

# QUALITY OF SUPERVISOR-SUBORDINATE RELATIONSHIP AS DETERMINANT OF ORGANIZATIONAL JUSTICE PERCEPTION

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## Abstract

Organizational justice is recognized as important determinant of employees' commitment, satisfaction and other outcome variables. The quality of relationship between supervisor and subordinate is conceptualized in LMX theory as a determinant of employees' attitude and behavior. The paper reports the findings of a study which examined how the quality of supervisor-subordinate relationship determines employees' distributive and procedural justice perception. Sample consisted of 154 executives, supervisors and middle level managers who volunteered to participate in this study. They belonged to two manufacturing, one food processing and one pharmaceutical company. Data were collected with the help of standardized instruments which measured the study variables. Results supported the hypotheses that quality of supervisor-subordinate relationship significantly contribute to employees' organizational justice perception.—more to procedural than distributive justice. Recognizing the role that organizational justice play in determining employees job satisfaction, commitment, and intention to turnover this study highlights the significance of leader-subordinate relationship in organizational justice perception.

*Key words: LMX, Organizational justice, Distributive Justice, Procedural Justice*

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The concern for the distribution of resources among members of a society has a long history in social science literature (e.g., Aristotle, Hobbes, J.S. Mill, and Marx). However, it was Homans (1961) who introduced the concept of distributive justice that furthered the research interest of social psychologists on this fundamental aspect of human behavior. The subsequent work of Blau (1964) and Adams (1965) led to a series of theoretical and empirical developments culminating in the considerable, but still incomplete, body of knowledge that is available today. The concept of justice in organizational context includes several facets. These include distributive, procedural and interactional justice. Distributive justice has to do with fairness of allocation of resources as contrasted with procedural justice, which focuses on the fairness of the process of decision-making. Interactional justice refers to the perceived fairness of the interpersonal treatment that employees receive from the decision makers. Some scholars consider interactional justice as part of the procedural justice (e.g., Cropanzano & Greenberg, 1997; Greenberg, 1990; Tyler & Bies, 1990). According to Leventhal (1980) to be considered fair, a procedure should be (a) consistent, (b) bias free, (c) accurate, (d), correctable in case of error, (e) representative of all concerned, and (f) based on prevailing ethical standards.

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Although a great deal of research has addressed the issue of organizational justice, little empirical studies have been conducted to examine the relationship between the quality of dyadic relationship between leader and subordinate and the perception of organizational justice. The Leader member exchange (LMX) theory posits that supervisors as leaders have limited amount of resources such as discretion, time etc. and they selectively distribute these resources among the group members (Dansereau, Gaen, & Haga, 1975; Graen & Scandura, 1987). This selective treatment results into different quality of dyadic relationship ranging from high to low. It is also likely that this selective treatment will influence employees' justice perception. Most of the research on organizational justice has been conducted in laboratory settings and has overlooked how contextual elements influence the behavior of individuals within an organizational setting (Capelli & Sherer, 1991). Greenberg (1990) argues that aspects of work environments are likely to influence employees' perceptions of fairness. Identifying the factors contributing to justice perceptions in an organizational context could provide additional insight into the area of organizational justice.

Studies of the effects of interpersonal working relationships on employees' responses about their job attitudes have been reported by a number of researchers (Graen, 1976; Seers, 1989). Tansky (1993) examined the relationships among perceptions of the quality of the LMX, organizational justice, employee attitudes, and organizational citizenship behavior. This study found that the quality of LMX was positively related to subordinates' job satisfaction, organizational commitment, and perception of organizational justice. More recently Jaesub Lee (2001) reported a strong positive contribution of LMX on organizational justice perception which in turn contributed to cooperative communication in the organization. Hyung-Ryong Lee (2000) conducted a similar study in the lodging industry and found that the quality of interpersonal relationships significantly influenced employees' perception of fairness. Moreover, justice perception moderated the relationship between LMX and several work outcome variables such as job satisfaction, organizational commitment, and turnover intentions.

LMX theory is a subset of social exchange theory, and describes how leaders develop different exchange relationships over time with various subordinates of the same group (Dansereau, Graen, & Haga, 1975). The LMX model is based on the concept that role development will naturally result in different levels of leader-member exchanges and quality of relationships. Leaders usually establish a special exchange relationship with a small number of trusted subordinates who function as assistants, *wazirs*, or advisors. The exchange relationship established with remaining subordinates is substantially different (Yukl, 1994). The primary value of understanding LMX lies in the prediction of certain outcomes. LMX is generally found to be associated with positive performance related and attitudinal variables such as higher overall satisfaction (Scandura & Graen, 1984), greater satisfaction with supervisor (Duchon, Green, & Taber, 1986), and stronger organizational commitment (Nystrom, 1990).

Recent research efforts have noted the potential importance of differentiated levels of exchange with respect to subordinates' attitude formation, and have called for research to determine if such differential treatment might affect perceptions of fairness and various organizational outcomes (Cobb & Frey, 1991; Forret & Turban, 1994).

## **Objectives and Hypotheses**

Based on the literature review the present study proposed to examine how the quality of supervisor-subordinate relationship is associated with distributive and procedural justice perceptions. Two hypotheses developed for the study were:

H1: The higher the perceived quality of supervisor- subordinate relationship the higher will be the perceived distributive justice.

H2: The higher the perceived quality of supervisor- subordinate relationship the higher will be the perceived procedural justice.

## **The Research Instruments**

1. *Measurement of Supervisor-Subordinate Relationship.* A 7-item scale developed by Scandura and Graen (1984) was used to measure the perceived quality of relationship between supervisor and subordinates. The instrument is based on the LMX construct and has been reported to have strong correlations with several other LMX measures (Lee, Hyung-Ryong, 2000).
2. *Measurement of Distributive Justice.* The Distributive Justice Index developed by Price and Mueller (1986) was adapted to measure the perception of distributive justice construct. The 5-item scale measures the degree to which rewards received by the employees are perceived to be related to performance inputs. Each item asks for the degree to which the respondent believes that he or she is fairly rewarded on the basis of some comparison with responsibilities, education, and training, effort, stresses and strains of job, and performance. The response was obtained on a 7-point scale ranging from strongly disagree (1) to strongly agree (7).
3. *Measurement of Procedural Justice.* Perception of procedural justice was measured by a 15-item scale developed by Niehoff and Moorman (1993). The items measured the degree to which decision-making process ensured accurate and unbiased gathering of information, institution of employees' voice and appeal process, consistency, accuracy, correctability, representativeness, and ethicality. Items also included supervisor's consideration of employees' rights, treatment of employees with respect and kindness, and provision of explanations and justifications for decisions. Responses were solicited on a 7-point scale (1 = strongly disagree; 7 = strongly agree).

## **Sample**

Sample of the study was drawn from two manufacturing multinational companies, one food processing company, and one pharmaceutical company operating in Malaysia. Sample consisted of 154 middle and lower middle level personnel randomly selected from several departments. The background profile of the respondents is presented in Table 1.

**Table 1**

**Background Characteristics of the Sample (N = 154)**

	<b>Frequency</b>	<b>%</b>
<b>Gender</b>		
Male	89	57.79
Female	65	42.21
<b>Education</b>		
Secondary/Vocational	22	14.28
Diploma	63	40.90
Degree & Above	69	44.80
<b>Employment Status</b>		
Full time	139	90.25
Part time	15	9.75
<b>Position</b>		
Middle level manager	32	20.77
Engineer	29	18.83
Executive	31	20.12
Supervisor	46	29.87
Others	16	10.38

Table 1 show that the sample included 58% males and 42% females. Most of them were educated beyond tertiary level, 30% of them working at supervisory level, 20% as executives, and nearly 40% as middle level manager and engineers. Most of them (90%) were full time employees. Their mean age was 33.52 (SD = 7.18) and the mean number of years served in the organization was 5.81 (SD = 3.17).

Table 2 displays the descriptive statistics of the study variables and reliability estimates of the research instruments.

As shown in Table 2 the LMX instrument to measure the construct of supervisor-subordinate relationship had seven items that solicited response on a 7-point scale. The range of score obtained on the measure varied from a minimum of 13 to a maximum of 49 with a mean of 34.55. When the mean score was converted to proportional mean the score of 4.93, on a 7-point scale, suggested that overall quality of relationship between supervisor and the subordinate was on the positive side.

Distributive justice construct was measured with the help of a 5-point scale. The score ranged from 6 to 35 with a mean score of 23.55. The 7-point scale obtained a proportional mean of 4.71 that was slightly lower than the LMX score.

Procedural justice construct was measured with the help of a 15-item scale. Again 7-point Likert format was employed to record the responses. Table 2 shows that the mean score on this measure was 73.32. The score ranged from a minimum of 29 to the maximum of 105. The proportional mean of 4.88 demonstrated that the rating was positively inclined on a 7-point scale.

The internal consistency of scale items in all the cases were found to be very high (Alpha values ranged between .90 for LMX scale to .97 for the distributive justice scale).

Table 2

**Descriptive Statistics of Study Variables**

	<b>Mini mum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Prop. Mean</b>	<b>SD</b>	<b>Alpha</b>
LMX (7)	13	49	34.55	4.93	7.93	.90
Distributive Justice (5)	6	35	23.55	4.71	6.14	.97
Procedural Justice (15)	29	105	73.32	4.88	15.94	.95

*No. in parentheses is number of items in the scale. Proportional mean is obtained by dividing the mean with the number of items in the scale.*

**Intercorrelations among Study Variable**

Table 3 displays the coefficient of correlation among the LMX, Distributive and Procedural factors.

**Table 3**

**Intercorrelations among LMX, Distributive Justice, and Procedural Justice Factors (N = 154)**

	2	3
1.Distr Justice	.86**	.74**
2.Proc Justice	-	.84**
3. LMX		-

\*\*P<.001

Correlations among the three variables were highly significant (see Table 3). The result supported both the hypotheses, which expected a positive relationship of quality of supervisor-subordinate relationship with distributive and procedural justice perceptions. The correlation between the two organizational justice variables also turned out to be very strong and positive. The data was further subjected to regression analysis to examine the effect of LMX on dependent variables. Table 4 displays the results.

As shown in Table 4 LMX along with demographic variables were entered into regression to predict distributive and procedural justice in separate equation. LMX turned out to be the only significant variable predicting both distributive and procedural justice. LMX appeared to carry larger beta weight when predicting procedural justice than distributive justice. R square explained nearly 71% of variance in the second equation compared to 59% in the first equation.

**Table 4****Regression Predicting Distributive and Procedural Justice from LMX and Biographical Factors**

Independent Variable	Dep. Variable: Dist. Just		Dep. Variable: Proc. Justice	
	Standardized Beta	<u>P</u>	Standardized Beta	<u>P</u>
LMX	.76	.000	.84	.000
Gender (Male = 1)	-.03		-.03	
Age	.07		.08	
Education (Secondary = 1)	-.04		-.02	
Experience	-.03		-.03	
	Adj. R <sup>2</sup> = .59; F = 32.79, p < .000		Adj. R <sup>2</sup> = .71; F = 53.60, p < .000	

**Discussion and Conclusions**

The result of the study was in the expected direction. It supported both the hypotheses and confirmed the findings reported by others (e.g., Greenberg, 1993; Bies & Moag, 1986; Tyler, 1986, Hyung-Ryong Lee 2000, Jaesub Lee, 2001). The study adds value to our knowledge of the influence of supervisor-subordinate relationship on justice perception. It suggested that if the quality of relationship is higher it is also likely that employees will be more satisfied with the allocation of resources and the way these allocation decisions are taken in the organization. The findings emphasize this point that subordinates belonging to low LMX experience less distributive justice, which means less use of equity principle in allocation decisions. They are also likely to perceive less procedural fairness compared to those who experience high LMX. The result suggests that formal procedures and their implementation are not perceived as consistently applied by the low LMX group of employees.

The findings of the study have important implications for supervisory behavior. The limitation of resources put pressure on supervisors to use short cuts in judgment and develop discriminatory relationships with their subordinates. This, in turn, affects subordinates perception of distributive and procedural justice. Graen and Uhl-Bien (1995) therefore suggest that supervisors should offer the opportunity to develop high quality of relationship with all their subordinates rather than with a select few. This high quality of relationship will ensure high group performance and better members' satisfaction. The responsibility of a leader, therefore, includes providing opportunities to all the employees to improve the quality of LMXs. By providing better training opportunities, positive feedback, and challenging assignments to many more members in the group will improve both distributive and procedural justice perception.

It is important to emphasize at this point that the role of organization justice in promoting a number of organizational outcomes have been amply demonstrated in a number of studies. These outcomes include improvement in employees' job commitment and reduction in their turnover intention (Hassan, 2002; Martin & Bennett, 1996), high evaluation of supervisors (McFarlin & Sweeney, 1992), pay raise satisfaction (Folger & Konovsky, 1989) and job satisfaction in general (Martin & Bennett, 1996; McFarlin & Sweeney, 1992).

To conclude the supervisor-subordinate relationship conceptualized in LMX model is an important variable strongly associated with employees' perception of justice and fair treatment. Thus quality of supervisor-subordinate relationship is indeed fundamental to understanding employees' attitude and behavior. It has implication for managers who need to see how the relationship issue in the workplace should be managed in a way that it leads to better justice perception.

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