

A R T I C L E S

The Management of Organizational Justice

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Executive Overview

Organizational justice has the potential to create powerful benefits for organizations and employees alike. These include greater trust and commitment, improved job performance, more helpful citizenship behaviors, improved customer satisfaction, and diminished conflict. We demonstrate the management of organizational justice with some suggestions for building fairness into widely used managerial activities. These include hiring, performance appraisal, reward systems, conflict management, and downsizing.

Justice, Sir, is the greatest interest of man on earth
—Daniel Webster

Business organizations are generally understood to be economic institutions. Sometimes implicitly, other times explicitly, this “rational” perspective has shaped the relationship that many employers have with their workforce (Ashforth & Humphrey, 1995). Many organizations, for example, emphasize the quid pro quo exchange of monetary payment for the performance of concrete tasks (Barley & Kunda, 1992). These tasks are often rationally described via job analysis and formally appraised by a supervisor. Hierarchical authority of this type is legitimized based upon the manager’s special knowledge or expertise (Miller & O’Leary, 1989). Employee motivation is viewed as a quest for personal economic gain, so individual merit pay is presumed to be effective. Using the rational model, one can make a case for downsizing workers who are not contributing adequately to the “bottom line.” And the rational model is found at the heart of the short-term uptick in the stock price of firms that carry out aggressive cost-cutting measures (Pfeffer, 1998).

Businesses certainly are economic institutions, but they are not *only* economic institutions. Indeed, adherence to this paradigm without consideration of other possibilities can have problematic side effects. Merit pay is sometimes ineffective (Pfeffer & Sutton, 2006), downsizing often has pernicious long-term effects (Pfeffer, 1998), and bureaucratic management can straitjacket workers and reduce innovation. We should attend to economic matters, but also to the sense of duty that goes beyond narrowly defined quid pro quo exchanges. It includes the ethical obligations that one party has to the other. Members may want a lot of benefits, but they also want something more. Organizational justice—members’ sense of the moral propriety of how they are treated—is the “glue” that allows people to work together effectively. Justice defines the very essence of individuals’ relationship to employers. In contrast, *injustice* is like a corrosive solvent that can dissolve bonds within the community. Injustice is hurtful to individuals and harmful to organizations.

In this paper we will discuss organizational justice, with an emphasis on how it can be brought to

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the workplace. We first define justice, paying careful attention to its three core dimensions: distributive, procedural, and interactional. We then examine why justice is important; we will consider various criterion variables that justice favorably influences. Once we understand the nature of justice we will be in a better position to describe how it can be brought about. The lesson here is that organizational justice actually has to be managed. This paper will provide specific techniques and recommendations for doing so.

What Is Organizational Justice?

Prescription vs. Description

Philosophers and social commentators were writing about justice long before management scientists were. Among the ancient Greeks, for example, Herodotus' *History* and Plutarch's *Lives* described the achievements of the lawgiver Solon, who reformed Athenian government. These are the *prescriptive* approaches, since they seek to logically determine what sorts of actions *truly are just*. As such, they reside comfortably within the domain of business ethics.

While organizational justice borrows from these older traditions, it has its own distinctions. Unlike the work of philosophers and attorneys, managerial scientists are less concerned with what is just and more concerned with what people *believe* to be just. In other words, these researchers are pursuing a *descriptive* agenda. They seek to understand why people view certain events as just, as well as the consequences that follow from these evaluations. In this regard, justice is a subjective and descriptive concept in that it captures what individuals believe to be right, rather than an objective reality or a prescriptive moral code. As defined here, organizational justice is a personal evaluation about the ethical and moral standing of managerial conduct. It follows from this approach that producing justice requires management to take the perspective of an employee. That is, they need to understand what sorts of events engender this subjective feeling of organizational justice. On this important competency, many fall short.

Why Employees Care About Justice

Managers too often assume that justice, in the minds of employees, means only that they receive desirable outcomes. These managers are confusing outcome *favorability* with outcome *justice*. The former is a judgment of personal worth or value; the latter is a judgment of moral propriety. Evidence shows that outcome justice and outcome favorability are distinct (Skitka, Winkvist, & Hutchinson, 2003) and correlated between .19 and .49, depending on where and how the variables are measured (Cohen-Charash & Spector, 2001). In so many words, it's important to get what you want, but other things matter as well. For this reason it is useful to consider three reasons justice matters to people (for details, see Cropanzano, Rupp, Mohler, & Schminke, 2001).

Long-range benefits. People often "sign on" for the long haul. Consequently, they need to estimate *now* how they are likely to be treated *over time*. A just organization makes this prediction easy. According to the "control model," employees prefer justice because it allows them to predict and control the outcomes they are likely to receive from organizations. According to the control model of justice, appropriate personnel policies signal that things are likely to work out eventually. Most of us understand that every personnel decision cannot go our way, but justice provides us with more certainty regarding our future benefits.

For this reason the control model proposes that people are often motivated by economic and quasi-economic interests (cf. Tyler & Smith, 1998). People want fairness because fairness provides things they like. There is more than a little truth to this idea. For instance, when individuals are rewarded for successfully completing a task they report being happy (Weiss, Suckow, & Cropanzano, 1999) and having pride in their performance (Krehbiel & Cropanzano, 2000). This is so even when their success resulted from cheating. At the same time, these individuals also report feeling guilty for their unfair behavior, suggesting that individuals can recognize and react to injustice, even when it is personally beneficial.

There is sometimes a certain tension between

getting what we want and playing by the rules. The two tend to go together, but less so than many believe. For example, pay satisfaction is only modestly correlated with perceptions of pay justice (Williams, McDaniel, & Nguyen, 2006). If “justice” were based exclusively on obtaining benefits, then one would expect a higher association. Later we shall discuss evidence suggesting that individuals can accept an unfortunate outcome as long as the process is fair and they are treated with interpersonal dignity (e.g., Goldman, 2003; Skarlicki & Folger, 1997).

Social considerations. People are social animals. We wish to be accepted and valued by important others while not being exploited or harmed by powerful decision-makers. In the “group-value model,” just treatment tells us that we are respected and esteemed by the larger group. We are also at less risk for mistreatment. This sense of belonging is important to us even apart from the economic benefits it can bring (Tyler & Blader, 2000; Tyler & Smith, 1998). As you might expect, this can pose a potential problem for organizations. To the extent that justice signals our value to an employer, the more we care about the organization the more distressed we become when

we are treated unfairly. Brockner, Tyler, and Cooper-Schneider (1992) assessed the commitment of a group of employees before a layoff occurred. After the downsizing those people who were initially the *most* committed responded the *most* negatively to the downsizing. When we treat workers unfairly, we may end up doing the most harm to those who are most loyal.

Ethical considerations. People also care about justice because they believe it is the morally appropriate way others should be treated (Folger, 2001). When individuals witness an event they believe is ethically inappropriate, they are likely to take considerable risks in the hopes of extracting retribution (Bies & Tripp, 2001, 2002). Such unfortunate (from the organization’s point of view) reactions may occur even when an employee simply witnesses the harm and is not personally wronged (Ellard & Skarlicki, 2002; Spencer & Rupp, 2006). Consider, for example, a day-to-day problem faced by many service workers. When these employees see a customer treating one of their coworkers unfairly, the observing worker is apt to experience stress symptoms. Through this mechanism, injustice may spread ill will throughout a workgroup.

Table 1
Components of Organizational Justice

1. Distributive Justice: Appropriateness of outcomes.
● Equity: Rewarding employees based on their contributions.
● Equality: Providing each employee roughly the same compensation.
● Need: Providing a benefit based on one’s personal requirements.
2. Procedural Justice: Appropriateness of the allocation process.
● Consistency: All employees are treated the same.
● Lack of Bias: No person or group is singled out for discrimination or ill-treatment.
● Accuracy: Decisions are based on accurate information.
● Representation of All Concerned: Appropriate stakeholders have input into a decision.
● Correction: There is an appeals process or other mechanism for fixing mistakes.
● Ethics: Norms of professional conduct are not violated.
3. Interactional Justice: Appropriateness of the treatment one receives from authority figures.
● Interpersonal Justice: Treating an employee with dignity, courtesy, and respect.
● Informational Justice: Sharing relevant information with employees.

Three Components of Justice

Research has shown that employees appraise three families of workplace events. They examine the justice of outcomes (distributive justice), the justice of the formal allocation processes (procedural justice), and the justice of interpersonal transactions they encounter with others (interactional justice). These are shown in Table 1.

Distributive, procedural, and interactional justice tend to be correlated. They can be meaningfully treated as three components of overall fairness (Ambrose & Arnaud, 2005; Ambrose & Schminke, 2007), and the three components can work together. However, if one’s goal is to promote workplace justice, it is useful to consider them separately and in detail. This is because each component is engendered in distinct ways, arising from different managerial actions.

Distributive Justice

Researchers call the first component of justice *distributive justice* because it has to do with the allocations or outcomes that some get and others do not. Distributive justice is concerned with the reality that not all workers are treated alike; the allocation of outcomes is differentiated in the workplace. Individuals are concerned with whether or not they received their “just share.” Sometimes things are distributively just, as when the most qualified person gets promoted. Other times they are not, as when advancement goes to corporate “insiders” with a political relationship to upper management.

Equity theory. Perhaps the earliest theory of distributive justice can be attributed to Aristotle. In his *Nicomachean Ethics*, the philosopher maintained that just distribution involved “something proportionate,” which he defined as “equality of ratios.” Specification, and a bit of rearrangement, led Adams (1965) to represent his influential equity theory of distributive justice with the following equation:

$$\frac{O_1}{I_1} = \frac{O_2}{I_2}$$

According to equity theory, we are interested in how much we get (outcomes or O_1) relative to how much we contribute (inputs or I_1). Such a ratio is meaningless, however, unless anchored against some standard. To accomplish this, we examine the outcomes (O_2) and inputs (I_2) of some referent. Usually, though not necessarily, this is another person who is similar to us. Things are “equitable” when the ratios, not the individual terms, are in agreement. When the ratios are out of alignment, employees may feel uneasy. They are motivated to “balance” the equation by modifying the terms. For example, one who is underpaid might reduce inputs by a corresponding amount.

This simple equation leads to a number of predictions, some of which are not obvious. For example, an individual who earns less than another may still be satisfied, as long as he or she also contributes less. Likewise, a person who is paid equally to another may feel unjustly treated if he or she also contributes substantially more to the

organization. These consequences often do not occur to managers, but they make good sense in light of equity theory. But by far the most famous prediction from equity theory is the “over-reward effect”—that is, what happens when the equation is unbalanced in one’s own favor.

According to equity theory, when one is *over-paid* the two sides of the ratios are misaligned. Consequently, one must work harder (i.e., increase inputs) in order to be equitable. These effects seem to occur. Greenberg (1988) studied managers who were temporarily moved to higher- or lower-status offices than their position actually warranted. Those moved to higher-status offices boosted performance, whereas those moved to lower-status offices showed decrements. These gains and losses later disappeared when individuals were returned to status-appropriate office spaces. Apart from its impact on performance, inequity can also cause workplace sabotage (Ambrose, Seabright, & Schminke, 2002) and employee theft (Greenberg, 1993). It is personally painful for employees, as distributive injustice is associated with stress symptoms (Cropanzano, Goldman, & Benson, 2005).

Recent advances in distributive justice. As Table 1 makes clear, there is more to distributive justice than simple equity. These different standards can be in conflict with one another. Generally speaking, we can distinguish three allocation rules that can lead to distributive justice if they are applied appropriately: equality (to each the same), equity (to each in accordance with contributions), and need (to each in accordance with the most urgency). These rules map onto Aristotle’s famous dictum that all men wish to be treated like all other people (equality), like some other people (equity), and like no other person (need). While it is no mean task to find the correct alchemistic combination among these three allocation rules, there are three basic suggestions that can be helpful.

First, it is useful to consider one’s strategic goals (Colquitt, Greenberg, & Zapata-Phelan, 2005). Equity tends to provide individual rewards for high performance, whereas equality tends to build esprit de corps among teammates. If one desires to stimulate individual motivation, err toward eq-

uity. If one desires to build group cohesion, err toward equality. We shall return to this issue later when we discuss reward systems.

Second, organizations can balance these considerations by mixing equality and equity together. It need not be either-or. Experiments with work groups suggest that it is often best to provide team members with a basic minimum of benefit. This is analogous to equality. Above that minimum, however, it can be useful to reward based on performance. This is analogous to equity. This sort of hybrid approach has been adopted by many organizations. Their compensation systems contain a “fixed” base; everyone in a particular job class and with a particular tenure receives this base. Employees are also encouraged to go beyond this minimum, earning additional pay through the allocation of merit bonuses (Milkovich & Newman, 2005, see especially Chapters 9 and 10).

Third, different rewards should be provided in accordance with different rules. Equity works well for some things, such as money, but less well for others, such as status symbols. Among American managers, it is often seen as fair to allocate economic benefits in accordance with equity (i.e., those who perform better might earn more). On the other hand, social-emotional benefits, such as reserved parking places, are best allocated equally (Martin & Harder, 1994). Employees often see themselves and their peers as belonging to a group or, in the most beneficial case, a community. Allocating social-emotional rewards equally signals that everyone in the organization matters and is worthy of respect.

Procedural Justice

Procedural justice refers to the means by which outcomes are allocated, but not specifically to the outcomes themselves. Procedural justice establishes certain principles specifying and governing the roles of participants within the decision-making processes. In three papers, Leventhal and his colleagues (Leventhal, 1976, 1980; Leventhal, Karuza, & Fry, 1980) established some core attributes that make procedures just; these are displayed in Table 1. A just process is one that is applied consistently to all, free of bias, accurate, representative of relevant stakeholders, correct-

able, and consistent with ethical norms. Though surprising to some, research has shown that just procedures can mitigate the ill effects of unfavorable outcomes. Researchers have named this the “fair process effect.”

To illustrate let us consider the case of strategic planning. Kim and Mauborgne (1991, 1993) reported that when managers believed that their headquarters used a fair planning process, they were more supportive of the plan, trusted their leaders more, and were more committed to their employers. In their well-known book, *Blue Ocean Strategy*, Kim and Mauborgne (2005) explain why. Fair processes lead to intellectual and emotional recognition. This, in turn, creates the trust and commitment that build voluntary cooperation in strategy execution. Procedural injustice, on the other hand, produces “intellectual and emotional indignation,” resulting in “distrust and resentment” (p. 183). Ultimately, this reduces cooperation in strategy execution.

We can go further. Procedural justice seems to be essential to maintaining institutional legitimacy. When personnel decisions are made, individuals are likely to receive certain outcomes. For instance, one may or may not be promoted. According to Tyler and Blader (2000), outcome favorability tends to affect satisfaction with the particular decision. This is not surprising. What is more interesting is that procedural justice affects what workers believe about the organization as a whole. If the process is perceived as just, employees show greater loyalty and more willingness to behave in an organization’s best interests. They are also less likely to betray the institution and its leaders.

Interactional Justice

In a sense, *interactional justice* may be the simplest of the three components. It refers to how one person treats another. A person is interactionally just if he or she appropriately shares information and avoids rude or cruel remarks. In other words, there are two aspects of interactional justice (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). The first part, sometimes called *informational justice* refers to whether one is truthful and provides adequate justifications when things go badly. The

second part, sometimes called *interpersonal justice*, refers to the respect and dignity with which one treats another. As shown in Table 1, both are important.

Because interactional justice emphasizes one-on-one transactions, employees often seek it from their supervisors. This presents an opportunity for organizations. In a quasi-experimental study, Skarlicki and Latham (1996) trained union leaders to behave more justly. Among other things, these leaders were taught to provide explanations and apologies (informational justice) and to treat their reports with courtesy and respect (interpersonal justice). When work groups were examined three months later, individuals who reported to trained leaders exhibited more helpful citizenship behaviors than individuals who reported to untrained leaders.

Working Together: The Three Components of Justice Interact

Maintaining the three components of justice simultaneously is a worthwhile task, but it may also seem daunting. Fortunately, there is good news. Evidence suggests that the three components of justice interact (Cropanzano, Slaughter, & Bachiochi, 2005; Skarlicki & Folger, 1997). Though this interaction can be described in different ways, the key point is this: The ill effects of injustice can be at least partially mitigated if at least one component of justice is maintained. For example, a distributive and a procedural injustice will have fewer negative effects if interactional justice is high.

To understand this phenomenon one can look at a study by Goldman (2003). Goldman studied the relationship between justice and filing legal claims for alleged workplace discrimination. He found that claimants were most likely to pursue litigation when distributive, procedural, and interactional justice were all low. If just one component of justice was judged to be high, the likelihood of a legal claim dropped. This is good news, because it suggests that organizations have three bites at the apple. If they can get at least one component of justice right, some important benefits should result. We will consider the beneficial consequences of justice in our next section.

The Impact of Organizational Justice

Over the past few decades a considerable body of research has investigated the consequences of just and unjust treatment by work organizations. This literature has been summarized in three different meta-analytic reviews (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Viswesvaran & Ones, 2002). While these quantitative reviews differ in some specifics, they all underscore the propitious effects of workplace justice. We will look at each of the findings individually.

Justice Builds Trust and Commitment

Trust is a willingness to become vulnerable with respect to another party. As one might expect given our comments so far, Colquitt and his colleagues (2001) found that all three components of justice (distributive, procedural, and interactional) predict trust. These relationships can be quite strong. For example, the association between perceptions of just procedures and trust can be as high as .60. In a like fashion, justly treated employees are also more committed to their employers. Findings again vary somewhat with how justice is measured, but the correlation of perceived justice and affective commitment can range between .37 and .43 (Cohen-Charash & Spector, 2001).

Justice Improves Job Performance

As is true for other scholars, we use the term "job performance" to refer to formal job duties, assigned by organizational authorities and evaluated during performance appraisals (for a similar discussion, see Organ, 1988). Workplace justice predicts the effectiveness with which workers discharge their job duties (Colquitt et al., 2001), though more so in field settings and less so in the undergraduate laboratory (Cohen-Charash & Spector, 2001). As Lerner (2003) observed, justice effects are often strongest in real life. In part, this is because, over time, fairness leads to strong interpersonal relationships. In two studies, Cropanzano, Prehar, and Chen (2002) and Rupp and Cropanzano (2002) examined whether supervisors treated their reports with interactional justice. When they did,

the leader and the subordinate had a higher-quality relationship. This strong relationship, in turn, motivated employees to higher job performance. Supervisors worried that just pay and process are expensive and time-consuming might take heart. These costs may be partially defrayed by higher productivity.

Justice Fosters Employee Organizational Citizenship Behaviors

Organizational citizenship behaviors (OCBs) are employee behaviors that go beyond the call of duty (Organ, 1988). Several studies have found that justly treated employees are more likely to comply with workplace policies, show extra conscientiousness, and behave altruistically toward others (Cohen-Charash & Spector, 2001). Indeed, workers tend to tailor their citizenship behaviors carefully, doling them out to those groups or individuals who have treated them justly and withholding them from those who have not.

To illustrate this point, consider the case of temporary employees. A contingent worker is likely to be associated with two different organizations—the temporary agency and the organization that contracts with it. In an interesting study, Liden, Wayne, Kraimer, and Sparrowe (2003) surveyed contingent workers who were assigned to a Fortune 500 manufacturing firm. Liden and his colleagues discovered that citizenship behaviors toward this manufacturing organization were influenced by the procedural fairness with which the manufacturing company treated the workers. Contingent employees who received just processes from the contracting organization (the manufacturing firm) performed more OCBs. However, the procedural justice these workers received from the employment agency did nothing to boost citizenship behaviors toward the manufacturing firm. In other words, individuals repaid procedural justice with hard work, but they reciprocated only to the organization that treated them justly in the first place. The manufacturing firm did not benefit from the temporary agency's efforts at procedural justice. If you want justice to work to your benefit, you have to do it yourself.

Justice Builds Customer Satisfaction and Loyalty

Justice-inspired employee OCBs, such as behaving altruistically toward others, sound much like employee customer service-oriented behaviors, such as helping others and listening carefully to their needs. Building on this, Bowen, Gilliland and Folger (1999) suggested that just treatment of employees would lead to OCBs that “spill over” to customers. This “just play” results in customers feeling appropriately treated, thereby yielding customer satisfaction and loyalty. These types of internal-external relationships have been empirically validated by such scholars as Masterson (2001) and Maxham and Netemeyer (2003). For example, Masterson (2001) asked a large group of university instructors how they were being treated. When teachers felt that they received distributive and procedural justice they tended to report higher organizational commitment. This commitment, in turn, improved student responses toward the instructor. Since small gains in customer loyalty can translate into much larger gains in profitability (e.g., Heskett, Sasser, & Schlesinger, 1997; Smith, Bolton, & Wagner, 1999), these are very potent effects.

Thoughts Before Moving On

More broadly, we suggest that justice can be a core value that defines an organization's identity with its stakeholders, both internally and externally. When justice is espoused as a core value of an organization's management philosophy and enacted through a set of internally consistent management practices, it can build a “culture of justice,” a system-wide commitment that is valuable and unique in the eyes of employees and customers, and tough to copy in the minds of competitors. And that can translate into the makings of sustainable competitive advantage. In our next section, we will look at management practices that can help develop a culture of justice.

How to Create Perceptions of Justice

We will now turn to common and important workplace situations, discussing a variety of managerial and personnel functions. These are displayed in Table 2. In each case, we will

provide a lesson for promoting justice, including some normative recommendations regarding how individuals should be treated. And in each case we will return to one or more of our conceptual observations, such as the fair process effect and the two-factor model, illustrating how these phenomena affect real-life organizations.

Selection Procedures: Positive Job Candidates

For most job candidates, the recruiting and selection process is their first introduction to an organization. How they are treated at this time can have ramifications later. Applicants who feel justly treated are more likely to form positive impressions of the organization (Bauer et al., 2001) and recommend it to their friends (Smither, Reilly, Millsap, Pearlman, & Stoffey, 1993). And the flip side is also true. When applicants feel unjustly treated they are more likely to consider litigation as a potential remedy (Bauer et al., 2001). This research suggests that it pays for organizations to put their best foot forward. By treating applicants justly in the hiring process, organizations are setting the foundation for a relationship of justice and trust when those applicants become employees.

The research on job candidates' reactions to recruiting and hiring processes suggests that it is about much more than whether or not someone gets the job. Further, because applicants don't often know why they didn't get the job or the qualifications of the person who did, distributive justice is less of a concern in selection. However, managers do need to be mindful of procedural and interactional justice. It is also important to realize that the selection process begins with recruiting and initial communication, and encompasses all

contact with job candidates up to and including extending an offer and rejecting an individual for a job (Gilliland & Hale, 2005). In terms of procedural justice, research has identified two broad sets of concerns:

- *Appropriate questions and criteria* are critical for procedural justice. Job candidates expect interview questions and screening tests to be related to the job, or at least to appear to be related to the job (Gilliland, 1994; Ryan & Chan, 1999). Overly personal interview questions and some screening tests, such as honesty tests, are often seen as inappropriate and an invasion of candidates' privacy (Bies & Moag, 1986; Kravitz, Stinson, & Chavez, 1996).
- *Adequate opportunity to perform* during the selection process means giving job candidates the chances to make a case for themselves and allowing sufficient time in interviews (Truxillo, Bauer, & Sanchez, 2001). If standardized tests are used to screen applicants, justice can be enhanced by allowing candidates to retest if they feel they did not perform their best (Truxillo et al., 2001).

On the face, these two criteria seem reasonable and pretty straightforward. However, when compared with recommended hiring practices, managers are often faced with a "justice paradox" (Folger & Cropanzano, 1998). That is, many of the selection procedures with the highest predictive validity—those that are the best screening tools—are unfortunately those that fail to satisfy these justice concerns. Consider cognitive ability and personality tests. These screening methods have high demonstrated validity (Schmidt & Hunter, 1998), but both are seen by job applicants as not particularly fair (Steiner & Gilliland, 1996). Questions on these tests are often not related to the job, and applicants don't feel they have an opportunity to present their true abilities. The converse is also observed with the justice paradox. Traditional unstructured interviews have long demonstrated weak predictive validity, not much better than chance (Huffcutt & Arthur, 1994). However, job applicants perceive these interviews as having high procedural justice because they are able to demonstrate their qualifi-

Table 2
Building Justice Into Management Systems

1. Positive Job Candidates: The Justice Paradox in Selection Procedures.
2. Justly Balancing Multiple Goals: The Two-Factor Model in Just Reward Systems
3. You Don't Have to Win: How the Process by Outcome Interaction Helps Us Resolve Conflicts
4. Softening Hardship: The Fair Process Effect in Layoffs
5. Keeping Score Fairly: A Due Process Approach to Performance Appraisal.

cations (Latham & Finnegan, 1993). Adding structured situations and questions to the interview increases predictive validity, but decreases perceptions of procedural justice.

So how can this justice paradox be managed effectively? We have three suggestions. First, there are some screening tools that have both predictive validity and procedural justice. Work sample tests and performance-based simulations demonstrate reasonable predictive validity (Roth, Bobko, & McFarland, 2005) and are also seen as procedurally just (Steiner & Gilliland, 1996). A second solution is to modify existing screening tools to increase job applicants' perceived procedural justice. Smither and colleagues (1993) found that cognitive ability tests with concrete, rather than abstract, items tended to be viewed more positively by job applicants. Based on the observation that applicants perceive greater justice in unstructured interviews, Gilliland and Steiner (1999) suggest a combined interview that has both structured behavioral questions to maximize predictive validity and unstructured questions to allow applicants the "opportunity to perform."

The third suggestion is based on our earlier discussion of interactional justice. Recall that interactional justice can attenuate the negative effects of procedural injustice. Research has demonstrated that interactional justice is very important for job candidates (Bies & Moag, 1986; Gilliland, 1995). With attention to considerate interpersonal treatment, honest information, and timely feedback, organizations can create hiring processes that embody interactional justice. Research has demonstrated that the informational components are particularly important if there are unanticipated delays or unusual screening procedures involved in the process (Rynes, Bretz, & Gerhart, 1991).

Reward Systems: Justly Balancing Multiple Goals

At the most basic level, rewards systems need to accomplish two goals: They need to motivate individual performance, and they need to maintain group cohesion. While both goals are worthwhile, distributive justice research tells us that it is difficult to accomplish them simultaneously. Equity allocations, which reward for performance, can

spur individual effort. But the resulting inequality that is likely to occur can be disruptive. In a study of academic faculty, Pfeffer and Langton (1993) examined wage dispersion in their home departments. When wage dispersion was high, faculty reported less satisfaction and less collaboration with colleagues. Overall research productivity dropped as well. This is not what merit pay is supposed to do.

Paying everyone the same thing, though, is not the answer either. Indeed, equality distributions can boost group harmony, but they bring troubles of their own. A key problem is one of external equity. High-performing employees, or those with rare skills, may be worth more in the external marketplace. If their salaries are "capped" to maintain internal equality, these workers may seek employment elsewhere. This is just another way of saying that no matter how people are paid, not everyone will be satisfied.

How then to position rewards? The research discussed earlier underscores an opportunity. To be sure, individuals who do not receive the compensation they desire will want more. However, they often remain loyal to their employer if the pay administration procedures are viewed as fair. Consequently, if an organization needs to maintain external equity, it can do so and risk internal inequality, but only as long as the allocation process is just. To illustrate, McFarlin and Sweeney (1992) surveyed more than 600 banking employees. As expected, when distributive justice was low, workers reported less pay satisfaction and less job satisfaction. This is bad news, but it is partially compensated for by the procedural justice results. When procedural justice was high, workers experienced higher organizational commitment and a positive reaction to their supervisors. This is the two-factor model in action. Individuals who were not necessarily satisfied with their pay were still unlikely to derogate the organization when the procedures were just.

In addition to procedural justice, interactional justice can be helpful in administering pay fairly. To illustrate this point, let us consider a situation that everyone dislikes: pay cuts. Greenberg (1993) found that differences in how pay cuts were managed at two manufacturing plants produced dra-

matically different outcomes. The key is interpersonal treatment. In one, an executive politely, but quickly in about 15 minutes, announced a 15% pay cut. In the other, an executive spent about an hour and a half speaking, taking questions, and expressing regrets about making an identical pay cut. During a subsequent 10-week period, employee theft was about 80% lower in the second case, and employees in that plant were 15 times less likely to resign. No one wanted to have his or her pay cut. But workers understood why it happened, appreciated the supportive interpersonal treatment, and did not vent their ire on the organization.

Conflict Management: You Don't Have to Win

Thomas and Schmidt (1976) tell us that managers may spend about 20% of their time settling disputes among employees, and they are not always successful (Schoorman & Champagne, 1994). Conflict resolution is likely to be most difficult when one or both parties is intransigent. At this point the manager may listen to both disputants, but will need to impose a settlement on them. This is called arbitration, and it is ultimately autocratic. As a result, arbitration may sound risky because it hazards a distributive injustice; the settlement is imposed and not approved in advance by other parties.

There is good news, however. If *any* component of justice is present during arbitration (distributive or procedural or interactional), the overall appraisal of the situation will be improved (Goldman, 2003). Because arbitration preserves procedural justice, an unfortunate outcome is less destructive than one might imagine. Or, we might say, managers can make hard choices, but they have to make them justly (for details see Folger & Cropanzano, 1998). This illustrates a simple yet powerful lesson from research on conflict resolution: If you can't give people the outcome they want, at least give them a fair process.

Layoffs: Softening Hardship

So far we have reviewed evidence pertaining to justice in the context of hiring, reward systems, and conflict resolution. These are everyday events in a large organization, and each will function

more effectively if justice is taken into account. Even a reader willing to indulge our arguments so far might be wondering whether justice helps when something really bad happens.

Among common management situations that affect employees, downsizing is among the worst (Richman, 1993). Layoffs have pernicious effects, harming the victims while undermining the morale of survivors who remain employed. Though downsizing is a widely used cost-cutting strategy, it is highly risky. The costs of workforce reductions often outweigh the benefits (Kammeyer-Mueller, Liao, & Arvey, 2001). In these circumstances people not only lose, they lose big. The event can be so negative that a sense of distributive injustice is virtually a given. Can the guidelines suggested in this paper do any good at all?

As a matter of fact, they can. When a layoff is handled with procedural and interactional justice, victims are less likely to derogate their former employers (Brockner et al., 1994, Study 1). Indeed, justice can have direct bottom-line effects. Lind, Greenberg, Scott, and Welchans (2000) interviewed a large number of layoff victims. Many of these individuals considered legal action following their downsizing, and almost a quarter of the victims went so far as to speak to an attorney. The single best predictor of willingness to take legal action was the justice of the treatment they received at the time of their discharge. Among those who felt unjustly treated, Lind and his colleagues found that a full 66% contemplated litigation. Among those who felt justly treated, this dropped to just 16%. These are impressive findings. Although managers are often coached by attorneys or HR representatives to avoid apologizing—an apology can be seen as an admission of guilt—these results suggest that an apology may help promote the feelings of interactional justice that actually reduce the risk of litigation. Justice, it would seem, provides a useful way to survive a crisis with one's business reputation intact.

While we have so far discussed the victims of layoffs, workforce reductions also affect survivors. Those left behind, though retaining their jobs, tend to suffer from "survivor guilt" (Brockner & Greenberg, 1990). However, if organizations provide a good explanation as to why the downsizing

is necessary—an aspect of interactional justice—the remaining employees respond much less negatively (Brockner, DeWitt, Grover, & Reed, 1990). Providing unemployment benefits is also advantageous, as one might expect. However, if these benefits are lacking, an advance warning that a layoff is about to occur will blunt the negative reactions that might otherwise transpire (Brockner et al., 1994, Studies 2 and 3).

Performance Appraisals: Keeping Score Fairly

In order to assign rewards, identify candidates for promotion, and develop human capital, most large organizations conduct performance evaluations. While these appraisals are useful, concerns remain, and their implementation is often troubled. For example, scholars have observed a phenomenon called the “vanishing performance appraisal” (for a review, see Folger & Cropanzano, 1998). When surveyed, most managers reported having provided performance reviews, while many of their subordinates reported never receiving one. Other research suggests that evaluations are affected by political considerations (Longenecker, Gioia, & Sims, 1987), cognitive processing limitations of the rater (DeNisi & Williams, 1988), and the social context in which they are conducted (Levy & Williams, 2004). These concerns tell us that the performance appraisal process often contains a good deal of ambiguity as well as room for reasonable people to disagree.

For this reason, it is helpful to approach performance evaluations with an eye to their subjectivity. Historically, much of the advice academics provided to practitioners encouraged them to think of the performance review as a sort of test, whereby the central task is to assign a valid rating to a more-or-less objective quantity. For example, raters have been advised to “become expert at applying principles of test development” (Banks & Roberson, 1985, p. 129) and that “psychometric issues surrounding performance measurement [are] more relevant than ever” (DeVries, Morrison, Shullman, & Gerlach, 1981). This venerable, measurement-oriented understanding of performance appraisal has been termed the “test metaphor” (Folger, Konovsky, & Cropanzano, 1992).

More recent performance appraisal work has

taken a broader perspective, emphasizing the social setting (Levy & Williams, 2004) and input from multiple sources (Smither, London, & Reilly, 2005). In this vein, Cawley, Keeping, and Levy (1998) meta-analyzed 27 field studies, each of which examined employee participation in performance appraisal. They found that when employees had a voice they were more satisfied, saw the process as more fair, and were more motivated to do better. This is interesting, but probably not terribly surprising. The really impressive finding was that these effects occurred even when participation could not affect the rating. Simply being able to speak one’s mind (what Cawley and coauthors termed “value-expressive” participation) caused employees to be more favorable toward the performance appraisal system. Notice how these findings are consistent with the fair process effect mentioned earlier.

Research on organizational justice is providing a new paradigm for understanding performance review. Consistent with Folger, Konovsky, and Cropanzano (1992), we call this the due process approach to performance appraisal. Adopting a due process metaphor sensitizes one to the distinct interpretations, potential conflicts of interest, and legitimate disagreement about facts. The due process approach to performance review has three core elements: adequate notice, just hearing, and judgment based on evidence.

- *Adequate notice*, as one might expect, involves letting people know in advance when they will be appraised and on what criteria they will be appraised. However, from a justice point of view, it goes beyond this. It is also useful to have workers involved in devising performance standards and making these widely available. Of course, it follows that feedback should be provided regularly.
- *Just hearing* means limiting the feedback review to “admissible” evidence, such as worker performance rather than personal attacks. It also means providing workers with a chance to provide their own interpretation of events, including disagreeing with the supervisor where this is appropriate.
- *Judgment based on evidence* means that the stan-

dards should be accurate, data should be gathered, and decisions should be based on this formal process. Steps should be taken to provide rater training, so as to improve accuracy and to keep the process free of political influence.

Taylor, Tracy, Renard, Harrison, and Carroll (1995) redesigned the performance appraisal system of a large state agency so that it included these principles of due process. They discovered that workers preferred the new system, finding it fairer and more effective. Managers liked it as well, believing that it allowed them to be honest and feeling that it was more effective for solving work problems. This occurred even though workers in the due process system received *lower* ratings than did workers under the older approach.

This is all to the good, but there are risks involved. Adequate notice, just hearing, and judgment based on evidence are complicated to administer. A key problem is that they may raise expectations while simultaneously providing employees with a set of tools for making their discontent felt. Consider the case of two companies studied over six years by Mesch and Dalton (1992). Each firm was in the same region, and workers in each were represented by the same union. In fact, grievances at both organizations were assigned to the same union local. After 36 months, one of the firms decided to improve its grievance process by adding a fact-finding intervention. Before the grievance process began, both the union and management provided a "fact finder" to determine the merits of the case, prevent concealment of information, and encourage negotiated settlements. This provided an additional stage of process protection. The result? The number of grievances filed skyrocketed at the firm with the new procedural safeguard, but stayed roughly constant at the other organization. After about two years, the fact-finding intervention was abandoned, and the grievance rate returned to normal. The new intervention seems to have raised expectations and thereby encouraged workers to complain about real and imagined ill-treatment. In the long run this was counterproductive. The implications of Mesch and Dalton's (1992) study need to be appreciated. If procedures are not

designed appropriately, they could create more problems than they solve.

Concluding Thoughts

There are two sides to the justice coin. On the negative side, the absence of justice is likely to provide problems for organizations. There is strong evidence that injustice can provoke retaliation, lower performance, and harm morale (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Viswesvaran & Ones, 2002). On the positive side, justice can do more than forestall these unfortunate outcomes. Justice acts as a sort of buffer, allowing employees to maintain respect and trust for an organization even when things do not go as they would have liked (Brockner & Wiesenfeld, 1996). It is inevitable in life that things will not always go our way. However, the negative effects of an unfortunate event are less severe if an organization is able to maintain procedural and interactional justice (Goldman, 2003; Skarlicki & Folger, 1997).

Justice provides an excellent business opportunity, from reaping specific returns such as stronger employee commitment to gaining an overall tough-to-copy competitive edge that resides in a "culture of justice." In this paper we have examined justice from the perspective of five managerial tasks: hiring, reward systems, conflict management, layoffs, and performance appraisals. These tasks are diverse, but they all involve a degree of risk. Each has the potential to designate some as "winners" and others as "losers." After all, there will always be people who fail to get the job, receive a lower than expected performance appraisal, or are downsized in the face of business exigencies. As a result, organizations hazard the ill will of employees simply because they are making the sorts of decisions necessary to run their businesses. Organizational justice allows managers to make these tough decisions more smoothly. Just play certainly does not guarantee all parties what they want. However, it does hold out the possibility that power will be used in accordance with normative principles that respect the dignity of all involved. This is sound business advice. *It is also the right thing to do.*

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