

LEADERSHIP RELATIONSHIPS: BEYOND LEADER-MEMBER EXCHANGE TO STRATEGIC AND FAIR EMPLOYMENT

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ABSTRACT

This conceptual paper argues that differentiation in leader–member exchange (LMX), reflected in unequal access to trust, discretion, and developmental opportunities, is a common mechanism connecting three problems that management scholarship has traditionally examined separately: the evidentiary reliability of dismissal on relational grounds, the validity of the probationary verdict, and the durability of relational assets under the resource-based view of the firm. The argument is developed through an integrative conceptual synthesis conducted in four stages, combining a structured analysis of the differentiation literature against explicit inclusion criteria with a doctrinal analysis of the Code of Good Practice: Dismissal (2025) and the Labour Relations Act 66 of 1995. The analysis shows that the uneven distribution of trust, discretion, and developmental opportunities within a work unit can weaken the evidentiary basis for fair dismissal, influence probationary judgements before valid performance signals emerge, and fragment the relational fabric on which firm-level advantage depends. The paper develops five testable propositions and proposes a managerial approach based on systematic measurement, careful calibration, and procedural safeguards. The issue is particularly significant in South Africa because the Code recognises incompatibility as a form of incapacity and extends probation to considerations of suitability giving managerial judgements about workplace relationships-direct legal consequences. The paper contributes a cross-domain reframing of LMX differentiation, a measurement approach that focuses on disparity rather than undifferentiated dispersion, and a basis for testing the proposed mechanism within the South African regulatory context.

Keywords: Leader-Member Exchange; Leader-Member Exchange Differentiation; Organisational Justice; Dismissal; Probation; Resource-Based View; Employment Regulation; South Africa

INTRODUCTION

Leadership theory has long recognized that supervisors do not distribute trust, discretion and attention evenly among the people who report to them. The vertical dyad linkage tradition established that leaders form relationships of markedly different quality within a single work unit: an inner group characterised by mutual obligation, negotiated latitude and influence, and an outer group confined largely to the terms of the employment contract (Dansereau et al., 1975; Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998). Meta-analytic evidence has established reasonably stable associations between relationship quality and performance, citizenship behaviour, job satisfaction and retention (Gerstner & Day, 1997; Dulebohn et al., 2012). More recent quantitative synthesis asks whether the uneven allocation of relationship quality across a unit is beneficial or corrosive and finds that differentiation consistently depresses emergent states such as cohesion and justice climate while its association with group performance is contingent (Yu et al., 2018; Xu et al., 2024; Andersen & Kuvaas, 2025). Considerably less attention has been paid to a different question what happens when the differentiated relationship itself becomes the object of a formal organisational decision about whether an employee is competent, suitable or dismissible.

That question has acquired particular urgency in South Africa, where on 4 September 2025 the Code of Good Practice: Dismissal came into operation under the Labour Relations Act 66 of 1995 (Meth, 2025; Republic of South Africa, 1995). The Code recognises incompatibility, understood as an inability to work in harmony with colleagues or with the culture of the business, as a form of incapacity capable of justifying dismissal, and it extends the purpose of probation beyond the assessment of work performance to include an employee's suitability for employment (Meth, 2025; Cliffe Dekker Hofmeyr, 2025). Each determination requires an employer to characterise the state of a working relationship rather than to prove the occurrence of a discrete act. The systemic weight of such characterisations is considerable, since unfair dismissal accounted for 51 per cent of all referrals to the Commission for Conciliation, Mediation and Arbitration in the 2024/25 financial year, measured against a caseload that exceeded 188 000 referrals in 2023/24 (Commission for Conciliation, Mediation and Arbitration, 2025). However, the commission reports referrals by broad dispute category rather than by the specific ground on which the employer relied, so the share of dismissals resting on relational grounds, as distinct from demonstrable poor performance or misconduct, cannot be established from published statistics. The incidence of precisely the category of dismissal that the 2025 Code has expanded therefore cannot be measured at the point when measurement would be most informative. Which is why the paper treats the reform as an occasion for evaluation rather than as a settled matter.

The difficulty is that the consequences of differentiation have been examined in three literatures that rarely engage one another. Work on leader-member exchange differentiation has developed largely within organisational behaviour, where the outcomes of interest are justice perceptions, team processes and unit effectiveness (Henderson et al., 2009; Martin et al., 2018; Buengeler et al., 2021; Xu et al., 2024). Work on early relationship formation belongs to the socialisation literature, which asks how quickly a newcomer's standing (Liden et al., 1993; Nahrgang et al., 2009; Liu et al., 2021). Work on the strategic value of workforce relationships belongs to strategic human resource management and the resource-based view, in which relationships appear as one component of a difficult-to-imitate human capital resource (Barney, 1991; Wright et al., 2001; Gerhart & Feng, 2021). The separation is not merely bibliographic, each field defines the dependent variable differently and prescribes a different remedy, so none asks whether the difficulties it observes reflect a single underlying condition.

The fragmentation conceals three related deficits that together define the problem

addressed here. The first is theoretical: no study has asked whether the differentiated leader-member relationship functions as a common causal mechanism across legal, developmental and strategic outcomes, with the consequence that the resource-based treatment of relational assets still lacks the behavioural micro foundation its own critics have demanded (Ployhart, 2021; Gerhart & Feng, 2021). The second is methodological: the differentiation literature continues to operationalise dispersion in ways that conflate conceptually distinct constructs, so that inconsistent findings cannot be adjudicated and justice-based reasoning cannot be attached to the form of dispersion to which it properly applies (Buengeler et al., 2021; Kang et al., 2023). The third is contextual and empirical: the evidence base is drawn overwhelmingly from North American, European and East Asian samples, while African workplace evidence remains scarce, and no work has considered what follows when a legal system formally converts a relational judgement into a ground of dismissal (Worku & Debela, 2024; Kirsten, 2025).

This paper argues that these deficits are manifestations of one difficulty. It draws together three companion analyses, each of which examined the differentiated leader-member relationship from a distinct vantage point and argues that all three converge on a single mechanism, namely the uneven distribution of relationship quality across a work unit. Four objectives follow to establish that legal, developmental and strategic accounts of leadership relationships rest on the same underlying construct rather than on three analogous ones to evaluate critically the conceptual and evidentiary limitations of the differentiation literature on which each account depends; to specify how the 2025 Code alters the risk profile of differentiated leadership in South African workplaces, and how that risk interacts with the employment equity framework and is to derive testable propositions and a managerial discipline capable of responding to all three domains at once.

The contribution is correspondingly fourfold theoretically, the paper reframes differentiation as a cross-domain mechanism rather than a variable confined to team-level organisational behaviour, and in doing so responds to calls for resource-based reasoning to be anchored in identifiable behavioural micro foundations (Ployhart, 2021; Gerhart & Feng, 2021). Methodologically, it shifts the measurement emphasis from the mean quality of exchange within a unit to its dispersion and specifies which form of dispersion is consequential (Buengeler et al., 2021; Martin et al., 2018; Kang et al., 2023). Practically, it collapses three separate managerial agendas into one discipline of measurement, calibration and procedural safeguard. In policy terms, it identifies implications for the implementation of the 2025 Code and for the alignment of dismissal practice with the Employment Equity Act 55 of 1998 as amended (Republic of South Africa, 1998; 2022).

LITERATURE REVIEW

Leader-Member Exchange and Its Contested Foundations

Leader-member exchange theory rests on the claim that the dyad rather than the leader is the appropriate unit of leadership analysis. Leaders are held to develop qualitatively distinct relationships with individual subordinates, ranging from narrow contractual exchanges to relationships marked by trust, mutual obligation and the extension of resources beyond formal role requirements (Dansereau et al., 1975; Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998). Empirically the construct has proved durable, and meta-analytic reviews report consistent associations between exchange quality and task performance, citizenship behaviour, satisfaction and turnover intention, and identify a broad set of leader, follower and interpersonal antecedents (Gerstner & Day, 1997; Dulebohn et al., 2012). The durability extends to contemporary work: exchange quality remains a reliable predictor of discretionary contribution and of its withdrawal, and the reciprocity logic on which it rests continues to organise research

on how frontline managers convert human resource policy into employee experience (Scott & Zweig, 2020; Kilroy et al., 2023).

The theoretical foundations have nevertheless come under sustained scrutiny, and the criticism goes to the construct rather than to the strength of its correlations. Gottfredson et al. (2020) argue that leader-member exchange lacks a stable conceptual definition and that its dominant measures capture the correlates and outcomes of a good relationship rather than the exchange processes the theory postulates. Madison et al. (2025) extend the critique to the wider leadership field, showing that social exchange theory is routinely operationalised through a set of restrictive assumptions in which exchange is treated as transactional, leader-initiated, static, inferred from indirect proxies, enacted by identity-neutral actors and detached from context. If exchange is modelled as though the identities of the parties and the institutional history in which they are embedded were immaterial, the theory is poorly equipped to speak to a labour market such as South Africa's, in which workplace relationships form against a legacy of statutory exclusion that the Employment Equity Act 55 of 1998 and its 2022 amendment continue to address (Republic of South Africa, 1998; 2022). Moreover, cross-national evidence shows that the strength of social exchange effects varies systematically with cultural and institutional settings, which is difficult to reconcile with an identity-neutral and context-free operationalisation (Rockstuhl et al., 2020). These criticisms do not overturn a substantial empirical record, but they caution against treating a measured exchange score as a transparent index of relational reality, and they justify the more modest use made of the construct below, namely as an indicator of how favorably a subordinate is positioned relative to peers.

The Double Edge of Differentiation

Attention has progressively shifted from the individual dyad to the distribution of dyads within a unit. Henderson et al. (2009) showed that differentiation operates simultaneously at several levels of analysis, shaping both individual fairness perceptions and collective processes. The findings, however, have proved persistently inconsistent, and two strands of the literature draw opposite practical conclusions from overlapping evidence. One strand holds that differentiation is functionally efficient, supported by evidence that strategically targeted high-quality relationships with well-connected team members can mitigate the collective costs of unequal treatment (Wang et al., 2024). A second strand holds that differentiation corrodes the perception of procedural fairness on which cooperation depends, since unequal treatment violates the norm of equality even when it satisfies the norm of equity (Martin et al., 2018). Erdogan and Bauer (2010) offered a partial reconciliation, showing that a strong justice climate buffers the adverse consequences of differentiated exchange, while Furtado and Sobral (2023) found that what benefits the favoured individual may nevertheless damage the team, a divergence that pure individual-level designs cannot detect. Yu et al. (2018), synthesising 4 114 workgroups, found differentiation consistently negative for emergent states and group processes while its association with group performance was more complex, the proximal damage to cohesion partially suppressing a positive direct path. Xu et al. (2024) accounts for this pattern through a social hierarchy perspective in which the same dispersion that clarifies status ordering also undermines the solidarity required to act on it. Andersen and Kuvaas (2025) add a further qualification of practical importance: differentiation justified on equity grounds is not perceived as fair irrespective of what is being distributed, since socioemotional resources allocated by merit attract stronger fairness objections than economic ones. Taken together, these studies suggest that the inconsistency in this literature is less a matter of contradictory findings than of insufficiently specified constructs and outcomes.

That the inconsistency might be artefactual rather than substantive is the more fundamental possibility, and Buengeler et al. (2021) argue persuasively for it. Drawing on the group diversity literature, they distinguish three constructs that the field has conflated under a

single label: separation, meaning dispersion as disagreement about the relationship; variety, meaning dispersion as qualitative difference in kind; and disparity, meaning the concentration of valued resources, status and access in a few hands. Only the third necessarily implies inequality of allocation, and it is therefore the form to which justice-based reasoning properly attaches. Kang et al. (2023), treating differentiation explicitly as disparity in a sample of 94 South Korean teams, found that it depressed supervisory justice climate and thereby raised team counterproductive behaviour, with the effect strengthened where the leader was perceived as incompetent. Comparable results in healthcare teams indicate that differentiation and mean exchange quality act on citizenship and counterproductive behaviour through partly distinct paths (Mitchell et al., 2024). This distinction is analytically decisive for the present paper, because the legal and strategic risks examined below arise from disparity rather than from mere heterogeneity, and studies that operationalise differentiation as a within-team standard deviation without regard to the underlying construct cannot adjudicate between them.

The limits of this evidence warrant emphasis, since a synthesis inherits the weaknesses of the work it integrates. First, the dominant designs remain cross-sectional and reliant on single-source, follower-reported data, which leaves the direction of causation between relational standing and performance underdetermined and inflates observed associations through common method variance (Gottfredson et al., 2020; Martin et al., 2018). Post hoc statistical remedies are largely ineffective against this problem, so procedural separation at the design stage is required (Podsakoff et al., 2024). Second, dispersion indices are statistically fragile: they are sensitive to team size, to the choice of index, and to whether the referent is the individual's own standing or a perception of the distribution as a whole, so that apparently contradictory results may reflect measurement decisions rather than substantive disagreement (Buengeler et al., 2021; Xu et al., 2024). Third, the samples underpinning the literature are overwhelmingly drawn from North American, European and East Asian settings. African evidence remains sparse: a systematic review of organisational citizenship research, a closely adjacent literature, found African studies to be markedly under-represented and called for context-specific rather than imported conceptualisation (Worku & Debela, 2024). Work in regional outlets has begun to address the imbalance, although much of it draws on other emerging economies; Ariani and Feriyanto (2024), for instance, report that in Indonesian small and medium the effects of exchange quality run substantially through perceived organisational support. Any synthesis built on this base must therefore be advanced as a set of propositions to be tested.

Differentiation in the South African Relational Context

Three features of the South African setting are consequential, and each sharpens rather than softens the argument advanced here. The first is normative ubuntu, the relational ethic that treats personhood as constituted through others, supplies a widely held moral vocabulary in which leadership is evaluated by its inclusiveness and its recognition of dignity (Chetty & Price, 2024). Where such expectations are prevalent, the visible concentration of a leader's trust and attention in a favoured few is not read merely as an efficient allocation of scarce managerial time; it is legible as a breach of a shared norm. The implication is not that South African employees are more sensitive to but that the same objective dispersion carries a stronger normative signal and should, on the reasoning developed above, produce a larger justice penalty than Western samples would predict. This expectation has not yet been examined.

If normative expectations govern how differentiation is read, labour market conditions govern what employees can do once they have read it. Much of the differentiation literature treats turnover as the characteristic exit from a poor exchange relationship, an assumption that

presupposes a labour market in which leaving is feasible. South Africa's persistently high unemployment makes that assumption untenable for a large proportion of the workforce (Statistics South Africa, 2025). Kirsten (2025), surveying 740 South African employees, found that perceived injustice translated into organisational cynicism and thence into reduced citizenship behaviour, and that the effect was stronger, not weaker, among employees who otherwise perceived high organisational support, a pattern the author interprets as disillusionment among those with the greatest expectations of managerial integrity. Where exit is constrained, the costs of relational disparity are unlikely to appear in turnover statistics and will instead accumulate as withdrawn discretionary effort and contested dismissals. Outcome models calibrated on Western turnover data may therefore systematically understate the organisational cost of differentiation in this setting.

The third feature is historical, and it converts a managerial question into a regulatory one. Relationship quality in South African workplaces forms against a history of statutory racial exclusion whose distributional consequences the employment equity framework is still designed to correct (Silander, 2024; Republic of South Africa, 2022). This matters because the demographic composition of a favoured group is not a neutral fact. Where relational standing tracks demographic lines, the ordinary managerial exercise of discretion acquires a discriminatory character that neither the manager nor the organisation may recognise as such. Evidence from the wider Southern African region indicates that justice perceptions mediate the link between leadership behaviour and discretionary contribution in ways broadly consistent with the international literature, which suggests the underlying mechanisms transport reasonably well even as their magnitudes and their institutional consequences do not (Khaola & Rambe, 2021; Khuzwayo et al., 2023). The appropriate inference is therefore neither that Western findings apply unchanged nor that they are inapplicable, but that measurement equivalence and effect magnitude are open empirical questions in African samples (Madison et al., 2025).

Relational Judgement in South African Dismissal Law

South African dismissal law requires an employer to establish both a fair reason and a fair procedure, a standard given effect through the Labour Relations Act 66 of 1995 and elaborated in codes of good practice issued under it (Republic of South Africa, 1995). The Code of Good Practice: Dismissal, effective from 4 September 2025 and published in Government Gazette No. 53294, consolidates the previously separate instruments governing misconduct, incapacity and operational requirements (Meth, 2025). Three features of the new instrument are relevant here, and each shifts the object of proof from an event to a relationship. Incompatibility, previously developed through case law, is formally recognised as a species of incapacity. The purpose of probation is extended from the evaluation of performance to the evaluation of suitability for employment, which encompasses conduct and organisational fit. Dismissal for a first offence is contemplated where the conduct has destroyed the trust relationship. Commentators note that these provisions largely codify existing jurisprudence and that the Code expressly contemplates less formal procedures for small enterprises and dispenses with prior warning for senior and highly specialised employees capable of judging their own performance (Naicker et al., 2025; Cliffe Dekker Hofmeyr, 2025). Both concessions widen managerial discretion at precisely the points where the evidentiary record is thinnest.

Codification nonetheless changes the practical calculus, because where the ground of dismissal is a discrete act, corroboration is comparatively tractable: the act either occurred or it did not, and evidence can be assembled independently of the decision-maker's disposition. Where the ground is the state of a relationship, the employer's own conduct forms part of the phenomenon under assessment, and the manager who forms the judgement is also a party to

the relationship being judged. The frontline manager is simultaneously the author of the developmental support the employee did or did not receive, the observer of the resulting performance, and the witness whose account the tribunal must weigh (Kilroy et al., 2023). The differentiation literature indicates that this is precisely the condition under which perceptions of injustice arise and under which the distinction between genuine incapacity and low relational standing becomes difficult to sustain evidentially (Henderson et al., 2009; Erdogan & Bauer, 2010; Colquitt et al., 2023). The risk is not that employers will act in bad faith, but that a category which is intrinsically relational will absorb variance that properly belongs to the leader rather than to the employee.

This risk carries a distinctive equity dimension in the South African context. The Employment Equity Amendment Act 4 of 2022 took effect on 1 January 2025, and the accompanying regulations published on 15 April 2025 set five-year numerical targets across eighteen national economic sectors, obliging designated employers to demonstrate progress towards equitable representation at the four upper occupational levels (Republic of South Africa, 2022; Department of Employment and Labour, 2025). Where relational standing is unevenly distributed and tracks demographic lines, an employer may face simultaneous exposure under two frameworks: unfair dismissal where relational judgement substitutes for evidence of incapacity, and unfair discrimination where the pattern of such judgements disadvantages members of designated groups. The regulations expressly prohibit termination or retrenchment as a means of meeting targets, so an employer whose exit decisions fall disproportionately on designated groups cannot characterise the pattern as an artefact of compliance; and the designated-employer threshold now rests on a headcount of fifty, which removes smaller employers from the reporting regime altogether (Department of Employment and Labour, 2025). Consequently, the employers permitted the least formal dismissal procedures under the 2025 Code are also those least subject to equity monitoring (Meth, 2025). Managing the distribution of relationship quality is thus not only a matter of good practice but a component of statutory compliance.

Probation and the Timing of the Verdict

If dismissal law asks whether a relational judgement is reliable, the design of probation asks when such a judgement can validly be made. The evidence on this point is unusually convergent. Liden et al. (1993) found in a longitudinal study that exchange quality stabilises within the first weeks of the relationship and is predicted by expectations and perceived similarity rather than by demonstrated performance. Nahrgang et al. (2009) reported that leader and follower personality and mutual liking drive exchange quality early, with performance assuming greater explanatory weight only as the relationship matures. Liu et al. (2021), tracking 230 newcomers at six measurement points across their first six weeks, found that initial exchange quality predicted initial performance whereas subsequent change in exchange quality did not track change in performance, a pattern consistent with an early categorisation exerting persistent rather than continuously updated influence. Although these studies span three decades and differ in design, sample and analytic strategy, they share the finding that the relational verdict is substantially settled before the performance record can inform it.

Taken together, these findings imply that a probationary period of customary length may not test the categorisation formed at entry so much as ratify it. A verdict delivered after three or six months will draw on a relationship whose quality was substantially fixed within the first weeks, and on performance information that is itself partly a product of the differential support, information and latitude that high-quality exchange confers. The appropriate design parameter is therefore not a conventional duration, but the interval required for a performance signal that is independent of the exchange relationship to become available. The 2025 Code raises the

stakes of getting this wrong. A decision not to confirm an appointment at the end of probation constitutes a dismissal and must satisfy both substantive and procedural fairness, even though the threshold of justification is lower than for a confirmed employee, and the extension of probation to suitability means the employer must now defend a judgement about fit rather than only about output (Meth, 2025; Republic of South Africa, 1995; Cliffe Dekker Hofmeyr, 2025).

Relational Quality as A Strategic Resource

The third vantage point relocates the same relationship from the domain of fairness to that of competitive advantage. Barney (1991) specified that resources confer sustained advantage when they are valuable, rare, imperfectly imitable and non-substitutable, and identified social complexity and causal ambiguity as principal barriers to imitation. Wright et al. (2001) drew the corresponding distinction within strategic human resource management between human resource practices, which competitors can copy, and the human capital pool and the employee relationships that surround it, which they cannot. Nahapiet and Ghoshal (1998) provided the complementary account of social capital, in which relational and cognitive dimensions of connection underpin the creation and transfer of organisational knowledge. Contemporary treatments of human capital resources retain this logic while insisting that the unit of analysis is collective rather than individual, since firm-level advantage arises from aggregated capacities and the relationships that coordinate them (Ployhart, 2021).

This literature has, however, been notably silent on distribution. Contemporary reassessments of the resource-based view observe that the field has too often catalogued resources without specifying the mechanism by which they translate into performance (Gerhart & Feng, 2021; Ployhart, 2021). The distributional property of relational quality is exactly such a mechanism, and it remains underspecified. A firm in which relational quality is concentrated in a small number of dyads holds a resource that is neither collectively held nor robust to the departure of individuals, and that generates the very perceptions of disparity shown elsewhere to depress cooperation and citizenship behaviour (Buengeler et al., 2021; Furtado & Sobral, 2023; Kang et al., 2023).

The Gap Addressed by This Study

The literatures reviewed above rely on the same underlying construct, yet they rarely cite one another and share neither measures nor remedies. Recent conceptual work has clarified what differentiation is (Buengeler et al., 2021), what social exchange reasoning assumes (Madison et al., 2025) and what the resource-based view still owes by way of mechanism (Ployhart, 2021), and recent empirical work has begun to apply the disparity conceptualisation and to specify the conditions under which differentiation helps or harms (Kang et al., 2023; Xu et al., 2024; Andersen & Kuvaas, 2025), but no study has asked whether a single managerial discipline would answer all three problems simultaneously. The present paper addresses that question in a jurisdiction whose newly codified dismissal regime makes the relational judgement legally explicit.

RESEARCH METHOD

This study employed an integrative conceptual synthesis rather than an empirical design. The approach was considered appropriate because the study sought to integrate bodies of scholarship that addressed a common construct but had developed largely independently, and to generate theoretical propositions rather than estimate empirical parameters (Buengeler et al., 2021; Martin et al., 2018). No primary data were collected, and no statistical inferences were made. Because a conceptual synthesis lacks the procedural safeguards of a systematic review,

its credibility rests on transparent selection criteria, clear links between claims and their supporting sources, and the extent to which its conclusions could be challenged; these elements are specified below.

The sources used in the analysis were grouped into three classes. The first comprised three companion analyses prepared by the present author, each examining differentiated leader–member relationships from a distinct perspective: dismissal fairness under the 2025 Code, the timing of probationary suitability judgements, and the strategic value of relational assets from a resource-based view. The second comprised peer-reviewed scholarship on leader–member exchange and its differentiation, organisational justice, newcomer socialisation, and the resource-based view. The third comprised primary South African legal and policy instruments, including the Labour Relations Act 66 of 1995, the Employment Equity Act 55 of 1998, the Employment Equity Amendment Act 4 of 2022, the Code of Good Practice: Dismissal published in 2025, and the Employment Equity Regulations of the same year. These sources were supplemented by published caseload statistics from the Commission for Conciliation, Mediation and Arbitration and professional legal commentary on the Code where this assisted interpretation.

Inclusion and Exclusion Criteria

Admission to the second class was governed by four criteria applied in sequence. First, relevance: the source had to bear directly on one of four constructs, namely exchange quality, its dispersion within a unit, justice perceptions arising from allocation, or the conditions under which workforce relationships constitute a firm-level resource. Studies concerned with leadership styles more broadly, or with exchange quality solely as a control variable, were excluded. Second, evidentiary weight: priority was given to meta-analyses, systematic and critical reviews, and multilevel or longitudinal primary studies. Single-sample cross-sectional studies were admitted only where they supplied a construct, a measurement argument or contextual evidence unavailable elsewhere, and are identified as such in the text. Third, recency with a seminal exception: sources published from 2019 onwards were preferred, and foundational contributions that define the constructs in use were retained irrespective of date. Fourth, contextual reach: studies conducted in African and other emerging-economy settings were actively sought to counterbalance the North American, European and East Asian concentration of the evidence base, and are flagged where their samples bear on the transportability of a claim.

Two exclusions warrant explicit statement. Unpublished and non-peer-reviewed empirical material was excluded, with the consequence that any file-drawer bias in the published differentiation literature is inherited here rather than corrected. Judicial decisions interpreting the 2025 Code were also excluded, for the sufficient reason that at the time of writing no substantial body of arbitration awards or reported judgments applying the new relational grounds had yet accumulated.

The analysis proceeded in four steps, the first two of which tested whether a synthesis was warranted. Each companion analysis was first re-read to isolate its central causal claim and to state that claim in terms independent of the domain in which it arose. The three claims were then compared to determine whether they invoked the same mechanism or merely analogous ones. The test applied was interventionist rather than semantic: two claims were treated as sharing a mechanism only if a single intervention on the distribution of exchange quality would plausibly alter the outcome in every domain, and if the removal of that distributional variation would plausibly dissolve the problem in each. Third, the 2025 Code was read doctrinally against the fair dismissal standard of the Labour Relations Act, with attention to the provisions in which a relational state functions as a legal ground. Fourth, propositions were formulated

wherever the convergence yielded a claim capable of empirical disconfirmation, and the correspondence across domains was tabulated so (Table 1).

Derivation of the Propositions

Convergence does not by itself yield propositions, and the step from one to the other was governed by three rules. The first rule was domain coverage: each domain identified in the synthesis had to yield at least one proposition expressed in the outcome variable proper to that domain, which produced P1 for the legal domain, and P2 for the developmental domain. The second rule was that any boundary condition consistently reported in the underlying evidence had to be carried into the propositional set rather than absorbed into the main effect; the buffering role of justice climate is the clearest such condition in the differentiation literature and accordingly appears as P3 (Erdogan & Bauer, 2010; Kang et al., 2023). The third rule was that the synthesis had to generate at least one cross-level claim and at least one claim about the remedy. These yielded P4, which locates the effect at unit level, and P5, which isolates the evidentiary safeguards from managerial intent.

Each proposition was then paired with an observation that would count against it. P1 fails if dismissals originating in high-disparity units are upheld on review at rates indistinguishable from those originating in low-disparity units; P2 fails if probationary verdicts predict later performance equally well regardless of their timing, P3 fails if justice climate shows no interaction with disparity; P4 fails if mean exchange quality predicts unit performance equally at high and disparity; and P5 fails if the association in P1 is unchanged by calibration and documentation practices. Propositions that could not be paired with such an observation were discarded during drafting.

Four limitations qualify these claims. First the study is conceptual and its propositions are untested. Second, the legal analysis is doctrinal rather than jurisprudential, since the Code is recent and no substantial body of interpretive awards has yet accumulated, so the account of how commissioners and courts will apply the relational grounds is necessarily provisional. Third, three companion analyses share an author, which means the convergence reported here is a coherence claim rather than independent triangulation; mitigate, but do not eliminate, the risk of selecting sources that cohere. Finally, the evidence integrated in the review is drawn predominantly from settings outside Africa, so its transportability to South African workplaces is itself one of the empirical questions the paper raises rather than an assumption on which it rests.

RESULTS AND DISCUSSION

One Mechanism Viewed from Three Positions

The convergence can now be stated directly: in each of the three domains the benefit derives from high-quality exchange, and the harm derives not from exchange itself but from its uneven distribution across the unit, that is, from the concentration of trust, support and opportunity in a favoured group and their withholding from others (Henderson et al., 2009; Dulebohn et al., 2012; Buengeler et al., 2021; Yu et al., 2018). In the legal domain this unevenness threatens the reliability of the judgement on which a lawful dismissal depends; in the developmental domain it biases the probationary verdict; and in the strategic domain it fragments the resource on which advantage rests. That the mechanism is shared is the paper's central inference rather than a reported finding, and it is advanced because the same intervention, namely a reduction in disparity, satisfies the interventionist test in all three domains. Much of the remedy is correspondingly shared, since a common discipline of consistency, calibration and equity addresses all three. Figure 1 summarises this structure,

placing leader–member exchange differentiation at the centre of dismissal fairness, probation fairness, and the strategic value of workplace relationships.

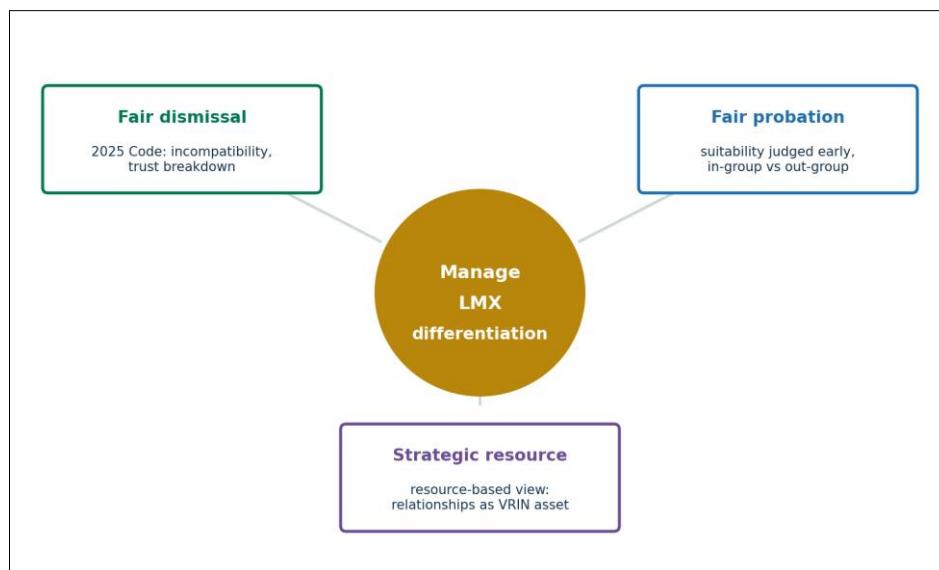


Figure 1. Leader–Member Exchange Differentiation Across Three Management Domains

Legal Fairness and the Risk of Mistaking Relational Standing for Incapacity

Seen from the law of dismissal, the 2025 Code affects a relational turn. Incompatibility is recognised as incapacity, probation is extended to suitability, and the destruction of trust may justify termination for a first offence. Each of these is a judgement about the condition of a working relationship rather than about a discrete and independently verifiable act, and each is ultimately assessed against the fair dismissal standard of the Labour Relations Act (Meth, 2025; Republic of South Africa, 1995; Naicker et al., 2025). Because differentiated exchange is associated with weaker perceptions of procedural and interactional justice, the central danger is that a low-quality relationship will be characterised as genuine incapacity, and that the characterisation will be sincere (Erdogan & Bauer, 2010; Martin et al., 2018; Colquitt et al., 2023). The first companion analysis accordingly proposes a framework of safeguards designed to keep the two apart.

The safeguards operate on the evidentiary rather than the attitudinal level. Where a ground of dismissal is relational, the employer should be able to show that the difficulty was identified against criteria fixed in advance, that the assessment was calibrated across managers rather than resting on a single dyadic judgement, that the employee received specific corrective guidance and a genuine opportunity to respond, and that alternatives short of dismissal were considered and recorded. This is consistent with the Code’s own insistence that attempts at resolution precede a dismissal for incompatibility (Meth, 2025; Naicker et al., 2025). Such safeguards are not procedural formalities; they are how an employer generates evidence that is independent of the relationship, and without which the tribunal has nothing to weigh but the assertion of the party whose conduct is itself part of the matter in issue (Colquitt et al., 2023; Henderson et al., 2009).

Operational Challenges in Implementing the Safeguards

Safeguards of this kind are easier to specify than to operate, and four difficulties deserve acknowledgement. The first is calibration, since cross-manager moderation of relational assessments consumes senior time, requires a common evaluative vocabulary that most organisations do not possess, and is only meaningful where enough comparable cases arise to establish a standard. In a small enterprise with a single supervisory layer, calibration in any

strict sense is unavailable, which is precisely the circumstance the 2025 Code accommodates by permitting less formal procedures (Meth, 2025). The accommodation transfer risk rather than removing it since the employer who cannot calibrate must still satisfy a tribunal on a thinner record.

The second difficulty is that records produced chiefly to withstand later challenge tend towards the formulaic: a file of standardised performance notes may satisfy a procedural audit while conveying no independent information about the employee at all. The safeguards proposed here are valuable only insofar as they generate evidence that could in principle have come out otherwise. The third difficulty is reactivity in measurement, since publishing dispersion statistics, or giving individuals feedback on their relative standing, may itself sharpen the social comparison that generates the injustice perception, so that the diagnostic instrument aggravates the condition it measures (Buengeler et al., 2021; Furtado & Sobral, 2023). Aggregate reporting at unit level, used to prompt managerial reflection rather than to rank employees, is the more defensible design.

The fourth difficulty is specific to the South African setting and, unlike the preceding three, cannot be resolved at the level of the individual employer at all. The organisations least able to bear the administrative cost of calibration are also, since January 2025, those excluded from designated-employer status and hence from employment equity reporting (Department of Employment and Labour, 2025). Relational dismissals in small enterprises are therefore doubly unobserved: neither documented internally to a standard that would support review, nor captured in the reporting that might reveal a demographic pattern across employers. The discipline proposed here is most readily implemented by exactly those large employers whose procedures are already formal, so the employees at greatest evidentiary risk may be those whose employers are least equipped to protect them.

Developmental Fairness and A Verdict Delivered Too Late to Be a Test

Seen from the probationary period, the same differentiation presents as a problem of timing rather than of evidence. Because exchange relationships crystallise within the first days and weeks and do so substantially on affective grounds, a suitability verdict pronounced months later may confirm an early categorisation rather than test it (Liden et al., 1993; Nahrgang et al., 2009; Liu et al., 2021). The second companion analysis argues that probation length should track the time required for a valid, exchange-independent signal to emerge, and proposes a decoupled probation in which the categorisation is deliberately held open while the relationship remains malleable. Practical expressions of this principle include the separation of the developmental review from the confirmation decision, the assignment of assessment to a manager other than the immediate supervisor where role design permits, and the use of work samples or output measures that do not depend on the supervisor's discretionary allocation of opportunity. This design recommendation is the author's inference from the socialisation evidence. The cited studies establish that exchange quality stabilises early and that early quality predicts later performance; they do not test whether restructuring probation around signal validity improves the accuracy of confirmation decisions, which is the claim advanced as P2.

This proposal cuts invites a plausible objection, namely that lengthening probation is unfair to employees who are left in prolonged insecurity. The argument is therefore framed in terms of signal validity rather than duration. A short probation is defensible where output is observable and largely independent of supervisory support, but where performance is interdependent, discretionary or slow to manifest, it converts an early impression into a permanent outcome under the appearance of a test. The objection has force where labour market conditions make the consequences of non-confirmation severe, since an employee who cannot readily find alternative work bears the cost of prolonged insecurity disproportionately

(Statistics South Africa, 2025). This strengthens rather than weakens the case for tying probation to signal validity, because the same conditions make an inaccurate verdict more costly to the employee than a slightly later one. Under the 2025 Code, where the failure to confirm an appointment is itself a dismissal requiring fairness, the design of probation ceases to be a matter of administrative convenience and becomes a determinant of legal exposure (Meth, 2025).

Strategic Value and the Fabric Rather Than the Strongest Thread

Seen from the resource-based view, high-quality exchange ceases to be solely a fairness concern and becomes an asset. It is socially complex, causally ambiguous and path dependent, and therefore satisfies the conditions for sustained advantage, yet it fragments when it is concentrated in a favoured few (Barney, 1991; Wright et al., 2001; Nahapiet & Ghoshal, 1998). The third companion analysis argues that the firm-level resource depends not on the quality of the best single relationship but on the quality and the equity of the relational fabric. Where the literature has treated relationships as a stock to be accumulated, the distributional argument treats their configuration as the variable that determines whether accumulation yields a collective capability at all (Gerhart & Feng, 2021; Ployhart, 2021).

This amendment has practical consequences that separate it from a general appeal to inclusion. If relational quality is concentrated, the resource is vulnerable to the departure of a small number of individuals, since the ties that carry knowledge and trust leave with them; it generates the perceptions of disparity that depress cooperation and voluntary contribution among those excluded; and it is more readily imitable, because a competitor need only recruit the few rather than replicate the many (Nahapiet & Ghoshal, 1998; Buengeler et al., 2021; Furtado & Sobral, 2023). Broad cultivation is therefore not a concession to fairness at the expense of efficiency but the condition under which the relational resource acquires the properties that the resource-based view attributes to it in the first place. Evidence that purposeful differentiation towards structurally central members can mitigate collective costs qualifies the claim without displacing it, since the mitigation operates on the consequences of disparity rather than on disparity itself (Wang et al., 2024). More substantially, the meta-analytic record indicates that differentiation is not uniformly costly at the level of performance even where it reliably damages emergent states, so the argument advanced here should be understood as concerning the durability of the resource rather than its short-run productivity (Yu et al., 2018; Xu et al., 2024).

Table 1 summarises how the same relational mechanism operates across dismissal, probation, and strategic resource management, identifying in each domain the principal threat created by uneven distribution and the corresponding management response.

Table 1. How Leader–Member Exchange Differentiation Operates Across Three Management Domains

Domain	How the relationship enters	What differentiation threatens	What must be managed
Fair dismissal under the 2025 Code	Incompatibility, suitability and the trust relationship are all relational judgements	Justice, where low relational standing is mistaken for genuine incapacity	Independent evidence, cross-manager calibration and procedural safeguards
Fair probation	Categorisation forms early, before a valid performance signal is available	Validity, where the verdict ratifies an early impression rather than testing it	Probation length set by signal validity; a mid-probation reset of the categorisation
Strategic resource under the resource-based view	Relationships constitute a socially complex, difficult-to-imitate asset	Durability, where the relational fabric fragments into a few concentrated ties	Broad cultivation, equity of distribution, and organisation to capture

Domain	How the relationship enters	What differentiation threatens	What must be managed
			value

Propositions Arising from The Synthesis

Because the argument is conceptual, its value depends on whether it can be disconfirmed. Table 2 states five propositions that follow from the synthesis and that are addressable with existing instruments. They are ordered so that the first two test the domain-specific claims, the third tests the boundary condition identified in the justice literature, the fourth test the cross-level claim on which the strategic argument depends, and the fifth tests the remedy. Each employs the disparity conceptualisation of differentiation rather than an undifferentiated dispersion index, in line with the measurement argument advanced above (Buengeler et al., 2021; Martin et al., 2018; Kang et al., 2023). The propositions are not empirical findings; they provide a basis for future investigation.

Table 2. Five Testable Propositions Linking Leader–Member Exchange Differentiation to Management Outcomes

No.	Proposition
P1	Leader-member exchange disparity within a work unit is positively associated with the probability that a dismissal for incapacity or incompatibility originating in that unit will be found substantively or procedurally unfair on review.
P2	The predictive validity of a probationary suitability verdict for subsequent job performance declines as the interval between appointment and verdict falls below the time required for a performance signal independent of the exchange relationship to emerge.
P3	Justice climate moderates both associations, such that the effects specified in P1 and P2 are attenuated in units where perceptions of procedural fairness are strong and shared.
P4	At unit level, the association between mean exchange quality and unit performance is attenuated by exchange disparity, so that relational quality yields durable advantage only where it is broadly distributed.
P5	Formal calibration and documentation practices weaken the association specified in P1, indicating that the evidentiary safeguards, rather than managerial intent, carry the protective effect.

Implications for Practice

For practice, the synthesis collapses three agendas into one, since an organisation that measures both the quality and the distribution of leader-member exchange, that trains managers on the justice consequences of differentiation, and that guarantees correction, procedure and developmental support irrespective of relational standing is simultaneously reducing its legal exposure, improving the fairness of its probationary decisions and cultivating a strategic resource (Henderson et al., 2009; Martin et al., 2018; Meth, 2025). The instruments required already exist, in validated measures of exchange quality and in the calibration and documentation practices of competent human resource management (Gerstner & Day, 1997; Buengeler et al., 2021; Colquitt et al., 2023). What the synthesis adds is the recognition that these instruments serve three ends at once, which alters the business case for investing in them: an intervention that is difficult to justify against any single return may be straightforward to justify against three.

Given the operational difficulties set out above, and the costs of calibration and the costs of calibration that fall disproportionately on smaller employers (Meth, 2025), the argument advanced here is not that every employer should adopt an identical apparatus, but that the evidentiary burden created by relational grounds of dismissal should be met by means proportionate to the size and capacity of the organisation, with the minimum being

contemporaneous documentation of the difficulty identified, the guidance given and the employee's response.

Implications for Policy in South Africa

Because the difficulty is partly regulatory in origin, three policy implications follow. First, guidance issued to support implementation of the 2025 Code could usefully address the evidentiary standard expected where the ground of dismissal is relational, since the Code identifies incompatibility and suitability as grounds without specifying how an employer is to distinguish them from the ordinary consequences of a poor working relationship (Meth, 2025). Second, the conciliation and arbitration system is likely to encounter a growing volume of relational dismissals, and commissioner training that treats differentiated exchange as a recognised source of evidentiary contamination would strengthen the consistency of awards, particularly given that dismissal disputes already dominate the referral caseload (Commission for Conciliation, Mediation and Arbitration, 2025). The Commission could also record the specific ground relied upon, rather than only the broad dispute category, which would make the incidence of relational dismissal measurable for the first time and would allow the effect of the Code to be evaluated rather than merely asserted. Third, the interaction between dismissal practice and the employment equity framework deserves explicit attention, because sectoral numerical targets create obligations regarding representation while relational grounds of dismissal create discretion regarding exit, and the two interact at the level of the individual manager's judgement (Republic of South Africa, 2022; Department of Employment and Labour, 2025).

A Unified Research Agenda

For research, the programme is to test the mechanism directly and across levels of analysis: whether disparity in exchange quality predicts findings of unfair dismissal, whether it biases probationary outcomes, and whether firms with more equitably distributed relationships enjoy durable performance advantages (Henderson et al., 2009; Liden et al., 1993; Buengeler et al., 2021). South Africa offers an informative setting for such work. The commencement of the Code in September 2025 provides a datable change in the legal salience of relational judgement, and the centralised dispute resolution system generates administrative records of dismissal outcomes at a scale rarely available elsewhere, which together permit designs that compare outcomes before and after the change (Meth, 2025; Commission for Conciliation, Mediation and Arbitration, 2025).

P1 is best approached through a matched multilevel design in which exchange disparity is measured at unit level in a sample of employers and linked, with appropriate consent and anonymisation, to the outcomes of dismissal disputes originating in those units. A multilevel logistic specification is indicated, with unit size, sector trade union recognition as controls. An interrupted-time-series comparison of dispute outcomes before and after 4 September 2025 offers a complementary and less demanding first step, though it identifies the effect of the Code rather than of disparity.

P2 requires a prospective cohort of newcomers, with exchange quality measured within the first fortnight, at mid-probation and at confirmation, and with supervisor-rated and supervisor-independent performance measured at confirmation and at six and twelve months. Latent growth modelling of the kind employed by Liu et al. (2021) would establish whether initial exchange quality predicts the confirmation verdict net of performance. P3 is testable within either design by adding a unit-level justice climate measure with its attendant agreement statistics.

P4 by contrast must be tested on units and calls for a two-level design in which means

exchange quality and disparity are entered simultaneously with their interaction, using an objective unit performance criterion measured after the relational variables to establish temporal precedence. Given the demonstrated fragility of dispersion indices, results should be reported under more than one index and for more than one referent so that robustness is visible rather than assumed (Buengeler et al., 2021; Xu et al., 2024). P5 is amenable to a quasi-experimental evaluation in organisations introducing calibration or structured documentation, comparing dismissal review outcomes in adopting and non-adopting units with a difference-in-differences estimator.

Three methodological priorities follow from the critical review above. Studies should adopt the disparity conceptualisation explicitly and report which index was used, since the field's inconsistencies are partly a consequence of construct conflation (Buengeler et al., 2021; Kang et al., 2023). Designs should be longitudinal and multi-source wherever feasible, given the vulnerability of the existing base to common method variance and reverse causation (Gottfredson et al., 2020; Liu et al., 2021; Podsakoff et al., 2024). Measures should be examined for equivalence in African samples rather than assumed to transport, a caution that since prevailing operationalisations treat actors as identity (Madison et al., 2025; Rockstuhl et al., 2020; Worku & Debela, 2024). Treating the three domains as a single programme allows one construct and one family of measures to span labour law, human resource development and strategy.

CONCLUSION

This paper has argued that the differentiation of leader-member exchange, understood as disparity rather than as mere variation, functions as a single mechanism across three domains that management scholarship has kept apart. The uneven distribution of relationship quality within a work unit weakens the evidentiary basis of a lawful dismissal, biases the probationary verdict, and fragments the relational fabric on which firm-level advantage depends; and because the mechanism is common, a single discipline of measurement, calibration and procedural safeguard answers all three.

The paper's principal contribution is theoretical and rests on three departures from the received account. It extends leader-member exchange theory beyond its established territory by arguing that the equitable distribution of high-quality relationships matters as much as their average level; it supplies the resource-based view with the behavioural micro foundation its own critics have identified as missing, locating that micro foundation in the configuration rather than the stock of relational assets; and it argues that a construct developed to explain individual attitudes can carry explanatory weight in a legal domain, where the object of inquiry is the reliability of an employer's evidence rather than the disposition of an employee. The methodological contribution is to insist that differentiation be operationalised as disparity where justice and strategy are at issue, rather than as undifferentiated dispersion. For human resource policymakers the implications are to measure the distribution of exchange to align probation with signal validity, to support relational dismissals with independent evidence, and to monitor whether relational standing tracks demographic lines.

These claims are advanced as propositions rather than findings, and the paper's principal limitation is that they remain untested. That limitation is also the paper's invitation, since the commencement of a new dismissal regime, in a jurisdiction with an unusually well-documented dispute resolution system and an explicit statutory commitment to workplace equity, provides an occasion to establish empirically what has here been argued analytically.

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