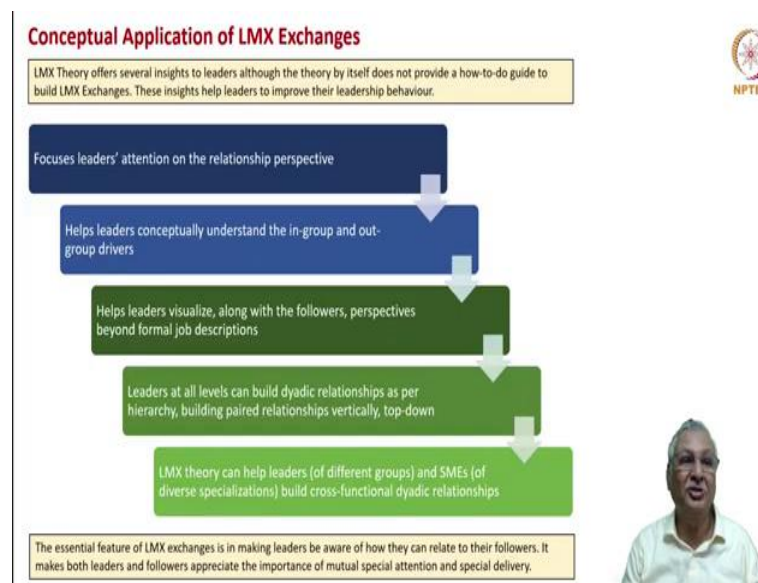
What are the contextual factors impacting LMX exchanges? Leader-member exchanges are studied in isolation primarily; there is no consideration of the potential impact of other variables on LMX dyads. There are many such variables that could impact the effectiveness of LMX dyads, it is not simply because somebody wants to do more or somebody wants to communicate more.

There are other norms which will affect, one, workplace norms. There are usually organization wide requirements that cannot be contravened by individual groups. There is some kind of standardization across the organization, and they cannot be floated in creating very favorable in-groups in leader-member exchanges. Second impact of top leaders, leaders also are followers to higher level leaders or even to Apex leaders.

Therefore, all leaders cannot have absolute freedom in structuring their LMX exchanges or in promoting the in-groups. Thirdly organizational cultural variables exist, values like integrity, ethics, customer centricity, compliance and many others have a lot of impact on organizational behavior.

So, these three considerations of an organization which is workplace norms, impact of top leaders and organizational culture variables have got a lot of impact on how LMX exchanges are developed. Not understanding the impact of these contextual variables could leave a major gap, in understanding the evolution of leader member exchanges.

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So, how do we contextually apply LMX exchanges, there are several insights as you have seen from the discussion so far, in applying the LMX exchanges to organizational situation. There is a how to do guide that I have developed, but not necessarily this is a comprehensive guide.

These are just some insights, we have to focus the leaders' attention on the relationship perspective, that is the primary first step. The theory should be used to conceptually understand, the in-group and out-group drivers. And, the in-group and out-group drivers could vary depending upon the department. And, also depending on the context the firm is facing. It helps leaders visualize along with the followers' perspectives beyond formal job descriptions.

In some of the examples I have said earlier, like an automotive company trying to electrify its product range, it is extremely important there are more in-groups who go beyond the formal job descriptions, and try to see, how new vehicular configurations can be developed. So, such firm contexts help development of LMXs exchanges. And, such LMX exchanges help the firm transform itself. So, the theory should be used by leaders to visualize along with the followers' perspectives that could help, the organization achieve better success based on boundaries beyond the formal job descriptions.

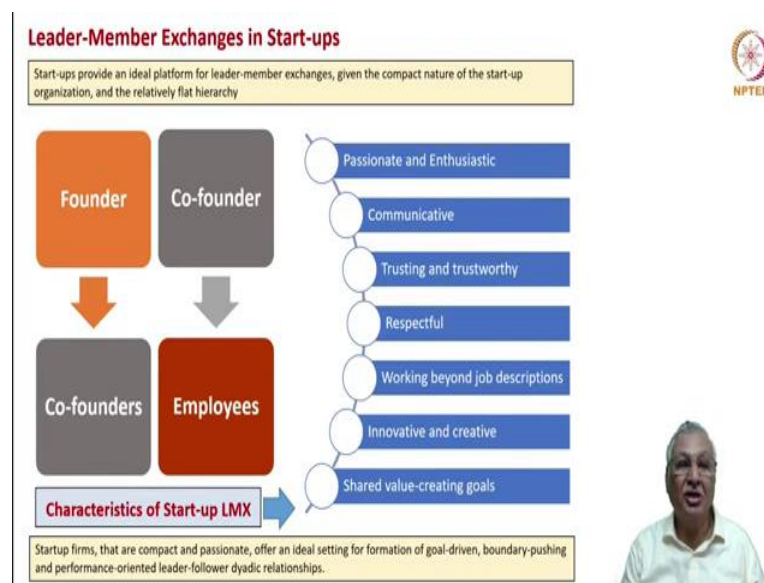
Leaders at all levels should use LMX theory to build dyadic relationships as per the hierarchy, building paired relationships vertically top-down. It can also be used to help

leaders of different groups and subject matter experts of diverse specializations, to build cross functional dyadic relationships, not all relationships need to be vertical, they could be diagonal and they could even be horizontal. So, there could be some pairing of individual leaders or individual managers that could happen through the application of LMX exchanges.

Primarily LMX exchange kind of holds the mirror to the leader, as to how they could relate to the followers. Similarly, it makes the followers look at the leaders not as bosses.

But, as individuals more competent probably, more experienced, more wise, who can work with the followers and develop, higher levels of organizational effectiveness. Therefore, there is a mutual attention and mutual sharing about the importance of special delivery as compared to standardized delivery through the application of LMX exchange theory.

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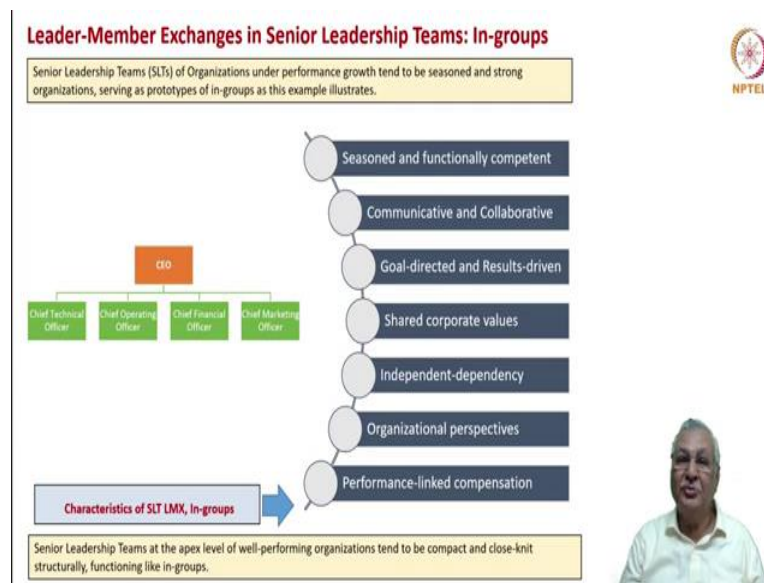


Leader member exchanges in start-ups are particularly interesting because, start ups provide an ideal platform for leader member exchanges. The start-ups are compact, and they are passionate companies and they have flat hierarchy. Typically, you have this setup founder, few co-founders. Founder has dyadic relationship with the co founders; each co-founder will have dyadic relationship with his or her employees because, each co-founder looks at a cluster of activities.

So, the characteristics of a start-up LMX could be the following, passionate and enthusiastic, very communicative, trusting and trustworthy, respectful of each other, working beyond job descriptions, innovative and creative, shared value creating goals. So, you can clearly appreciate how LMX model will be extremely useful for startup conditions.

So, the compactness and the passionate behavior of start-up firms, offers an ideal setting for formation of goal driven, boundary pushing, performance oriented LMX situations and dyadic relationships in their firms. Similarly, established companies, which want to inject entrepreneurial thinking in their organizations, or established companies which are incubating newer ideas, would do well to have LMX approach adopted in their organizational units.

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In senior leadership teams, in-groups would be an excellent way of promoting comradely, bonding and moving beyond the boundaries. Typically, a CEO has chief technical officer, chief operating officer, chief financial officer and so on. There are many CXOs who report to the CEO. Together, they could form one in-group of dyadic relationships.

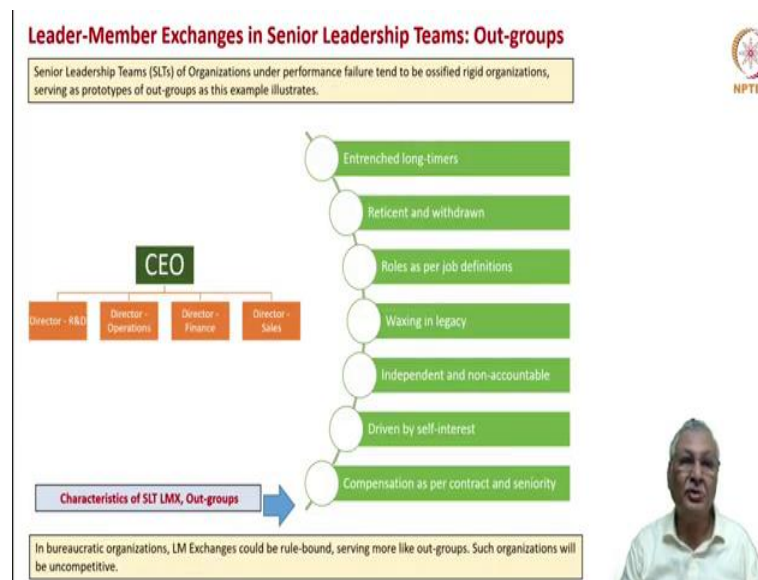
The characteristics of such a SLT, LMX in-group would be, they would be seasoned and functionally competent. Because, each CXO is the best in the industry or best in the firm, with reference to the function or the business he or she heads. Each CXO could be

communicative and collaborative. And, as a total dyadic relationship network, communication and collaboration is the essence of SLT functioning, they are goal directed and results driven.

They have shared values of the corporation, they are independent yet dependent therefore, there is a lot of dependent-independent relationship that is governing the SLT members. Organization perspectives are shared, particularly with reference to growth, turnaround and other strategic issues, that are faced by senior leadership team members. And the whole compensation is performance linked, therefore, if you do more than what the job description of an SLT member states.

And, if you are able to increase the total shareholder returns then the performance could be higher. So, there is an ample opportunity to implement in-group mechanisms in the senior leadership teams of large corporations. They are at the Apex level and they can make even a well performing organization perform even better and because, the SLT membership is compact and close knit is an ideal prescription for using LMX theory.

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How do the out-groups function, we can also think of a CEO having a director for R&D, a director for operations, director for finance, director for sales. The titles of course, do not mean anything in an out-group because they are performing only as per the title and not as per the statute or the role. Suppose SLT of an organization has got this kind of

organization structure, which is somewhat similar to the organizational structure of the SLT in a high performing organization.

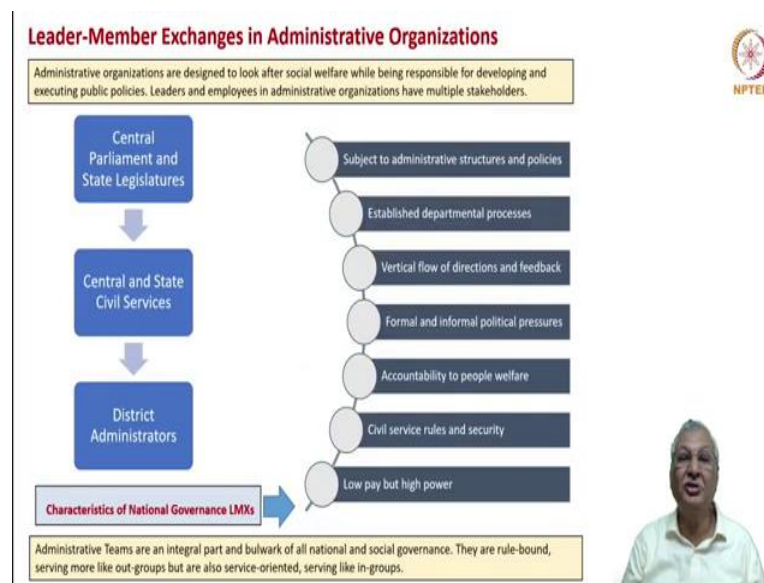
But, the big difference in if this SLT is an out-group is that, they would be ossified, rigid organizational structure, it will be a prototype an out-group. So, the characteristics would be like this, there would be entrenched long timers in the out-group, that is the SLT. Each member would be reticent and withdrawn, roles will be performed as per job definitions.

Although they reflect the highest level of responsibility, authority and accountability in the organization, they would perform their roles as per their strict SLT job definitions; they wax in the legacy of the past.

They tend to be highly independent, this is my silo, this is my function, this is my business. And they would not be accountable for the overall corporate delivery; they would be accountable for their own delivery. But they will not be accountable even if their delivery is impacted because they are not collaborated well with the other function.

So, they are independent and non-accountable by and large, they are driven by self interest of preserving the SLT positions. And their compensation would be as per contract and seniority. In bureaucratic organizations, LMXs would be role bound, serving more like out-groups, such organizations will obviously be uncompetitive and some of them could even face decline and turnaround situations.

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You could find leader-member exchanges in administrative organizations as well. What are the administrative organizations? For example, central parliament and state legislatures, central and state civil services, district administrations. These are all the organizations which are administrative in nature.

Which are public policy oriented and public development oriented. The characteristics of such national governance LMXs are they are subject to administrative structures and policies, it is very clearly specified, what a district collector should do and what the district collector should not do. Similarly, what a joint secretary should do or what a senior secretary should do everything is specified. Therefore, their performance is more like an out-group based performance.

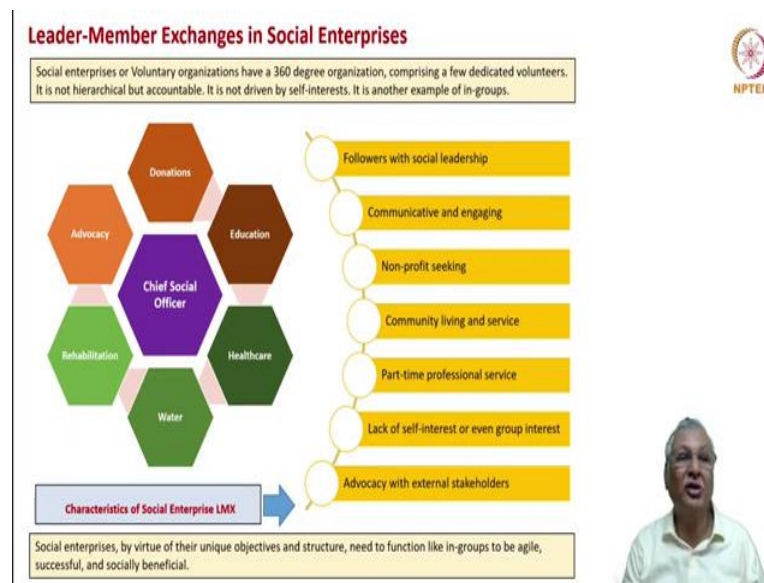
There are very strict departmental processes which are established, the hierarchy of signatures has to be maintained, the hierarchy of consensus, making has to be maintained. And, there should be vertical flow of directions and feedback, there would be formal and informal political pressures. Accountability is to people welfare definitely, but that has to be achieved through the standard operating procedures rather than by creating new envelopes of behavior based on the situation on ground.

There are civil service rules and security which also comes with the civil service rules low pay, but high power. Administrative teams are an integral part and bulwark of all national and social governance, they are rule bound, serving more like out-groups, but



they are also service oriented, serving like in-groups. The administrative organizations have the structure and characteristic of out-groups, but internally well performing out-groups have the spirit of well-knit in-groups, trying to deliver public welfare. That is the unique characteristic of administrative organizations.

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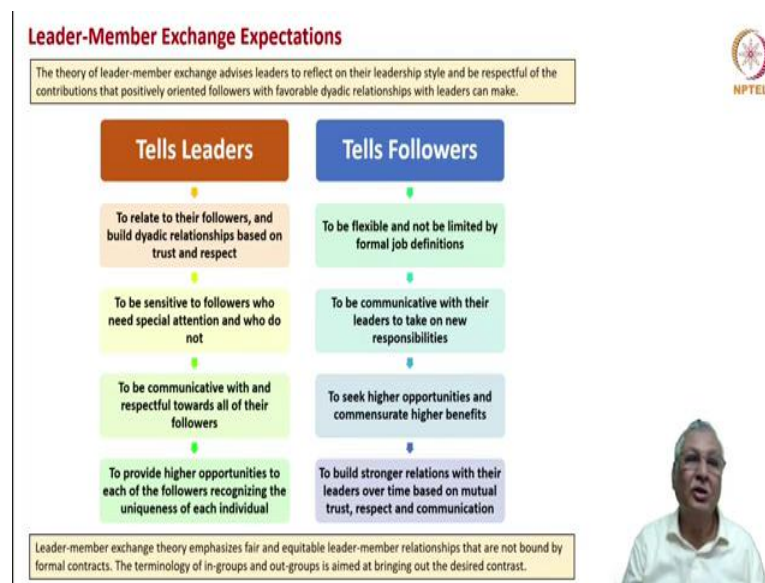


What about social enterprises? What kind of leader-member exchanges we would have in social enterprises? What are the types of chief social officer responsibilities, donations, education, health care, water, rehabilitation, advocacy? There could be a chief social officer responsible for all of these things or an NGO could be undertaking all of these things.

The characteristics of social enterprise LMX would be, one, followers with social responsibility and social leadership. People who are very communicative and engaging extroverted wanting to go into the society and engage with people, nonprofit seeking, not always looking at salaries and benefits, community living and service, simplicity. Ability to merge with the community around you, willing to do part time professional service, lack of self-interest or even group interest and advocacy with external stakeholders.

Ability to take their point of view to higher levels and ask for investments or ask for support. Social enterprises by virtue of their unique objectives and structure, need to function like in-groups to be agile successful and socially beneficial that is extremely important.

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In a leader member exchange, the expectations are the following. The theory tells the leaders to relate to their followers and build dyadic relationships based on trust, and respect that is the first expectation from the leaders. From the theory, it is not the followers' expectations of the leaders or the leaders' expectations of the follower, the theory itself expects leaders to do a few things and followers to do a few things.

So, we set the first point on the leaders, that is build dyadic relationships based on trust and respect. It also tells the readers to be sensitive to followers, who needs special attention and who do not need special attention, to be communicative with and respectful towards all of their followers. To, provide higher opportunities to each of the followers recognizing the uniqueness of each individual.

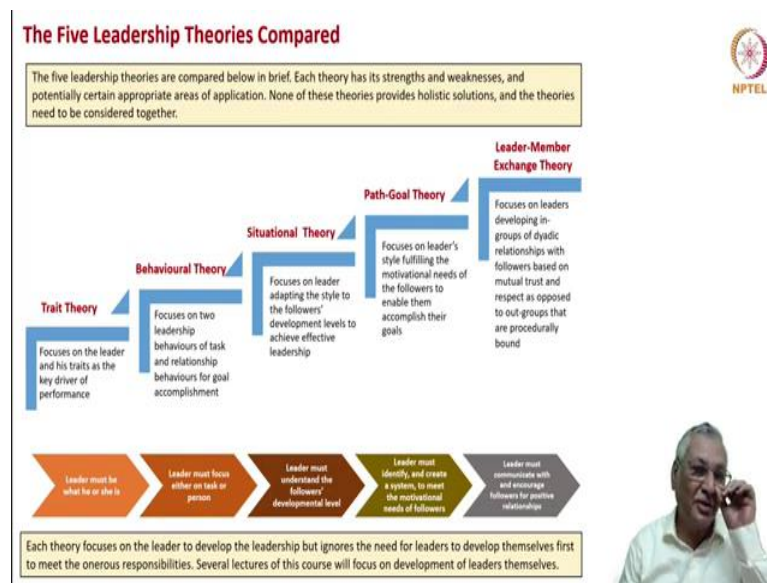
Having individualized dyadic relationships helps in providing differential opportunities, differential pathways, and tailoring the dyadic relationship to meet the requirements of the followers. So, for all the limitation one has in terms of having several individual dyadic relationships in large organizations. There is also this benefit, that each dyadic relationship can be titrated and tailored, to the unique combination of the leader and the follower and the unique skill set and mindset of the follower.

The theory tells the followers to be flexible and not be limited by formal job definitions, job definition is a starting point, but that is not the end point. It tells the followers to be

communicative with their leaders to take on new responsibilities, it tells the followers to seek higher opportunities and seek commensurate higher benefits.

It also, builds stronger relationships with their leaders over time, based on mutual trust, respect and communication. The leader-member exchange theory emphasizes fair and equitable leader-member relationships that are not bound by formal contracts. The terminology of in-groups and out-groups is aimed at bringing out the desired contrast.

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So, we have seen so far five theories. Let us compare these five theories. The first theory we considered is the trait theory. That theory focused on the leader and his traits as the key driver of performance, it examined what the leader must be, whatever he is or whatever she is taken as the leader.

In the behavioural theory, we looked at the two important and the only two leadership behaviours considered important in an organizational setting. These are the task behaviour and the relationship behavior. And, these are considered required for goal accomplishment. And the assumption was that the leader must focus either on task or on person that is the behavioural theory for you.

In this situational theory the followers are brought into the picture. And, leaders are expected to develop four leadership styles, which match the followers' development levels based on their competence and also the commitment.

In the path goal theory, the focus shifted to the leader style fulfilling the motivational needs of the followers. So, it is not enough to bring the followers into the leadership system, but we should understand the motivational needs what they need, what makes them tick in terms of motivational fulfillment. And, also in terms of accomplishing their jobs to fulfill their motivational needs that is the expectation from the leader.

In the leader-member exchange theory, which we just considered, the focus is on leaders developing in-groups of dyadic relationships with followers. Based on, mutual trust, shared responsibility, mutual respect as opposed to out-groups that are procedurally bound.

The expectation here is that the leader must communicate with and encourage followers for positive relationships. There must be mutual trust between the leader and the followers. Each theory focuses on the leader to develop the leadership, but ignores the need for the leader to develop himself or herself. First, to meet the onerous responsibilities. In the trait theory the responsibility for the leader is to understand which traits are well suited.

In the behavioural theory, the ability to apply the task and relationship behaviours. In the situational theory, adapting the style to the followers' developmental needs after understanding the developmental level of the followers.

In the path goal theory, the expectation is on the leader, fulfilling the motivational needs by studying the needs and requirements of the followers. In the leader member exchange theory, again the leader has to develop in-groups of dyadic relationship with followers based on mutual trust and respect.

While there is an increasing addition of followers' responsibilities, still, a preponderance of responsibility is on the leader. It is expected that leaders would be past masters in undertaking their responsibility of analyzing the followers, or analyzing the context understanding the situational requirements, identifying the motivation needs or fulfilling them and so on. Therefore, these theories which assume certain leadership capability are deficient to that extent.

And beyond all of these human relations and organization development based theories, there is so, much that is happening in the environment, there is so, much of technology

science, environmental discontinuity that is happening in the industrial situation. That leadership theories need to be accounting these kinds of newer age developments, newer age pressures, newer age opportunities and challenges.

We will have ample opportunity in our subsequent lectures to focus on these kinds of requirements. That is how leaders can analyze and develop themselves? What are the higher responsibilities of leaders? And also, what are the multifarious factors that are impacting the leader behaviour and leader effectiveness? And what are the key competencies which the leader must possess to be able to handle.

Beyond all these theories, which are there in the annals of management history, but need to be contemporaneously applied? So, that the future of organizations is secure and sustainable that is our goal, as we go through this course further.

Thank you, we will meet in the next lecture.