Leader Member Exchange and Employee Envy: Examining the role of Perceived Co-worker Similarity and Equity Sensitivity

ABSTRACT

Envy is a universal emotion and often is considered to be socially undesirable. This emotion has been relatively ignored in organizational behavior research. In this study, we focus on the impact of leader member exchange on envy. We also investigate moderating effects of perceived co-worker similarity and equity sensitivity in the relationship between leader member exchange and envy. Building on leader member exchange (LMX) theory, we argue that employees who do not have good relationship with their leaders (lower LMX) will feel envious towards the employees who have good relationship (higher LMX) with their leaders. Also, the effects of this relationship will be stronger for those employees who have higher equity sensitivity and when they perceive their co-worker being similar with them. We conclude the study by discussing the practical implications and by identifying some interesting directions for the future research.
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1. Introduction

Envy is generally considered a socially undesirable emotion and has been commonly experienced by most of the people regardless of their culture (Smith & Kim, 2007). As suggested by Salovey and Rodin (1984), envy arises when a person discovers that he is deficient in a quality, achievement or possession which is being possessed by another person, and the person has a strong desire to obtain those qualities or a feeling to take away those coveted possessions from others. Envy is defined as “an unpleasant and often painful blend of feelings characterized by inferiority, hostility, and resentment caused by a comparison with a person or group of persons who possess something we desire” (Smith & Kim, 2007, p. 49).

This emotion is important to understand because it is generally perceived to be a hostile emotion that stimulates aggressive behaviors. Its combative nature is demonstrated by many publicized offenses (Thernstorm, 1998) and inter-group conflicts (Beck, 1999; Glick, 2002) as well as numerous literary tales of assassination, murder and sabotage evoked by envy (De la Mora, 1987; Schoeck, 1969). Its importance is further underscored by its role in Biblical scenarios ranging from Lucifer’s evil nature, to Cain’s slaying of Abel, to Christ’s crucifixion (Aquaro, 2004) and by psychoanalytic views that it is a destructing, life denying instinct characterized by fury (Smith & Kim, 2007). A crucial aspect of envy is that it is not a basic emotion (Ekman, 1992) that constitutes feelings of happiness, disappointment or anger etc. On the contrary, it is distinguished by its connection with a mixture of destructive tendencies like readiness to forfeit one’s own good merely so that advantage of envied is curtailed (Berke, 1988; Parks, Rumble & Posey, 2002) an urge for destroying good things owned by others (Klein, 1957; Scheler, 1961, Scheimmel, 1993), or a feeling of malevolent pleasure at the
pain which is inflicted on the envied person (Smith et al., 1996), even though the pain is undeserved (Brigham, Kelso, Jackson & Smith, 1997).

In spite of its universal nature and its impact on social interactions, envy has been relatively ignored from the mainstream organizational research. Only few studies have provided insights into the emotion of envy in an organizational context. For instance, Vecchio (1995) demonstrated that self reported envy was positively related to turnover intentions and job and supervisor dissatisfaction in a study of supervisory trainees. Furthermore, Vecchio (2000) found that envy was positively related to an existence of competitive reward systems and negatively related to organization based self-esteem. In addition, Duffy and Shaw (2000) explored the impact of envy in groups. Their results found that envy was negatively related to the group satisfaction, group performance and positively related to absenteeism. Previous research has also demonstrated that outstanding performers in an organization have often deliberately lowered their performance levels because they were vulnerable to the envious feelings of their peers (Exline & Lobel, 1999). In summary, preliminary research shows that emotion of envy can be instrumental in predicting important attitudes and behaviors. However, more research is needed in order to better understand how envy arises and the way people respond to the envious feelings in organizations.

The present study is an attempt to investigate the envy in the workplace which arises out of difference in the quality of relationship of subordinates with their leader. Leader-member exchange (LMX) is an extensively studied topic within the field of organizational behavior which focuses on the quality of relationship between leader and subordinates. Most of the studies focusing on LMX have emphasized the positive aspect of LMX. For instance, higher quality of LMX is related to increased job satisfaction, organizational commitment, organizational citizenship behaviors, employee performance, and lower turnover intentions (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). On the other hand, very few studies have focused on negative aspects of LMX. Lower quality of LMX has been linked with reduced organizational citizenship behavior and higher turnover intentions which can be a threat to organizations (Kim, O’ Neill & Cho, 2009;
Mayfield & Mayfeild, 1998). However, there is a dearth of research investigating the impact of low quality LMX on subsequent employee behaviors. In this study, we attempt to bridge this gap in the literature by investigating negative aspect of LMX in reference to employee envy and factors which impact this relationship.

There are two purposes of this study. First, it examines the impact of leader-member exchange (LMX) on employee envy. Second, it also investigates the impact of factors such as perceived co-worker similarity and equity sensitivity on the aforementioned relationship. We argue that employee perceptions of lower exchange relationships with their leaders give rise to envious feelings. The impact of lower exchange relationship on envy is exacerbated when employees perceive high levels of similarity with those individuals who have a higher exchange relationship with leaders. Also the impact of leader member exchange on envy is stronger when employees have high equity sensitivity. To the best of our knowledge, there is no published study that explores the relationship among leader member exchange, envy, and equity sensitivity and co-worker similarity perceptions. This study can be helpful to managers as it will provide them a platform to understand how their differing relationships with different employees can arouse invidious emotions within some employees, which can result in negative outcomes.

This paper is organized in four sections. The first section gives the brief introduction to the topic followed by research model section which describes the relationships among different variables and leading to the propositions in the study. Third section highlights discussion, managerial implications, and limitations. Finally, fourth section presents the conclusion and identifies the scope for future research.

2. Research Model

We considered the organizational behavior literature and social psychology literature in order to formulate the propositions for our study. This approach was used to provide a comprehensive analysis of underlying objectives. Figure 1 presents the research model
and the following subsections delve into the relationship among different constructs used in our research. The next section presents the development of propositions in the study.

Figure 1

2.1 Leader member exchange and Envy

Leader-member exchange (LMX) theory and research suggest that quality of exchanges that evolve between employees and their leaders are predictive of performance related and attitudinal job outcomes, especially for the employees (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). The focus of the theory is dyadic exchange relationships between
supervisors and each of their subordinates, which makes it unique among other leadership theories (Gerstner & Day, 1997). The assumption of the LMX is that leadership effectiveness cannot be understood without examining how supervisors and employees influence each other over time. LMX is the only leadership theory which views leadership as being fairly heterogeneous across employees within a work unit, whereas all the other leadership theories view leadership as being homogeneous across employees within a work unit (Kim, Neill & Cho, 2009). It describes that leaders form qualitatively different relationships over time with various subordinates whom they manage (Saprowe & Liden, 1997). With some of the subordinates leaders develop high quality LMX relationships in which reciprocal exchanges go beyond that is formally required in the organization, whereas with the other subordinates they share low quality LMX relationships which are just limited to carry out the tasks required by the formal contracts (Liden & Graen, 1980). High quality LMX is characterized by higher levels of trust, liking, commitment and respect (Grean & Uhl-Bien, 1995).

Empirical research has demonstrated that high quality LMX relationship foster employee attitudes and behaviors, which are beneficial to leaders and organizations such as OCB’s (Deluga, 1994; Settoon, Bennett & Liden, 1996; Wayne, Shore & Liden, 1997) higher performance and organizational commitment (Dienesch & Liden, 1986, Wayne, Shore, Bommer & Tetrick, 2002). In addition, subordinates having high LMX relationships are more likely than those in lower LMX relationships to receive challenging task assignments, training opportunities, resources, information and support (Liden, Wayne & Sparrowe, 2000; Scandura, Graen & Novak, 1986). Subordinates with high quality LMX relationships may actually perform better because of the added support, feedback, resources and opportunities provided to them (Feldman, 1986). Also, leniency bias appears to inflate performance ratings for employees with higher quality LMX relationships. However, in low quality LMX relationships, leaders rate members strictly according to established performance standards (Duarte, Goodson & Klich, 1994; Heneman, Greenberger, & Anonyuo, 1989). This might negatively affect employee emotions having low quality LMX.
Moreover, comparison process occurs more often with the people with whom an individual is closer such as friends or coworkers (Tesser, 1998). Thus, subordinates working together under a supervision of a common leader are susceptible to relationship based comparisons. Cohen and Charash (2000) described following as an important condition of envy with the job promotion situation: ‘When a person X notices that a similar other, person Y, gets promotion, which is important for a person X in such a way that X wants it but does not have, X is likely to experience the emotion of envy (Cohen & Charash, 2000; p 2). This situation has been conceptualized into LMX domain by Kim et al (2009). They argued that when a low quality LMX employee notices that high quality LMX employee possesses a better rapport with the leader and more often gets the reward due to that rapport (e.g. promotion, pay raises, etc.), and high quality LMX is important to the employee then it might result in low quality LMX employee experiencing envy against high quality LMX employee. The results of their study showed higher quality of LMX resulted in a lower likelihood of an employee experiencing envy. Consistent with this line of reasoning, we propose

*Proposition 1: Quality of LMX will be negatively related to the employee envy.*

### 2.2 Perceived Co-worker similarity and Envy

Conceptual as well as empirical research (Heider, 1958; Parrott, 1991; Salovey & Rodin, 1984; Tesser, 1991; Schaubroeck & Lam, 2004) dictates that individuals envy people who are similar to themselves when similar others have an advantage in a domain that is important to an individual. As argued by Aristotle, envy is about “potter against potter” (Festinger, 1954). Individuals are affected by social comparisons with people who share comparison-related attributes, such as gender, age and social class (Goethals & Darley, 1977) and “given a range of possible persons for comparison, someone close to one’s own ability or opinion will be chosen for comparison” (Festinger, 1954). According to the balance theory (Heider, 1958), psychological “balance forces” require that similar people should receive similar outcomes, a principle known as an ‘ought to force’. Heider (1958) argued that an envious person often feels a sense of injustice because the envied
person’s advantage violates what “ought to be” (Smith & Kim, 2007, p. 48). Also, envy is usually more severe when people compare unfavorably to close friends or relatives who are similar rather than when compared to casual acquaintances (Alicke & Zell, 2008). This is because people more often interact with individuals who are closer and similar to them and similar people are more likely compete for the same resources which gives rise to competitive situations which provoke envy (Foster, 1972).

In addition, the similarity attraction paradigm has been successfully shown to generalize to attitude and emotions (Byrne, 1971; Desteno et al., 2004) and similarity testing is the default strategy when individuals first make social comparisons (Mussweiler, 2003). Social comparisons made by individuals may be immaterial without such similarities and reactions may be nonchalant (Smith & Kim, 2007). Consistent with this line of reasoning, Schaubroeck and Lam (2004) demonstrated that for the employees who were denied promotion, the perceptions of co-worker similarity interacted with their pre event promotion expectations in determining the promotion related envy against employees who had been passed over for promotion such that higher perceived similarity lead to higher promotion related envy. Similarly, we suggest the envy that arises out of lower leader member exchange be stronger in the case of high perceived similarity as opposed to low perceived similarity because when an employee appraises his or her characteristics as being similar to one of his co-worker who has a better rapport with the leader and that employee more often is enjoying higher performance appraisals (Grean, Novak & Sommerkamp, 1982), higher frequency of promotions (Layden, Wayne & Sparrow, 2000), challenging work assignments (Liden & Graen, 1980), the expectation that both should attain similar outcomes is violated and envy should arise. Thus, we suggest

*Proposition 2: Perceived co-worker similarity moderates the relationship between leader member exchange and employee envy such that for higher levels of perceived co-worker similarity, leader member exchange and employee envy will be strongly and negatively related than at lower levels.*
2.3 Equity Sensitivity and Envy

Equity theory emphasizes that individuals evaluate their efforts and subsequent outcomes against the efforts and subsequent outcomes of their peers (Adams, 1965). When perceived in context of workplace, this theory suggests that employees compares their efforts and outcomes against their co-workers to find out whether they are being treated fairly. According to the equity theory, if the employees find inequity i.e. either they are being under rewarded or over rewarded, they will be motivated to restore equity (Adams, 1965). Based on the equity theory, Huseman et al. (1987) suggested that individuals are different in terms of their preferences for equity and coined this individual difference as ‘Equity sensitivity’. The term equity sensitivity is characterized along a continuum according to the outcome-input ratios. At one extreme of the continuum, there are benevolent individuals who prefer their outcome/input ratio to be less than that of their peers, while on the other end of continuum, there are entitled individuals who prefer their outcome/input ratio to exceed the ratio of comparison others. In the middle end of the continuum are the equity sensitive individuals who prefer their outcome/input ratio to be equal to the ratio of their peers.

More recently, researchers have stressed that individuals differ in their tolerance for inequity rather than in their preference for inequity (King, Miles & Day, 1993). Various studies have utilized equity sensitivity has been used as moderator variable. For instance, Huseman et al. (1987) suggested that equity sensitivity moderates the relationship between perceived equity and attitudinal and behavioral outcomes. They stressed that higher equity sensitive individual (benevolent) would be more sensitive to unfair resource allocations because of their preference for over reward. On the contrary, lower equity sensitive individuals would be less sensitive to unfair reward allocations due to their greater tolerance for under reward (King et al., 1993).

O’Neil and Mone (1998) demonstrated that equity sensitivity had a moderating effect on the relationship of self efficacy with job satisfaction and intent to leave. Higher equity sensitive individuals were found to experience similar lower levels of job
satisfaction and similar higher intent to leave regardless of their self efficacy. Also, Kickul and Lester (2001) explored the moderating role of equity sensitivity on the relationship between psychological contract breach and employee attitudes and behaviors. More specifically, they demonstrated the moderating effect of equity sensitivity on the relationship between psychological contract breach and job satisfaction. Taken together, all of these studies suggest that equity sensitivity is found to be a crucial factor in determining the strength of relationship between variables which deal with fairness of outcomes allocations. Thus, individuals who own an ethical predisposition of equity sensitivity are likely to be more concerned with the fairness of outcome allocations. These outcomes allocations can also be perceived as a result of exchange relationship between the leader and the subordinate. Previous research suggests that higher LMX is related to rewards such as receiving more resources to perform the task, higher performance rating, better training opportunities, information and support (Lyden, Wayne, & Sparrow, 2000). If the employee is on the entitled end (higher equity sensitivity) of the continuum, he is will be more distressed due to the unequal treatment by the leader as compared to the employee who is on the benevolent end (lower equity sensitivity) which might affect his emotions negatively. Therefore, higher equity sensitive individuals are more likely to develop envious feelings against their peers who share a better rapport with the leader as compared to lower equity sensitive individuals. Consistent with this line of reasoning, we propose

Proposition 3: The effect of leader member exchange on employee envy will be moderated by equity sensitivity such that effects will be stronger and more negative for individual with higher equity sensitivity (entitled) than for the individual with lower equity sensitivity (benevolent).

3. Discussion and Implications

We expect our study to highlight that how difference in relationships with a leader within a work unit affects employee emotions. Research in the past has highlighted the positive side of LMX demonstrating that it has been related with increased job
satisfaction, organizational commitment, organizational citizenship behaviors, employee performance, and lower turnover intentions (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). Our paper extends the stream of research, which focuses on the dark side of LMX (Kacmar, Zivnuska & White, 2007; Kim et al., 2009). Previous research examining the negative aspect of LMX has focused on its relationship with the work environment, work effort (Kacmar et al., 2007), and organizational citizenship behavior (Kim et al., 2009) of an employee. However, our study sheds light concerning leader member exchange as an important factor in the arousal of invidious emotions within employees. Particularly, our study highlights that higher perceived co-worker similarity and higher equity sensitivity can strengthen the relationship between leader member exchange and employee envy. Our contribution lies in an attempt to examine the crucial role that co-worker similarity perceptions and equity sensitivity play in the relationship between leader member exchange and employee envy.

Our study provides insights into the negative side of LMX, however, it has couple of limitations. First, by no means our model can be considered to be a comprehensive model. There can be other variables such as competitive reward system (Dunn & Schewitzer, 2004), various personality traits (Smith, Parrott, Diener, Hoyle & Kim, 1999), organizational perks which could act as antecedents of employee envy. Second, in order to test the model, we plan to collect data at a single point in time implying towards the cross sectional research design. Thus, variables in the model shown in Figure1 do not necessarily reflect a causal relationship. A longitudinal research design is needed to determine the casual relationship among variables used in the study.

This study also has some crucial implications particularly towards the organizations, which have work setting similar to that of an Information Technology (IT) industry. Since research has shown that envious feelings are likely to be nurtured when employees work together closely in groups (Vecchio, 1995; Duffy & Shaw, 2000), work scenarios within IT industry serve as an ideal platform to give rise to such feelings. For instance, employee within IT industry works in groups headed by a supervisor for the development of software modules. As a part of their work, employees interact with each
other frequently while regulating their emotions. Due to such demands employee are likely to feel emotional exhaustion and burnout (Kim, 2008). Therefore, supervisor should strive to keep a regular watch on employee emotions by giving them personal guidance and counseling. Second, supervisors should design impartial and objective systems when assigning jobs, duties and responsibilities. The reasons behind why one gets some resources while others do not, should be clearly underscored by supervisors so that differences are understood by every employee, which in turn, will obviate or curb the arousal of invidious emotions. Third, supervisor should provide necessary training for employees that should convey the message that each employee is unique and valued. This should inhibit the envious feelings resulting from comparisons with others (Bedeain, 1995). Finally, informal meeting and social activities between supervisors and their subordinates should be promoted within the organizations (Kim et al, 2009). This will improve the quality of the relationship between them, which eventually would reduce the likelihood of arousal of envious feelings.

4. Conclusions and Future research

This study stresses the importance of envy by in the context of perceptions of supervisor subordinate relationship. Research on employee envy is still in embryonic stage. In this study, we have highlighted leader member exchange as an important antecedent of employee envy. Precisely, we concluded that low quality LMX can cause envious feelings among employees. In addition, we also have concluded that relationship of leader member exchange and employee envy will become stronger with higher levels of perceived co-worker similarity and equity sensitivity. This study contributes to two different streams of research. First, we have extended the literature on envy in organizational context as most of the research on envy exists in anthropological and sociological literature. Second, we have added to equity sensitivity literature by establishing it as an important moderator between leader member exchange and employee envy.
Our study also provides foundation for some of the interesting avenues for future research. First, we found that low quality leader member exchange can give rise to envious feelings among employees. However, previous research has shown that some people are predisposed for feeling envy (Smith et al, 1999). Therefore, it would be interesting to examine the dispositional envy as a moderator between the LMX and employee envy. Second, envious feelings can also lead to various types of counterproductive work behaviors (Cohen-Charash & Muller, 2007). A study can be conducted examining the mediating role of envy in the relationship between LMX and counterproductive work behaviors. Third, the model proposed in this study can be tested in a cross cultural settings especially focusing on two culturally distinct countries. For instance, the proposed model can be tested in an individualistic versus a collectivistic cultural settings (Hostede, 1983) and results can be compared. Since individualistic cultures emphasize that people place self interests before collective interests while opposite is true for the collectivistic cultures (Hostede, 1983), it would be interesting to examine the results.
References


