

A RELATIONSHIP STUDY BETWEEN PROCEDURAL JUSTICE AND MANAGERIAL EFFECTIVENESS

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ABSTRACT

The management discourse has increasingly focused on the performance of the organizations to meet the challenges of global competition. The performance can be enhanced when organizations tend to restructure the process and policies through increased managerial effectiveness in terms of their activities and potential. In fact, managerial effectiveness is an important factor for the accomplishment of organizational goals. This study was carried out to determine the effect of procedural justice on managerial effectiveness. A survey questionnaire was used as the main and most appropriate tool for data collection. The respondents randomly selected were at managerial position in different sectors. The sample size of the study is 150 managers whose responses were taken for analysis. Regression analysis was conducted to find the results. The results revealed that the distribution of rewards, organizational policies and procedures and interpersonal treatment determines the positive behavior patterns along with emotional and cognitive balances while perceiving the jobs calling and enjoying.

Keywords: *Managerial effectiveness, procedural justice*

INTRODUCTION

Managerial effectiveness has been one of the most significant aspects in the management discourse. The functioning of an organization largely depends upon several remarkable components and the manager indeed occupies the central role for the accomplishment of organizational goals. Organizations tend to retain their effectiveness through effective managers who are expected to have decision making skills and the ability to face fierce competition in a highly competitive environment. For this, managerial effectiveness plays a major role and is contingent upon the combination of personal, organizational and environmental factors (Analoui, 2007). Managerial effectiveness is an important factor for the accomplishment of organizational goals and has been conceptualized in terms of competence, satisfaction, conflict resolution, need fulfillment, value realization and recognition (Srivastava & Sinha, 2007). Managerial effectiveness has been identified through three factors. First, it involves an individual's competencies, which includes a set of knowledge, skills and abilities (Shipper et al. 2003). Second, this encompasses motivation to do the job and third entails factor related to the work environment which facilitate in performing the job effectively (Sethi & Nicholson, 2001). Earlier, factors such as organizational structure, reward system, occupational variables, safe working conditions, job satisfaction and commitment had a significant motivational factor which influenced managerial effectiveness. But in the present scenario these aspects have become mundane and can be highlighted that certain factors such as perception of justice and work values play a significant role to achieve managerial effectiveness. Another construct that has been taken up in the study while considering managerial effectiveness is procedural justice, which is also an essential nutriment for delineating the effectiveness of managers. When managers perceive an organization to be fair, they react positively to the organization and show effective willingness to work with competitive advantage and better productivity

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that leads to organization's effectiveness. The discussion can be extended with the viewpoint that managers from different socio-cultural backgrounds have different expectations and value systems at workplace, which influence fair and ethical decision making process while acknowledging their personal responsibility for the outcomes of these decisions. Therefore, this becomes imperative for an organization to understand the significance of procedural justice and discover the negative consequences for the manager who fails to attend both social and structural elements of the just and fair treatment while empowering managerial effectiveness. Therefore, managerial effectiveness within organizations can be expressed by shifting the focus towards fair evaluations at workplace.

CONCEPT OF PROCEDURAL JUSTICE (PJ) AND MANAGERIAL EFFECTIVENESS (ME)

Adams (1961) proposed that individuals make cognitive evaluations of the difference between their contributions and the resultant outcomes. He proposed his theory in the broader context of social exchange: two way transactions in which each side provides something to the other and receives something in return. Thibaut and Walker (1975) introduced dimension of organizational justice namely procedural justice (Greenberg & Baron, 2003), as being concerned with the procedures used in the allocation of resources and emphasize on the importance of fairness of the methods or procedures used (decision criteria, control of the process) at workplace. Procedural justice refers to "the perceived fairness of the process or procedures used to determine organizational outcomes" (Folger & Greenberg, 1985).

Dogan (2002) has defined procedural justice as the degree of being fair on methods, procedures and policies which are the bases of identifying and measuring the elements like wage, promotion, financial potential, working conditions and performance evaluation. Ding & Lin (2006) have defined procedural justice as a perceived fairness of procedures which are the means used to make or implement decisions and determine the outcomes. It is suggested that the contribution of procedural justice is positively associated with cognitive, affective and behavioral reactions at workplace, and improve performance and job satisfaction (Charash & Spector, 2001) which elicits managerial effectiveness at workplace.

Managerial effectiveness is often defined in terms of output which a manager achieves. These result oriented definitions lead us to look for the factors that contribute towards the "results". Thorndike (1949) was the first to make note of the trend to measure managerial effectiveness by defining the behavioral approach, where interpersonal relationship is the powerful predictor of effectiveness. Gupta (1996) has defined managerial effectiveness as the "ability of a manager to carry out the activities required of his position while achieving the results both current and in terms of developing further potential".

According to Akintayo (2003) managerial effectiveness is dependent upon a situation by which the jobs are being performed to expectation and towards organizational goal achievement. Researchers assert that managerial effectiveness denotes the ability of the managers to plan, organize, coordinate, motivate, control and influence workers positively towards organizational goal achievement.

The major objective of the present research is to explore the relationship of managerial effectiveness and procedural justice.

LITERATURE REVIEW

Masterson et al. (2000) have predicted that if managers perceived fair procedures at workplace, their attitude and behavior show positive outcome towards personal and professional front. Magner and Johnson (2000) have observed that procedural justice related to the conviction of managers that they should be given a fair treatment both morally and technically in order to deliver high performance. Lemons and Jones (2001) have examined that perception of procedural justice was positively correlated with input-output ratio of managers because it makes a significant effect on promotion-decision system and organizational commitment, which enhance managerial effectiveness. Rupp and Cropanzano (2002) found that procedural justice was the strongest motivational factors for enhancing skills and competency among managers. Lau and Lim (2002) have examined that procedural justice has an indirect effect on managerial performance via participation and concluded that top management's desire for fairness in the organization leads to increased subordinates' participation in the organizational affairs. Hegtvedt and Warner (2004) emphasized that if procedures were perceived as fair, managers feel respected and valued by the organization, and they accept authority for long-term relationship with organization members this improve managers behavior for organizational activities. Cremer et al. (2006) found that leaders enacting procedural justice positively affect OID and both types of trust. Further, only affect-based trust (and not cognition-based trust) mediated the relationship between procedural justice and OID.

Managerial effectiveness has been extensively investigated in the fields of management, applied psychology, and organizational behavior. Literally, dozens of studies have demonstrated that managerial effectiveness has important consequences for organizations and their members. The concept of "managerial effectiveness" has been defined differently by different scholars due to its complex nature (Bao, 2009). Srivastava & Nair (2010) have proposed that only continuing research in this area would help in identifying important personality variables which can predict managerial effectiveness. Although by common understanding, effective managers are those who deliver results and add value to the company. However, managerial effectiveness is difficult to define in precise terms. Different researchers have, therefore, used different criteria to evaluate the effectiveness of a manager.

Gupta (1996) has defined managerial effectiveness as the "ability of a manager to carry out the activities required of his position while achieving the results both current and in terms of developing further potential." Using factor analysis, 16 dimensions of managerial effectiveness were identified, viz. confidence in subordinates, communication & task assignment, networking, colleagues management, discipline, resource utilization, management of market environment, conflict resolution, integrity & communication, client management & competence, motivating, delegation, image building, welfare management, consultative, and inspection and innovation. This model has been developed for the Indian context and it seems to encompass all the relevant dimensions of managerial effectiveness incorporated in other models. A closer look at these 16 dimensions reveals that there is high inherent in Gupta's (1996) construct. Sayeed & Yuvaraj (2002) revealed that there was a significant relationship between managerial effectiveness and their occupational needs, such as affiliation, achievement and power are significant variables which contribute managerial effectiveness. Managerial effectiveness is one of the basic activities as well as one of the ultimate objectives in the efforts of organizations to maintain their existence. The reason for this is that managers with a high level of

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effectiveness are more compatible, satisfied and productive, work with a sense of greater loyalty and responsibility. In earlier research, the relationship between procedural justice and managerial effectiveness remains relatively unexplored. The relationship between these constructs needs to be studied deeply. Therefore, a gap was observed in the existing literature regarding the relationship between procedural justice and managerial effectiveness.

Based on these prior findings, the following hypotheses are formulated.

H1: There is significant relationship between procedural justice and managerial effectiveness. Also procedural justice will significantly predict managerial effectiveness.

METHODOLOGY

Sample

The sample consisted of 150 managers working in different organizations, for example, banking, manufacturing industries and automobile industries at different levels, with age ranging from 28 to 59 years (mean = 45.12, SD = 8.35). The total number of years of work experience ranged from 09 to 37 years (mean = 26.31, SD = 6.9).

Measures

Managerial Effectiveness Scale (MES)

It is a measure of self perceived managerial effectiveness developed by Seeta Gupta (1996), primarily for assessing potential rather than current performance. This scale examines the more specific behaviors contributing to managerial effectiveness rather than fixating oneself to the idea of 'consideration' and 'initiating structure'. The scale measures the three aspects of effectiveness viz. **1) activities of the position, 2) achieving the results and 3) developing further potential.** *These three aspects are also characterized into different factors:*

- (1) **Activities of their position** include eleven sub-dimensions viz. , communication and task assignment, networking, colleagues management, informal communication ,management of market environment, conflict resolution, integrity and communication, motivating, delegation, welfare management and consultative.
- (2) **Achieving the results** include three sub-dimensions viz., discipline, client management and competence, and image building.
- (3) **Developing further potential** include two sub-dimensions viz., confidence in subordinates, and inspection and innovation.

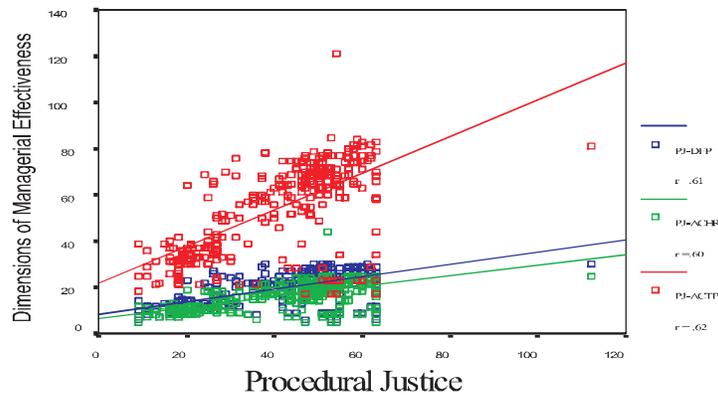
The scale includes sixteen factors and 45 items. The reliability of the scale was found to be 0.73. This is a five point scale and the scores ranges from 1 = Never to 5 = Always. Twelve items are negatively scored for which the scoring is reverse and these item numbers are 3, 4, 8, 9, 18, 21, 27, 35, 36, 38, 40 and 43 respectively.

Procedural Justice Scale

Perception of procedural justice has been measured by the scale developed by Niehoff and Moorman (1993). There are 15 items in the scale which measure the degree of fairness in the formal and informal procedures implemented by the higher authorities. Each item has

been scored on a 7-point scale ranging from 1=Strongly Disagree to 7=Strongly Agree. The reported reliability co-efficient of the scale has been found to be .90.

Table 1 represents the mean, standard deviation and inter-correlation for all the variables. It can be observed that procedural justice is significantly positively correlated with managerial effectiveness. To perform a more stringent examination of the hypothesis, regression analysis was performed to predict the managerial effectiveness of managers (Table 2). The procedural justice was entered for the regression equation and it was found that procedural justice was significant predictor of managerial effectiveness. Results indicate that that procedural justice has predicted managerial effectiveness with calculated R as .67 ($F = 253.49^{**}$, $P < .01$, $\beta = .67$), and explained 46% of variance in predicting managerial effectiveness. Taken together, these findings strongly provide support to the hypothesis.



Graph Showing Relationship Between PJ and Dimensions of ME

Figure 14

Table 2: Regression Analysis for the Prediction of Managerial Effectiveness, with the Independent Variable as PJ and Dependent Variable as ME, on an Overall Basis (N=150)

Variables	R	R ²	SEM	F-value	DF	β
D.V:MET	.67	.46	22.58	253.49**	1,298	.67
PJT						

** Correlation significant at .01 level, MET-Managerial effectiveness Total, PJT-Procedural Justice Total

DISCUSSION

On the basis of the obtained results, it can be suggested that there is significant and positive relationship between procedural justice and managerial effectiveness. The findings have indicated that positive perception of procedural justice leads to managerial effectiveness. It can be stated that procedural justice related to the fulfillment of the cognitive needs (thinking, growth and decision making) and also affects task performance and contextual performance of managers (Harrison et al. 2006). It is also evident from the results that perception of procedural justice at workplace plays a significant role in determining the activities of the position, achieving the results and developing further potential among managers, which in combination increases managerial effectiveness. It can be suggested that satisfaction of being treated fairly at workplace generates positive emotions as self-

respect, pride, contentment and happiness along with personalized relationship increase job satisfaction and effectiveness of managers which directly contribute to the success of an organization. The findings suggest that fair decision making policies and procedures (procedural justice) and perceived fairness of outcomes influences organizational commitment, job satisfaction, pay satisfaction, and commitment (Ambrose et al. 2002). This facilitates managers to use their intellectual skills and abilities which make them proactive around their position. The results reveal that overall organizational justice has proved to be a significant predictor of managerial effectiveness. Table 2 reveals that managerial effectiveness have been predicted by procedural justice which suggests that procedural fairness at workplace develop trust, integrity and harmonious relationships with others which increase the involvement of managers and infuse the socially responsible values into the organizational culture and they are more likely to feel obliged and perform their roles by giving best of themselves through greater levels of engagement and transparency for resolving problems and meet desired results and avoid disappointment at workplace while exploring their skills.

CONCLUSION

On the basis of the formulation of hypothesis the relationship and prediction of managerial effectiveness with procedural justice has been found to be significantly positive. This indicates that procedural justice leads to healthy communication and interaction and helps in bridging the gaps of organizational hierarchy (Mujtaba, 2008) and managers experience themselves as significant asset of the organization while fostering adaptability and openness to divergent thinking.

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