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Abstract
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Keywords
CAHRS, ILR, center, human resource, job, worker, fairness, union, grievance, employee, perception, justice, procedure, management, organization, outcome, discharge

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NON-UNION GRIEVANCE SYSTEMS AND ORGANIZATIONAL JUSTICE:
THE RELATIONSHIPS AMONG SYSTEM CHARACTERISTICS
AND FAIRNESS PERCEPTIONS

by

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This paper has not undergone formal review or approval of the faculty of the ILR School. It is intended to make results of Center research, conferences, and projects available to others interested in human resource management in preliminary form to encourage discussion and suggestions.
This study investigates fairness perceptions of non-union grievance systems by examining employee perceptions of distributive justice, procedural justice and interactional justice. A policy capturing methodology was utilized for a sample of 450 non-union, non-management employees from seven organizations. Characteristics of non-union grievance systems are identified and the relationships between these characteristics and fairness perceptions are analyzed. Results suggest that procedural justice has a larger effect than either distributive justice or interactional justice on overall fairness perceptions. Further, procedural justice moderates the relationship between outcome and the perception of distributive justice. Unfavorable outcomes (upheld discharges) that were reached by fair processes generate higher distributive justice ratings than favorable outcomes (overturned discharges) reached by unfair processes. Implications are drawn for research and practice.
Fairness and equity are issues that have been researched for the past quarter of a century (Adams, 1965; Thibaut & Walker, 1975). Over the past decade however, the issue of justice in the workplace, or organizational justice, has taken hold (Greenberg, 1990a; Sheppard, Lewicki & Minton, 1992). Organizational justice has captured the interest of researchers as both a dependent and an independent variable (Bies & Shapiro, 1988; Folger & Greenberg, 1985; Folger & Konovsky, 1989; Greenberg, 1987a, 1987b, 1990a, 1990b; Grover, 1991; Konovsky & Cropanzano, 1991; Moorman, 1991). Some studies have focused on the organizational justice implications of various human resource policies and practices such as performance appraisals (Greenberg, 1986, 1987c), compensation (Greenberg, 1987b; Folger & Konovsky, 1989), comparable worth (Greenberg & McCarty, 1990), parental leave (Grover, 1991), drug testing (Konovsky & Cropanzano, 1991), and layoffs (Brockner & Greenberg, 1989). Other studies have examined the implications of organizational justice for outcomes such as satisfaction with union and management (Fryxell & Gordon, 1989), organizational commitment (Folger & Konovsky, 1989; McFarlin & Sweeney, 1992), and organizational citizenship behavior (Moorman, 1991).

More broadly, however, scholars have suggested that even an internally consistent and fair set of human resource policies and programs is not enough to insure organizational justice and other desirable outcomes. Supervisors who implement these policies, whether due to a lack of training or personal biases, may not administer them in the intended way. Thus, internal grievance systems

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are also necessary. While such systems are available to virtually all unionized employees, they are less well-established among non-union employees (Westin & Feliu, 1988).

There are various reasons for the establishment of non-union grievance systems; subsequently there are several possible measures of effectiveness. Regardless of the reasons for the establishment of non-union grievance systems, it is reasonable to suggest that employees would not be satisfied with and/or use a system that they perceive as unfair. Therefore, the measure of fairness perceptions is a meaningful and logical primary measure of the effectiveness of non-union grievance systems (Ewing, 1989; Westin & Feliu, 1988).

Although there has been a fair amount of speculation and hypothesizing about non-union grievance system characteristics that lead to fairness, there has been little evidence of their success (Boroff, 1991; Fryxell & Gordon, 1989; Peterson & Lewin, 1990; Peterson, 1992) other than case studies or anecdotal evidence. This is where the present study contributes to the literature.

The present study examines the fairness perceptions associated with non-union grievance systems using a policy capturing research design. Characteristics of non-union grievance systems were extracted from the literature and the relationships between these characteristics and fairness perceptions were analyzed. Further, the relationship among the justice components -- distributive justice, procedural justice, and interactional justice -- also was examined.

**NON-UNION GRIEVANCE SYSTEMS**

Formalized non-union grievance systems take many forms. However, they usually fall into five categories (Balfour, 1984): (1) "open door" policy, (2) ombudsperson, (3) hearing officer, (4) peer decision committee, and (5) outside arbitration. Within each of these categories may be several types. For
example, an open door system can be quite structured, or formalized, as well as the more common loosely defined system. In addition, committees are not only "peer" committees, but often consist of various combinations of both non-management and management employees, or, quite often, all management employees (Ewing, 1989; McCabe, 1988; Westin & Feliu, 1988). It is the "committee" or "panel" category that has the largest variety of system types.

Depending on one's definition of a grievance system, or corporate due process, the number of systems in place varies considerably. Ewing (1989:4) describes corporate due process as "... effective mechanisms and procedures for ensuring equity and justice among employees." Keeping this definition in mind, approximately fifty percent of all medium- and large-sized organizations have formalized non-union grievance systems (Delaney, Lewin & Ichniowski, 1989; Ewing, 1989; McCabe, 1988; Peterson & Lewin, 1990; Westin & Feliu, 1988). Moreover, the number of organizations with non-union grievance systems, and/or those that are interested in establishing such systems, has increased over the past decade (Delaney, Lewin & Ichniowski, 1989; Ewing, 1989; McCabe, 1988; Peterson & Lewin, 1990; Westin & Feliu, 1988).

Several characteristics of non-union complaint systems are hypothesized to lead to equity -- or fairness -- outcomes. These include the availability of expert resources to aid employees in processing their grievances (Westin & Feliu, 1988); the level of input employees have into the process (McCabe, 1988; Sheppard et al, 1992; Westin & Feliu, 1988); the impartiality, or degree of independence from management, of the adjudicator (Aram & Salipante, 1981; Ewing, 1989; Rowe & Baker, 1984; Westin & Feliu, 1988); the timeliness and speed of the process (Aram & Salipante, 1981; Ewing, 1989; Sheppard et al, 1992; Westin & Feliu, 1988); the consistency with which grievances are resolved (Aram & Salipante, 1981; Balfour, 1984; Ewing, 1989; McCabe, 1988; Rowe & Baker, 1984;
Stratton, 1988; Westin & Feliu, 1988); the degree of top and line management support the process has (Ewing, 1989; Westin & Feliu, 1988); the extent to which the process fits the organizational culture (McCabe, 1988; Westin & Feliu, 1988); and the nature of the outcome, or the decision of the adjudicator (Ewing, 1989; Westin & Feliu, 1988).

In reviewing the research, two empirical studies that deal directly with some of these characteristics were located. Boroff (1991) examined the relationships between certain system characteristics and an effectiveness rating of the system. Specifically related to the present study, Boroff examined impartiality of the grievance system and system effectiveness and found a significant positive relationship. In her study, employees' responses indicated that impartiality or "decision making independence" impacted their perceptions of effectiveness, with higher levels of impartiality resulting in higher ratings of effectiveness. Boroff also found a significant relationship between grievance outcomes and effectiveness, i.e., favorable outcomes (to the employee) resulted in increased effectiveness ratings.

The second study (Peterson, 1992) examined survey data from employees in an organization with a non-union grievance system (n=579). Peterson found that grievants were more likely than non-grievants to feel that the presence of an (employee) representative would increase fairness.

ORGANIZATIONAL JUSTICE

Justice researchers have studied fairness from three different perspectives: distributive justice, procedural justice and interactional justice. Distributive justice, with its roots in equity theory (Adams, 1965), focuses on the fairness of the distribution of outcomes. Procedural justice is concerned with the fairness of the processes by which outcomes are distributed (Folger & Greenberg, 1985). Interactional justice deals with the fairness of interper-
sonal interactions or communication (Bies & Moag, 1986). Overall fairness perceptions may be formulated based on all three perspectives (Greenberg, 1990a).

H1 Organizational justice is a function of distributive justice, procedural justice and interactional justice.

Clearly, the literature strongly supports the notion that procedural justice "matters" when measuring overall fairness or justice (Folger & Greenberg, 1985; Folger & Konovsky, 1989; Greenberg, 1986, 1987a; Konovsky & Cropanzano, 1991; Lind, Walker, Kurtz, Musante & Thibaut, 1980; Moorman, 1991; Tyler & Caine, 1981; Tyler & Folger, 1980; Tyler, Rasinski & McGraw, 1985). Additionally, several studies have suggested that distributive justice and procedural justice have independent effects on overall fairness perceptions, or evaluations, with procedural justice more likely to influence overall fairness judgments (Alexander & Ruderman, 1987; Folger & Greenberg, 1985; Tyler, 1984; Tyler & Caine, 1981; Tyler & Folger, 1980).

H2 Procedural justice will influence overall fairness ratings more heavily than either distributive justice or interactional justice.

Procedural justice is the perception of the fairness of the procedures used -- the "means" used to arrive at the "ends". Two types of control are considered critical in procedural justice: process control and decision control (Folger & Greenberg, 1985; Thibaut & Walker, 1975). Process control involves control over the development and selection of information that will be used in decision making. The extent to which one can determine the outcome of the decision is called decision control.

In a study examining fairness and performance evaluations, Greenberg (1986) found several procedural components that influenced fairness, including: employee input, ability to rebut, and consistency. With non-union grievance systems, process control is, or can be, quite simple. Alternatively, decision
control is more difficult to design into a non-union complaint system.

Mediation is an example of decision control, where either party can reject or accept a solution offered by a mediator, giving the parties control over the outcome.

Two characteristics of non-union grievance systems -- employee assistance in preparing the grievance and the opportunity for input or involvement -- tap into process control. Another factor that allows employees perceived control is the impartiality of the decision maker. If employees perceive that the decision maker is impartial, they will feel that they have more control over the process. This independence from management is considered by some to be the most critical characteristic for non-union grievance systems to possess (Ewing, 1989). A consistent finding is that procedures with greater process control are considered more fair, as are the outcomes (Folger, 1986; Folger & Greenberg, 1985).

H3 Procedural justice will be determined primarily by the input allowed by grievants, the availability of employee assistance, and the independence of the decision makers.

Distributive justice is grounded in equity theory. Essentially this theory claims that individuals examine, or compare, their input/outcome ratio to ratios of comparison others (Greenberg, 1982, 1990a). If one feels that the situation is inequitable, it is theorized that it will manifest itself in a behavioral manner, such as decreasing inputs (e.g., productivity, turnover) or attitudinally, such as reducing morale (Walster, Walster & Berscherd, 1978). Distributive justice perceptions associated with non-union grievance systems may be slightly different. If one is innocent and charges are dismissed, or reversed, it is likely that distributive justice perceptions would be high. However, if one is guilty and charges are upheld, it is questionable whether distributive justice perceptions would be high. Prior research has established
that favorable outcomes are perceived as more fair than unfavorable outcomes; this is known as the ego-centric bias in perceptions of distributive justice (Greenberg, 1983). This would suggest that guilt may not be as important in perceptions of distributive justice as "favorableness" of the outcome. Thus, individuals involved in a grievance may judge the fairness of the outcome not on input/outcome ratios (i.e., guilt) but rather on the favorableness of the outcome.

In this study, all grievances involve discharge cases. Therefore, a favorable outcome is when the discharge is overturned, an unfavorable outcome is an upheld discharge. Certainly, outcome affects the overall perception of fairness, but it is not known by how much.

H4 Distributive justice will be determined primarily based on outcome.

A study by Lind et al (1980) examined effects of outcome on procedural justice and of procedures on distributive justice. Their results suggest that outcomes do not impact procedural justice. In their study, even if the outcome was viewed as unfair, but the procedures allowed for process control, the procedures were viewed as fair, i.e., were procedurally just. However, the procedures did affect perceptions of the outcome. Their study provided "... unambiguous evidence that the procedure used to determine an outcome can affect the perceived fairness of that outcome" (Lind et al, 1980:652).

Building on this stream of research examining the moderating effects of procedural justice on distributive justice is a study conducted by Greenberg (1987a), in which both outcome and process variables were manipulated. As expected, unfair procedures were rated as unfair, and fair procedures were rated as fair. And, medium and high outcomes were regarded as fair. The interesting finding is that those outcomes that were low, but arrived at through fair procedures were rated as fair. In other words, when asked to rate the outcome,
even when the outcome was low, if it was based on a fair process, it was given a high rating. This supports the notion that procedural justice may be an essential prerequisite for distributive justice, when outcomes are low (Greenberg, 1987a). Moreover, ratings of the outcome did not influence procedural justice ratings.

**H5**  
*Process will moderate the relationship between outcome and distributive justice.*

While distributive and procedural justice have been abundantly addressed in the literature, interactional justice has been researched to a much lesser extent. Especially when dealing with employee complaints, interactional justice is critical. The interpersonal interaction can, and does, take place at many steps during an allocation process, or specifically, in a grievance situation (Bies & Moag, 1986). Communication that attempts to explain outcomes may be called social accounts (see Greenberg, 1990b, for a review of social accounts).

In a study by Bies (1987) involving job interviews four fairness criteria that dealt with communication, or interactional justice, were found: truthfulness, respect, propriety of questions, and justification. These criteria, and interactional justice in general, have implications for complaint systems, most clearly in the communication of the decision to the employee. What if the communication of the decision is done negatively, or indifferently, or is absent?

For example, a complaint system decision can be communicated in many ways, including a written memo either merely stating the outcome, or explaining the reason(s) for the decision. In contrast, the decision may be communicated in a personal meeting, with or without an explanation and/or justification for the decision, allowing for questions or comments by the employee. The quality of this interaction may play a major role in overall fairness perceptions.
Interactional justice may not always be independent of procedural justice. However, Bies (1987) found that evaluation of interactional fairness generalizes to the procedure only when the person attributes the action to the organization, rather than the person. Therefore, if the person (in this case, the grievant) attributes the action to the individual, this may lead to a perception of high (or low) interactional justice. Whether this phenomenon or construct is called interactional justice or part of procedural justice, it is clear that it significantly affects employees' perceptions of fairness (Greenberg, 1990b; Greenberg, Bies & Eschew, 1991; Tyler & Bies, 1990). Interpersonal communication, affecting perceptions of interactional justice, can potentially be the most important component in overall fairness perceptions. In a study examining employee theft as a reaction to pay inequity (Greenberg, 1990c) employees who were given an adequate, thorough and sensible explanation for pay cuts were less likely to feel unfairly treated and had lower theft rates than those who were not provided such explanations. One can easily imagine a grievance situation where the grievant "wins" the case and also perceives the process to be fair. In such a situation, if the interpersonal communication is honest, and the employee is treated in a respectful way, logic (and theory) dictates that the employee's overall fairness perception will be quite high. This person will have had his/her "day in court," received his/her "rightful" outcome, and been treated fairly and respectfully.

Consider however, a slightly different scenario. If the only element changed is the communication aspect, it may have a large impact on the individual's overall perception of fairness. Rather than explaining the reasons for the outcome, if the employee is told that he/she will not receive any information about it, this same employee may have a diminished perception of
fairness. Whether the grievant is provided with an explanation or not is critical for interactional justice (Bies & Moag, 1986).

H6 Interactional justice and procedural justice will be statistically independent of each other.

H7 Interactional justice will be determined primarily by the presence or absence of an explanation for the decision.

METHODOLOGY

Sample

The participants in this study consisted of 450 non-union, non-management employees from seven different organizations. This represents 51% of the 890 questionnaires distributed. Respondents had a mean age of thirty-seven, ranging from nineteen to sixty-six years (SD=9.4). Fifty-four percent were female. Most (56%) had at least a baccalaureate degree, 32% had some college and 12% had no college education. Mean organizational tenure was eight years. Nearly three-quarters of participants were in professional positions (73%) such as accountants, attorneys, chemists, and human resource professionals, although more than half (53%) had had some supervisory experience. Finally, 52% were or had been at some time employed by an organization with a non-union grievance system.

Policy capturing design and measures

A policy capturing questionnaire was used to present variations in grievance procedure characteristics and outcomes and to measure participants' perceptions of the different dimensions of fairness. A policy capturing approach uses realistic, yet hypothetical, scenarios that are created by crossing key variables in every possible combination. Compared with self reporting, policy capturing gives a more precise estimate of the relative importance of the criteria used in arriving at judgments, in this case fairness
perceptions, especially when sensitive issues are involved. Advantages of using this approach include the avoidance of socially desirable responses, and the ability to focus on critical variables by manipulating the variables in question and controlling for extraneous variables (Klaas & Wheeler, 1990; Rynes, Weber & Milkovich, 1989).

Policy capturing has been used to examine a variety of judgments related to human resource policies and practices, including pay decisions (Rynes, Weber & Milkovich, 1989; Sherer, Schwab & Heneman, 1987), employee discipline (Klaas & Wheeler, 1990), and job choice (Judge & Bretz, forthcoming; Rynes & Lawler, 1983; Zedeck, 1977).

Six (dichotomous) variables were orthogonally manipulated in a within-subjects design, resulting in 64 scenarios ($2^6$): offense, decision making independence, employee input, assistance, explanation and outcome. Two criteria were used to choose the characteristics of non-union grievance systems: first, presence in typical non-union grievance systems, based on published case studies (Boroff, 1991; Ewing, 1989; McCabe, 1988, Westin & Feliu, 1988), and second, potential relevance to organizational justice theory. In addition, the nature of the offense that originally gave rise to the grievance was included for realism. And, each scenario had an outcome. The operationalizations of these six variables are described in the appendix.

All scenarios described a situation in which an employee was discharged and was appealing the discharge using the final step of the non-union grievance system. Following each scenario, participants answered 7-point Likert scale questions about fairness, anchored by (1)=Not at all fair and (7)=Very fair, as follows. "Thinking about the system described above, how would you rate the fairness of ... the procedures used (procedural justice); the outcome, i.e.,
the discharge being upheld (or being overturned) (distributive justice); Maria’s response to Frank for an explanation (interactional justice)\(^1\); and the overall fairness of the system (organizational justice)."

Procedures

Questionnaires were distributed at seven large organizations by cooperating managers. Employees were given the opportunity to respond to the questionnaire during company time. They were provided with a postage paid envelope to return the survey directly to the researchers and were assured anonymity.

Background information was provided to the participants concerning a hypothetical organization and its non-union grievance system. Certain information was held constant across all scenarios such as company size, top management support for the system, reason for grievance (discharge), timeliness, and coverage of employees (all employees were covered by the grievance system).

Although the research design resulted in 64 scenarios, participants were presented with only 8 scenarios. Due to the length of the questionnaire (one page was necessary for each scenario and the subsequent questions) the scenarios were divided into eight groups of eight linearly independent scenarios, using matrix algebra. (Results revealed no significant differences among the eight groups of scenarios.) Thus, the majority of analyses were conducted with approximately 3600 observations (450 participants X 8 scenarios). Scenarios were presented in random order to minimize order effects. A pilot test revealed that participants took less than one hour to complete the questionnaire.

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1. In order to have participants attribute the explanation to the person and not the system, in each scenario the individual stated that he/she was providing (or not providing) the explanation on his/her own volition.
Analyses

The main method of analysis for these data was ordinary least squares (OLS) multiple regression. For each fairness dimension (procedural justice, distributive justice, interactional justice), hierarchical regression analyses were used to test for the relative influence of the non-union grievance system characteristics. And for overall fairness an equation was created to test for the relative influence of the different fairness dimensions. Both main effects and interactions were hypothesized and tested.

Correlations were performed to examine association among the variables. In some instances, variables were re-coded to reflect relevant groups and appropriate significance tests, such as the Scheffe test, were used. And, descriptive statistics were generated to examine normality and to adequately report the sample characteristics and responses.

RESULTS

Table 1 shows means, standard deviations and correlations of the justice components. The means are all close to the middle of the range and the correlations are all highly significant.

As shown in Table 2, overall fairness was a function of procedural justice, interactional justice, and distributive justice, supporting Hypothesis 1 ($F=4543.989, P<.0001$). The specified variables account for 79% of the variance of overall fairness. These results suggest that, when evaluating grievance decisions, employees look beyond the outcome to the process that is followed and to the nature of the explanation surrounding the decision.
As hypothesized (Hypothesis 2), procedural justice was the justice component that influenced overall organizational justice most heavily, followed by interactional justice, and then distributive justice (Table 2). When judging the fairness of a grievance, employees are more influenced by the procedures used than by whether the employee wins or loses the grievance.

Table 3 provides the regression results for Hypothesis 3. Process characteristics -- employee input, decision making independence, and employee assistance -- were the major determinants of procedural justice, confirming this hypothesis. The nature of the outcome and the explanation surrounding the decision had little effect on procedural justice ratings, accounting for less than 3% of the variance (Model A). Adding the process variables to the equation dramatically increased the $R^2$ by .3564 to .3834 (Model B). All process variables were significant with employee input having the most influence, decision making independence the next, and employee assistance the least.

Regression of grievance procedure characteristics on distributive justice showed that outcome had the largest effect, supporting Hypothesis 4. All system characteristics, however, significantly influenced distributive justice ratings. However, by comparing two models through hierarchical regression equations -- one with all system characteristics except for outcome (Model A) and the full model, including outcome (Model B) -- the strength of the outcome variable is highlighted (see Table 4). Adding outcome to the equation significantly
increased the adjusted $R^2$ by .0758 to approximately 22%. Moreover, outcome had
the largest beta coefficient (.2755). Note that employee input also heavily
influenced distributive justice; this will be discussed in the next section.

TABLE 4 ABOUT HERE

Hypothesis 5 also was supported; process moderated the relationship
between the nature of the outcome and perceptions of distributive justice.
Recall that outcome accounted for 22% of the variance of distributive justice.
Regression results (Table 5) indicate that both outcome and procedural justice
have a direct main effect on distributive justice. Critical to this hypothesis,
however, is that the interaction of outcome and procedural justice is
significant and negative. Moreover, the $R^2$ increased from 22% to 46%.

TABLE 5 ABOUT HERE

To further investigate this finding, the data were re-coded to create a
new variable representing either "fair" or "unfair" processes. (A "fair"
process contained all the process variables, an "unfair" one had none of the
process variables.) These fair and unfair processes were combined with both
favorable outcomes (overturned discharges) and unfavorable outcomes (upheld
discharges); this resulted in approximately 900 observations.

Unfavorable outcomes (upheld discharges) resulting from objectively fair
processes (with an opportunity for employee input, use of outside arbitrators,
and the availability of employee assistance) had higher distributive justice
ratings than fair outcomes (overturned discharges) resulting from objectively
unfair processes (with little opportunity for employee input, use of a manage-
ment panel, and no availability of employee assistance). The distributive justice ratings were 5.04 and 4.25 (on a 7-point scale) respectively ($P<.001$). These means are shown in Table 6. This moderator effect suggests that an unfavorable outcome may be perceived as fair if it results from a fair process.

**TABLE 6 ABOUT HERE**

While all the justice components are significantly correlated with each other, the correlations involving interactional justice tend to be lower. This provides some evidence that interactional justice is a separate construct than procedural justice, supporting Hypothesis 6. As well, independent variables behaved differently when regressed on procedural justice and interactional justice. Thus, in this context, it appears that procedural justice and interactional justice are by and large independent.

**TABLE 7 ABOUT HERE**

As shown in Table 7, explanation had an overwhelming effect on the interactional justice rating, supporting Hypothesis 7. Regressing interactional justice on the process variables and the outcome variable (Model A) resulted in an $R^2$ of only 1%; adding explanation to the equation (Model B) increased the explained variance to approximately 73%. This finding holds for both favorable and unfavorable outcomes. Even if the employee won the grievance, the outcome was regarded as less fair if he/she was not given a full explanation.

**DISCUSSION**

The findings of this research contribute to both the organizational justice and the non-union grievance system literatures.
Organizational justice

Organizational justice was affected by procedural justice, interactional justice, and distributive justice, in that order. While several researchers have shown the relative importance of procedural justice over distributive justice (Folger & Greenberg, 1985; Folger & Konovsky, 1989; Greenberg, 1986, 1987a; Lind et al, 1980; Tyler & Caine, 1981; Tyler, 1984; Tyler et al, 1985), the significance of interactional justice provides new insight.

As expected, the nature of the outcome was the major determinant of distributive justice ratings. However, the more important, and interesting, finding pertains to the moderating effect of procedural justice. The moderator effect suggests that an unfair outcome can be perceived as fair if it is attached to a fair process. This finding builds on previous research (Greenberg, 1987a; Lind et al, 1980) which has shown that distributive justice is enhanced by procedural justice. However, the findings here go further by showing that distributive justice is higher for unfavorable outcomes that are determined through fair procedures that allow for process control than for favorable outcomes that are determined through procedures that do not allow for such control. This finding furthers our understanding of the linkage between procedural justice and distributive justice.

It should be noted that ratings of distributive justice were by third parties, and not by employees who actually experienced the outcomes. Further, participants did not have any information on the actual guilt or innocence of the employees described in the scenarios, which may have made them more likely to be influenced by procedural justice perceptions when rating distributive justice. However, these conditions may reflect actual grievance situations. Only relatively few employees usually file grievances, and typically little is
generally known about their guilt or innocence; but non-filers are still likely to form opinions about how fairly the filers were treated.

This study examined fairness perceptions based on discharges appealed through non-union grievance systems; other studies in organizational justice have involved compensation, grades, and legal dispute incidents. Results suggesting that procedural justice has more influence than distributive justice on overall fairness perceptions appear generalizable within the range of situations examined. Further, these results have been obtained through a variety of methodologies, from controlled laboratory experiments (Greenberg, 1987a; Tyler & Caine, 1981) to field study research using actual full time employees (Folger & Konovsky, 1989) to the present study using full time employees.

Non-union grievance systems

In rating procedural fairness, employee input and involvement in the process was of more importance to participants than the independence of the final judges. Employee input and involvement have been considered crucial characteristics of non-union grievance systems (McCabe, 1988; Westin & Feliu, 1988), and these results support these speculations. It was somewhat surprising that the composition of the panel, outside arbitrators vs. top managers, was not a stronger influence in fairness perceptions. Decision making independence, considered by several authors to be one of the most critical factors influencing fairness perceptions (Aram & Salipante, 1981; Ewing, 1989; Rowe & Baker, 1984; Westin & Feliu, 1988), and seen by some to be the single most important characteristic (Ewing, 1989), may be somewhat overrated. While it is certainly an important characteristic, this research suggests that absence of this characteristic does not have as strong an effect as the absence of employee
input and involvement. Respondents appeared to look beyond the composition of the panel to the points where grievances might exert direct influence.

While outcomes are usually not planned in advance, i.e., they usually follow a series of events, a process can be planned in advance. Moreover, a mechanism for communication can also be planned, or designed, into a system. This study suggests that if processes are fairly designed and communicated, the resulting decisions (outcomes) will be considered more fair, and that this will also increase perceptions of overall fairness.

Based on the research described above, no one grievance system can be considered most effective, or most fair. The important characteristics can be designed in most, if not all, grievance systems. Certainly, levels of these characteristics differ, and some may depend more on system choice than others. For example, decision making independence certainly is low in an open door policy, where employees may have their grievances ultimately resolved by the president of the company. In contrast, an outside arbitrator clearly has a high level of independence. Conversely, the president of the organization has high authority and flexibility in making the decision, or in changing policies, where the arbitrator is commonly held to the confines of company policy. It appears then, that those non-union grievance systems that include the characteristics studied and that fit the organization's culture and other human resource policies may be the most effective, or fair, for the specific organization.

Limitations

When interpreting the results of this study it is important to keep in mind that method variance may have inflated the magnitude of the relationships, but should not have affected the weight afforded to the different justice components. Ego-centric bias could not be effectively tested because this study placed respondents in the role of observers, not participants. Essentially,
respondents were able to detach themselves from the situation because they were not the ones being terminated. Given that the majority of employees who are covered by non-union grievance systems do not use them (Westin & Feliu, 1988), the respondents were similar to employees more generally. Still, an area for future research would be to examine the differences in perceptions between filers and non-filers of grievances to tease out the effects of ego-centric bias.

Finally, although a rigorous research design, policy capturing restricts the number of variables that can be examined. Even one additional dichotomous variable doubles the number of scenarios needed. Other variables that may be important to study in future research include the history of the system (employee wins and losses); the presence of other voice mechanisms; a wider variety of decision makers (e.g., management/employee panels, single person investigators, mediators); and work experiences (e.g., promotions, performance ratings) of filers and non-filers.

Conclusion

Additional research examining the effects of the three justice components is necessary. Much of the research to date examines procedural justice and distributive justice, but ignores interactional justice. This research suggests that interactional justice deserves more attention. Additional support for the moderating effect of procedural justice on the relationship between outcome and distributive justice would be beneficial. Different results may obtain in situations where the outcome has a more meaningful impact on the respondents involved.

The notion of psychological contract may provide an ideal perspective from which to examine fairness perceptions (Rousseau, 1989). Most of the previous research in organizational justice has examined the fairness of a specific
policy or practice. A broader conceptual base would facilitate an examination of fairness perceptions based on employee expectations and on a complete "package" of policies, programs, and practices, i.e., on a fuller view of "organizational" justice. For example, individuals employed in an organization where a consistent level of employee input and involvement is encouraged may have greater perceptions of justice than employees employed in organizations that have only one or two programs that provide employee input.

Finally, organizational differences should be investigated. This study found few differences among companies studied, but was not designed to examine such differences.
References


APPENDIX

Operationalizations of Manipulated Independent Variables

**EE INPUT**
- Employee given one opportunity to present argument (coded 1).
- Given multiple opportunities to present argument (coded 0).

**EE ASSIST**
- Employee provided with assistance in preparation of grievance (coded 1).
- Employee not provided with assistance in preparation of grievance (coded 0).

**INDEPENDENCE**
- Grievance panel comprised of independent arbitrators (coded 1)
- Grievance panel comprised of top managers (coded 0).

**OUTCOME**
- Discharge overturned, favorable to employee (coded 1).
- Discharge upheld, unfavorable to employee (coded 0).

**COMMUN.**
- Employee provided with an explanation (coded 1).
- Employee not provided with an explanation (coded 0).

**OFFENSE**
- Employee is accused of drug use (coded 1)
- Employee is accused of theft of company property (coded 0)
### TABLE 1
Means, Standard Deviations, and Correlations* of Justice Variables

<table>
<thead>
<tr>
<th>Standard Variables</th>
<th>Means</th>
<th>Deviations</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organizational</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>justice</td>
<td>4.28</td>
<td>1.53</td>
<td></td>
<td></td>
<td>.78</td>
<td>.72</td>
</tr>
<tr>
<td>2. Procedural</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Justice</td>
<td>4.38</td>
<td>1.73</td>
<td></td>
<td></td>
<td>.63</td>
<td>.28</td>
</tr>
<tr>
<td>3. Distributive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Justice</td>
<td>4.53</td>
<td>1.57</td>
<td></td>
<td></td>
<td></td>
<td>.30</td>
</tr>
<tr>
<td>4. Interactional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Justice</td>
<td>4.01</td>
<td>2.26</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* all correlations are significant at the .0001 level
TABLE 2

OLS Regression Results for Organizational Justice (n=3568)

<table>
<thead>
<tr>
<th>Variable</th>
<th>beta</th>
<th>T-stat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedural justice</td>
<td>0.4900***</td>
<td>(49.48)</td>
</tr>
<tr>
<td>Interactional justice</td>
<td>0.3416***</td>
<td>(42.38)</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>0.3030***</td>
<td>(30.37)</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-value</td>
<td>4543.989***</td>
<td></td>
</tr>
</tbody>
</table>

*** p < .0001
### TABLE 3

Hierarchical Regression Results for Two Models of Procedural Justice

Beta coefficients (T statistics in parentheses)

\( n = 3568 \)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model A</th>
<th>Model B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee input</td>
<td>----</td>
<td>.4143***</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(31.51)</td>
</tr>
<tr>
<td>Decision making</td>
<td>----</td>
<td>.3676***</td>
</tr>
<tr>
<td>independence</td>
<td></td>
<td>(27.95)</td>
</tr>
<tr>
<td>Employee assistance</td>
<td>----</td>
<td>.2420***</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(18.40)</td>
</tr>
<tr>
<td>Communication/ explanation</td>
<td>.1453***</td>
<td>.1325***</td>
</tr>
<tr>
<td></td>
<td>(8.80)</td>
<td>(10.08)</td>
</tr>
<tr>
<td>Outcome</td>
<td>.0802***</td>
<td>.0844***</td>
</tr>
<tr>
<td></td>
<td>(4.86)</td>
<td>(6.42)</td>
</tr>
</tbody>
</table>

- Adjusted \( R^2 \) : .0270 \( \text{and} \) .3834
- Increase in \( R^2 \) : ---- \( \text{and} \) .3564***
- \( F \)-value : 50.46*** \( \text{and} \) 444.64***

*** p < .0001
### TABLE 4

Hierarchical Regression Results for Two Models of Distributive Justice

**Beta coefficients (T statistics in parentheses)**

\( n=3568 \)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model A</th>
<th>Model B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee input</td>
<td>.2604***</td>
<td>.2601***</td>
</tr>
<tr>
<td></td>
<td>(16.78)</td>
<td>(17.55)</td>
</tr>
<tr>
<td>Decision making</td>
<td>.1977***</td>
<td>.2002***</td>
</tr>
<tr>
<td>independence</td>
<td>(12.73)</td>
<td>(13.51)</td>
</tr>
<tr>
<td>Employee assistance</td>
<td>.1204***</td>
<td>.1217***</td>
</tr>
<tr>
<td></td>
<td>(7.75)</td>
<td>(8.21)</td>
</tr>
<tr>
<td>Communication/ explanation</td>
<td>.1444***</td>
<td>.1446***</td>
</tr>
<tr>
<td></td>
<td>(9.31)</td>
<td>(9.76)</td>
</tr>
<tr>
<td>Outcome</td>
<td>----</td>
<td>.2755***</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(18.59)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>( R^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted ( R^2 )</td>
<td>.1408</td>
</tr>
<tr>
<td>Increase in ( R^2 )</td>
<td>----</td>
</tr>
<tr>
<td>F-value</td>
<td>147.23***</td>
</tr>
</tbody>
</table>

*** \( p < .0001 \)
TABLE 5

OLS Regression Results for Establishing a Moderating Effect of Procedural Justice between Outcome and Distributive Justice

Beta coefficients (T statistics in parentheses)

n=3570

<table>
<thead>
<tr>
<th>Variable</th>
<th>beta</th>
<th>T-stat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>.5076***</td>
<td>15.11</td>
</tr>
<tr>
<td>Procedural Justice</td>
<td>.7222***</td>
<td>41.96</td>
</tr>
<tr>
<td>Outcome * PJ</td>
<td>-.3311***</td>
<td>-9.07</td>
</tr>
</tbody>
</table>

Adjusted $R^2$          | .4604 |
F-value                 | 1015.83*** |

*** p < .0001
<table>
<thead>
<tr>
<th></th>
<th>Favorable Outcome</th>
<th>Unfavorable Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair process</td>
<td>5.78</td>
<td>5.04</td>
</tr>
<tr>
<td>Unfair process</td>
<td>4.25</td>
<td>2.85</td>
</tr>
</tbody>
</table>
TABLE 7
Hierarchical Regression Results for Two Models of Interactional Justice

Beta coefficients (T statistics in parentheses)

n=3568

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model A</th>
<th>Model B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee input</td>
<td>.0484***</td>
<td>.0362***</td>
</tr>
<tr>
<td></td>
<td>(2.91)</td>
<td>(4.13)</td>
</tr>
<tr>
<td>Decision making</td>
<td>.0604***</td>
<td>.0527***</td>
</tr>
<tr>
<td>independence</td>
<td>(3.63)</td>
<td>(6.01)</td>
</tr>
<tr>
<td>Employee assistance</td>
<td>.0551***</td>
<td>.0419***</td>
</tr>
<tr>
<td></td>
<td>(3.31)</td>
<td>(4.78)</td>
</tr>
<tr>
<td>Communication/</td>
<td>----</td>
<td>.8446***</td>
</tr>
<tr>
<td>explanation</td>
<td></td>
<td>(96.43)</td>
</tr>
<tr>
<td>Outcome</td>
<td>.0712***</td>
<td>.0718***</td>
</tr>
<tr>
<td></td>
<td>(4.28)</td>
<td>(8.20)</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>.0126</td>
<td>.7264</td>
</tr>
<tr>
<td>Increase in $R^2$</td>
<td>----</td>
<td>.7138***</td>
</tr>
<tr>
<td>F-value</td>
<td>12.41***</td>
<td>1895.60***</td>
</tr>
</tbody>
</table>

*** p < .0001