

# Exploring the Dark and Bright Side of Leader-member Exchange Differentiation: A Social Comparison Perspective

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**Abstract:** Although Public sector organizations face many employee-related issues, it has been identified that the employee task performance and organization cynicism-related issues are affecting more of the success of the organizations. Despite prior studies exploring the inclusion of perfect leadership in the public sector organization, it can enhance and build positive behavioral tendencies of its employees. However, leaders are also the main cause of generating social comparison emotion and envy in their in-group and out-group employees. In line with the thoughts, the current objectives were to identify the impact of Leader-Member Exchange differentiation on positive and negative behavior through social comparison emotions. Positivism research philosophy following the deductive approach has been used for the current study. 235 sample collected through self-administrated questionnaires from Public Sector organizations has been used to meet the study's objective. Results suggested sequential mediation of social comparison emotions and envy on employees' positive and negative behavior. The study has several implications presented at the end of the study and will provide help for the management of public sector organizations.

**Keywords:** LMXD, Inspiration, Scorn, Malicious Envy, Benign Envy, Task Performance, Organization Cynicism

**JEL Classification Codes:**

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## 1. Introduction

In today's competitive environment, organizations are fighting for the collection and effective utilization of resources under the concept of the well-known resource-based view of the firm (Gerhart & Feng, 2021). Moreover, by the firm's resource base viewpoint, organizations in the current era have accepted the role of human resources in the effectiveness and performance of the organization. As a result of this development, organizations are taking various steps to motivate human resources (employees) to contribute to the organization's success (Zhou et al., 2021). Among all other initiatives/steps, employees' psychological development, affective, and cognitive components are critical in shaping employee behaviors (Malik et al., 2021). The role of leaders is inevitable for the aforementioned psychological development. The implementation of required leadership is critical to an organization's success. However, the dark side of leadership has been overlooked in the literature, with researchers focusing on implementing the appropriate leadership style to achieve the desired output at the organizational level. Such implementation raises the concept of leader-member exchange, which is a potential driver of differentiation among followers. Initially, it has been found that LMX focused on quality or level other than the dispersion of LMX within groups (Erdogan & Bauer,

2010; Henderson et al., 2009). Later on, increasing research has examined that LMX creates differentiation at the individual and group level. In the context of individuals, it has various kinds of employee attitudinal and social outcomes. Because comparing oneself to others is an essential human trait across all cultures (Gibbons & Buunk, 1999; White & Lehman, 2005). It is evident in public sector organizations where departmental heads create differentiation among subordinates due to that social comparison emotion that can emerge in the individual employee. Social comparison processes may considerably impact how well one feels about oneself, from personality traits such as attractiveness and intellect to things such as automobiles and luxury houses (Festinger, 1954). For example, consider how males compare the size of their vehicles to boost their self-esteem; they may compare themselves to others who have smaller or less expensive cars, or they may even sabotage those who have larger or more expensive ones (see Taylor & Lobel, 1989). It has been observed that social comparison leads to jealousy and Schadenfreude, especially in competitive contexts (Smith & Kim, 2007). Envy and Schadenfreude are seen to be closely associated emotional states (Smith et al., 1996), as evidenced by the relief of Envy when the envied other suffers misfortune, resulting in Schadenfreude (Smith et al., 1996; Takahashi et al., 2009). According to researchers and prior literature such as Li & Liao (2014), it has been identified that unequal distribution of potential resources specifically in the context of group dynamics the leader and member relationship, it is discussed that it creates and evokes unavoidable social comparison, which may lead to Envy among the same group's employees (Corcoran et al., 2011). Nonetheless, despite these valiant efforts, several issues remain. For example, Harms et al., (2017), Li, and Liao (2014), Shu and Khan, (2017) pointed out that leadership outcomes, including LMXD explicitly, cannot be materialized adequately without taking other possible relations. In line with the thoughts, recent research shows that the term LMX is replaced by LMXD, which negatively impacts employees' relationships (Ghadi, 2018). LMX differentiation provides a robust platform for the researcher to extend understanding of dyadic linkage within the broader In-group and out-group followers (Pan et al., 2021). Therefore, forecasting the effect of LMX differentiation on an individual's outcome is a bit more complicated but influencing concept for an Individual's performances (positive, negative). The current study outlined task performance as positive behavior and organization cynicism as the negative behavioral outcome, not in isolation, but with the help of the affective component of individual attitude. Moreover, the current study investigated the joint role of task and cognitive cynicism for achieving effective outcomes in the behavioral context of employees through Envy and emotions. The present study extends previous research by examining factors that affect the performance of employees' belief that organizations lack integrity and behavioral response (Nemr & Liu, 2021). One potential reason of this research is that none of the studies is conducted on an emotion such as social emotions mechanism that might explain that LMX differentiation has impulsive outcomes on task performance (Li et al., 2021). Furthermore, it has been identified that there is a lack of conceptually driven understanding of how LMX-differentiation influences employees' social-emotional response, with reviews acknowledging that the link between LMX differentiation includes emotions (Positive and negative). This research endeavors to contribute novel insights to extant scholarship across several dimensions. Primarily, it seeks to address a conspicuous lacuna in the literature pertaining to the interplay between cynicism and affective states, particularly within the framework of Leader-Member Exchange (LMX) dynamics. Remarkably absent from prior investigations is a comprehensive examination of negative affective experiences within the context of LMX differentiation, prompting this inquiry to pioneer a nuanced exploration of the nexus between task performance, organizational cynicism, and LMX distinctions. Secondly, the

study endeavors to elucidate the intricate mediating role of social comparison mechanisms in shaping the manifestation of envy—both benign and malicious—and its consequent impact on performance outcomes and organizational sentiment. By adopting a holistic approach that examines social comparison emotions vis-à-vis positive outcomes, such as inspiration, alongside negative outcomes, such as scorn, this inquiry endeavors to enrich our understanding of how envy dynamics influence organizational behavior. Furthermore, this study aspires to unravel the underlying emotional processes implicated in the phenomenon of heightened LMX differentiation, thereby shedding light on the differential responses exhibited by members within workgroups. At its core, the primary objective is to discern the behavioral ramifications of LMX differentiation, encompassing both affirmative and adverse dimensions. This objective is operationalized through the utilization of a comprehensive model integrating various constructs, including social comparison emotions, malicious envy, benign envy, task performance, and organizational cynicism, drawing upon established theoretical frameworks such as Affective Event Theory and Social Comparison Theory. Ultimately, the insights gleaned from this inquiry are poised to offer actionable recommendations for organizational practitioners, facilitating the design and implementation of interventions aimed at fostering employee engagement and enhancing organizational productivity. By systematically unraveling the intricacies of affective dynamics within organizational settings, this study endeavors to contribute to scholarly discourse while offering practical implications for organizational management.

## **2. Literature Review & Hypotheses**

### **2.1. LMXD and Scorn**

Envy (malicious or benign) is the outcome of social emotion, i.e. scorn. Individuals who are filled with disdain or contempt due to the scorn emotion tend to be envious. Because scorn is a negative social comparison emotion, the individual exhibits malicious envy, which tends to pull down the envied individual from a superior position (Dvash et al., 2010). The person who identified their position in the out-group of their leader tends to compare themselves to individuals in the in-group and exhibits negative behavior (Roseman et al., 1990). Researchers (e.g., Buck & Vieira, 2002) concluded that scorn directly impacts envy and that people who are not part of the social group exhibit envious feelings. However, the aforementioned feelings of envy are associated with out-group followers rather than in-group members. Some people have positive forms of envy (benign), but these are rare because of the scorn emotion. If the people are associated with benign envy, it is assumed that they do not have the scorn emotion. A recent study of Kwalwasser, (2020) also provided a strong link of scorn with envy (Malicious). On the other hand, scorn has a negative association with benign envy because scorn is identified as an immoral emotion, and the person experiencing immorality cannot come with a positive form of envy (Bollo et al., 2020).

*H1a: LMXD has significant impact on Scorn.*

### **2.2. Scorn and Malicious Envy**

Researchers categorized Envy as an unpleasant and negative emotion with some negative impact at the organizational level. It has been studied in the indifferent discipline of management such as organizational behavior (Duffy et al., 2012), consumer behavior (Belk, 2011), and morality (Parks et al., 2006). Envy was later conceptualized with two

forms, Malicious and Benign, where one categorized as negative and one identified as positive Envy. Despite Envy being a negative upward emotion, researchers (e.g. Moore, 2015) concluded that it could generate positive outcomes because employees feel more passionate when coming up with Envy, specifically benign Envy. Malicious and Benign Envy are two categories but different essences (Cuddy et al., 2007). The employees with malicious Envy tend to have a negative impact on their job performance (Awee & Mohsin, 2020), such individuals with malicious Envy are more inclined to involve in organization cynicism and other related negative behaviors, and the employees with benign Envy try to conduct the healthy competition and focus on their task performance to achieve the desire position (Cha et al., 2020). An employee with benign Envy impacts task performance and is negatively related to organization cynicism. On the other hand, malicious Envy has a significant relation with organizational cynicism and negative relation with task performance. Employees who have negative feelings/ emotion/ envy cannot apply a focused approach to fulfill the assigned task, leading to procrastination non- work-related presenteeism.

*H1b: Scorn has significant relationship with Malicious Envy.*

### **2.3. Malicious Envy and Organization Cynicism**

Emotions are distinguished from other affective paradigms; specific objectives or causes generate them, are comparatively intense, and tend to be short-term (Barsade & Gibson, 2007). Emotions are stimulated and linked with the appraisal process and its cause and effects. Although many theories of appraisal emotions exist, (e.g., Ortony et al., 1988; Roseman et al., 1990; Smith & Ellsworth, 1987), the common approach in these theories is that the appraisal process consists of two stages. The First stage determines whether the condition is promising or not promising to themselves and for current goals. The second stage indicates situations from the environment determine the distinct emotional response. Though theories of emotions mainly focus on a broader perspective of emotions, we postulate that emotions are distinctively relevant to different social comparison emotions driven by the Smiths (2000). Common Analytic structure of social comparison emotions specifies effective event social comparison process is segregated into two directions. The first stage consists of the direction of Comparison and the second stage is the nature of Comparison. The direction of Comparison is Upward (Unfavorable Comparison with others) or Downward (Favorable Comparison with subordinates and others). The nature of social Comparison is contrastive (Underlining modifications and leading cognitions from referents) or Assimilative (Underling the modifications and leading cognitions towards the referents); therefore, Perceived Situation control- the degree to which an individual can influence future outcomes (Testa & Major, 2017). It is difficult to determine whether upward or downward contrastive or assimilative. When an individual makes upward social comparisons along with low controllability its causes negative contrastive social comparison emotions, (e.g., Envy and Benign envy) that's highlight between yourself and upward social comparison referents, whereas high controllability causes you positive assimilative with social comparison emotion (e.g., Malicious envy). Thus, employees come up with negative behavior, i.e., organization cynicism.

Organizational cynicism is directed toward employees and is often due to negative personal experiences (Andersson, 1996; Dean et al., 1998). Its ductile nature makes it part of attitudinal cynicism because it is hard for organizations to determine the extent to which negative events at work trigger. On a rational level, it might cause employees to comprehend the difference between what has been promised and what has been delivered by the employer after a negative experience. Hence, it may lead employees to develop a cognition process to search for accurate explanations

(Bankins, 2015; Diehl & Coyle-Shapiro, 2019; Parzefall & Coyle-Shapiro, 2011). Eventually, failing to come out with a reasonable conclusion would lead employees to doubt an organization for violating its obligations; in the same way, it would generate suspicions among employees for the employer's reliability and would create uncertainty about future exchanges (Robinson, 1996). Therefore, it would cause employees to infer that the organization lacks credibility, which develops cynical thought (Dean et al., 1998).

*H1c: Malicious Envy has positive significant relationship with Organization Cynicism*

#### **2.4. LMXD and Organization Cynicism**

When leaders distribute resources indistinctively and favor a particular group of employees, depicting high LMX differentiation, it would result in an emotional appraisal process and search for information to evaluate one's status; if you have high LMXD, you will receive more resources in comparison to others (Henderson et al., 2008; Burhan & Malik, 2024). In contrast, others would confront relative downward comparison. In the second stage, if you will deliver injustice and unfairness resultantly, it would lead you to think you cannot influence production and lose control over the situation (Cropanzano et al., 2001; Van den Bos & Lind, 2002). Losing grip on situation control would lead you to lose your status and leave you on the edge of a similar status with low LMXD. Although you are on superior status, your downward comparison may haunt you; you would desire to avoid becoming a "feared self" in the future (Lockwood, 2002; Lockwood et al., 2002; Burhan et al., 2023) because the injustice you served would suggest you that you may not be able to retain your status. In this situation, employees are experiencing emotions, i.e. Inspiration and scorn (social comparison). If the individual employee is experiencing Inspiration emotion, it leads to positive outcomes and vice versa. Employees with Inspiration emotion try to gain the required position in the group of leaders, and for this purpose, they perform their tasks effectively and efficiently. On the other hand, if the individual is experiencing scorn emotion, they will be involved in negative organization related behavior such as cynicism.

*H1: LMX Differentiation has a significant impact on organization cynicism with sequential mediation of scorn, and malicious envy.*

#### **2.5. LMXD and Inspiration**

Inspiration is categorized as the positive social comparison emotion with a positive outcome. Despite emerging as an outcome of social comparison, it has positive outcomes. It has been observed that the individual with Inspiration emotion comes up with benign envy (Ven, 2016). The individuals try to develop themselves in such a way to compete with envious individuals and for purpose they put all their efforts. In the context of current research, due to differentiation, if an individual is not in an in-group of leader, they try to displace themselves from out-group to in-group due to Inspiration. Such emotion drives them to benign envy, and they positively put their efforts to achieve their goal, i.e., become part of the member of the leader. Smith and Kim (2007) compare benign and malicious envy to Inspiration, and resentment is critical because theory suggests that benign envy shares some resemblance with Inspiration (Smith & Kim, 2007). Due to the different nature of malicious and benign envy, benign envy has positive and significant impacts through Inspiration, which ultimately motivates the individuals to fulfill their assigned task and boost task performance. It is imperative to understand that despite its positive nature, benign envy creates unpleasant feelings and is frustrating. At the same time, Inspiration is a pleasant emotion to experience, and due to Inspiration, benign envy could be changed accordingly (Ven et al., 2011).

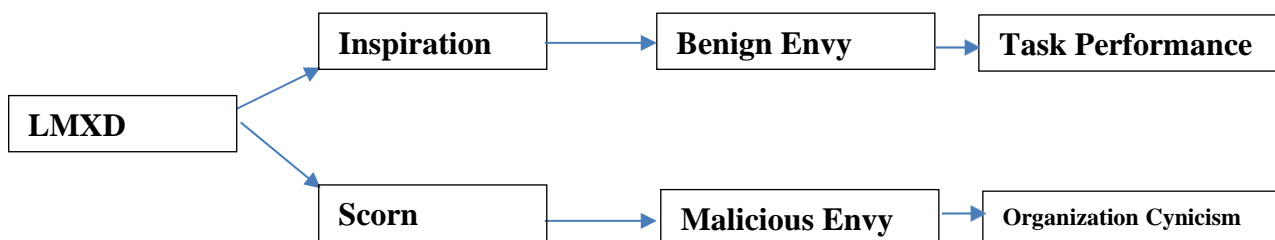
*H2a: LMXD has a significant impact on Inspiration.*

## 2.6. LMXD and Task Performance

LMX differentiation is interconnected to performance as we know that LMX theory is based under the domain that leaders do not serve equality between their subordinates. The extent of differentiation varies across groups; for instance, in some groups, it is high, and leaders distribute high-quality exchanges. In others, it is so low; hence, overall, it is not based on equal footing. It is a relatively less practiced notion compared to some other groups where leaders deal equally with all the members (Liden & Graen, 1980; Malik et al., 2023; Hassan et al., 2023). It is important to note that LMX theory is based on leader differentiation between group members, but differentiation for a particular person and group is widely unknown. This study used different approaches to analyze the relationship between LMX differentiation and individual performance. In addition, we have also tried to determine the convulsion of the relation between LMX differentiations on individual performance. Mainly, LMX differentiation reflects on the performance of an individual, and thereby, it is due to one's own LMX. Job performances depend on voluntary behavior, and it impacts the psychological and social foundation of the organization hence it has potential for the organization's efficiency (Borman & Motowidlo, 1997). Task performance is close to organizational behavior (Borman et al., 1997) but differs from (Werner, 2000). It is theoretically observed that OCB, contextual performance, counterproductive behaviors, and task performance are different constructs (Sackett, Berry, Wiemann, & Laczko, 2006). LePine et al., (2002) noted the high connection between leader supports. While Van Scotter et al., (2000) indicate that contextual performance has many things in common. Hence we presume that there will also be a positive association between LMX differentiation and Task performance. In addition, the current adopts a process through which LMX differentiation can predict task performance negatively or positively. The study focused on an in-group and out-group of leaders, and due to this differentiation, there is a chance of emergence of social comparison emotions which further leads to envy and then leads to task performance or cynicism.

*H2b: Inspiration has a significant impact on benign envy.*

*H2: LMX Differentiation has a significant impact on task performance with sequential mediation of Inspiration, and benign envy.*



*Figure 1: Research Framework*

## 3. Methods

### 3.1. Sample & Procedure

The study was conducted among the employees of public sector organizations because it has been observed that in

such organizations, the grouping and politics of employees impact the organization's performance. Data were collected from the employees through self-administrated questionnaires where immediate department supervisors perceived as the leaders and their subordinates- irrespective of in- and out-group, identified as the potential sample for the study. Some of the questionnaire elements were filled by the leaders, and some parts were related to the subordinates. Code was assigned to each questionnaire to meet the anonymity requirement, and later on, it was combined based on assigned codes. Overall, 250 questionnaires were distributed, out of which 235 were received back with a response rate of 94%. Out of 235, most respondents were Male (206, 87.7%). 58.7% of respondents reported their age bracket 31-35 years. Job Experience related stats revealed that 136 respondents had 11-15 years of experience, 15 reported 16-20 years of experience.

### 3.2. Measures

Leader-Member Exchange Differentiation was measured using Graen and Uhl-Bien (1995). The sample item of the scale is “My leader understands My job problems and needs”. Social comparison emotions Inspiration was measured using White et al., (2006). Benign envy and Malicious Envy were measured by using Crusius and Lange (2014) scale. The four items scale of Van Dyne and Lepine (1998) was used to measure task performance. It is a supervisor-rated scale; hence the current study identified it as a dyad where supervisors rated followers' behavior and vice versa. Scorn emotion was measured by using Fiske, (2013) scale. Four items scale of Thrash, & Elliot, (2003) was used to measure the Inspiration Emotion. Organization Cynicism was measured by using a scale of James (2005). All the items were measured on 5- point Likert Scale where 1= strongly disagree and 5= strongly agree.

### 3.3. Common Method Bias

To ascertain any potential discrepancies attributed to common method bias, the Harmon's Single Factor test was administered. The analysis revealed a discernible variance of 27%, notably below the 50% threshold. Thus, it can be deduced that there is an absence of common method bias within the dataset.

## 4. Results & Analysis

The normality table shows minimum, maximum, mean, standard deviation, skewness, and kurtosis of the data. It will determine whether the collected data is normally distributed or not. The values are shown in the Table 1 are interpreted as the normal and allow to move for further analysis.

**Table 1**  
*Normality (N = 235)*

Variables	Min	Max	Mean	SD	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	S.E	Statistic	S.E
LMXD	1.00	5.00	2.8582	.81692	-.066	.159	-.548	.316
Scorn	2.00	5.00	3.6922	.70294	-.722	.159	.576	.316
Inspiration	1.57	5.00	4.0188	.61530	-.680	.159	1.117	.316
Benign Envy	2.00	5.00	3.6681	.63754	-.055	.159	.443	.316
Malicious Envy	2.00	5.00	3.8649	.60056	-.711	.159	1.582	.316
Task Performance	1.00	5.00	3.2596	.78253	-.211	.159	.707	.316
Organization Cynicism	1.00	5.00	3.7734	.64008	-.704	.159	1.413	.316

**Table 2**  
*Discriminant Validity (N = 235)*

Variables	CR	AVE	1	2	3	4	5
LMXD	0.83	0.52	1				

Scorn	0.92	0.57	.230**	1			
Inspiration	0.86	0.56	.062	.316**	1		
Benign Envy	0.85	0.53	.257**	.427**	.093	1	
Malicious Envy	0.84	0.56	.271**	.472**	.400**	.451**	1
Task Performance	0.82	0.58	.089	.482**	.280**	.400**	.515**
Organization Cynicism	0.84	0.59	.052	.247**	-.002	.066	-.050

The table identified with the reliability, relationship among variables along with the values of AVE. The table explained that the C.R values against each construct >0.80, which is interpreted as there is no concerns found related to reliability. As for as the Average Variance Explained is concerned, it has also been found that all the values are >0.50, which enable and interpreted that validity concerns were found as determined by Hair et al., (2014). Finally, above mentioned table shows the correlation among variables, which is also helpful for identification of the Multicollinearity and values are <0.60. Based on the values, it is defined that there is no issue of Multicollinearity as well as the correlation is also found among the variables.

**Table 3**

*Factor loadings, reliability, and validity of measurement model (N=235)*

<b>Constructs &amp; Items</b>	<b>P</b>	<b>A</b>	<b>A</b>	<b>CR</b>	<b>AVE</b>
<b><i>Inspiration</i></b>					
Inspiration 1	.853	0.69	0.91	0.98	0.56
Inspiration 2	.777	0.72			
Inspiration 3	.871	0.65			
Inspiration 4	.935	0.60			
Inspiration 5	.856	0.69			
Inspiration 6	.859	0.69			
Inspiration 7	.787	0.76			
<b><i>Leader Member Exchange Differentiation</i></b>					
LMXD1	.785	0.74	0.80	0.81	0.52
LMXD2	.873	0.75			
LMXD3	.838	0.71			
<b><i>Scorn</i></b>					
Scorn1	.784	0.73	0.83	0.84	0.57
Scorn 2	.865	0.79			
Scorn 3	.882	0.79			
<b><i>Benign Envy</i></b>					
BE1	.833	0.76	0.78	0.79	0.53
BE2	.878	0.75			
BE 3	.862	0.65			
BE 4	.594	0.59			
<b><i>Malicious Envy</i></b>					
ME1	.679	0.78	0.83	0.83	0.56
ME 2	.903	0.74			
ME 3	.626	0.70			
ME 4	.974	0.74			
<b><i>Organization Cynicism</i></b>					
OC1	.799	0.78	0.81	0.82	0.59
OC 2	.868	0.66			
OC 3	.884	0.80			
OC 4	.863	0.65			
<b><i>Task Performance</i></b>					
TP1	.967	0.74	0.82	0.79	0.58

TP2	.883	0.79
TP3	.937	0.60

KMO = .819; Chi - square = 6156.397\*\*\*, df = 406

**a. Absolute fit indices**

$\chi^2 = 1071.563$ , df = 340, P = 0.000, RMSEA = 0.063

**b. Incremental fit indices**

CFI = 0.903 and TLI = 0.892

**Table 4**

**Direct Hypotheses (N= 235)**

Independent Variables	DV	
	Task Performance	Organization Cynicism
<b>Hypothesized direct Effects</b>		
IV: LMXD	0.036	-0.043
MV: M-Envy		0.565***
MV: B- Envy	0.069	

LMXD= Leader Member Exchange Differentiation, M-Envy= Malicious Envy, B-Envy= Benign Envy, \*\*\*p< 0.001

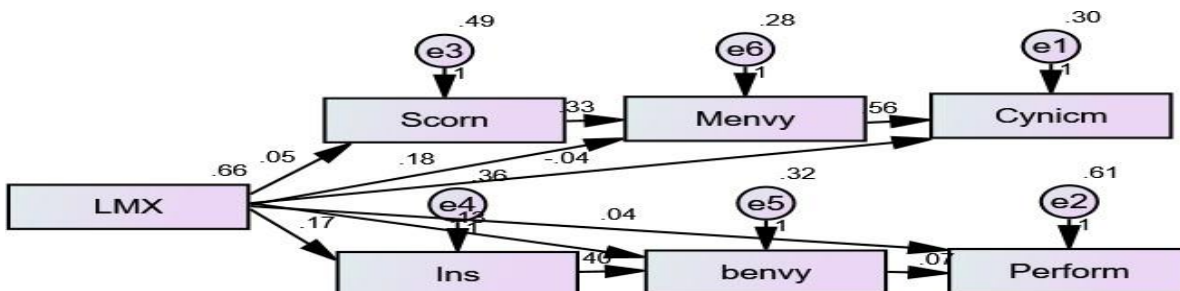
**Table 5**

**Mediation Hypotheses (N= 235)**

Independent Variables	MV	
	M. Envy	B. Envy
<b>Hypothesized direct Effects</b>		
IV: LMXD	0.182***	0.131**
MV: Scorn	0.328***	
MV: Inspiration		0.403***

LMXD= Leader Member Exchange Differentiation, M-Envy= Malicious Envy, B-Envy= Benign Envy, MV= Mediating Variable, \*\*\*p< 0.001, \*\*p< 0.01

Table 4, Table 5, and Figure 2 are related to identifying the direct and mediation effects of independent variables on mediating and dependent variables. The values show that Leader-Member Exchange differentiation did not directly relate to organization cynicism and task performance in the presence of mediating variables. Hence, there is a complete mediation of Scorn and Malicious Envy between LMXD and Organization Cynicism. To identify the direct relationship of LMXD with Scorn, it has been revealed that when LMX goes up by 1, Scorn goes up by 0.053. Similarly, when Scorn goes up by 1, Malicious Envy goes up by 0.328, and when Malicious Envy goes up by 1, Organization Cynicism goes up by 0.565. The analysis for the second path revealed that Inspiration and Benign Envy have complete mediation between Leader-Member Exchange differentiation and Task Performance. The result also shows the significant direct relation between LMXD and Inspiration (when LMX goes up by 1, Inspiration goes up by 0.173) and Inspiration and Benign Envy (when Inspiration goes up by 1, Benign Envy goes up by 0.403). Likewise, when Benign Envy goes up by 1, Task Perform goes by 0.069.



**Figure 2: Path Model**

## 5. Discussion and Conclusion

The objective of the current study is to investigate the relation of Leader-Member Exchange Differentiation on follower positive and negative behavior (Organization Cynicism and Task Performance) through positive emotion (Inspiration), and negative emotion (Scorn) as mediating variables. The results revealed a sequential mediation for the positive path (inspiration and benign envy) and the negative path (Scorn and Malicious Envy). To achieve the study's objective, a theoretical social comparison lens has been used in the current study and investigated the mediating effect of social comparison in the link between LMXD and envy. Despite repeated study demands as indicated in the opening section, these gaps were disregarded in the prior literature. As previously discovered by several researchers (Adams, 1965; Salovey & Rodin, 1984; Corcoran, Crusius, & Mussweiler, 2011, Lo et al., 2015), and Smith & Kim (2007), our predictor, LMXD, has a nonsignificant relation with our dependent variable.

Consequently, our hypothesis 1, "LMX Differentiation has a significant impact on organization cynicism with sequential mediation of scorn, and malicious envy," was validated by these findings. The reason for this support is simple: everyone in our world, particularly in the workplace, strives for more status, significant tasks, rewards, and privileges. The most efficient strategy to acquire these benefits is to become acquainted with your boss or leader. If someone cannot establish a strong connection with the boss for whatever reason, he will be envious of others who have these benefits, resulting in jealousy. Similarly, according to Treadway et al. (2017), it has positive effects on negative behavior such as cynicism through social comparison emotion (scorn) and malicious envy. Social comparison is a built-in feature of the human being. It is too challenging to keep uninfected from this phenomenon at work, especially in a highly competitive setting. On the other side, this keeps us motivated and excited to look ahead and progress. So, when discussing LMXD and its relationship with social comparison and envy, the leader is responsible for the excellent performance of his entire team, and he must pay equal attention and treatment to each member of his team; however, if he violates this and distributes resources, awards, and rewards unequally, comparison between employees will begin, eventually leading to envy. LMXD research (e.g. Akhtar et al., 2022) has used a variety of theoretical frameworks, many of which are at odds, and has produced mixed results on group-level outcomes. We use ideas from Harrison and Klein's (2007) typology of group diversity constructs to connect viewpoints from the group diversity research with LMXD (Short, 2009). The current research included that the employee with inspiration social comparison emotion recorded some positive behavioral impact such as task performance because followers from an out-group of leaders try to fulfill their responsibilities in such a way to move in the closed group of leaders. The intentions are derived through inspiration and benign envy, a positive form of envy, and have optimistic attitudinal and behavioral employee/follower-related outcomes. Previous research results support the findings of the current study, and it has been identified that if the individuals feel inspiration from their colleagues who are in the group of their leaders and managers, it will generate a positive form of envy (benign envy), which further leads to perform their tasks. Although LMXD creates a negative workplace environment as it can create a social comparison, it positively impacts employees' behavior when they feel inspired and have benign envy.

### 5.1. Theoretical Implications

The influence of LMXD on performance and cynicism in the public sector organization through positive and negative mediating mechanisms is the first of its type to capture the holistic picture of phenomena. Thus, it adds new insights to the social comparison theory and the theory of Leader-Member Exchange. Since the concept of LMXD has been

steadily grabbing the interest of academics in recent years, the study is providing dual paths with the inclusion of positive and negative emotions and positive and negative forms of Envy. The previous literature recorded the negative side of followers as an outcome of leader-member exchange differentiation; the current study adds some novel thoughts that it has positive relationships with followers' behavior. Moreover, previous research also overlooked the out-group employees. Most of the studies were conducted on the attitude and behavior of in-group employees/followers, so it provides a new extension for the theory. The findings demonstrate that LMXD can increase employees' negative feelings and malicious Envy, leading to cynicism. The finding of the chain mediation mechanism will aid in furthering our understanding of how LMXD affects cynicism. This research shows that scorn, emotion, and malicious Envy are critical LMXD boundary conditions that influence cynicism. Therefore, this study enriches the research on boundary conditions of LMXD affecting and generating negative behavior. In addition, the research also considers that despite differentiation, employees from out-group can come up with increased task performance because of inspiration and benign Envy. So it can further strengthen the Leader-Member Exchange Theory.

### **5.2. Managerial Implication**

Despite the current research identifying that LMXD has a positive impact on the performance of out-group followers/employees by including positive social comparison emotions and the positive side of Envy, differentiation is a negative thing that needs to avoid in an organizational setting. To avoid differentiation in the organization, leaders should improve employee communication, organize team member relationships, and prevent the possible impact of LMXD. From the viewpoint of the current study, leaders should establish fair and acceptable standards to decrease employees' perceptions of unfair treatment and the detrimental impact of employee discontent on performance. Leaders should pay attention to their workers' negative emotions and their level of involvement at work. According to the findings, LMXD impacts performance via unpleasant social comparison emotions and organization cynicism. As a result, leaders should keep track of and analyze their workers' destructive emotions and give prompt psychological counseling to employees experiencing negative emotions.

### **5.3. Direction for future research**

The current study investigated and presented rigorous positive and negative paths with positive and negative social comparison emotion. Still, it has some interesting avenues for future research. For Example, in the context of LMX and LMXD, there has been relatively little research on the paradox of social comparison; future researchers should add other social comparison emotions to capture the true impact of the phenomena. Moreover, employees' reactions to leadership qualities are heavily influenced by the employee's psychological resources, such as his personality type, psychological capital, etc. Therefore, future studies might yield more informative results by looking at it from these angles.

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