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**Role of Organizational Justice Perceptions in India and Ireland: An
Empirical Examination¹**

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Abstract

Research indicates that due process and equitable reward distributions may be more appropriate in influencing attitudes in individualistic rather than collectivistic cultures. Hence, we examined the effects of perceptions of due process in performance appraisal and equity in reward systems on employee commitment and tenure intent among collectivist Indian and individualistic Irish employees. The results indicated that both procedural and distributive justice perceptions predicted affective commitment, normative commitment, and tenure intent among Irish employees. However, in the Indian sample, procedural justice perceptions predicted affective commitment and tenure intent but distributive justice perceptions did not predict these outcomes; also distributive justice perceptions predicted normative commitment but procedural justice perceptions did not. Implications for global businesses are discussed.

Keywords: Organization justice, performance appraisal, procedural justice, distributive justice, affective commitment, normative commitment, tenure, India, Ireland,

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1. Introduction

In the arena of human resource management (HRM), performance appraisal and reward decisions have been shown to be critical to performance management systems and tend to influence a variety of employee attitudes such as job performance, commitment to the organization and tenure intent (e.g., Holbrook, 1999; Schuler & Huber, 1993). In a broad sense, in both of these functions, the role of organizational justice principles or fairness has been emphasized by several authors (e.g., Folger, Konovsky & Cropanzano, 1992; Taylor, Tracy, Renard, Harrison & Carroll, 1995). While distributive justice principles are closely associated with reward distributions, the procedural justice principles of due process are closely associated with performance appraisal practices. Further, effective performance appraisal practices are instrumental to administrative decisions organizations make such as merit pay allocations or promotions (Fletcher, 2001). Thus, one can conceptualize performance appraisal and reward distribution decisions as two critical aspects of performance management systems.

Past research on reward distribution practices across cultures seem to indicate that individualistic cultures adhere to the equity norms more than collectivist cultures (Ahmad, 2004; Berman, Murphy-Berman & Singh, 1985; Kim, Park, & Suzuki, 1990). Similarly, prior studies (Ramamoorthy & Carroll, 1998; Entekin & Chung, 2001) have shown that employee attitudes towards performance appraisals (e.g., formal versus informal appraisals; level of control in the appraisal process) vary as a function of individualistic versus collectivistic orientations of employees. However, cross-cultural research seems to indicate that significant cultural differences seem to exist across cultures in terms of managers' view of subordinates and their performance (DeVoe & Iyengar, 2004), perceptions of performance management (Woods, 2003), level of differentiation between low and high performers (Shibata, 2002), and preferences for formal versus informal appraisal systems (Ramamoorthy & Carroll, 1998). As justice perceptions appear to be norm-based, an understanding of people's perceptions of fairness in organizations across cultures requires considering the prevailing cultural standards and norms (Greenberg, 2001). Using a survey methodology, we examine whether perceptions of procedural justice principles in the performance appraisal systems and perceptions of distributive justice principles (pay for performance) in the reward distributions affect affective commitment, normative commitment, and tenure intent among employees in the relatively individualistic Ireland and relatively collectivistic India.

2. Literature review

Generally speaking, organizational justice refers to perceived fairness in the workplace and comprises of distributive, procedural, and interactional justice (Greenberg, 1990). Distributive justice perception is concerned with the perceived fairness of the outcome grounded in Adam's (1965) equity theory. Although Adam's equity theory is concerned with an evaluation of one's own inputs with outcomes with that of a comparison others, distributive justice may also involve an evaluation of one's own performance or effort and the associated rewards without any specific reference to comparison others. Procedural justice is based on dispute resolution models (Thibaut & Walker, 1975) and is concerned with the fairness of the procedures used in the distribution of the outcome. This dimension of justice is concerned with the processes used by organizations to allocate rewards and may consist of adequate notice about performance

expectations, clear communications of these standards, involvement of the supervisors and subordinates in the setting of performance standards, periodic review of task accomplishment, accurate performance feedback, and an opportunity to resolve grievances with the supervisors.

An effective performance management system presupposes an effective performance appraisal system (PAS) that measures individual performance accurately and rewards employees based on their performance (Ahmad, 2004; Fletcher, 2001). Thus, PAS should be instrumental to effective reward system thus resulting in an effective performance management system. Taylor, et al., (1995) tested the due process metaphor with the incorporation of procedural justice principles in the PAS and found that due process principles resulted in more positive attitudes such as perceived fairness, intent to remain with the organization, accuracy of performance appraisal and positive attitudes about the managers (raters). Similarly, Holbrook (1999) also reported that procedural justice principles in PAS resulted in positive employee attitudes such as satisfaction with the system among the employees.

Hofstede (1980; 1992) introduced the individualism-collectivism (IC) variable as a cultural level variable to the international management literature and suggested that management practices differ across cultures. In individualistic societies, an individual's identity and individual interests are paramount whereas in collectivist societies an individual's identity is submerged in the group (Ramamoorthy & Carroll, 1998). Also, in these societies group interests and goals are paramount to individual goals and interests. Further, in individualistic societies competitiveness is the norm whereas in collectivist societies cooperation is the norm. Further, studies have shown that Ireland is relatively more individualistic and India is more collectivistic (Berman, et al., 1985; Hofstede's, 1980; Ramamoorthy, Gupta, Sardesai & Flood, 2005) and that such differences tend to affect the managerial practices of organizations.

In terms of distributive justice norms, individualistic societies endorse equity norms in reward allocation and collectivist societies endorse equality norms in reward allocations (Ahmad, 2004; Gomez-Mejia & Wellbourne, 1991; Parkes, et al., 2001). One aspect of equity theory suggests that rewards should be proportional to the individuals' effort and/or performance, commonly called as pay-for-performance although this has been interchangeably used with equity or distributive justice. Individualists' preference for equity in the distribution of rewards is generally attributed to a concern with promoting productivity and task achievement, while collectivists' preference for equality is attributed to a concern with maintaining group harmony. Collectivistic cultures are less concerned with individual standing or the amount that each individual receives than members of individualistic cultures. Thus, evidence points out that collectivist Indians are less likely to adhere to equity norms than individualistic Irish.

The due process metaphor in PAS encompasses three essential principles (Folger, et al., 1992; Taylor et al., 1995). The first principle of adequate notice suggests that how, when, and against what standards individuals are to be evaluated be published and communicated well in advance. The second principle of fair hearing suggests that employees be given the opportunity to participate in the formal review meeting in which an employee is informed of a tentative evaluation and how it was derived with an opportunity to provide rebuttal evidence. The third principle of judgment based on evidence requires that managers apply the performance standards consistently across employees without any bias or prejudice. Overall, due process principles

provide employees control over the PA process and opportunity for input into the process. Since several employment decisions such as termination or promotion or pay decisions are made on the basis of such formal appraisal systems, adherence to due process principles of procedural justice may be quite critical to performance management, at least, in individualistic cultures that emphasize individual rights and achievements. Available evidence seems to indicate that formal appraisal systems consisting of due process may be more characteristic of individualistic societies than collectivist societies.

Performance appraisal practices in collectivist societies tend to be informal and may include peer group members providing feedback and adherence to group norms (Parkes, et al., 2001; Robbins, 2002). Elenkov (1998) suggests that direct feedback by the manager in the collectivist Russia is perceived as less acceptable. Further, crucial employment decisions such as promotions and merit raises in collectivist societies may be made not just on individual performance but may include other factors such as longevity, loyalty of the employee to the organization, and adherence to organizational norms (Gomez-Mejia & Wellbourne, 1991; Shibata, 2002). Rao, et al., (2000) also report that collectivist Indian managers consider group membership, relationship, and other contextual factors such as cooperation and harmony in performance evaluation systems. Similarly, Hempel (2001) reported that Western PAS are less acceptable in China due to differences in the notion of performance and Huo & Von Glinow (1995) reported that Chinese managers were reluctant to involve subordinates in the appraisal process. Thus, in collectivist human resource management systems, employee loyalty to the organization and seniority are emphasized to a greater extent than individualistic societies. Further, the notion of performance may include factors that are unrelated to job performance alone. Such systems also tend to exhibit characteristics such as lack of participation by employees in goal setting or assignment of goals by the supervisors, promotions based on seniority and loyalty than on individual performance alone. Ramamoorthy & Carroll (1998) reported that individualism orientations were positively related to formal appraisal systems emphasizing clear performance standards, joint setting of performance goals between the supervisors and subordinates, and formal resolution of performance ratings between the employees and the supervisors. Overall, these studies indicate that formal appraisal systems incorporating the due process principles may be appropriate to Western societies where pay-for-performance emphasizing individual achievements is more congruent with the cultural values of individualism. Hence, we propose the following hypotheses:

H1: The relationships between procedural and distributive justice perceptions and affective commitment will be positive and stronger among the Irish sample than the Indian sample.

H2: The relationships between procedural and distributive justice perceptions and normative commitment will be positive and stronger among the Irish sample than the Indian sample.

H3: The relationships between procedural and distributive justice perceptions and tenure intent will be positive and stronger among the Irish sample than the Indian sample.

3. Method

The sample consisted of four-hundred-and-sixty-seven (467) employees from organizations in the Shannon region of Ireland and one-hundred-and-twenty-seven (127) employees from India in the Bangalore region. In the Irish sample, 162 respondents (34.7%) reported their gender as male while 303 (64.9%) reported as female. In the Indian sample, 77 respondents (93.9%) reported their gender as male while 5 (6.1%) reported as female with 46 missing data. We administered the questionnaires to the employees during their work hours and thus, the response rate was nearly one-hundred percent barring a few absences. We used established scales to measure the variables. We used the following scales: Ramamoorthy & Flood's (2004) distributive and procedural justice, Mowday, Steers & Porter's (1979) affective commitment scale, Meyer & Allen's (1991) normative commitment scale, and Ramamoorthy & Flood's (2004) single-item tenure intent scale. All the multi-items scales exhibited a reliability of 0.75 or higher. Pay was measured using an ordinal scale. We used the hierarchical regression to test the hypotheses (Pedhazur, 1982).

4. Results

Table 1 presents the means, standard deviations and correlations among the variables used in the study. Table 2 presents the results of the hierarchical multiple regression equations separately for the Indian and the Irish samples.

As can be seen from the results, the control variable, pay predicted affective commitment ($\beta = 0.30, p < .001$) for the Indian sample and $\beta = 0.18, p < .001$ for the Irish sample) and normative commitment ($\beta = 0.18, p < .05$ for the Indian sample and $\beta = 0.09, p < .05$ for the Irish sample) across both samples although the effects of pay on these variables were stronger for the Indian sample than the Irish sample. However, pay had a positive effect on tenure intent for the Indian sample ($\beta = 0.28, p < .001$) but for the Irish sample, pay had no such effect on tenure intent.

As expected, for the Irish sample, distributive justice perceptions predicted affective commitment ($\beta = 0.30, p < .001$), normative commitment ($\beta = 0.27, p < .001$), and tenure intent ($\beta = 0.15, p < .01$) positively and in the hypothesized direction. Similarly, for the Irish sample, procedural justice perceptions predicted affective commitment ($\beta = 0.27, p < .001$), normative commitment ($\beta = 0.16, p < .001$), and tenure intent ($\beta = 0.26, p < .001$) positively and in the hypothesized direction. However, for the Indian sample, procedural justice perception had a statistically significant and positive relationship with affective commitment ($\beta = 0.44, p < .001$) and distributive justice perception had no effect on affective commitment. Further, in the Indian sample, in the equation predicting normative commitment, distributive justice perceptions ($\beta = 0.27, p < .001$) had a statistically significant and positive relationship with normative commitment but procedural justice had no such effect. Similarly, in predicting tenure intent, among the Indian sample, only procedural justice was significant and positive ($\beta = 0.29, p < .001$) and distributive justice was not. Overall, barring the model predicting normative commitment, procedural justice appears to be more important to Indians than distributive justice. Thus, we found partial support for the three hypotheses developed and tested in this study.

Table 1: Means, Standard Deviations and Correlations among Variables

Variables	Indian Sample									Irish Sample							
	Mean	Std. Dev.	1	2	3	4	5	6	Mean	Std. Dev.	1	2	3	4	5	6	
Age	1.87	0.38								2.10	0.86						
Pay	0.00	1.00	34***						0.00	1.00	35***						
Procedural Justice	3.26	0.59	14	19*					3.31	0.72	06	01					
Distributive Justice	3.55	0.81	03	35***	29***				3.05	1.13	-02	13**	46***				
Affective Commitment	3.95	0.64	09	38***	51***	34***			3.55	0.88	16***	25***	42***	44***			
Normative Commitment	2.93	0.73	10	29***	19*	36***	34***		2.58	0.95	13**	15***	30***	35***	54***		
Tenure Intent	3.48	1.71	-01	30***	34***	28***	44***	41***	4.23	1.87	29***	15***	34***	27***	56***	33***	

Note: Decimals omitted from the correlations.

* p<.05 ** p<.01 *** p<.001

Table 2: Results of the Hierarchical Regression Predicting Commitment and Tenure Intent

Variables	Affective Commitment		Normative Commitment		Tenure Intent	
	India	Ireland	India	Ireland	India	Ireland
	β (t-statistic)	β (t-statistic)	β (t-statistic)	β (t-statistic)	β (t-statistic)	β (t-statistic)
Step 1						
Age	-.09 (1.14)	0.10* (2.30)	0.01 (0.12)	0.10* (2.07)	-.15 (1.64)	0.26*** (5.83)
Pay	0.30*** (3.67)	0.18*** (4.23)	0.18* (1.89)	0.09* (1.88)	0.28** (2.90)	0.04 (0.91)
ΔR^2	.15	.07	.09	.03	.11	.09
F-Ratio	10.75***	17.50***	5.67**	7.19***	6.83**	21.76***
Step 2						
Distributive Justice	0.11 (1.34)	0.30*** (6.67)	0.27** (2.91)	0.27*** (5.42)	0.09 (0.96)	0.15** (3.09)
Procedural Justice	0.44*** (5.78)	0.27*** (6.02)	0.08 (0.87)	0.16*** (3.36)	0.29*** (3.23)	0.26*** (5.40)
ΔR^2	.22	.23	.08	.14	.10	.12
F-Ratio	21.17***	76.53***	5.48**	37.36***	7.19***	35.12***

* p<.05 ** p<.01 *** p<.001

5. Discussion

In the present study, we compared the effects of distributive and procedural justice perceptions across Indian and Irish sample on affective and normative commitments, and tenure intent. Similar to the relationships observed in several other studies (Colquitt, et al., 2001), in the individualistic Western society of Ireland, both procedural and distributive justice perceptions impacted both forms of commitment and tenure intent. In the Indian sample, however, distributive justice affected only normative commitment and not affective commitment or tenure intent. Procedural justice, on the other hand, influenced both affective commitment and tenure intent among the Indian sample. This was somewhat surprising given the fact that due process in performance appraisal systems has a relatively weaker role in collectivist societies such as India. In collectivist societies such as India performance evaluation outcomes and administrative decisions such as merit raises and promotions may not correlate highly since these decisions also consider other factors such as loyalty and seniority. Our results, however, are somewhat contradictory to the results reported by Pillai, et al. (2001). In their study, these authors reported that distributive justice predicted commitment and procedural justice perceptions did not. We found support for the distributive justice – commitment relationship only for normative commitment and not for affective commitment. Our results seem to suggest that procedural justice in PAS seem to be equally important in collectivist societies such as India. The fact that distributive justice perception did not influence affective commitment or tenure intent may suggest that Indians may not be very sensitive to equity issues compared to the individualistic Irish. These results are also consistent with the results reported by Berman, et al., (1985) wherein these authors reported that Americans tended to follow equity norms more than Indians.

Greenberg (2001, p. 368) cautioned against the use of a unidimensional measure of organizational commitment in cross-cultural studies and called for studies that distinguished between affective, normative, and continuance commitment. Similarly, Lee, Carswell and Allen (2000) suggested that social norms regarding quitting, agreement with the organizational values, and economic opportunities that make quitting organizations possible are key determinants of these various forms of commitment and are likely to vary across cultures. It may make sense that distributive justice perceptions in rewards may affect the employee's liking the organizations as reward fairness has been shown to influence commitment. However, identification with the organizational goals may have to do with the fairness of the procedures than with the fairness of the outcome itself. Thus, it appears that the antecedents of these two forms of commitments may be different aspects of justice perceptions in India and Ireland.

6. Conclusions

The present study tested the effects of two forms of justice perceptions on commitment and tenure intent. While the results for the Irish sample were similar to past findings, the results for the Indian sample tended to be somewhat different. We found evidence that some of the findings of the relationships between justice perceptions and employee attitudes in the individualistic Western societies are generalizable to collectivist Indian societies. Whether these findings reflect a convergence of management practices on account of globalization of businesses or a coexistence of Western management principles along with indigenous Indian management practices may be worthwhile pursuing in future.

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