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# THE JUST ORGANIZATION: CREATING AND MAINTAINING JUSTICE IN WORK ENVIRONMENTS

KAREN L. NEWMAN\*

One of the most enduring themes of life in America is justice. Indeed, our national founding documents are based on justice. Our pledge of allegiance even ends with the words "and justice for all." One might just as well call Dr. Martin Luther King's "I Have A Dream" speech his "freedom and justice" speech.

Yet the concept of justice, though so thoroughly a part of our national heritage, receives little attention in the workplace. Certainly, we have laws and regulations governing workplace behavior, grounded in our legal and regulatory systems. But official rules and regulations do not cover many facets of business organizational life. Principles of justice, rather than formal laws, rules, and regulations, may guide behavior in the vast arena of day-to-day interaction at work. However, justice is not well understood in the workplace, though a growing body of research suggests it ought to be understood better because justice clearly has an important effect on work organizations.

This Article is about justice in work organizations. I begin with a definition and overview of justice in the organizational context. I then link justice with the moral quality of the work climate, and argue that each leads to and reinforces the other. The third section of the paper is a report of empirical research on the effects of justice in a simulated organization. Finally, I conclude with a discussion of how organizations can become more just, and why justice makes good business sense.

## I. JUSTICE: DEFINITION AND FRAMEWORK

Organizational literature often equates justice and fairness.<sup>1</sup> This literature generally defines justice as processes and outcomes characterized by a belief that outcomes are deserved, entitlements are fulfilled, and outcomes and processes are morally acceptable. This definition implies that justice is a subjective concept, influenced by an individual's own perceptions, values, and cultural norms, and by what the individual believes would happen to others

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1. BLAIR H. SHEPPARD ET AL., ORGANIZATIONAL JUSTICE: THE SEARCH FOR FAIRNESS IN THE WORKPLACE 9 (1992) (setting forth basic premises for framework and applications of theory of organizational justice; psychological origins of which focus on how individual decides whether something is fair or unfair and what individual then should do).

in similar situations. Justice is also a relative concept, depending on prevailing social and cultural mores for its meaning and enactment.

Perceived justice is more important for understanding human behavior than "objective" justice.<sup>2</sup> Even if one could measure the objective justice of an outcome or a procedure, the reactions of people to the outcome or procedure is as much a function of their values and beliefs as a function of the actual events. Thus, to understand the relationship between justice and human behavior, one must examine justice in the realm of subjective perceptions.

The definition offered above includes references to both outcomes and processes. Social scientists draw important distinctions between outcomes and processes. This distinction is found in social science literature that discusses justice. *Outcome* justice, often called distributive justice, refers to the fairness of particular decisions or allocations. For example, distributive justice refers to whether a promotion is fair, a raise is fair, a job discipline action is fair, and so forth. While distributive justice is important, it is not the focus of this paper. Rather, the focus of this paper is procedural justice.

*Procedural* justice has to do with the process by which a decision is made, rather than the decision itself.<sup>3</sup> Again, one must distinguish between actual, formal procedures and employees' perceptions of procedures. Belief that a process is procedurally fair is more important for predicting reactions to the process than the "actual" fairness of the procedure, according to existing norms of fairness. Certainly, objectively fair procedures are more likely to produce perceptions of fairness, but if our goal is to understand human behavior in the workplace, perceptions of fairness are more important.

How do employees make judgments about procedural fairness? To answer this question we draw upon the work of Blair H. Sheppard and associates who offer a simple categorization scheme for analyzing procedural justice.<sup>4</sup> They argue that two types of judgments are made in determining procedural justice: a judgment about "balance" and a judgment about "correctness."<sup>5</sup> Balance judgments require a comparison between the focal action and other actions occurring in similar circumstances. Correctness judgments do not rely upon comparisons among actions, but rather on the intrinsic quality of the action and the process by which it was achieved.

Balance is most easily thought of as a type of equity judgment—whether a process is fair, given what one deserves. How do workers know what they deserve? Workers might make that judgment based on what has happened to them in the past, on what has happened to others in similar circumstances,

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2. *Id.* See generally E. ALLAN LIND & TOM R. TYLER, *THE SOCIAL PSYCHOLOGY OF PROCEDURAL JUSTICE* (1988) (discussing early research and new analyses of procedural justice).

3. JOHN THIBAUT & LAURENS WALKER, *PROCEDURAL JUSTICE: A PSYCHOLOGICAL ANALYSIS* 1-2 (1975) (presenting studies that show how various procedures work and what their operating properties produce and evaluating of degree to which various procedures administer justice).

4. SHEPPARD ET AL., *supra* note 1.

5. *Id.* at 10-11.

and on how much effort they have put into a process or activity. Thus, a worker's judgment about the procedural fairness of a performance appraisal might be based on whether the process (not the outcome) was similar to last year's appraisal or whether the process was similar to the perceived process available to co-workers.

"Correctness" has to do with whether the process was right, both in terms of the way in which rules were applied in the particular case and with respect to moral judgments concerning what is the right process. Correctness judgments involve the moral climate of the organization as well as the moral values of the person involved. Correctness judgments are often made in the context of existing norms and common practices.

Judgments about correctness include consideration of the procedures themselves and the perceived manner in which the procedures were applied. The former might be thought of as objective procedural justice and the latter as enacted procedural justice. Employee perceptions of correctness come from both of these, colored by the employee's own value and experience lenses.

Professor Gerald S. Leventhal suggests six criteria for judging objective procedural correctness: consistent application of procedures across individuals, safeguards against bias in the process, use of accurate information, correctable decisions, adequate opportunity to participate for all relevant parties, and conformity to prevailing ethical standards.<sup>6</sup>

The first two of Leventhal's criteria are specific elements of a more general criterion, *equality of access* to the process. The third and fourth contribute to *accuracy* by ensuring the use of appropriate information and correction procedures. The fifth is participation or *voice*. The sixth is adherence to *ethical* standards. Subsequent research has shown all of these criteria of fairness to be important in determinations of procedural justice,<sup>7</sup> but the last two, voice and ethicality, are particularly important.<sup>8</sup>

The last factor to include in a definition of procedural justice is its referent. Justice according to what criterion? Justice for whom? Justice at what level of aggregation? If one views work organizations as locations in

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6. Gerald S. Leventhal, *What Should Be Done with Equity Theory? New Approaches to the Study of Fairness in Social Relationships*, in *SOCIAL EXCHANGE: ADVANCES IN THEORY AND RESEARCH* 27-55 (Kenneth J. Gergen et al. eds., 1980).

7. Jerald Greenberg, *Determinants of Perceived Fairness of Performance Evaluations*, 71 *J. APPLIED PSYCHOL.* 340, 341 (1986) (providing empirical support for several theories of procedural justice that have emphasized importance of various determinants of fair procedures, including, in particular, the ability to challenge or rebut evaluations (i.e., identification of appeals procedures) and consistent applications of standards (i.e., consistency of allocation practices)); Tom R. Tyler, *What Is Procedural Justice?: Criteria Used by Citizens to Assess the Fairness of Legal Procedures*, 22 *LAW & SOC'Y REV.* 103, 128 (1988) (providing empirical support for distinct aspects of process: "the authorities' motivation, honesty, and ethicality; the opportunities for representation; the quality of the decisions; the opportunities for error correction; and the authorities' bias").

8. Tom R. Tyler, *When Does Procedural Justice Matter in Organizational Settings*, in *1 RESEARCH ON NEGOTIATION IN ORGANIZATIONS* 7-23 (Roy J. Lewicki et al. eds., 1986); Tyler, *supra* note 7, at 129-30.

which effort is to be expended for goal-oriented performance, then justice legitimately focuses on firm performance. If one expands one's view of organizations to define them as social structures in which work is accomplished through cooperative action, justice has a social and structural dimension. Under this definition, justice includes procedures directed toward maintenance or enhancement of the social order, including behavior directed toward goals of cooperation and caring. Finally, if one defines work organizations as settings in which employees are encouraged to achieve their potential and in which people's identities are fundamentally formed, then ideas of personal growth, dignity, respect, and trust must be part of the definition of justice.

Justice may mean something different under each of these definitions. Indeed, what is just when performance is the goal may not be just if community building is the goal. A classic dilemma in management illustrates the point. How should employees be rewarded for performance, as individuals or as a group? When groups are rewarded, cooperation is encouraged, but so is "free riding." When individuals are rewarded, high individual performance is encouraged, but often at the expense of cooperation. Similarly, human dignity is rarely served by firings. Yet, if performance is the criterion and one has a poorly performing employee who has not responded to feedback or to additional training, the "just" action may be to fire the employee.

The point of this discussion is that justice is neither easy to accomplish nor universally defined. The principle of equal access to a process is a very western concept, suitable for our egalitarian society. However, this particular principle is not likely to be perceived to be part of a just process in a much more class-oriented society. Participation, highly valued in the West, is threatening and culturally inappropriate in some parts of the world. Nevertheless, justice has important consequences for workplace behavior and is therefore an important arena for research.

Figure One summarizes the discussion thus far.<sup>9</sup> Two criteria are used for judging justice, balance (the comparison criterion) and correctness. The referent level for justice determination may be at the performance level, may refer to the system, or may relate to individual dignity.

**Figure 1**  
**Views of Procedural Justice<sup>a</sup>**

| Justice Goal     | Balance                                 | Correctness                                    |
|------------------|---|--|
| Performance      | Checks & balances to minimize bias      | Neutrality, accuracy, & thoroughness           |
| Social Structure | Balance of power to minimize domination | Consistency, trustworthiness, & integrity      |
| Dignity, Respect | Opportunity for voice                   | Recognition of membership in the social system |

<sup>a</sup> Adapted from Sheppard, Lewicki, & Minton, 1992.

9. See SHEPPARD ET AL., *supra* note 1, at 20, 31, 39 (identifying standards of balance and correctness at outcome, procedural, and systems levels of justice).

Procedural justice at the performance level is exemplified by performance appraisal procedures that are behaviorally-based rather than based on attitude or assumptions about personality or character. Behaviorally-based appraisal is less subject to bias than other types of appraisal. The correctness of a performance appraisal could be increased by evaluation of many different behaviors, evaluation by more than one person, and appropriate review procedures to increase neutrality in the application of procedures.

Procedural justice at the social structure level often has to do with the relationship between supervisor and subordinate. The balance criterion might be met by appeal procedures or with opportunities for all employees to influence decisions in order to more widely distribute power. The correctness criterion is met by a relationship between supervisor and subordinate based on trust and integrity. Consistent treatment of employees is another manifestation of correctness.

Opportunity for influence, participation, and visibility of key decisions enhance individual dignity. The balance criterion is measured by the relative amount of organizational participation for each member. Accordingly, organizations should balance and distribute participation and influence among those with a stake in the decision. The correctness criterion relates to employees' feelings of self-worth in the system, as shown by the way organizations treat them.

The research literature on procedural justice is quite consistent in its conclusions. Procedures that workers perceive to be fair are more likely to be satisfactory to participants, more likely to result in commitment to a course of action, and in some cases, more likely to lead to continued involvement in the organization.<sup>10</sup> Indeed, in some studies, perception of procedural justice outweighs perception of distributive justice as a determinant of overall satisfaction with a process.<sup>11</sup>

Moreover, positive perceptions of procedural justice can yield unexpected benefits, especially during times of change. In a study of managers' reactions to a far-reaching strategic change, I found perceptions of fair treatment of employees to be the most important factor in employees' acceptance of the

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10. See Sheldon Alexander & Marian Ruderman, *The Role of Procedural and Distributive Justice in Organizational Behavior*, in 1 Soc. JUST. RES. 177-98 (1987) (investigating relationship between fairness and organizational outcomes by study of six governmental organizations); Robert Folger, *Distributive and Procedural Justice: Combined Impact of "Voice" and Improvement on Experienced Inequity*, 35 J. PERSONALITY & SOC. PSYCHOL. 108, 117 (1977) (discussing correlation between participation in decisionmaking procedures and commitment); Ruth Kanfer et al., *Fairness and Participation in Evaluation Procedures: Effects on Task Attitudes and Performance*, in 1 Soc. JUST. RES. 235-49 (1987) (investigating fairness attitudes and work performance in laboratory study); W. Chan Kim & Renee A. Mauborgne, *Procedural Justice, Attitudes, and Subsidiary Top Management Compliance with Multinationals' Corporate Strategic Decisions*, 3 ACAD. MGMT. J. 502, 523 (1993) (discussing relationship between elements of procedural justice and commitment).

11. See THIBAUT & WALKER, *supra* note 3, at 94 (discussing relationship between satisfaction and perceived fairness of procedure and outcome).

change, especially for employees who "lost" in the change.<sup>12</sup> For winners, in this case sales and marketing employees, the process was less important. After all, these people's career prospects had just improved. They had become more central in the organization. They had gained strategic power because the firm had shifted from being technology-driven to being market-driven. On the other hand, the "technology" employees who had invented the firm's product and also had been at the firm's strategic center for its twenty year history were collectively the "losers" in the change. Yet, they were no more or less likely to approve of the change than the "winners." The reasons for their approval were, however, quite different. The single most important factor for gaining the approval of "the losers" was the employees' perception that people had been treated fairly in the change and accompanying layoff.

In another study, managers of subsidiaries in multinationals were asked about their compliance with their parent companies' strategic direction.<sup>13</sup> A strong predictor of compliance was perceptions of procedural justice in the firm. These perceptions had both a direct effect on compliance and an indirect effect, via increased commitment to the firm and trust in parent company management.<sup>14</sup>

In studies of lay-offs, procedural justice is also a central factor in predicting outcomes. Survivors' performances are likely to suffer if they perceive the lay-off process as unfair. Even "lame ducks"—those who know they are to be laid off but have not yet left the firm—are likely to exhibit good "citizenship" behavior toward their former firm if they believe the process was fair.<sup>15</sup>

Another study of lay-offs showed perceptions of procedural justice as the pivotal factor in how severance arrangements were viewed.<sup>16</sup> Among surviving and laid-off employees who felt the process was fair, the amount of severance received was unrelated to employees' support for or trust in the organization's authority structure. For employees who felt the process was not fair, severance arrangements were directly and strongly related to support and trust. In other words, when workers perceive the process as fair, the financial outcome is not really related to their view of or support

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12. See Karen N. Gaertner, *Winning and Losing: Understanding Managers' Reactions to Strategic Change*, 42 HUM. REL. 527 (1989) (analyzing managers' perceptions and reactions to large organizational changes).

13. See Kim & Mauborgne, *supra* note 10, at 511 (describing method used to understand how managers' perception of procedural justice in their organization affected their behavior).

14. See *id.* at 521 (discussing effect of procedural justice on managers' compliance with multinationals' corporate decisions).

15. Robert J. Bies et al., *Just Laid Off, But Still a "Good Citizen"? Only If the Process Is Fair*, 6 EMPLOYEE RESPS. & RTS. J. 227, 232-35 (1993) (showing results of study involving psychological factors that may explain why individuals remain good citizens during lay-off process).

16. Joel Brockner et al., *The Interactive Effects of Procedural Justice and Outcome Negativity on Victims and Survivors of Job Loss*, 26 ACAD. MGMT. J. (forthcoming 1993) (on file with *Washington & Lee Law Review*).

of top management. When workers perceive the process as unfair, support for management and financial outcomes are closely related.

These empirical results suggest that procedural justice, certainly at the interpersonal level, is critical in creating acceptance of decisions and courses of action. Acceptance of decisions does not always translate perfectly to higher employee work performance. It does, however, make the firm a more satisfying place in which to work and generally an easier workplace to manage.

## II. PROCEDURAL JUSTICE AND MORAL CLIMATE

One of Leventhal's six criteria for procedural justice is the ethicality of the process, or the extent to which the process conforms to prevailing norms of ethical behavior in society.<sup>17</sup> The notion of justice is, of course, deeply connected to ethical theory.

One may generally categorize justice as a deontological principle of ethical behavior. John Rawls' theory of justice posits a definition of justice that is linked closely to notions of distributive and procedural justice.<sup>18</sup> Rawls suggests that one may best determine a just action or a just process by using a procedure employing the metaphor of a "veil of ignorance."<sup>19</sup> Rawls argues that one can best judge the fairness of an act (and therefore act fairly) by making decisions as if one has no determinable or specific interest in the decision or process at hand. However, while making such choices, decisionmakers know that they will be subject to such decisions and will be in some way a part of that society.<sup>20</sup> Knowing that one will have to live with the decision, but not knowing which party in the decision process one will be, potentially yields a decision that is as just and fair as possible for all concerned.<sup>21</sup> In other words, one may judge a system or process or decision to be fair if one is willing to live with the decision regardless of one's position in the society.

A just society is one in which decisions are made via a process that protects the interests of all parties to the greatest extent possible. Ethical behavior, based on deontological principles, is behavior that conforms to principles of justice, maintenance of social contracts, and concern for the

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17. Leventhal, *supra* note 6, at 45-46.

18. JOHN RAWLS, A THEORY OF JUSTICE 60 (1971). Rawls identifies two principles of justice. The first principle is that "each person is to have an equal right to the most extensive basic liberty compatible with similar liberty for others." *Id.* The second principle is that "social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone's advantage, and (b) attached to positions and offices open to all." *Id.*

19. *See id.* at 136-42 (discussing veil of ignorance).

20. *See id.* at 136-37 (stating that veil of ignorance means that people do not know how various alternatives will affect their own particular case and that people must evaluate principles solely on basis of general considerations).

21. *See id.* at 12 (concluding that principles of justice chosen behind veil of ignorance are result of fair agreement or bargain).



well-being of others. But what about ethical work organizations?

Following the work of Bart Victor and John B. Cullen,<sup>22</sup> I argue that the way in which a work organization affects individual behavior is through the interaction between the corporate culture and the employee.<sup>23</sup> Corporate culture, defined as the norms, values, and assumptions that form the foundation for interaction in the firm, is actually composed of sub-cultures or what social psychologists call climates.<sup>24</sup> An organization may have many climates, determined in part by location and in part by the domain of activities under consideration.<sup>25</sup> The *moral climate* of an organization is based on the perceptions of the organization's members about practices and procedures that have moral content, that exist in the realm of what the firm values, believes in, and considers right.<sup>26</sup> Perceptions of moral climate come from existing business practices and procedures, including the way in which firms treat employees, the way in which firms conduct business, and the way in which firms include or exclude employees in decisionmaking.

The moral climate of an organization defines and limits the way in which problems are perceived, people are treated, and decisions are made.<sup>27</sup> A firm's moral climate may preclude alternative decisions. For example, if one organization's decisionmaking process primarily values the rights of individuals, while a different organization's decisionmaking process values cost efficiency, two different moral climates are operating. If one company includes many stakeholders in decisions and another includes only top managers in similar decisions, two different moral climates are operating.

The moral climate of a business may give employees a sense of the acceptability of certain practices and procedures within the organizational context. Employees learn what the firm values by observing the behavior of others, especially actions that have a direct effect on them. Thus, employees learn about the values of the firm by observing how they and others are treated. Employees develop styles of working with others based on how they are included or excluded from decisions. Furthermore, decisions that are made without employee consideration speak much more loudly than statements about participation and inclusion. Likewise, processes based on

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22. Bart Victor & John B. Cullen, *The Organizational Bases of Ethical Climates*, 33 *ADMIN. SCI. Q.* 101-25 (1988).

23. See *id.* at 101 (noting growing belief that organizations are social actors responsible for ethical and unethical behavior of employees).

24. See *id.* (defining work climate as perceptions that are meaningful descriptions that people can agree characterize system's practices and procedures).

25. See *id.* at 102 (assuming that institutional normative systems are not completely homogeneous).

26. See *id.* at 101 (stating that prevailing perception of typical organizational practices and procedures that have ethical content constitutes ethical work climate).

27. See Garlie A. Forehand & B. Von Hallen Gilmer, *Environmental Variation in Studies of Organizational Behavior*, 62 *PSYCHOL. BULL.* 361, 368-73 (1964) (discussing studies of effects of organizational climate). See generally William J. Qualls & Christopher P. Puto, *Organizational Climate and Decision Framing: An Integrated Approach to Analyzing Industrial Buying Decisions*, 26 *J. MARKETING RES.* 179 (1989).

biased and incomplete information have a greater effect on employee perceptions than formal procedures or documents indicating that the company should make decisions in an unbiased manner.

No consistent agreement exists in the literature about the method of classifying the moral climates of organizations. I identify three types of moral climates, one that reflects pre-conventional or egocentric moral behavior, one that is similar to conventional, rule-oriented moral behavior, and one that is consistent with post-conventional or principled moral behavior.<sup>28</sup>

An egocentric climate is one in which the moral rules include narrow self-interest, simple exchanges and contracts meant to maximize individual well-being, and a willingness to do "whatever it takes" either to get ahead or to help the company succeed. Egocentric climates are characterized by little concern for the social fabric of the firm. Such climates often emphasize financial performance much more highly than other outcomes. Compensation in egocentric climates is likely to be based on individual performance and be linked closely to countable output, exemplified by piece-rate systems or sales commissions.

A rule-oriented climate is one in which employees have accepted a set of rules, regulations, policies, and norms about behavior in the organization. Cooperative members of the organization interact based upon a foundation of lawfully developed rules. In this way, one has a duty to obey rules as a member of the organization, although blind obedience is not required and neither will employees feign obedience to avoid punishment. Rather, employees will see a system of justly derived rules as the foundation for social interaction.

A principled climate (or ethical climate in more common language) is one based on principles of justice, respect for the dignity of individuals, and maintenance of social obligations. Adherence to principles of rationality and impartial cooperation that respects the rights of others characterizes a principled climate system.

A principled moral climate based on adherence to deontological norms of justice, maintenance of social relationships, and concern for the rights of others is most likely to contribute to procedural justice in work organizations. An organization in which decision processes are believed to be fair, by implication, will be perceived as having a "just" climate.

Returning to Leventhal's principles of procedural justice,<sup>29</sup> one will see clear connections between his principles and the moral climate of an organization. His principle of voice suggests adherence to moral principles of inclusion, in other words, valuing the individual as an end rather than

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28. See Lawrence Kohlberg, *Stage & Sequence: The Cognitive-developmental Approach to Socialization*, in HANDBOOK OF SOCIALIZATION THEORY AND RESEARCH 347, 369-97 (David A. Goslin ed., 1969) (discussing moral stages of social development). See generally Victor & Cullen, *supra* note 22 (discussing types of ethical climates within organizations).

29. Leventhal, *supra* note 6, at 39 (outlining six rules of procedural justice).

a means. His principle of ethicality suggests adherence to prevailing norms or social contracts concerning behavior. Therefore, perceptions of procedural justice are likely to be consistent with and found in organizations with more ethical climates, and each reinforces the other.

Voice and ethicality are likely to be important determinants of procedural justice because they find their source both in the existing formal processes *and* in the enactment of these processes by decisionmakers.<sup>30</sup> Voice and ethicality are probably more subjective than the other principles of procedural justice, less able to be validated externally, and therefore more open to variations in enactment.

Voice is a very important aspect of procedural justice in work organizations, especially in western societies. The opportunity to speak and be heard is a vital factor of employees' self-esteem and sense of contribution to the firm. Systems that encourage participation are likely to garner commitment to a course of action more easily because the very act of participating creates commitment to the decision.<sup>31</sup> Finally, work organizations in which widespread participation is the norm may also contribute to the performance goals of the firm by making better decisions, because many points of view are considered in the decisionmaking process.

Referring to Figure One, voice is a manifestation of the balance criterion for procedural justice judgments, operating at the social structural and individual dignity levels. Dignity, as an end in itself, is a function of the correctness criterion—the extent to which procedures give a person full membership or standing in the organization. Dignity manifests itself in co-worker perceptions of fair treatment and honest dealings. Dignity also manifests itself in expressions and reinforcement of self-worth at work. Dignity is more likely to be found in work climates that value individuals as an end rather than a means, in work climates that show care and concern for the needs of individuals, and in work climates that are governed according to some sort of consensus-seeking model.

Conversation about justice in organizations cannot proceed very far without a discussion of the relationship between supervisor and subordinate. It is in this interaction that the firm's principles of justice are enacted, that procedures are followed, that dignity is affirmed, that voice is encouraged, and that values are reinforced.

Variations in enactment of formal procedures are likely to stem from the supervisor-subordinate relationship. Supervisors make choices about involvement of employees in decisions and about the way in which firms treat employees. In hierarchical organizations, supervisors interpret, select,

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30. See Tom R. Tyler & Robert J. Bies, *Beyond Formal Procedures: The Interpersonal Context of Procedural Justice*, in *APPLIED SOCIAL PSYCHOLOGY AND ORGANIZATIONAL SETTINGS* 77, 81-88 (John S. Carroll ed., 1990) (discussing how people are influenced in workplace by interpersonal treatment and procedures enacted by decisionmaker).

31. See Norman R. F. Maier, *Assets and Liabilities in Group Problem Solving: The Need for an Integrative Function*, 74 *PSYCHOL. REV.* 239, 240 (1967) (stating that insofar as group problem solving permits participation and influence, more individuals accept solutions).

and enact formal procedures that affect the daily interaction between supervisor and subordinate. Supervisors who make subordinates feel respected and valued and supervisors whom subordinates believe to be trustworthy contribute to an ambient climate of procedural fairness and probably contribute to an ethical climate.<sup>32</sup>

Marshall Sashkin takes this argument a step further, arguing that it is unethical to prohibit employee participation in matters of organizational governance.<sup>33</sup> He argues that participation meets human needs for autonomy, meaningfulness, and affiliation. To deny participation is to deny people the opportunity to meet these needs and therefore to do psychological harm to employees. Therefore, Sashkin argues that permitting participation is an ethical imperative.

Locke, Schweiger, and Latham counter this line of reasoning by noting there are many ways other than participation to meet these human needs at work.<sup>34</sup> Even if we accept the Locke, Schweiger, and Latham argument, Sashkin points out that a potential link may exist between participation and perception of a work climate that values the needs of employees. Though participation may not be the only way to meet needs such as autonomy, an employee is more likely to perceive a participative organization as ethical when compared to a nonparticipative organization. Similarly, employees are more likely to perceive as ethical an organization in which supervisors are seen as trustworthy and respectful of employee needs.

### III. PROCEDURAL JUSTICE IN AN ORGANIZATION: EMPIRICAL RESULTS

The discussion above suggests that ethical work climates and procedural justice—mutually reinforcing aspects of organizational life—directly contribute to employee well-being. Also, ethical work climates and procedural justice indirectly contribute to employee well-being by increasing commitment to the firm, enhancing the fairness of decisions, and perhaps even improving employee performance.

In the last five years, I have investigated the effects of work place ethical climate on decisionmaking.<sup>35</sup> In the last two years, my research has extended to considerations of procedural justice.<sup>36</sup> In this section, I present new analyses to test the effects of procedural justice on employee outcomes.

32. Tom R. Tyler & E. Allan Lind, *A Relational Model of Authority in Groups*, 25 *ADVANCES IN EXPERIMENTAL SOC. PSYCHOL.* 115 (1992).

33. Marshall Sashkin, *Participative Management Is an Ethical Imperative*, 12 *ORGANIZATIONAL DYNAMICS* 5, 16 (1984).

34. Edwin A. Locke et al., *Participation in Decision Making: When Should It Be Used?*, 14 *ORGANIZATIONAL DYNAMICS* 65, 65-66 (1986) (outlining research indicating that participation is not as crucial as other researchers believe).

35. Karen N. Gaertner, *The Effect of Ethical Climate on Managers' Decisions*, in *MORALITY, RATIONALITY, AND EFFICIENCY: PERSPECTIVES ON SOCIO-ECONOMICS 1990*, at 211-23 (Richard M. Coughlin ed., 1991).

36. See generally Karen L. Newman, *Procedural Justice and Ethical Decision Making*, 6 *SOC. JUST. RES.* 113-33 (1993).

Specifically, I examine the way in which employee perceptions of voice, dignity, reported relationship between employee and supervisor, and the firm's moral climate affect employee commitment to the firm, decisions employees make, willingness to work hard, and employee performance. I have argued that an ethical decisionmaking climate encourages positive perceptions of opportunity to participate, feelings of self-worth and dignity, and good interpersonal relations between supervisors and subordinates. In addition, I have argued that employee participation, high employee self-worth and dignity, and good supervisor-subordinate relations contribute to commitment, hard work, and high performance.

Moral climate and procedural justice should be internally reinforcing and should function similarly in organizations. A more principled or ethical climate is one in which firms consider the needs of employees, in which decisionmakers seek "win-win" solutions, and in which decisionmaking procedures are characterized by wide participation and consensus-style behavior. Ethical climates therefore support procedural justice with respect to voice and dignity. At the least, such climates implicitly include access to the decisionmaking process. Similarly, interpersonal respect and trust between supervisor and subordinate is likely in ethical climates. Employees whom supervisors treat with respect perceive a climate in which employees are treated as ends rather than means, a characteristic of an ethical climate.

As noted above, a rule-oriented work climate is one based on respect for established rules and procedures and is different from an ethical climate. A rule-oriented work climate is one in which firms reward people for obeying agreed-upon rules. Standard operating procedures take the place of principles of justice, and are powerful inducements for conforming behavior.

A rule-oriented climate may contribute to perceptions of procedural justice, but may do so less strongly than an ethical climate. After all, one source of perceptions about justice is the underlying rules on which the procedures are based. If a work organization has a system of rules that employees follow, the norm of equal access to the process is met. However, rules have little obvious contribution to voice, unless the rules prescribe participation. Rules have a potential positive effect on dignity if rules safeguard individual rights. However, rules can also dehumanize a system, rendering employees a means to an end. In this sense, a rule-oriented climate would not contribute to dignity. If anything, a rule-oriented climate probably decreases the quality of supervisor-subordinate relations because rules tend to proscribe their interaction. Organizations that rely upon such rules are likely to have a history or tradition of poor supervisor-subordinate relations. Thus, one will likely find a rule-oriented culture where supervisor-subordinate relations are not positive.

Four outcomes have been identified as likely consequences of justice in organizations: commitment to the firm, just decisions, high employee performance, and employee willingness to work hard. I define commitment as employee identification with the goals and values of the firm. Firms that treat their employees well are likely to receive commitment from their

employees.<sup>37</sup> Commitment is an affective reaction to organizational procedures.

In addition to commitment, one should expect procedural justice to contribute to more just decisionmaking and, perhaps, to higher performance and greater willingness on the part of employees to work hard on behalf of the organization. While commitment is a valued outcome itself, actual input into decisionmaking and individual performance are also important. One would expect a more just climate to yield more just decisions because employees are more likely to follow justice procedures in a just climate, compared to an unjust climate. The decisionmaking climate signals the legitimacy of justice criteria in the decision process. Climates perceived to be just implicitly support the use of justice criteria in decisionmaking which, in turn, results in more just decisions.

Similarly, employees who describe their relationship with their supervisor as respectful and trusting are likely to make more just decisions, not because a good relationship with one's boss leads to just decisions (or that good bosses are more ethical), but because a respectful relationship with one's boss is a cue about the legitimacy of using just procedures in decisions which, in turn, lead to more just decisions.

#### A. The Study

I tested the model shown in Figure Two using *Looking Glass*; a complex business simulation. *Looking Glass* is a hypothetical firm in the glass manufacturing business. The simulation is a three and one-half hour, "day-in-the-life-of" exercise involving interaction among the top twenty managers in the company. Fifteen separate companies, seven in 1990 and eight in 1991, were simulated.

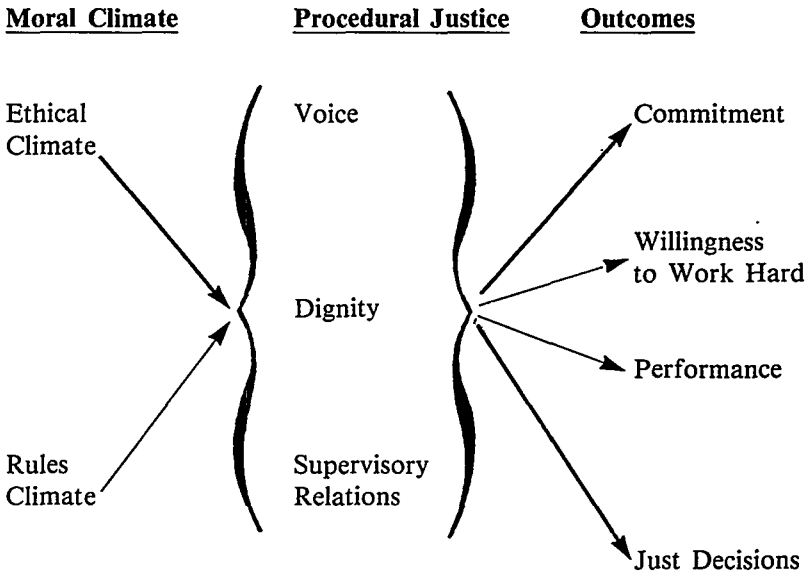
The participants in this study were 289 full time MBA students. As a group they reported an average of 3.7 years of full time work experience prior to returning to graduate school. Seventy-eight percent were American students and the rest were from twenty-four different countries, primarily in Europe and Asia. Seventy-one percent were male. The analysis is based on complete records from 268 participants (remaining students had missing data from one or more data sources).<sup>38</sup>

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37. Karen N. Gaertner & Stanley D. Nollen, *Career Experiences, Perceptions of Employment Practices, and Psychological Commitment to the Organization*, 42 *HUM. REL.* 975, 976-78 (1989) (discussing how employee treatment may affect commitment of employee).

38. Simulations and role-playing exercises are not perfect settings for empirical research. However, for complex social phenomena, for data collection that would otherwise be very difficult, for theory building, and for exploratory research such as this, simulations are appropriate. JERALD GREENBERG & ROBERT FOLGER, *CONTROVERSIAL ISSUES IN SOCIAL RESEARCH METHODS* (1988); Robert P. Abelson, *Simulation of Social Behavior*, in 2 *THE HANDBOOK OF SOCIAL PSYCHOLOGY* 274-356 (Gardner Lindzey & Elliot Aronson eds., 2d ed. 1968). While more controlled than field research and more realistic than laboratory experiments, simulations lack the realism of actual work settings and run the risk of insufficient role taking among

Figure 2  
Research Model<sup>a</sup>



<sup>a</sup> Heavy lines indicate expected strong relationships. Light lines indicated expected weak relationships.

participants. I attempted to minimize the latter problem in two ways. First, *Looking Glass* was the culminating exercise in a required class. I positioned the simulation as a management development opportunity and administered it as professionally as possible. It was held off-site, in a hotel and required a full day (including on-site lunch and company-level debriefing). Second, I required all the students to use their *Looking Glass* experience in their final paper for the course, thus linking the exercise to important outcomes for the participants.

A business simulation, in contrast to an actual ongoing firm, provides a difficult setting for organizational variables to affect decisions. If, as I propose, the firm's decisionmaking climate affects the decision process, then a simulated organization is likely to present a weaker climate-based stimulus than an ongoing organization in which participants have some history and some future stake. On the other hand, the effects of individual characteristics might be stronger because there are no fate-related consequences associated with following one's own conscience (or behaving illegally), as there might be in an ongoing organization. Thus, the bias introduced while using this methodology is likely to increase the magnitude of individual-level effects on decisions and decrease the magnitude of decision climate variables.

I gathered data through a questionnaire administered directly after *Looking Glass*. The simulation took place during the last two weeks of the semester. Participants were still "in role" when they completed the postsimulation survey. They were seated in their "offices" and the survey was presented as an employee attitude survey with the words, "As an employee of *Looking Glass*," in bold print to introduce each section.

*Looking Glass* has a neutral moral climate. Very few clues exist in the memoranda that constitute the "in-baskets" about the underlying values and beliefs that contribute to the moral climate of the company. The memoranda present many issues, but little guidance is found regarding the company's normatively accepted procedures. Because I was interested in the effect of differing moral climates on procedural justice, I modified the *Looking Glass* simulation to create more or less ethical climates in the companies. In eight companies I added memoranda to the in-baskets that reflected a company that adhered to norms of fairness, concern for others, and honesty—a principled moral climate. Memoranda included a declaration of company values that placed the needs of employees, customers, and the community at the top, a statement from a vice president urging managers to comply with federal tax guidelines as applied to corporate benefits, and a memorandum to all managers announcing that an employee had been fired for stealing from one of the plants.

In seven companies we added memoranda that reflected just the opposite values—indifference to fairness, little concern for others, and dishonesty. These memoranda were parallel to the other climate memoranda whenever possible. Examples include a memorandum suggesting ways managers might avoid federal tax on fringe benefits and another announcing a large bonus for a sales person who uses the company jet for questionable junkets with clients. A third memorandum outlined union avoidance procedures, some of which are illegal.

I added eight memoranda to each in-basket (a typical in-basket has fifty to seventy-five memoranda) in arbitrary order and arbitrary, non-adjacent locations within the in-basket. Six of the eight memoranda were from the company's president, in an effort to send a clear signal from the top of the organization about the moral climate.<sup>39</sup>

### B. *Dependent Variables*

The study has four dependent variables. First, commitment is a seven-item scale adapted from the Organizational Commitment Questionnaire developed by Mowday, Steers, and Porter.<sup>40</sup> Commitment measures em-

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39. See Saul Gellerman, *Managing Ethics from the Top Down*, 30(2) SLOAN MGMT. REV. 73, 73 (1989) (noting that moral tone of company is set by senior management); Gene R. Laczniak & Patrick E. Murphy, *Fostering Ethical Marketing Decisions*, 10 J. BUS. ETHICS 259, 268 (1991) (noting that primary factor in setting firm's ethical tone is posture of top managers toward ethics).

40. Richard T. Mowday et al., *The Measurement of Organizational Commitment*, 14 J. VOCATIONAL BEHAV. 224, 228 (1979).



ployees' identification with the goals and values of the company. Each question was asked in a seven-point Likert-type format in which one indicated strong disagreement and seven indicated strong agreement to each statement. Scale items included:

- (i) For me this is the best of all possible companies for which to work.
- (ii) My values and this company's values are very similar.
- (iii) This company stands for things that I believe in.
- (iv) I would talk up this company to my friends as a great place to work.
- (v) I identify with the goals and values of this company.
- (vi) I am extremely glad to be working for this company.
- (vii) I am proud to tell others that I am part of this company.

Second, decisionmaking is measured with one item, the participants' responses to a vignette concerning promotion:

Your Looking Glass company needs to select a new representative to call on corporate clients. You have two candidates: one is a woman MBA with three years of sales experience, the other is a man who works for one of your divisions in a nonsales position. The MBA is more qualified for the job. However, there are few women sales representatives in this field and they have faced great difficulty selling to male clients. Further, two of your most important clients, who account for 33% of your annual sales, are friends of the male candidate and told you they would remain your clients if he got the job. How likely would you be to give the job to the *man*?

Response categories for this vignette went from one indicating very likely to seven indicating very unlikely. High scores indicate promoting the woman.

Third, willingness to work hard is a four-item scale, presented in the same Likert-type format in the questionnaire. I also adapted this in part from the Organizational Commitment Questionnaire.<sup>41</sup> Items included:

- (i) It is important to me that I do my job well.
- (ii) I do not mind putting in extra effort to help the company do well.
- (iii) All things considered, I put a great deal into my current job.
- (iv) I don't care very much how well my work gets done (scale reversed).

Fourth, performance is taken from the questionnaire. It is a scale based on employees' self-report of their performance. A better indicator

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41. *Id.*

of performance would have come from some objective measure or from employees' supervisors. However, these were not available.

Performance is a seven-item scale. Each performance criterion was scored on a scale of one to seven where one indicated far below average and seven indicated far above average. The items are:

- (i) The quantity or amount of work I produced,
- (ii) The quality or accuracy of my work,
- (iii) My reputation in my Looking Glass company for work excellence,
- (iv) Attainment of my own production or service goals,
- (v) My efficiency,
- (vi) My "on time" completion of work,
- (vii) My ability to work with others.

### C. Independent Variables

Five variables were measured as predictors of the dependent variables. We have three measures of procedural justice—voice, dignity, and relationship with supervisor—and two measures of moral climate—ethicality and rule-orientation.

First, voice is measured with a six-item scale adapted for this study. Voice is similar to the measure of "process control" used by Bies and Tyler<sup>42</sup> and contains items from the "participation" scale used by Gaertner and Nollen.<sup>43</sup> Items included:

- (i) My viewpoints are given adequate consideration by others in my company.
- (ii) I have an adequate opportunity to present my viewpoints when we are making decisions.
- (iii) I have a lot of say about what happens on my job.
- (iv) I am satisfied with my opportunity to participate in decisions that affect me and my work.
- (v) When decisions are made, I am given an adequate explanation for the decision.
- (vi) I am given the opportunity to participate in decisions that affect my work.

Second, dignity is a two-item scale developed for this study, including:

- (i) Other members of my division are honest in their dealings with me.
- (ii) I am treated with respect by other members of my company.

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42. Richard J. Bies & Tom R. Tyler, *The "Litigation Mentality" in Organizations: A Test of Alternative Psychological Explanations*, 4 ORGANIZATION SCI. 352, 360 n.2 (1993) (discussing four aspects of procedural justice, including process control).

43. See Gaertner & Nollen, *supra* note 37, at 983 (discussing participation scale).

Third, relationship with supervisor is measured with a three-item scale adapted from Gaertner and Nollen and Bies and Tyler for this study.<sup>44</sup> The items included:

- (i) I trust my supervisor to keep my interests in mind when he/she makes a decision.
- (ii) My values are very similar to my supervisor's values.
- (iii) I respect my supervisor's judgment on most issues.

Fourth, ethical climate is a five-item scale, composed of two adjective pairs from the survey and three Likert-type items developed especially for this research. The items measure the extent to which a principled moral climate was perceived by participants. The adjective pairs are unethical or ethical and dishonest or honest. Participants were asked to circle a number between one (unethical or dishonest) and seven (ethical or honest) that best described their company. The Likert-type items are:

- (i) People in this company are appreciated for who they are, not just as a means to an end.
- (ii) Most of the time we make complex decisions by seeking consensus among all concerned.
- (iii) When conflicts arise in this company we seek equitable 'win-win' solutions.

Fifth, rule-oriented climate is a four-item scale taken from Victor and Cullen (1988),<sup>45</sup> including:

- (i) It is very important to follow strictly the company's rules and procedures.
- (ii) Everyone is expected to stick by company rules and procedures.
- (iii) Successful people in this company strictly obey the company policies.
- (iv) Successful people in this company go by the book.

#### *D. Results and Discussion*

The results of this research are presented in two tables. Table One includes descriptive statistics, reliability coefficients, and simple correlations among the variables in the study. Table Two includes results from four multiple regression analyses, one for each of the dependent variables. The results are depicted graphically in Figure Three.

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44. See generally Bies & Tyler, *supra* note 42; Gaertner & Nollen, *supra* note 37.

45. See Victor & Cullen, *supra* note 22, at 112 (listing factors used in study).

**Table 1**  
**Descriptive Statistics and Zero-Order Correlations**

| Variable                | Mean | Std. Dev. | 1          | 2          | 3          | 4          | 5          | 6   | 7          | 8          | 9          |
|-------------------------|------|-----------|------------|------------|------------|------------|------------|-----|------------|------------|------------|
| 1. Voice                | 5.3  | 1.1       | <u>.87</u> |            |            |            |            |     |            |            |            |
| 2. Dignity              | 6.2  | .74       | .44        | <u>.50</u> |            |            |            |     |            |            |            |
| 3. Supervisor Relations | 5.4  | .99       | .55        | .33        | <u>.75</u> |            |            |     |            |            |            |
| 4. Ethical Climate      | 5.0  | .99       | .51        | .44        | .40        | <u>.72</u> |            |     |            |            |            |
| 5. Rules Climate        | 4.1  | 1.0       | .10        | .19        | .15        | .32        | <u>.75</u> |     |            |            |            |
| 6. Promotion Decision   | 4.0  | 1.8       | .15        | .15        | .11        | .21        | -.12       |     |            |            |            |
| 7. Commitment           | 4.6  | 1.2       | .58        | .43        | .52        | .73        | .29        | .19 | <u>.92</u> |            |            |
| 8. Willing to Work Hard | 5.7  | .86       | .49        | .41        | .35        | .46        | .16        | .18 | .54        | <u>.75</u> |            |
| 9. Performance          | 5.0  | .75       | .35        | .22        | .16        | .18        | .13        | .04 | .28        | .44        | <u>.85</u> |

N = 268. Numbers on main diagonal are reliability coefficients (Cronbach's alpha) for scales. Correlations greater than  $|.10|$  are statistically significant,  $p < .05$ , one-tailed test.

As expected, voice and supervisory relations are positively related to commitment and to identification with the goals and values of the company. Commitment among employees is higher when companies allow more participation and when a respectful and trusting relationship exists between supervisor and subordinate. These results are expected and consistent with other results in the research literature.<sup>46</sup>

Surprisingly, dignity did not contribute to commitment. Perhaps dignity has more to do with interpersonal relations than with commitment to the company, or perhaps supervisory relations captured the important dynamics associated with dignity.

**Table 2**  
**Summary of Regression Analyses**

| Independent Variable | Dependent Variable |           |             |               |
|----------------------|--------------------|-----------|-------------|---------------|
|                      | Commitment         | Work Hard | Performance | Just Decision |
| Voice                | .18***             | .28***    | .37***      | .00           |
| Dignity              | .04                | .17**     | .08         | .08           |
| Supervisor Relations | .20***             | .06       | -.07        | .02           |
| Ethical Climate      | .52***             | .21***    | -.05        | .23**         |
| Rules Climate        | .07*               | .03       | .10*        | -.21***       |
|                      |                    |           |             |               |
| Adj. R <sup>2</sup>  | .62                | .31       | .13         | .07           |
| F                    | 86.81              | 25.34     | 8.71        | 5.08          |

Standardized regressions coefficients shown. N = 268.

| Climate Variable | Procedural Justice Variable |         |                       |
|------------------|-----------------------------|---------|-----------------------|
|                  | Voice                       | Dignity | Supervisory Relations |
| Ethical Climate  | .31***                      | .26***  | .13*                  |
| Rules Climate    | -.10*                       | .08     | .04                   |

Standardized regression coefficients shown. Equations are each procedural justice variable regressed on each climate variable.

Of the three aspects of procedural justice studied, voice and dignity are related to willingness to work hard and only voice is related to performance. Employees who believe they have an adequate opportunity to state their views, to be included in decisions, and who are treated with dignity are more likely to report willingness to work hard. Performance is highest among those who feel involved in the company's decisionmaking process. Supervisory relations have no effect on either of these performance measures, probably because the task and "employee population" is such that trust and respect were not as relevant as direction and accomplishment in the simulation. I would expect supervisory relations to be related to both willingness to work hard and performance in a more diverse population doing actual work over an extended period.

No direct relationship exists between any of the three measures of procedural justice and the actual decision we considered. When asked whom to promote, the less qualified man or the more qualified woman, employees made their choices independent of procedural justice perceptions.

One might argue that the vignette to which employees responded had enough mitigating circumstances in it (the man presumably would be able to maintain a higher level of business at the outset) that the "just" decision was very ambiguous. Justice with respect to the internal process

dictates choosing the woman. Justice with respect to short term organizational performance dictates choosing the man. This is an example in which the just decision may depend upon the level or focus of justice. When one crosses levels of analysis, inconsistencies are likely to occur.

The results shown in Table Two and Figure Three also illustrate the dominance of an ethical climate in decisionmaking, commitment, and willingness to work hard. Ethical climate—the climate based on consensus-type decisionmaking and in which people are valued as ends in themselves rather than as only a means to an end—produces more positive outcomes for commitment, willingness to work hard, and the more procedurally correct decision for the promotion question.

Figure 3

Summary of Results:  
A. Moral Climate and Procedural Justice

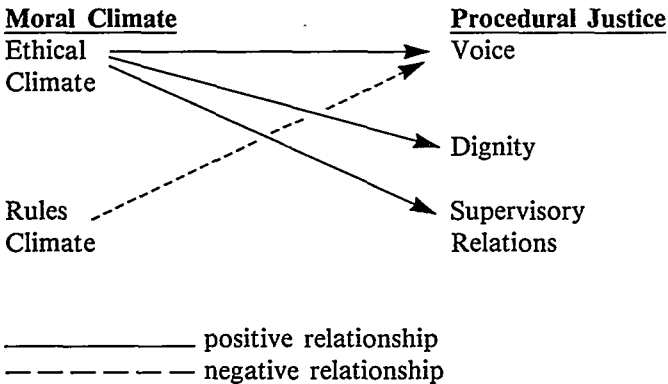
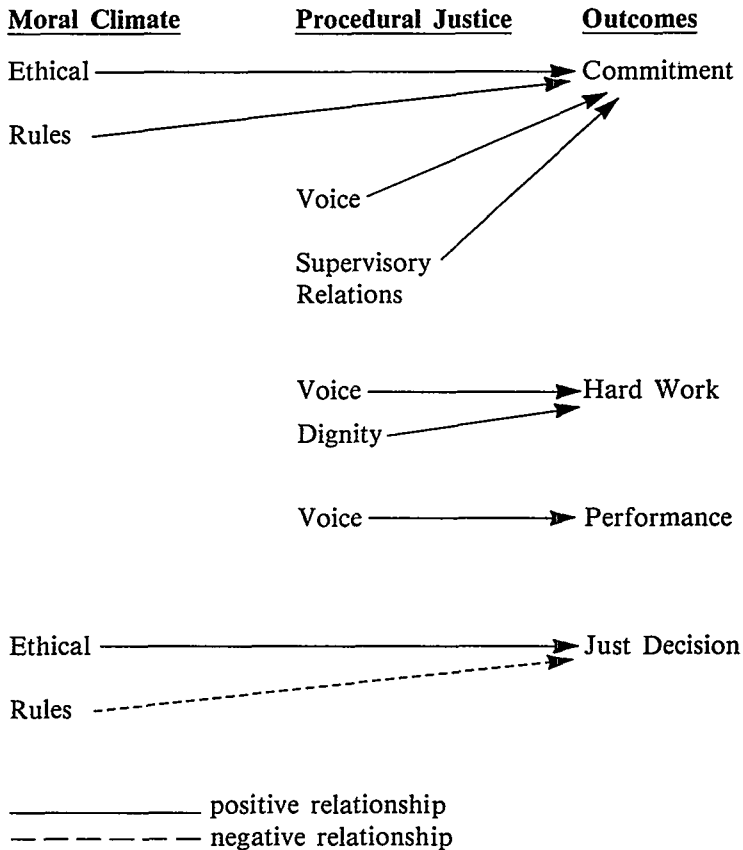


Figure 3, cont.

## Summary of Results:

**B. Contributors to Commitment, Hard Work, Performance, and Decisions**

An ethical climate is also very strongly related to perceptions of procedural justice. Employees in ethical climates were considerably more likely to perceive more participation, more dignity, and better relationships with their supervisors than employees in less ethical climates. Clearly, these results suggest that creating and maintaining an ethical work climate is a strong contributor to creating an atmosphere of perceived procedural justice.

Contrary to an ethical climate, a rule-oriented climate detracts from the procedurally correct decision being made. This is surprising because one would expect that in a rule-oriented climate a premium would be placed on going by the book. In this case "the book" requires that the woman get the job. Yet, in rule-oriented climates, at least in this simulation, the woman is less likely to get the job.

On the other hand, a rule-oriented climate contributes a small amount to commitment and self-reported performance, but contributes nothing to willingness to work hard. Rules may be seen as a welcome set of guidelines

within which to work on the one hand, yet an inhibitor of extra effort on the other, especially in heavily rule-oriented climates or climates in which relationships between labor and management are proscribed by a vast array of work rules.

A rule-oriented climate does not produce more positive perceptions of voice, dignity, or trusting supervisory relations. In the case of voice, a rule-oriented climate actually detracts from positive perceptions. Rule-oriented climates produce lower perceptions of participation than non-rule-oriented climates. This may be because employees perceive that rules take the place of participation and that the company values "obedience," which is often interpreted as doing what you are told (and keeping your mouth shut).

A rule-oriented climate neither adds to nor detracts from perceptions of dignity or trusting supervisory relations. The influence is slightly positive, but too small to be reliable in both cases. Rules do not make the supervisor-subordinate relationship safe in the minds of employees. Rules do not insure honesty and respect.

#### IV. CONCLUSIONS: BUILDING AND MAINTAINING JUST ORGANIZATIONS

The first question to ask is why people should try to build and maintain just organizations. What good does justice do in an organization? Our results suggest that the perception of voice—the opportunity to be heard, be informed, and be involved—is critical for increasing employees' commitment to the firm, securing their willingness to work hard, and producing better performance outcomes, at least according to employee self-reports.

In addition, the perception that one is treated with honesty and respect by coworkers results in greater work effort. Therefore, the first reason to create just organizations is to improve organizational performance. Employees in firms that are perceived as just say they are willing to work harder and, when justice means voice, employees report higher performance. Procedural justice has direct effects on important organizational outcomes.

Justice also matters for organizational commitment—the extent to which one identifies with the goals and values of the firm. Commitment is not a direct and consistent contributor to performance, but it is a valuable goal in and of itself. Firms with committed employees experience lower turnover<sup>47</sup> and are probably easier to manage during times of relative stability. Employees believe in the company and, unless management tries to do something that will hurt the firm in the employees' eyes, employees are likely to go along with management actions.

Commitment may work against ease of management when severe environmental changes cause the company to have to change its culture. Under these circumstances, a highly committed workforce is likely to be resistant to change because change will mean changing the company's culture which, in turn, changes the essence of the company with which the employees are

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47. RICHARD T. MOWDAY ET AL., *EMPLOYEE-ORGANIZATION LINKAGES* 118 (1982).



identifying. An employee will likely perceive such change as a threat to that employee's identity and therefore will resist it.

Perceptions of procedural justice do not seem to result in more procedurally just decisions. This result, though disappointing, is not surprising. The procedural justice literature documents the disjunction between procedural justice and distributive justice (and between objective justice and subjective justice). Thus, perceptions that a company uses just procedures do not ensure that a just outcome will result in a particular decision.

Another explanation for this disjunction is that perceptions of procedural justice are essentially affective while decisionmaking is a cognitive process.<sup>48</sup> While we often assume that affect and cognition and affect and behavior ought to be consistent, behavioral science research is replete with examples to the contrary (e.g., job satisfaction and performance). Therefore, one should expect no effect of (affective) perceptions of procedural justice on (cognitive) decisionmaking.

If a procedurally just organization has utility, albeit less than one might hope, the second question is how we can create procedurally just organizations. In this study we found that ethical climates created procedural justice. The students had no rules about procedures they were to use for decisionmaking or treatment of employees; these "rules" were allowed to evolve. We did, however, create more and less ethical climates by putting memoranda into the participants' in-baskets. Ethical companies had memoranda that modelled and reinforced ethical behavior. Unethical companies had parallel memoranda that reinforced a "whatever it takes" climate, often encouraging illegal and certainly unethical behaviors.<sup>49</sup>

The study results are a clear indication that creating ethical work climates yields both more positive perceptions of procedural justice and more procedurally correct decisions. Thus, one answer to the second question is that organizations should seek to create ethical work climates.

This of course is not much help to the practicing manager. The important question now is: How does one create a work climate that values people as ends rather than means, that uses a consensus-style decisionmaking process, and one that seeks "win-win" solutions to problems rather than "win-lose" outcomes?

The most important single action a manager can take is to model and reinforce those behaviors. No better way potentially exists to teach employees to behave ethically than to do it oneself, and publicly to reward others who do as well (and punish those who do not). Companies may use countless little ways to create and maintain an ethical corporate climate. Treating employees as ends rather than means implies a relatively egalitarian work environment. Otherwise, employees feel they are being used. Egalitarian work environments include no assigned parking places, one dining room

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48. See generally Jerald Greenberg, *A Taxonomy of Organizational Justice Theories*, 12 ACAD. MGMT. REV. 9-22 (1987).

49. Gaertner, *supra* note 35, at 213.

for everyone, first names for everyone (or last names for everyone), a clean, healthy work environment for all, no offices that are ostentatiously larger or more well-appointed than others, and open decisionmaking processes in which many people have the opportunity for input.

Ethical work environments are also legal work environments. No cheating on expense reports, no cheating on taxes, no pirated software, and no illegal duplication of printed material will be part of an ethical work environment.

Finally, and perhaps most importantly, explicit corporate goals that include something other than maximizing shareholder wealth tend to yield more ethical work climates. Put another way, corporate goals that include an emphasis on customer needs, employee needs, and community citizenship are likely to be more ethical because the organization has "humanized" its goals and its agenda. It is much easier to be unethical when the victim is faceless.<sup>50</sup> When shareholder wealth or market share or growth in earnings are the dominant forces driving the firm, it is easy to forget that corporate activity may change the lives of real people. This is not to say that firms should not pursue important financial goals. To ignore fiduciary responsibility to shareholders is not ethical either. But to humanize goals, to explicitly include members of the organization in the firm's agenda, is to value people, to value their contributions, and, in all likelihood, to treat them with dignity and respect. Organizations with humanized goals are more likely to have ethical work climates and are therefore more likely to be characterized by perceptions of justice for all. Whether people are in fact treated with justice is, unfortunately, another matter.

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50. Thomas M. Jones, *Ethical Decision Making by Individuals in Organizations: An Issue-contingent Model*, 16 ACAD. MGMT. REV. 366, 384 (1991) (noting that subjects display higher degree of moral reasoning when dealing with real-life situations instead of hypotheticals).

