

**Leader-Member Exchange Social Comparisons and Follower Outcomes: The Roles of Felt  
Obligation and Psychological Entitlement**

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Abstract

In the current study, we aim to extend the understanding of how and when leader-member exchange social comparison (LMXSC) influences followers' work behaviour. Based on social exchange theory, we argue that felt obligation to one's leader is a mediator of the relationship between LMXSC and follower outcomes. Further, we posit that the relationship between LMXSC and felt obligation will occur over and above overall LMX quality. We also investigate whether the effect of LMXSC is not consistent across employees but influenced by their level of psychological entitlement (PE). We found evidence that LMXSC was associated with followers' organizational commitment in Study 1 (using data collected in two phases from 188 employees) and both organizational commitment and job performance in Study 2 (based on data collected in two phases from 300 employees and their 34 supervisors) via felt obligation toward the leader. In both studies, we found this relationship was significant while controlling for LMX quality, suggesting that perceptions of relative LMX standing are more influential than overall LMX quality. Moreover, high levels of PE reduced employees' feelings of obligation to reciprocate positive treatment and the extent to which they exhibit higher levels of organizational commitment and job performance. Our findings show that individual differences play a significant role in determining the outcomes of exchange relationships.

*Keywords:* Leader-Member Exchange (LMX); Social Comparison (LMXSC); Psychological Entitlement; Felt Obligation.

### **Practitioner points**

- Followers do not evaluate their LMX relationship in isolation from their co-workers, and social comparisons in this context have powerful effects on followers. If leaders want to motivate their followers, treating each follower in the same way and avoiding differentiation may be ineffective. Followers appear to be more willing to reciprocate when they perceive a better LMX relationship with the leader than their co-workers' LMX relationship with the leader.
- Managers should be cognizant that followers with varying levels of psychological entitlement may respond differently to LMX relationships. As such, managers could decide to invest more heavily in building strong relationships with followers low in psychological entitlement, as these followers are likely to respond more positively to favourable treatment by the leader.
- Managers should be aware that the norm of reciprocity might not apply to the same extent when employees are high in psychological entitlement; and thus, other influence tactics may be required to get the most out of these employees.
- Managers should set clear guidelines and expectations on followers early in the employment relationship. When entitled employees are made fully aware of the relationship expectations, they may be more prepared to meet them.

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Leader-member exchange (LMX) theory posits that the leader-follower relationship is a proximal determinant of employee outcomes. The salutary effects of high-quality LMX relationships are typically explained using social-exchange theory (e.g., Blau, 1964). Specifically, in high-quality LMX relationships, followers are likely to receive tangible and intangible resources from their leaders, and as a result, feel a strong obligation to reciprocate as a way of repaying the receipt of these resources. Thus, followers with high LMX tend to perform at a high level, engage in extra-role behaviour, and are more committed to the organization (see meta-analyses by Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Martin, Guillaume, Thomas, Lee, & Epitropaki, 2016). Research has also demonstrated that, in line with social exchange theory, when followers perceive they have a high-quality LMX relationship, they are more likely to feel obligated to their leader and this obligation relates to employee outcomes (e.g., Lemmon & Wayne, 2015). To date, most of the research on LMX has been dyadic in nature, focusing on how perceptions of relationship quality influence employee attitudes and behaviour. However, scholars are increasingly acknowledging that each leader-follower dyadic relationship occurs within the context of work groups in which multiple leader-follower relationships exist (see Martin, Thomas, Legood, & Dello-Russo, 2018). As such, it is vital to acknowledge that an individual's LMX relationship is not isolated from other followers' LMX relationships with the leader, and that, through interactions, informal conversations, and shared events, individuals will be aware of and compare their own LMX relationship with those their co-workers have with the leader (Hu & Liden, 2013).

Given the social context in which LMX relationships occur (e.g., Martin et al., 2018), a pertinent question is whether LMX comparisons influence the social-exchange process at the

heart of LMX theory. In other words, regardless of one's relative standing to others, is having a high-quality LMX relationship sufficient to generate strong feelings of obligation? A high-quality LMX relationship may be perceived as less valuable when it occurs in the context of other high-quality relationships. In this case, followers might feel less obligated to a leader than they would if their relationship was considerably better than that which others have with the leader. Previous research seems to support this notion; a study conducted by Vidyanthi, Liden, Anand, Erdogan, and Ghosh (2010) found that subjective ratings by individuals of their LMX compared to the LMX relationships of their co-workers were positively associated with both job performance and organizational citizenship behaviour, beyond the effects of LMX. The authors termed this subjective rating LMX social comparison (LMXSC) and argued that an individual's perceptions of his/her relative LMX standing within a work group would provide an impetus for reciprocal behaviours. In the current study, we aim to extend the understanding of the conditions under which LMXSC influences followers' work attitudes and behaviour over and above LMX quality. Specifically, we explore felt obligation to one's leader as a psychological mechanism through which the influence of LMXSC on individuals is realized.

As alluded to above, we postulate that LMXSC will drive perceptions of felt obligation as followers will see greater value in these preferential exchanges with their leader. However, in the current research we argue that followers high in psychological entitlement (PE)—a heightened belief that one is special or unique and therefore deserves preferential treatment or rewards (Campbell, Bonacci, Shelton, Exline, & Bushman, 2004)—will feel less obligated to reciprocate the benefits obtained from their LMX relationship, thus weakening the positive effects of LMXSC on felt obligation. This argument is built on social comparison theory (Festinger, 1954).

In the workplace, PE has been found to reduce the extent to which individuals reciprocate positive treatment from the organization and colleagues (Harvey & Martinko, 2009; Myers & Sadaghiani, 2010; Naumann, Minsky, & Sturman, 2002). It is argued that this lack of reciprocity stems from the fact that employees high in PE expect that the organization should compensate them favourably without necessarily leading them to feel obliged to repay in kind the positive treatment received (Naumann et al., 2002). Not only do entitled employees hold self-inflated views about themselves, but they are also more self-centred in general (Campbell et al., 2004; Exline, Baumeister, Bushman, Campbell, & Finkel, 2004). As a result, employees high in PE are likely to feel they deserve to have a better LMX relationship than their co-workers while at the same time they do not feel a strong obligation to repay this preferential treatment. As such, we posit that PE will negatively influence the relationship between LMXSC and both the organizational commitment and job performance of employees through the mediating mechanism of felt obligation. A visual representation of this model can be seen in Figure 1. To answer our research questions, the present research comprises two studies that build on each another. In Study 1, we examine whether employees' felt obligation mediates the positive relationship between LMXSC and employee commitment to the organization and whether this mediated relationship is moderated by PE. Subsequently, in Study 2, we examine whether the same model can explain the effects of LMXSC on the job performance of employees in addition to organizational commitment.

Insert Figure 1 About Here

In examining these issues, the present research makes three contributions to the literature. First, we extend the understanding of the role of LMXSC by exploring an underlying psychological mechanism that can help to explain its effects over LMX quality. While LMXSC

appears to offer important explanatory power to LMX theory, to date, empirical research investigating its effects has been scarce. The few empirical studies exploring LMXSC have focused on its main effect on followers' behavioural outcomes (Vidyarathi et al., 2010; Vidyarathi et al., 2016). As such, we have limited knowledge about the nomological network of variables to which LMXSC is related and the underlying psychological mechanisms that explain the process by which LMXSC influences follower work outcomes. Drawing on both social comparison theory (Festinger, 1954) and social exchange theory (Blau, 1964), we posit that LMXSC serves to shape individuals' felt obligation to their leader above overall LMX quality. This is important as it is currently unknown whether the reciprocity at the heart of LMX theory is driven simply by positive exchanges with one's leader, or whether it is important that these exchanges are perceived as more positive than the exchanges that the leader has with one's co-workers.

Second, by exploring PE as a boundary condition, we address the call made by Vidyarathi and colleagues (2010) for researchers to explore whether the relationship between "LMXSC and outcomes are moderated by individual characteristics" (p. 850). Whereas previous research has assumed that high LMXSC will engender similar feelings of obligation in all followers, we assert that this relationship will be influenced by followers' PE. Specifically, we argue that followers high in PE will expect and feel deserving of preferential treatment from their leader, and this feeling of deservingness weakens the relationship between LMXSC and felt obligation.

Third, we also contribute to the growing literature on PE, a topic of increasing interest in academia and across organizations (Jordan, Ramsey, & Westerlaken, 2017). In examining the moderating role of PE in the current research, we address calls to analyse the effects of PE in the organizational context (Harvey & Dasborough, 2015). The present study helps to provide a better understanding of the role played by PE in influencing the effects of the leader-follower

relationship. As such, we extend knowledge pertaining to the interpersonal consequences of PE. In fact, researchers have explicitly emphasized that “in order to understand how to manage psychologically entitled employees, it is helpful to understand first how such employees respond to interactions with supervisors and how these responses differ from those of less entitled employees” (Harvey & Harris, 2010, p. 1655). Not only does the current research aim to extend our theoretical understanding of PE, but it also makes a practical contribution by helping to identify strategies for effectively managing entitled employees.

### **Literature review and hypothesis development**

#### **LMX theory and follower outcomes: The mediating role of felt obligation**

LMX theory is a relational approach to understanding leadership, with the central premise that leaders and their followers develop a unique relationship that ranges from low to high quality. Low-quality LMX relationships are based largely on the employment contract and thus encompass mostly economic exchanges. Conversely, high-quality LMX relationships extend beyond the formal job contract, with leaders aiming to increase their followers’ ability and motivation to achieve higher levels of performance and engage in other positive discretionary behaviours (Martin et al., 2016). In such high-quality LMX relationships, the exchanges between leaders and followers are more social in nature, engendering mutual respect, affect, support, loyalty, and felt obligation (Uhl-Bien & Maslyn, 2003). The quality of the LMX relationship has been linked to numerous employee outcomes including in-role and extra-role performance, job attitudes, and turnover (e.g., Dulebohn et al., 2012; Martin et al., 2016). The salutary effects of LMX are typically explained using social-exchange theory (Blau, 1964) and the norm of reciprocity (Gouldner, 1960). The principles of reciprocity lie in the obligations created by exchanges of benefits or favours among individuals. Specifically, when one party benefits

another, an obligation is generated whereby the recipient is indebted to the donor, and he/she remains so until he/she repays (Gouldner, 1960). Accordingly, when a follower receives preferential treatment from his/her leader (i.e., a high-quality LMX relationship), he/she should feel obligated to repay the leader, for example, by exerting increased effort as a means of reciprocation.

Previous studies have demonstrated that the role of obligations generated from the leader-follower relationship mediate the relationships between LMX and creativity (Pan, Sun, & Chow, 2012) and LMX and citizenship (Lemmon & Wayne, 2015). However, to date, relatively little is known about what determines the extent to which followers feel obligation to their leader. For instance, a recurring argument within LMX theory is that LMX relationships cannot be fully understood without considering the team contexts that shape them (e.g., Uhl-Bien, Maslyn, & Ospina, 2012). Thus, a pertinent question is whether followers' obligation to their leader is based purely on the quality of the relationship or whether it is also driven by broader considerations of the team context in which the relationship is embedded (see Martin et al. 2018 for a review). A key assumption of LMX theory rests on the concept of differentiation (Liden & Graen, 1980), which highlights the fact that, for various reasons, leaders tend to treat followers within the same team differently (Erdogan & Bauer, 2010). Research has demonstrated that followers are aware of how their LMX relationship compares with others in their work group. Relatedly, Vidyarthi and colleagues (2010) developed the construct of LMXSC: followers' subjective ratings of their LMX compared to the LMXs of co-workers reporting to the same leader. Higher levels of LMXSC reflect a follower's perceptions that he/she has a better-quality LMX relationship with the leader than his/her co-workers (i.e., a downward social comparison; Hakmiller, 1966).

As alluded to above, followers are aware of both the quality of their LMX relationship and whether it is better or worse than the LMXs of their co-workers. Given this, a key question that arises is whether LMXSC is related to followers' level of obligation controlling for LMX. By integrating social comparison theory and social-exchange theory, in the current research, we argue that LMXSC is a more powerful driver of felt obligation than LMX quality and, as a result, will be more strongly associated with follower outcomes. LMXSC is built on the notion that LMX differentiation triggers social comparison processes (Festinger, 1954) that enable followers to obtain information about their own standing in their workgroup compared to others. Social comparison theory suggests that individuals naturally compare themselves to others in their work teams (Hu & Liden, 2013). When LMXSC is higher it indicates that followers have received a greater share of their leaders' resources than their co-workers. As social exchange theorists emphasize, the value of any exchange rises and falls with scarcity. Even such fully renewable resources as praise can rise or fall in value as a function of how widely they are distributed (Blau, 1964; Jones & Wortman, 1973). A compliment may have only limited value from someone who praises everybody liberally, whereas the same compliment might have much greater value if given by someone who is perceived as rarely praising anyone. Thus, an important distinction can be made between LMXSC and overall LMX quality. The former indicates a relationship of particularly high value by signalling that the leader has made a greater investment in one compared to others, while the latter does not. Stated differently, high LMX quality might not be considered as valuable to a follower if such relationships are the norm. In this case, a follower might not feel as much obligation as he/she would in a situation in which his/her relationship was better than that of other co-workers.

In the current research, we argue that employees' perceptions of felt obligation will mediate the relationship between LMXSC and two key follower outcomes, organizational commitment and job performance. Most social exchanges (such as those within the workplace) are not reciprocated in kind, since individuals have access to different resources depending on the hierarchical position, social networks, and individual traits. Followers typically have a lower status and less power than the leader and therefore, the most common ways to reciprocate positive behaviour from one's leaders is through the exhibition of positive workplace attitudes and behaviours (Dulebohn et al., 2012). In the current research, we focus on affective commitment to the organization, which reflects an emotional attachment characterized by an employee enjoying being involved, and identifying, with the organization (e.g., Mowday, Porter, & Steers, 1982). As alluded to above, the link between LMXSC and affective organizational commitment can be explained using social exchange theory and felt obligation. Specifically, affective organizational commitment represents a currency of exchange for the follower to repay the favourable actions of their leader because employees generalize their exchange relationships from their leader to the organization because they view the leader as representative of the organization (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002; Eisenberger et al., 2014). Thus, because leaders represent an important proxy for the organization, felt obligation to one's leader will also transfer to the organization and lead to greater commitment.

Another key way in which employees can repay their obligations to their leader is through job performance, which is one of the most studied outcomes of LMX relationships (Martin et al., 2016). In line with social exchange theory, the favourable treatment that the follower receives from the leader generates feelings of obligation to 'pay back' the leader by

working hard as a means of reciprocation. To summarize, a positive relationship is expected between LMXSC and both commitment and performance, because they help to fulfil the reciprocity obligations of followers and represent an exchange currency. This relationship should exist over and above overall LMX quality, leading us to the following hypotheses:

*Hypothesis 1: LMXSC will predict followers' felt obligation to their leader above overall LMX quality*

*Hypothesis 2: Felt obligation to the leader will mediate the relationship between LMXSC and followers' affective organizational commitment.*

*Hypothesis 3: Felt obligation to the leader will mediate the relationship between LMXSC and followers' job performance.*

### **LMXSC, PE and felt obligation: Moderated mediation**

As discussed in the preceding section, perceptions of high LMXSC should elicit followers' feelings of obligation to their leader, compared to overall LMX quality. However, even if the norm of reciprocity is universal to all humans (Gouldner, 1960), not all individuals value reciprocity to the same degree (e.g., Takeuchi, Yun, & Wong, 2011). Therefore, the assumption that everyone will reciprocate to the same extent in response to such favourable treatment could lead to incorrect conclusions regarding the consequences of social exchange relationships (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). In the current research we argue that followers' level of PE will attenuate the relationship between LMXSC and felt obligation. Below, we first introduce the concept of PE before providing a theoretical rationale for this prediction.

PE is defined as excessive self-regard linked to a belief in the automatic right to privileged treatment at work (Campbell et al., 2004; Westerlaken, Jordan, & Ramsay, 2017).

Although PE is a relatively new construct in organizational psychology, it has a history as an individual trait in psychology. In particular, entitlement has long been considered a facet of narcissism (Campbell et al., 2004). However, while PE is a component of narcissism, it is also a construct that exists independently of other facets of narcissism such as assertiveness, deceitfulness, and exploitativeness (Campbell et al., 2004; Miller, Price, & Campbell, 2012). PE is a particularly relevant variable to explore as a moderator of LMXSC for several reasons.

First, whereas narcissism is primarily about the self, entitlement is about the self in relation to others (Rose & Antastasio, 2014). In particular, entitlement is a stable belief that one deserves more and is entitled to more than *others*. This argument suggests that those high in PE will feel deserving of and will expect to have a better LMX relationship with their leader than their co-workers. PE also has theoretical links with status striving, as entitlement leads individuals to seek to maintain an enhanced status vis-à-vis others (e.g., Campbell et al., 2004). Indeed, Lee, Schwarz, Newman, and Legood (2017) found empirical support for the link between PE and status striving. Thus, those high in PE are likely to be particularly sensitive to their LMX status compared to others and will feel they deserve to have high LMXSC.

Second, Naumann and colleagues (2002) suggested that entitlement perceptions consist of unbalanced judgements of reciprocity. In other words, those high in PE expect rewards and benefits without perceiving an obligation to reciprocate, for example, by exhibiting increased commitment to the organization or higher levels of performance. Westerlaken and colleagues (2017) recently provided empirical support for this notion by demonstrating that PE is negatively associated with perceptions of positive reciprocity (e.g., returning favours and helping (Perugini, Gallucci, Presaghi, & Ercolani, 2003)), thus suggesting that highly entitled employees do not believe that it is obligatory to reciprocate positive treatment from their employer as part of the

psychological contract with the organization. Thus, even if entitled employees perceive high LMXSC, they will be less likely to feel obligated to reciprocate the preferential treatment.

Third, and related to the previous point, PE can be understood from an equity perspective. Equity theory is rooted in social comparison theory and posits that individuals will seek referent others to use as a source of comparison for their own social exchange situation (Adams, 1965), rendering LMXSC a key source of information regarding fairness within the LMX relationship. However, research has demonstrated that individuals differ in their perceptions of equity in these comparisons (Huseman, Hatfield, & Miles, 1987). The authors found that while most people are “equity sensitive” (i.e., seek justice and equality when compared with others), others were “benevolents” (i.e., are content with getting less while doing more when compared with others). A third group of people were called “entitleds” and were described as those who expect to receive more than others do for the same or less work, time, and effort. While this last group has a similarity to the notion of PE, the two are theoretically distinct (see review by Jordan et al., 2017). For instance, while both entitleds and those high in PE feel that positive outcomes are owed to the self, the source of the outcome differs. Specifically, deservingness reflects the expectation of a reward in exchange for one’s own efforts or character, whereas entitlement typically reflects the expectation of a reward because of a social contract. The latter describes entitleds, whereas PE includes the experience of being both deserving and entitled.

Based on the arguments above, we argue that PE will moderate the relationship between LMXSC and felt obligation. Those high in PE will feel deserving of an LMX relationship that is better than their co-workers. This feeling of deservingness, combined with reduced feelings of

positive reciprocity, will make it less likely that they will feel obligated to reciprocate such relationships. This leads us to the following hypotheses:

*Hypothesis 4: PE will moderate the first stage of the indirect relationship between LMXSC and organizational commitment via felt obligation such that the mediated relationship will be weaker when PE is high compared to when it is low, controlling for LMX.*

*Hypothesis 5: PE will moderate the first stage of the indirect relationship between LMXSC and job performance via felt obligation such that the mediated relationship will be weaker when PE is high compared to when it is low, controlling for LMX.*

## **Study 1**

### **Method**

#### **Sample and procedure**

The sample comprised of 188 individuals, all of whom were over the age of 18 and resided in the USA. The participants were recruited using an online panel service (provided by Qualtrics Panel). To qualify for the sample, individuals were required to be full-time working adults with a direct supervisor. Sixty percent of the sample was female and the average age of respondents was 52 years old. Questionnaires were completed electronically over two time periods. The first time period was in December 2016 and the second was in January 2017. This one-month time lag was incorporated into the design of the study to minimize common method variance (Podsakoff, MacKenzie, and Podsakoff, 2012). The participants were informed that their responses would be confidential. Several attentional filters were included to ensure that the respondents were paying attention when completing the survey. At Time 1, we collected measures of LMXSC, LMX, PE, and our control variables. One month later, the respondents

were asked to rate their level of felt obligation to their supervisor and their level of organizational commitment.

### **Measures**

Participants were required to rate each scale item using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

***Leader-Member Exchange Social Comparison (LMXSC).*** LMXSC was measured using the six-item scale developed by Vidyanthi et al. (2010). A sample item is ‘My supervisor is more loyal to me compared to my co-workers’ ( $\alpha = .84$ ).

***Psychological Entitlement (PE).*** PE was measured using the nine-item scale developed by Campbell et al., 2004. A sample item is ‘I honestly feel I’m just more deserving than others’ ( $\alpha = .89$ ).

***Felt Obligation.*** Felt obligation towards the leader was measured using the six-item scale created by Eisenberger et al. (2001) and adapted to measure felt obligations towards one’s direct supervisor (e.g., Lemmon & Wayne, 2015). An example item was, ‘I feel a personal obligation to do whatever I can to help my leader achieve his/her goals’ ( $\alpha = .89$ ).

***Organizational Commitment.*** We measured employees’ affective organizational commitment with six items developed by Allen and Meyer (1990). An example item was ‘I feel personally attached to my work organization’ ( $\alpha = .93$ ).

***Control Variables.*** To determine whether LMXSC had effects on felt obligation above LMX quality we controlled for follower ratings of overall LMX quality using the seven-item LMX scale (Scandura & Graen, 1984). A sample item was ‘I would characterize my working relationship with my manager as very good’ ( $\alpha = .94$ ). We also measured participants’ trait negative affect using the ten negative items (Watson, Clark, & Tellegen, 1988). We controlled for

negative affect as an individual difference that is negatively associated with workplace relationships (e.g., Hui, Law, & Chen, 1999) and affective organizational commitment (Panaccio, & Vandenberghe, 2012). Gender and age were also included in our analysis as control variables since they have been shown to have significant associations with organizational commitment (e.g., Mathieu & Zajac, 1990).

## **Results**

Table 1 presents the means, standard deviations, and zero-order correlations among the study variables. In line with our hypotheses, LMXSC was significantly correlated with felt obligation ( $r = .42$ ), felt obligation was significantly correlated with organizational commitment ( $r = .33$ ), and the correlation between PE and felt obligation was negative ( $r = -.48$ ).

Insert Table 1 about here

### **Discriminant validity**

Before testing our hypotheses, we first sought to determine the discriminant validity of the variables used in Study 1. To establish discriminant validity, we conducted a number of confirmatory factor analyses (CFAs) using MPLUS (version 7). The results of these analyses are displayed in Table 2.

Insert Table 2 About Here

The goodness-of-fit indicators of a five-factor model, incorporating LMXSC, PE, felt obligation, organizational commitment, and LMX quality as distinct latent factors ( $\chi^2 = 962.28$ ,  $df = 517$ ,  $RMSEA = 0.07$ ,  $CFI = 0.91$ ) was compared to a number of four-factor models in which these latent variables were combined (e.g., LMXSC and PE were combined into a single factor), and finally a one-factor model in which all items from the five scales were included in a single latent factor. As shown in Table 2, the five-factor model produced the best model fit and one that

was significantly better than any of the models in which latent variables were combined.

### **Hypothesis testing**

As the participants worked independently of one another and came from different organizations, we conducted our analysis at the individual level only. To test our hypotheses, we used Hayes' (2013) PROCESS macro for SPSS (Version 23) to calculate bias-corrected bootstrapped confidence intervals (using 20,000 bootstrap samples) for indirect effects. To test Hypotheses 1 and 2, we used Model 4 to test for mediation; the results are shown in Table 3. Hypothesis 1 predicted that LMXSC would predict felt obligation above LMX quality. Support for this hypothesis was found as there was a significant positive relationship between LMXSC and felt obligation ( $\beta = .49$  SE = .11,  $p < .01$ ), whereas the relationship between overall LMX quality and felt obligation was non-significant ( $\beta = -.14$  SE = .09, n.s.).<sup>1</sup> This finding suggests that felt obligation to one's supervisor is based on one's perception of their LMX relationship compared to that which the leader has with other co-workers, rather than overall LMX relationship quality. In line with Hypothesis 2, we found a significant relationship between felt obligation and organizational commitment ( $\beta = .16$  SE = .07,  $p < .05$ ). A significant indirect effect of .08 (95% confidence intervals = .01 - .20) was found between LMXSC and organizational commitment. It is also important to highlight that LMXSC had a significant, direct effect on organizational commitment ( $\beta = .25$ , SE = .12,  $p < .05$ ), indicating that felt obligation partially mediated the LMXSC-organizational commitment link.

Insert Table 3 About Here

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<sup>1</sup> Before including LMXSC in the model, we found evidence of a significant indirect effect of LMX quality on organizational commitment via felt obligation (.03; 95% confidence intervals: 01 –.09). This mediation effect was no longer found when LMXSC was included in the model.

To test our first stage moderated mediation model (Hypothesis 4), we again used Hayes' (2013) PROCESS macro (Model 7) to calculate conditional indirect effects (see Table 3). Both PE and LMXSC were mean-centred before the analysis was conducted. In support of Hypothesis 4, a significant interaction effect was found between LMXSC and PE on felt obligation ( $\beta = -.28$ ,  $SE = .08$ ,  $p < .01$ ). Furthermore, we found evidence of moderated mediation, with the conditional indirect effects indicating a non-significant indirect effect (.03; 95% confidence intervals =  $-.01 - .11$ ) at higher values of PE (one SD above the mean) and a larger and significant indirect effect (.10; 95% confidence intervals =  $.01 - .23$ ) at lower values of PE (one SD below the mean). Thus, the conditional indirect effect of LMXSC on organizational commitment was smaller in magnitude when PE was high as indicated by a significant index of moderated mediation ( $b = -.04$ ; 95% confidence intervals:  $-.10 - -.01$ ). This interaction effect is depicted in Figure 2.

Insert Figure 2 About Here

## **Discussion**

In Study 1, we found initial support for our hypotheses. Specifically, we found that LMXSC predicted felt obligation over overall LMX quality. In addition, we found that for those who were high in PE, the relation between LMXSC and felt obligation was weaker to their organization even when they perceived that they had a better LMX relationship than their colleagues. In other words, high levels of PE attenuated the positive relationship between LMXSC and organizational commitment. We found that this attenuation occurred because high levels of PE reduced feelings of obligation to one's leader, which developed as a result of higher levels of LMXSC.

Despite the support for these hypotheses, Study 1 was limited by our reliance on a self-

reported dependent variable. Since all of our variables were self-rated, our study may have suffered from issues of common method bias (Podsakoff et al. 2012). Thus, Study 2 builds on Study 1 by providing a second test of our theoretical model with an organizational sample that included leader-rated performance as one of the dependent variables.

## **Study 2**

### **Method**

#### **Sample and procedure**

The participants were 300 employees distributed across 34 teams within an engineering and construction services company located in China's Zhejiang Province. The organizations agreed that their employees could complete the survey. The employees worked in various departments within the organization. Before distributing the survey, bilingual members of the research team translated the questionnaires from English into Chinese following the back-translation procedure suggested by Brislin (1993). Prospective participants were informed that partaking in the project was voluntary and that their answers would be confidential and not accessible by company representatives.

To reduce issues of common method bias, data were collected in two phases (Podsakoff et al., 2012). At Time 1, 486 employees were invited to provide their own demographics and rate their LMX and level of PE. At Time 2, one month later, employees rated their felt obligation to their leader and their level of organizational commitment, and the direct supervisor rated followers' performance. Data from a total of 300 matched dyads were received, representing a response rate of 62%. The mean age of the employees was 27.66 years old ( $SD = 4.45$ ), and 53% of the sample was female. The mean organizational tenure was 2.26 years ( $SD = 1.40$ ).

#### **Measures**

For all multiple-item scales in this study, the participants rated each item using a 7-point Likert scale, where 1 = strongly disagree and 7 = strongly agree. We used the same set of measures as used in Study 1 except for the addition of job performance, which was measured by ratings from their immediate supervisor using the five-item shortened version of Williams and Anderson (1991) (e.g., Nahrgang, Morgeson, & Ilies, 2009). An example item was “This employee meets formal performance requirements of the job.” In addition to followers’ age and gender, we included a measure of participant’s trait agreeableness ( $\alpha = .72$ ) and extraversion ( $\alpha = .97$ ) as control variables using two items each from the Ten-Item Personality Inventory (Gosling, Rentfrow, & Swann Jr, 2003). Both agreeableness and extraversion have been linked to reciprocity in the workplace (Bowling, Beehr, & Swader, 2005).

## **Results**

Table 4 displays the means, standard deviations, reliabilities and zero-order correlations among the Study 2 variables. In support of our hypotheses, we found a positive and significant correlation between LMXSC and felt obligation ( $r = .17$ ) and between felt obligation and both job performance ( $r = .26$ ) and organizational commitment ( $r = .25$ ). As in Study 1, PE was negatively associated with felt obligation ( $r = -.21$ ).

Insert Table 4 About Here

### **Discriminant validity**

As in Study 1, we first sought to determine the discriminant validity of our variables by running CFAs using MPLUS (version 7). As shown in Table 5, the goodness-of-fit indices showed that when the study variables were included as separate latent factors in a six-factor model, a better model fit ( $\chi^2 = 1614.17$ ,  $df = 687$ ,  $RMSEA = 0.07$ ,  $CFI = 0.90$ ) was found compared to any model that pooled these latent factors into fewer factors.

Insert Table 5 About Here

### **Hypothesis testing**

Unlike Study 1, the participants in Study 2 consisted of individuals who worked interdependently within 34 teams. The nested nature of the data meant that uncorrected tests of individual-level relationships may have also included team-level influences (Bauer, Preacher, & Gil, 2006). The ICC(1) value of .08 for job performance and .05 for organizational commitment suggested that a small, but significant, amount of the variance in the ratings of employees' job performance (but not organizational commitment) could be accounted for by team membership (Bliese, 1998). As a result, we tested our hypotheses with a multilevel model including both the individual (follower) and team level (see Tables 6 and 7).

As in Study 1, our analysis involved two main steps. We first ran a mediation model examining whether the association between LMXSC (X) and both organizational commitment and job performance (Y) was mediated by felt obligation (M). Second, we tested a moderated mediation model (Hayes & Preacher, 2010) in which the relationship between LMXSC and felt obligation was moderated by PE (Z). Before creating this interaction term, the scales for both LMXSC and PE were mean centred. Both equations also included a separate intercept that was allowed to vary within each equation across individuals and teams as well as between each equation (e.g., Lee, Thomas, Martin, & Guillaume, 2017). Only random intercepts were allowed in the model, random slopes were not allowed as all the variables included were at the individual level (i.e., level 1; Bauer et al., 2006). The steps described above were conducted using mixed method analysis in SPSS (version 24). As in Study 1, we found support for Hypothesis 1 as when both variables were included in our models (see Tables 6 and 7), and only LMXSC

significantly predicted felt obligation.<sup>2</sup>

Hypothesis 2 predicted a significant indirect effect between LMXSC and organizational commitment via felt obligation. As shown in Table 6, LMXSC had a positive and significant association with felt obligation ( $\gamma = .10$ ,  $t(289) = 2.09$ ,  $p < .05$ ) and felt obligation had a positive and significant association with organizational commitment ( $\gamma = .20$ ,  $t(289) = 2.92$ ,  $p < .01$ ). To test the significance of the mediated pathway, we calculated 95% Monte Carlo confidence intervals with 20,000 iterations (Selig & Preacher, 2008). Evidence for a significant mediation effect was found as these 95% confidence intervals did not include zero (LL = .001, UL = .046), with an indirect effect of .02. Similarly, for job performance, we found a significant relationship between LMXSC and felt obligation and between felt obligation and job performance (see Table 7). Again, evidence for a significant mediation effect was found since the 95% confidence intervals did not include zero (LL = .007, UL = .078), with an indirect effect of .04. Thus, support was found for Hypotheses 2 and 3.

Insert Table 6 About Here

Insert Table 7 About Here

Hypothesis 4 predicted that PE would moderate the indirect effect between LMXSC and organizational commitment. As seen in Table 6, the interactive effect of LMXSC and PE on felt obligation was negative and significant ( $\gamma = -.07$ ,  $t(288) = -2.98$ ,  $p < .01$ ). To facilitate interpretation, we probed the simple slopes for low levels (-1 SD) and high levels (+1 SD) of PE (Bauer et al., 2006). As predicted, Figure 3 shows a stronger positive slope at lower levels of PE

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<sup>2</sup> As in Study 1, when LMX quality was examined without LMXSC, we found evidence of a significant indirect effect on both organizational commitment (.02; LLCI: .01 – ULCI: .04) and job performance (.04; LLCI: .01 – ULCI: .07) via felt obligation. When LMXSC was included in the model, this indirect effect was no longer present.

( $\gamma = .33$ ,  $t(289) = 5.46$ ,  $p < .01$ ) than at higher levels of PE ( $\gamma = .10$ ,  $t(286) = 1.92$ ,  $p < .05$ ).

Insert Figure 3 About Here

To test the significance of the mediated pathway, we again calculated 95% Monte Carlo confidence intervals with 20,000 iterations (Selig & Preacher, 2008). We found a significant mediation effect at low levels of PE as the 95% confidence intervals did not include zero (LL = .003, UL = .103), with an indirect effect of .05. At high levels of PE, we did not find support for mediation as the 95% confidence intervals included zero (LL = -.001, UL = .04). Support was further indicated by a significant index of moderated mediation ( $b = -.01$ ; 95% confidence intervals = -.014 - -.002). Hypothesis 5 predicted that PE would moderate the indirect effect between LMXSC and job performance. As seen in Table 7, the interactive effect of LMXSC and PE on felt obligation was again negative and significant ( $\gamma = -.07$ ,  $t(288) = -3.11$ ,  $p < .01$ ). A stronger relationship between LMXSC and felt obligation was found at low levels (-1 SD) of PE ( $\gamma = .32$ ,  $t(288) = 5.41$ ,  $p < .01$ ) compared to higher levels (+1 SD) of PE ( $\gamma = .10$ ,  $t(284) = 1.83$ , n.s). Evidence of a significant mediation effect was found at low levels of PE as the 95% confidence intervals did not include zero (LL = .057, UL = .171), with an indirect effect of .11. At high levels of PE, we did not find support for mediation as the 95% confidence intervals included zero (LL = -.000, UL = .076). Support was further indicated by a significant index of moderated mediation ( $b = -.02$ ; 95% confidence intervals = -.04 - -.01). Taken together, support was found for Hypotheses 4 and 5 as the stronger effects of LMXSC on both organizational commitment and performance at lower versus higher levels of PE were elicited by higher levels of felt obligation.

### General Discussion

Across two studies, we found support for our hypotheses. Specifically, we found evidence that LMXSC was associated with followers' organizational commitment (Studies 1 and 2) and job performance (Study 2) via felt obligation toward the leader. This relationship was found while controlling for LMX quality, suggesting that one's perceptions of relative LMX standing is more influential than overall LMX quality. Our results are consistent with social exchange theory in that they emphasize the importance of felt obligation as a mediator of the relationship between LMXSC and follower outcomes. However, our findings across both studies also suggest that the extent to which individuals reciprocate the positive treatment and resources that they receive from their supervisor, as captured by LMXSC, is not consistent across all employees but is significantly influenced by their level of PE. Specifically, we found that high levels of PE reduced employees' feelings of obligation to reciprocate the positive treatment that they received from their leader and, in turn, the extent to which they would exhibit higher levels of organizational commitment and job performance.

### **Theoretical implications**

These findings provide several contributions to both the LMX and workplace entitlement literatures. First, while previous research has found a direct relationship between LMXSC and follower outcomes (Vidyardhi et al., 2010; 2016), to our knowledge, ours are the first studies to test a mediator of LMXSC. Across both studies, we found that LMXSC appears to drive followers' feelings of obligation towards their leader, rather than LMX quality. This is an important distinction as it clearly suggests that the social exchanges at the heart of LMX theory are not governed only by the quality of the relationship, but also by how this relationship with the leader compares to others' relationships with the leader. This finding is in line with the tenets of social comparison theory, which posits that members of dyads evaluate their relationships

considering other relevant dyadic relationships. It also fits with the notion of scarcity within social exchange, whereas the value of an exchange is based on a valuation of the scarcity of the resource. If a leader's resources are shared abundantly across all followers, they can lose value (Blau, 1964).

Second, the inclusion of PE challenges the assumption that followers will always feel obliged to repay preferential treatment from their leader. We found that the extent to which followers feel obliged to reciprocate LMXSC is contingent on their level of PE. By examining the indirect effect of LMXSC via felt obligations and the extent to which this effect is dependent on the PE of followers, we demonstrate that the development of obligations because of LMXSC is not governed by the relative quality of the relationship alone, but also by the followers' individual differences. This finding builds on previous work showing that individual differences, such as exchange ideology, can affect the development of felt obligation when employees feel supported by the organization (Eisenberger et al., 2001; Molm, Peterson, & Takahashi, 2003).

Finally, our research contributes to the workplace entitlement literature. As highlighted by Harvey and Dashborough (2015), PE in the workplace represents a challenge for modern organizations. As such, the phenomenon of PE at work has gained increasing interest, especially as research has tended to demonstrate negative effects (e.g., Campbell et al., 2004; Harvey & Harris, 2010). However, despite initial evidence of the detrimental effects of PE, to date organizational scholars have largely overlooked this construct in their research (Harvey and Dashborough, 2015). Given that research on workplace PE is still in its infancy (Priesemuth & Taylor, 2016), the current research answers calls for investigation of the effects of PE in the workplace (e.g., Major, 1994) and builds and broadens the nomological net of outcomes associated with PE. We extend the understanding of the implications of PE for interpersonal

relationships (e.g., Campbell et al., 2004) and the leadership process (e.g., Harvey & Martinko, 2009). Such findings, as well as the results of the current study, help to explain the role that PE plays within workplace relationships. Continued research in this area could assist organizations and managers find solutions to the interpersonal issues associated with high levels of PE.

### **Practical implications**

In addition to the theoretical implications discussed above, our research has several practical implications. First, leaders should attempt to let key followers know of their high relative standing compared to their colleagues. Of course, this attempt should be caveated with wider findings related to LMX differentiation in that variation in LMX quality in a work can disrupt group functioning (e.g., Li & Liao, 2014). Ultimately, the decision of whether to differentiate might depend on the nature of the task; that is, differentiation may be less disruptive when work is more independent, rather than team-based. At the individual level, there certainly appears to be performance benefits when followers perceive that they are better off than others.

Additionally, our results emphasize that managers should be cognizant that followers with varying levels of PE may respond differently to LMX relationships. As such, they might decide to invest more heavily in building strong relationships with followers low in PE, as these followers are more likely to respond constructively to positive treatment by the leader. We suggest, however, that it is important that managers explore techniques for managing psychologically entitled employees who do not rely, at least not solely, on high levels of reciprocation. For example, Harvey and Harris (2010) posited that leaders with high levels of charisma may be better able to communicate with psychologically entitled employees than other managers owing to their likeability and persuasive abilities.

Another way to avoid the negative implications of leading entitled employees is through setting clear guidelines and expectations of the leader-follower relationship early. If entitled employees are made fully aware of the relationship expectations they might be more prepared to meet them. Alternatively, by highlighting explicitly to entitled employees how they might individually benefit (e.g., promotion, career advancement, pay raises) in the long term by fulfilling the obligations of a high LMXSC relationship, they could be more motivated to do so. Additionally, researchers have suggested that organizations could instigate wider socialization practices such as realistic job previews (Priesemuth & Taylor, 2016). These practices could help to reduce some of the negative effects associated with PE and expectations within the leader-follower relationship by emphasizing the roles and responsibilities of the employee and the employer in the relationship.

### **Limitations and suggestions for future research**

The current research has some notable strengths. The inclusion of two studies provides stronger support for some of our central arguments than a single study. The use of temporally ordered methods in both studies also provides a stronger test of the directional links between LMX and follower outcomes compared to a cross-sectional design. In Study 2, we also collected our performance data from leaders. These steps represent aspects of the research design that reduced the potential for common method and source bias explanations for the reported results. Despite these strengths, we should note the potential limitations associated with the current research. First, although we were able to provide a temporally ordered test of the key relationships, only randomized experiments are truly able to demonstrate the causality of any given relationship. Furthermore, our outcome data relied on either self-report (organizational commitment) or leader ratings (job performance), both of which are subject to bias. Objective

performance measures (e.g., sales or productivity) are less susceptible to such rater bias (e.g., Martin et al., 2016), but we were unable to obtain such data in either of our samples.

While future research is needed to address the limitations of the current study and replicate the effects that we found, other avenues of future research can help to further our understanding of both LMXSC and PE. First, our findings suggest that factors, such as individual differences can influence the social exchange process at the heart of LMX. Further research could explore other factors that serve to attenuate or strengthen the reciprocation of LMXSC. For instance, it might be that the value of leader exchange can vary as a function of how important the leader is to a follower. Some followers may not feel that they actually need resources from their leader or see great personal value in the relationship. In such cases, they might place little value in the quality of the relationship and thus feel less obligated to repay any preferential treatment.

### **Conclusion**

A central theme within LMX theory is that leaders form differentiated relationships with followers, yet little is known about how followers' LMXSC influence their attitudes and behaviour at work. The present findings suggest that followers pay attention to the quality of their LMX relationship relative to others' LMX relationships with the leader, as opposed to the quality of the relationship per se. Specifically, LMXSC seems to drive feelings of obligation to one's leader as opposed to overall LMX quality. Furthermore, those high in PE expect to be treated better than their colleagues, and therefore do not feel as much of a strong obligation to repay preferential treatment from their leader.

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Tables

Table 1. Descriptive Statistics and Correlations for Study 1 Variables

	M	SD	1	2	3	4	5	6	7
1. LMXSC	3.95	0.84							
2. PE	2.82	0.82	-.05						
3. Felt Obligation	3.74	0.88	.42**	-.47**					
4. Org. Commitment	3.79	0.97	.57**	.09	.33**				
5. LMX quality	3.89	0.96	.76**	.05	.24**	.58**			
6. Negative Affectivity	1.49	0.69	-.39**	.08	-.30**	-.25**	-.25**		
6. Gender	0.60	0.49	-.11	-.05	-.03	-.08	-.12	.08	
7. Age	52.19	12.94	.11	-.18*	.21**	.07	.02	-.11	-.07

\*\* Correlation is significant at the 0.01 level (2-tailed) \*Correlation is significant at the 0.05 level (2-tailed).

N = 188

a 1 = Female, 0 = Male

Org. Commitment = Affective Organizational Commitment

Table 2. Confirmatory Factor Analysis Results for Study 1

Model	X <sup>2</sup>	Df	CFI	RMSEA	Chi-Squared Test <sup>a</sup>
Five-factor model	962.28	517	.91	.07	
Four-factor model <sup>1</sup>	1076.40	521	.88	.08	114.12 (4)**
Four-factor model <sup>2</sup>	1682.19	521	.76	.11	719.91 (4)**
Four-factor model <sup>3</sup>	1588.58	521	.78	.10	626.30 (4)**
Four-factor model <sup>4</sup>	1369.91	521	.82	.09	407.63 (4)**
Four-factor model <sup>5</sup>	1816.90	521	.73	.11	854.62(4)**
Four-factor model <sup>6</sup>	1660.26	521	.76	.11	697.98 (4)**
Four-factor model <sup>7</sup>	1545.70	521	.79	.10	583.42 (4)**
Four-factor model <sup>8</sup>	1503.61	521	.80	.10	541.33 (4)**
Four-factor model <sup>9</sup>	1949.79	521	.70	.12	987.51 (4)**
Four-factor model <sup>10</sup>	1643.95	521	.77	.11	681.67 (4)**
One-factor model	3102.05	527	.46	.16	2139.77 (10)**

Notes. CFI, comparative fit index; Df, degrees of freedom; RMSEA, root mean square error of approximation. a – Chi-squared difference test comparing chi-square test of model fit to baseline model (five-factor model).

Four-factor model<sup>1</sup> combines LMXSC and LMX.

Four-factor model<sup>2</sup> combines LMXSC and PE.

Four-factor model<sup>3</sup> combines LMXSC and felt obligation.

Four-factor model<sup>4</sup> combines LMXSC and organizational commitment

Four-factor model<sup>5</sup> combines LMX and PE.

Four-factor model<sup>6</sup> combines LMX and felt obligation.

Four-factor model<sup>7</sup> combines LMX and organizational commitment.

Four-factor model<sup>8</sup> combines PE and felt obligation

Four-factor model<sup>9</sup> combines PE and organizational commitment

Four-factor model<sup>10</sup> combines felt obligation and organizational commitment

\*\*  $p < .01$ .

Table 3. Process Results for Study 1

	Felt Obligation			Organizational Commitment		
	<i>B</i>	<i>SE</i>	<i>t</i>	<i>B</i>	<i>SE</i>	<i>T</i>
Step 1 – Control Variables Only						
Age	.01	.01	2.59*	.00	.01	.75
Gender <sup>a</sup>	.04	.12	.28	-.01	.12	-.09
Negative Affectivity	-.30	.09	-3.35**	-.15	.09	-1.71
LMX	.17	.07	2.52*	.56	.06	8.90**
<i>R</i> <sup>2</sup>	.15			.35		
Step 2 – Mediation Includes Independent Variable						
Age	.01	.00	2.23*	.00	.00	.08
Gender <sup>a</sup>	.04	.12	.32	-.01	.12	-.12
Negative Affectivity	-.18	.09	-1.98*	-.04	.09	-.41
LMX	-.14	.09	-1.52	.38	.09	4.08**
LMXSC	.49	.11	4.39**	.25	.12	2.20*
Felt Obligation				.16	.07	2.17*
<i>R</i> <sup>2</sup>	.23			.40		
Step 3 – Moderated Mediation – Includes PE						
Age	.01	.00	1.57	.00	.00	.08
Gender <sup>a</sup>	.03	.10	.33	-.01	.12	-.13
Negative Affectivity	-.16	.08	-2.04*	-.04	.09	-.41
LMX	-.05	.08	-.67	.38	.09	4.08**
LMXSC	.40	.10	4.10**	.25	.12	2.20*

PE	-.42	.06	6.79**		
LMXSC*PE	-.28	.08	-3.56**		
Felt Obligation				.16	.07
$R^2$	.44			.40	

a 1 = Female, 0 = Male \* $p < .05$  \*\*  $p < .01$ .

Table 4. Descriptive Statistics and Correlations for Study 2 Variables

	M	SD	1	2	3	4	5	6	7	8	9
1. LMXSC	4.50	1.31	(.88)								
2. PE	4.22	1.52	.44**	(.95)							
3. Felt Obligation	4.92	.88	.17**	-.21**	(.84)						
4. Job Performance	4.55	1.14	.21**	.00	.26**	(.74)					
5. Org. Commitment	5.03	1.13	.35**	.05	.25**	.06	(.97)				
6. LMX quality	4.62	1.20	.66**	.35**	.12*	.18**	.37**	(.88)			
7. Agreeableness	4.21	1.28	.06	.01	.09	.15*	.02	.10	(.72)		
8. Extraversion	3.37	1.48	.12*	.03	.00	.03	.11	.16**	.11	(.97)	
9. Gender <sup>a</sup>	.53	.50	.10	.13*	-.02	-.03	.12*	.26**	.02	-.04	
10. Age	27.66	4.45	-.16**	-.05	-.11	.01	-.18**	-.19**	.01	.08	-.27**

\*\*Correlation is significant at the 0.01 level (2-tailed) \*Correlation is significant at the 0.05 level (2-tailed).

N = 300

a 1 = Female, 0 = Male

Reliabilities of the measures are noted in the diagonals

Org. Commitment = Affective Organizational Commitment

Table 5. Confirmatory Factor Analysis Results for Study 2

Model	X <sup>2</sup>	Df	CFI	RMSEA	Chi-Squared Test <sup>a</sup>
Six-factor model	1614.17	687	.90	.07	
Five-factor model <sup>1</sup>	2101.07	692	.85	.08	486.9 (5)**
Five-factor model <sup>2</sup>	3026.09	692	.76	.11	1411.92 (5)**
Five-factor model <sup>3</sup>	2433.47	692	.82	.09	819.30 (5)**
Five-factor model <sup>4</sup>	1878.72	692	.88	.08	264.55 (5)**
Five-factor model <sup>5</sup>	3155.02	692	.75	.11	1540.85 (5)**
Five-factor model <sup>6</sup>	2569.85	692	.81	.10	955.68 (5)**
Five-factor model <sup>7</sup>	2434.70	692	.82	.09	820.53 (5)**
Five-factor model <sup>8</sup>	1886.65	692	.88	.08	272.48 (5)**
Five-factor model <sup>9</sup>	2550.82	692	.81	.10	936.65 (5)**
Five-factor model <sup>10</sup>	2404.67	692	.82	.09	790.50 (5)**
Five-factor model <sup>11</sup>	1913.06	692	.87	.08	298.89 (5)**
Five-factor model <sup>12</sup>	4017.81	692	.66	.13	2403.64 (5)**
Five-factor model <sup>13</sup>	1875.68	692	.88	.08	261.51 (5)**
Five-factor model <sup>14</sup>	2375.87	692	.83	.09	761.70 (5)**
Five-factor model <sup>15</sup>	1908.29	692	.87	.08	294.12 (5)**
One-factor model	7257.85	702	.32	.18	5643.68 (15)**

Notes. CFI, comparative fit index; Df, degrees of freedom; RMSEA, root mean square error of approximation. a – Chi-squared difference test comparing chi-square test of model fit to baseline model (five-factor model).

Five-factor model<sup>1</sup> combines LMXSC and LMX.

Five-factor model<sup>2</sup> combines LMXSC and PE.

Five-factor model<sup>3</sup> combines LMXSC and felt obligation.  
Five-factor model<sup>4</sup> combines LMXSC and job performance  
Five-factor model<sup>5</sup> combines LMXSC and organizational commitment  
Five-factor model<sup>6</sup> combines LMX and PE.  
Five-factor model<sup>7</sup> combines LMX and felt obligation.  
Five-factor model<sup>8</sup> combines LMX and job performance.  
Five-factor model<sup>9</sup> combines LMX and organizational commitment  
Five-factor model<sup>10</sup> combines PE and felt obligation  
Five-factor model<sup>11</sup> combines PE and job performance  
Five-factor model<sup>12</sup> combines PE and organizational commitment  
Five-factor model<sup>13</sup> combines felt obligation and job performance  
Five-factor model<sup>14</sup> combines felt obligation and organizational commitment  
Five-factor model<sup>15</sup> combines job performance and organizational commitment  
\*\*  $p < .01$ .

Table 6. Multilevel Analysis: Joint Effect of LMXSC (X) and PE (Z) on Felt Obligation (M), and Effect of Felt Obligation on Organizational Commitment (Y)

	Mediation Model					
	Felt Obligation (M) X→M			Org. Commitment (Y) M→ Y		
	Coefficient	SE	T	Coefficient	SE	T
<i>Step 1 – controls only</i>						
Age	-.02	.01	-1.99*	-.03	.01	-2.09*
Gender <sup>a</sup>	.13	.10	1.25	-.03	.13	-.24
Agreeableness	.04	.05	.88	-.02	.05	-.49
Extraversion	-.01	.03	-.21	.05	.04	1.21
LMX	.09	.04	2.02*	.32	.05	6.08**
AIC	1687.30					
<i>Step 2 – mediation including LMXSC</i>						
Age	-.02	.01	-1.74	-.02	.01	-1.62
Gender <sup>a</sup>	.11	.10	1.01	-.09	.13	-.73
Agreeableness	.04	.05	.97	-.03	.05	-.59
Extraversion	-.01	.03	-.25	.05	.04	1.25
LMX	.01	.06	.19	.20	.07	2.97**
X						
LMXSC	.10	.05	2.09*	.14	.06	2.29**
M						
Felt Obligation				.20	.07	2.92**
AIC	1680.24					
<i>Step 3 – MOD MED</i>						
Age	-.01	.01	-1.16	-.02	.01	-1.61
Gender <sup>a</sup>	.04	.10	.36	-.09	.13	-.72
Agreeableness	.03	.05	.60	-.03	.05	-.60
Extraversion	-.02	.03	-.53	.05	.04	1.26
LMX	.06	.05	1.12	.20	.07	2.95**
X						
LMXSC	.21	.05	4.27**	.14	.06	2.33*
Z						
PE	-.19	.03	-5.65**			
X x Z						
LMXSC*PE	-.07	.02	-2.98**			
M						
Felt Obligation				.20	.07	2.93**
AIC	1646.04					

a 1 = Female, 0 = Male \* $p < .05$  \*\*  $p < .01$ .

AIC = Akaike's Information Criterion

Table 7. Multilevel Analysis: Joint Effect of LMXSC (X) and PE (Z) on Felt Obligation (M), and Effect of Felt Obligation on Individual Job Performance (Y)

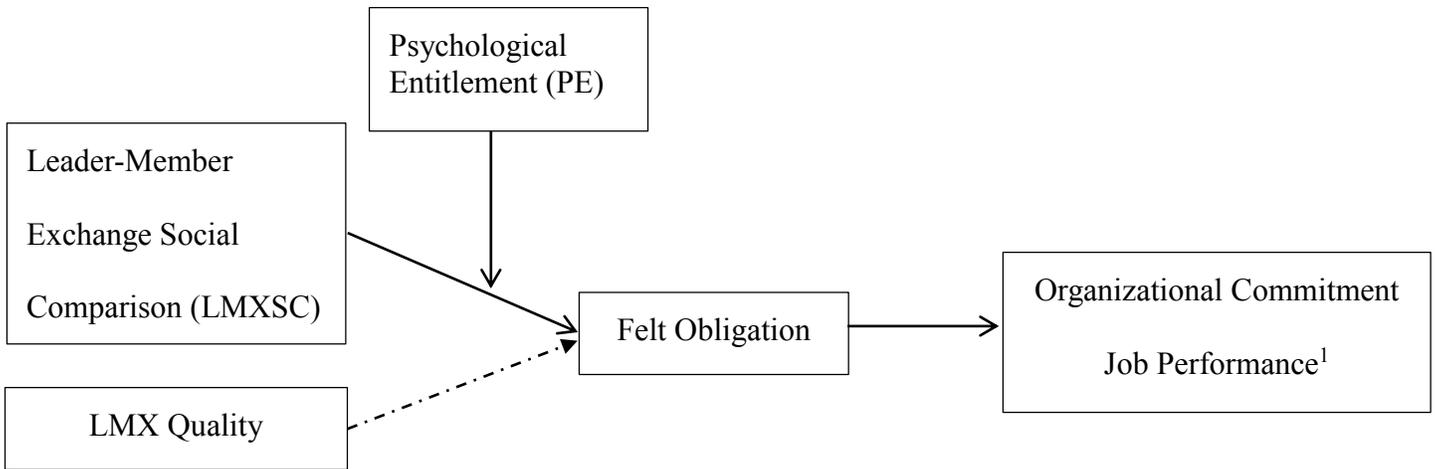
	Mediation Model					
	Felt Obligation (M) X → M			Job Performance (Y) M → Y		
	Coefficient	SE	t	Coefficient	SE	T
<i>Step 1 – controls only</i>						
Age	-.02	.01	-1.93	.01	.02	.42
Gender <sup>a</sup>	.13	.10	1.28	.16	.13	1.20
Agreeableness	.04	.05	.78	.11	.06	1.90
Extraversion	-.01	.03	-.22	-.02	.04	-.41
LMX	.09	.04	2.16*	.19	.06	3.34**
AIC	1725.51					
<i>Step 2 – mediation including LMXSC</i>						
Age	-.02	.01	-1.67	.02	.01	1.12
Gender <sup>a</sup>	.11	.10	1.03	.10	.13	.79
Agreeableness	.04	.05	.79	.11	.06	1.90
Extraversion	-.01	.03	-.25	-.02	.04	-.43
LMX	.02	.06	.30	.09	.07	1.25
X						
LMXSC	.11	.05	2.16*	.08	.06	1.32
M						
Felt Obligation				.36	.07	4.97**
AIC	1708.02					
<i>Step 3 – MOD MED</i>						
Age	-.01	.01	-1.11	.02	.01	1.11
Gender <sup>a</sup>	.04	.10	.42	.10	.13	.78
Agreeableness	.02	.05	.41	.11	.06	1.92
Extraversion	-.02	.03	-.53	-.02	.04	-.45
LMX	.07	.05	1.30	.09	.07	1.27
X						
LMXSC	.20	.05	4.23**	.08	.06	1.29
Z						
PE	-.19	.03	-5.48**			
X x Z						
LMXSC*PE	-.07	.02	-3.11**			
M						
Felt Obligation				.36	.07	4.94**
AIC	1675.04					

a 1 = Female, 0 = Male \*p<.05 \*\* p < .01.

AIC = Akaike's Information Criterion

## Figures

Figure 1. Visual Representation of the Theoretical Model proposed in Study 1 and Study 2



1 = Dependent variable examined in Study 2 only

Figure 2. Moderating Effect of Psychological Entitlement (PE) on the Relationship between Leader-Member Exchange Social Comparison (LMXSC) and Felt Obligation for High (+1 SD) and Low (-1 SD) PE for Study 1

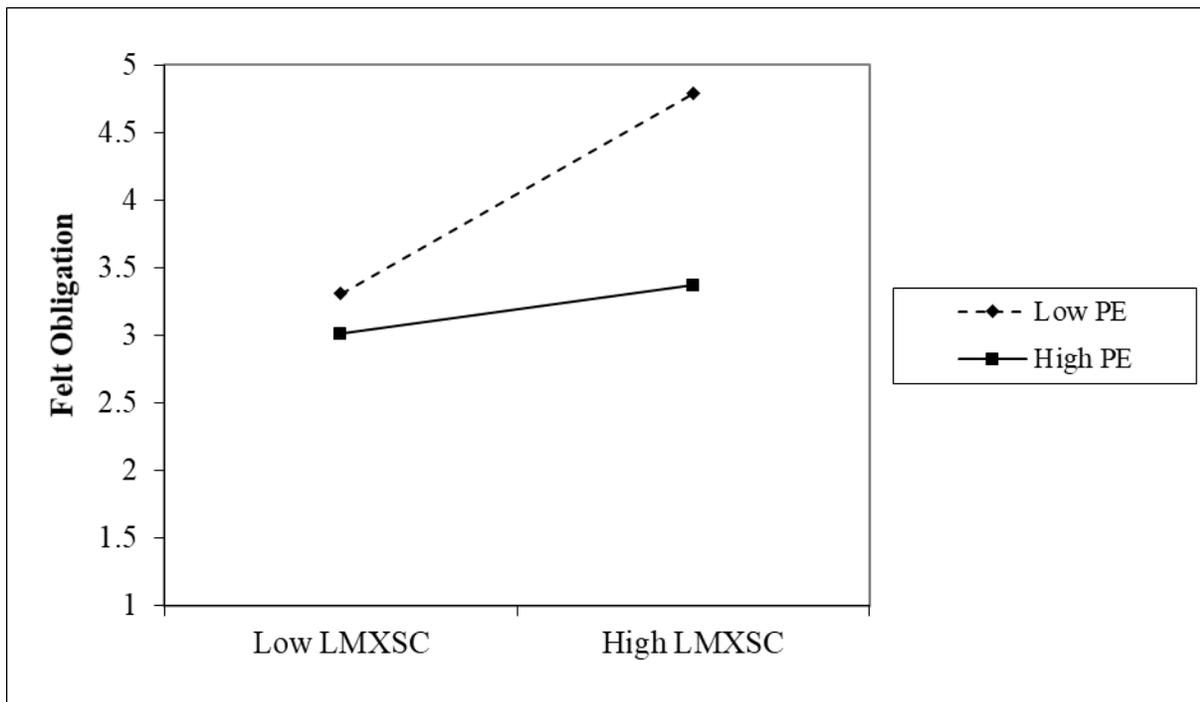


Figure 3. Moderating Effect of Psychological Entitlement (PE) on the Relationship between Leader-Member Exchange Social Comparison (LMXSC) and Felt Obligation for High (+1 SD) and Low (-1 SD) PE for Study 2

