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# Interpersonal Sensitivity and Information Sharing During Layoffs : Implications for Job Seekers

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*Portland State University*

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INTERPERSONAL SENSITIVITY AND INFORMATION SHARING  
DURING LAYOFFS: IMPLICATIONS FOR JOB SEEKERS

by

RAINER SEITZ

A dissertation submitted in partial fulfillment of the  
requirements for the degree of

DOCTOR OF PHILOSOPHY  
in  
SYSTEMS SCIENCE: PSYCHOLOGY

Portland State University  
2006

## DISSERTATION APPROVAL

The abstract and dissertation of Rainer Seitz for the Doctor of Philosophy in Systems Science: Psychology were presented April 18, 2006, and accepted by the dissertation committee and the doctoral program.

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## ABSTRACT

An abstract of the dissertation of Rainer Seitz for the  
Doctor of Philosophy in Systems Science: Psychology presented April 18, 2006.

Title: Interpersonal Sensitivity and Information Sharing During Layoffs: Implications  
for Job Seekers

Layoffs have become an increasingly common cost reduction strategy implemented by organizations. In addition to affecting those who lose their jobs or remain with the organization after a reduction, layoffs may also affect individuals outside the organization. A systems perspective on layoffs takes into account the various stakeholders who are affected by such an action beyond those traditionally studied. Job applicants are one group of stakeholders for which research on the implications of layoffs is lacking. The purpose of this dissertation was to examine the specific organizational justice factors of interpersonal sensitivity and information sharing in a layoff and their effects on subsequent attitudes and behaviors of future job seekers.

After being presented with one of four fictitious newspaper articles that described details about a layoff, participants were asked to respond to a survey containing questions regarding general attitudes toward organizations as well as thoughts specifically regarding the target organization and the way it managed the



layoffs. Specific relationships were hypothesized to exist between the justice factors and organizational attractiveness, organizational relation expectations, and procedural fairness. Results indicated that the attitudes and reactions of participants toward organizations varied based on the levels of interpersonal sensitivity and information sharing. Moreover, the justice factors interacted to influence subsequent outcomes. Although they did not moderate the fairness-outcome relationships as hypothesized, the individual difference variables of equity sensitivity and employment goals did have significant main effects as well as some moderating effects. Lastly, organizational relation expectations did partially mediate fairness-outcome relationships as predicted.

This study represents an important step in advancing the limited literature on layoffs and job seekers, and illustrates that the effects of layoffs have implications beyond those individuals directly affected. There are several implications for research, including a further illustration of the complexity of the fairness-outcome relationship as a result of mediating and moderating effects. This study also bridges several different areas of organizational research, namely, layoffs, applicant reactions, organizational image, and recruitment, and highlights opportunities to further explore and integrate these diverse lines of inquiry. Additional implications are discussed for future research as well as management practice.

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## CHAPTER 1

## INTRODUCTION

Layoffs and downsizing have become commonly accepted cost reduction strategies implemented by organizations in response to economic downturns and increased global competition. From 1996 to 2004, there were 152,309 instances of mass layoffs (i.e., those involving 50 or more individuals) in the United States (U.S. Department of Labor, 2005). The number of individuals both directly and indirectly affected by these reductions runs into the millions. Over the three-year period from 2000 to 2003, nearly one in five U.S. workers (18%) reported being laid off from their job, while an additional 19% had a family member who had been laid off (Dixon & Van Horn, 2003). This trend shows no signs of receding, in part because Wall Street has tended to reward companies for conducting layoffs by boosting stock values immediately after layoffs are announced (Downs, 1995; Uchitelle & Kleinfeld, 1996).

*Implications of Layoffs*

Advocates of layoffs as a management strategy cite the immediate and measurable reduction on operating costs and increase in stock value as a justification for their use (Peters & Austin, 1985). Opponents, however, point to a number of direct and indirect costs associated with layoffs. For example, Cascio (2002) lists several direct costs of layoffs, including severance pay, outplacement, pension and benefit payouts, and the costs of rehiring former employees. Indirect costs include low morale, reduced productivity as a result of heightened insecurity, loss of institutional memory, and potential lawsuits from aggrieved employees. Whether the impacts of

downsizing are seen as positive or negative seems largely dependent upon the perspective taken. For example, from the perspective of employees, layoffs generate anxiety, job insecurity, and perceptions of organizational injustice (e.g., Brockner & Greenberg, 1990). Financial markets, on the other hand, may view layoffs as evidence of fiscal responsibility and waste reduction (Dial & Murphy, 1995). Beyond these groups of stakeholders, however, downsizings also affect applicants, consumers, and regulatory bodies (Kammeyer-Mueller, Liao, & Arvey, 2001). These various perspectives, or perceptual stances (Lendaris, 1986), are important elements to consider when discussing the potential implications of layoffs. The notion of multiple perspectives represents a key component of systems thinking, which I will utilize as a framework for discussing the complexity and interdependence of the concepts under study. I discuss systems thinking and relevant elements of general systems theory in more detail in Chapter 6.

### *Layoff Research and Stakeholders*

Kammeyer-Mueller et al. (2001) developed a model to represent the various stakeholder perspectives on downsizing and organizational outcomes. This model is presented in Figure 1. According to the authors, the stakeholders examined by current research on downsizing include current employees, former employees, the social community, stockholders, and partner organizations. A comprehensive discussion of the model and related research is beyond the scope of the present study. However, I review selected research relevant to the model and the present study in subsequent chapters. Most important for the purpose of this study, this model highlights job

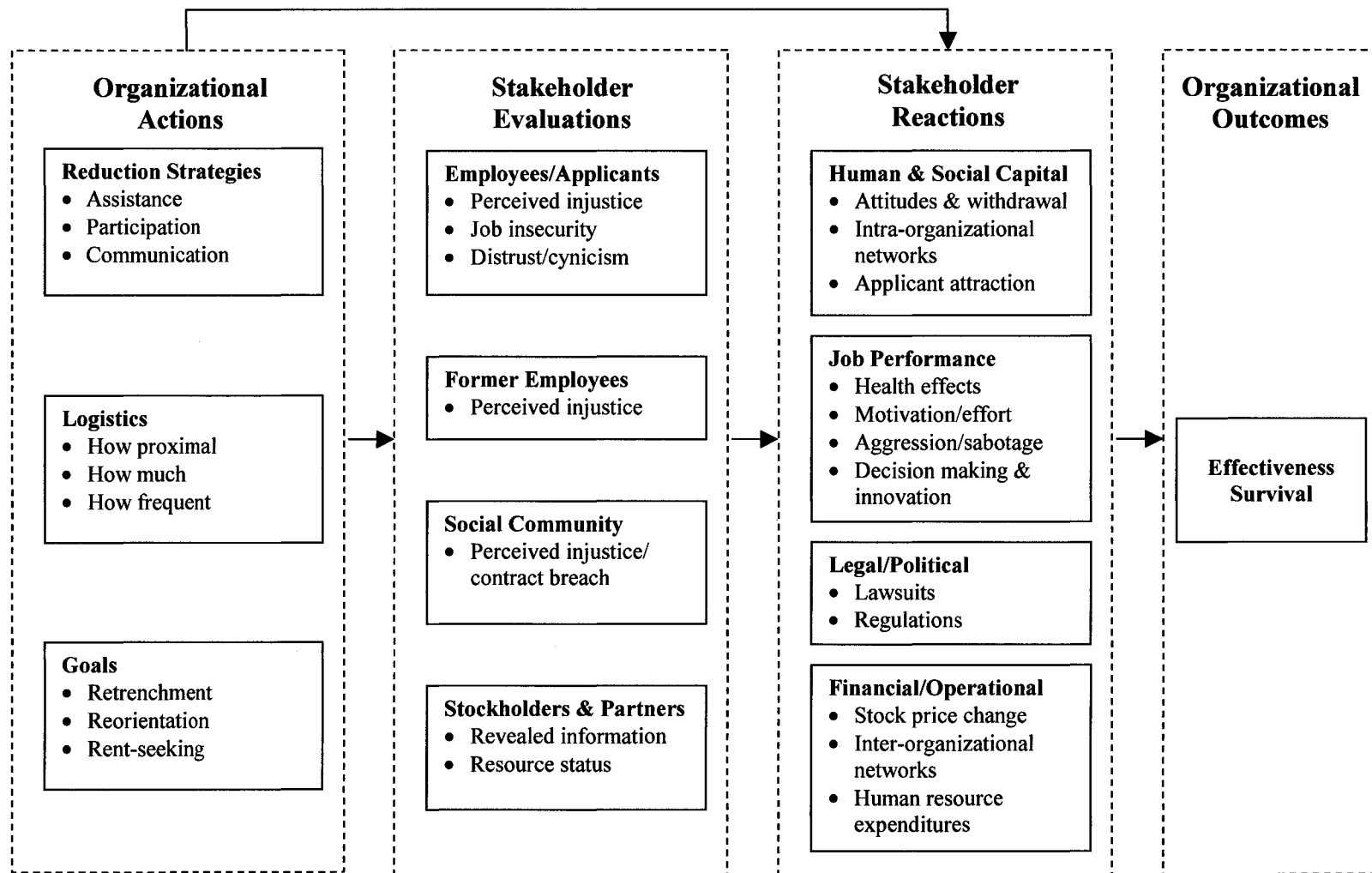


Figure 1. Downsizing and organizational performance (from Kammeyer-Miller, Liao, & Arvey, 2001).

applicants as a key stakeholder group that has been largely overlooked by both downsizing researchers as well as by organizations contemplating a workforce reduction. Interpreting the model of Figure 1 from a systems perspective, organizational downsizing can be considered a complex system or unit comprised of the subunits of organizational actions, stakeholder evaluations, and stakeholder reactions. Each of these subunits, in turn, comprise their own subunits, with examples being “evaluations by applicants” or “evaluations by stockholders and partners” from the stakeholder evaluations. By not considering each of the elements and their interrelationships within the system of organizational downsizing, researchers and practitioners have failed to capture important aspects of the layoff event. One such aspect is how evaluations of layoffs by applicants can ultimately affect an organization’s effectiveness and survival. Kammeyer-Mueller et al. (2001) suggest that applicants’ concerns about downsizing may affect their decision to join an organization. More specifically, they propose that “Evaluations of injustice or insecurity following downsizing will be associated with decreases in human capital availability through decreases in applicant attraction.” (p. 298). Kammeyer-Mueller et al. (2001) note that since there have been no empirical investigations of the relationship between downsizing and applicant attraction, this proposition should be tested in future research. The present study aims to address this gap in the research literature.



*A Framework of Layoff Research*

Early research on layoffs treated the phenomenon as a dichotomous variable, studying the effects of whether a layoff had occurred or not. More recently, researchers have recognized that all layoffs are not the same. There are a number of reasons why an organization might conduct a layoff, and a variety of methods that can be used when implementing them (Society for Human Resource Management, 2001). Figure 1 illustrates organizational actions (a subunit of the organizational downsizing system) involved in layoffs in terms of strategies, logistics, and goals (subunits of organizational actions). For example, one organization may offer outplacement assistance to laid-off employees, whereas another may not. Similarly, employees at one organization may receive notice of an impending layoff 60 days prior to its occurrence, while employees at another company may learn that they are out of a job and are escorted from the building on the same day.

There is a large body of research that has begun to explore various layoff characteristics and resulting stakeholder evaluations and reactions (e.g., Brockner & Greenberg, 1990; Hemingway & Conte, 2003; Konovsky & Folger, 1991). Much of this research has utilized organizational justice as a framework for understanding the relationship between layoffs and subsequent outcomes. Organizational justice involves perceptions of fairness with regard to the outcomes and processes that individuals experience in their interactions with organizations. Management scholars increasingly recognize that justice concepts can explain a great deal regarding current business issues such as downsizing and individuals' resulting reactions (Byrne & Cropanzano,

2001). I present a more-detailed discussion of layoff research within the organizational justice framework in Chapter 8.

### *Layoffs and Job Seekers*

As noted above, job applicants are a stakeholder group or element within the layoff system that has been largely overlooked in research on layoffs (Kammeyer-Mueller et al., 2001). The focus of layoff research to date has primarily been on current and former employees, stockholders, and the community in general. The purpose of the present study is to address this gap in the research literature and explore the effects of layoffs on individuals who are or will soon be seeking employment. Rather than refer to these individuals as applicants, I use the terms “job seeker” and “prospective applicant” to recognize that someone may choose not to apply to an organization that has conducted a layoff. In this instance, the individual has chosen not to become an applicant. This particular choice is central to the present study. Moreover, since organizational justice provides a meaningful framework for understanding management practices and subsequent outcomes, I will utilize it to explore the layoff/job seeker relationship.

In order to establish the rationale for pursuing this line of research, I first present the theoretical literature on organizational justice and fairness perceptions (Chapter 2), and then review applied research on organizational justice and selected management practices (Chapter 3). To represent the complexity of the relationships between fairness perceptions and outcomes, I discuss the mechanisms underlying these relationships (Chapter 4). I then focus specifically on individuals’ early

experiences with and perceptions of organizations (Chapter 5) and discuss these perceptions or images from a systems perspective (Chapter 6). Next, I discuss factors influencing individuals' job search efforts, including the role of fairness perceptions (Chapter 7). Finally, I review the literature on fairness perceptions and layoff practices, integrating this line of research with the job pursuit/job choice research from the previous chapter in order to establish the hypotheses for this study (Chapters 8 and 9).

## CHAPTER 2

## THEORETICAL WORK IN ORGANIZATIONAL JUSTICE

The premise of the present study is that management practices related to organizational layoffs are typically evaluated in terms of their perceived fairness, and that these perceptions affect the subsequent reactions and behavioral intentions of future job seekers. In order to explore the effects of these fairness perceptions, I first review the relevant literature on organizational justice. Theories of organizational justice have received considerable attention in the research literature, in part due to their effectiveness in providing an explanatory framework for the relationships between fairness perceptions and their antecedents and consequences.

*Organizational Justice Theories*

Researchers have long been concerned with people's perceptions of fairness in social contexts. The origins of this line of inquiry can be traced back to social psychology, where researchers explored the effects of relative reward and resource allocation on various attitudinal and behavioral outcomes. A significant early contribution to this effort was the work by Adams (1965), whose equity theory proposed that individuals are motivated to maintain a balance in their exchange relationships through the evaluation of their inputs and outcomes in relation to referent others. When inequity is perceived, an individual will experience "inequity distress" and will attempt to resolve the inequity in order to reduce the negative emotions that accompany it (Lind & Tyler, 1988). One way for the individual to achieve this resolution is by reducing his or her inputs (e.g., effort in work). Alternatively, an

individual may attempt to either reduce or increase the outcomes (e.g., pay) that they or another individual receive so that a balance is achieved. In addition to making actual changes in inputs and outcomes, individuals may also adjust their perceptual filters or change their perceptual stance when considering their own or others' inputs and outcomes to achieve or restore a balance. The initial research on equity theory provided the foundation for what would become organizational justice research. As work in the latter area has progressed, four distinct yet interrelated types of justice have emerged - distributive, procedural, interpersonal, and informational – each of which I will discuss in the following sections.

#### *Distributive Justice*

Distributive justice research evolved from Adams' (1965) initial work on equity theory. Investigations of distributive justice focused on individuals' evaluations of outcome allocation with respect to a particular distributive rule, the most common being equity (Cohen, 1987; Greenberg, 1982). Other researchers have extended this line of research to include alternative distribution or allocation rules, such as equality and need (e.g., Leventhal, 1976). With equality, the concern is that each individual receives an equal share, regardless of the level of their relevant inputs. A need-based allocation rule determines fairness on the basis of individuals' relative needs. Because it is possible for individuals to use any one of several possible referent comparisons when judging the equity of outcomes, and it is difficult to determine which referent is being used, research in this area has been challenging (Gilliland & Chan, 2001).

*Procedural Justice*

After a decade of investigations involving fairness perceptions of outcomes, researchers began to recognize that individuals were also concerned with the processes used to determine outcomes (Gilliland & Chan, 2001). Thibault and Walker (1975) are generally recognized to have introduced the concept of procedural justice, which involves the perceived fairness of procedures used in making decisions (Folger & Greenberg, 1985). Their pivotal research investigated the influence of process control on fairness perceptions with regard to legal dispute resolution. The primary finding of their work was that procedures are perceived to be more fair when those affected have an opportunity to influence the decision process in some way, such as by being allowed to offer their input so that it can be taken into consideration. Subsequent researchers have termed this phenomenon the “fair process effect” or “voice” effect (e.g., Folger, 1987; Lind & Tyler, 1988). The significance of these findings is underscored by the fact that they have been repeatedly replicated in the justice literature (Colquitt, Conlon, Wesson, Porter, & Ng, 2001).

The focus on process that was the basic tenet of procedural justice research did not necessarily replace the distributive justice focus on outcomes, but rather complemented it (Byrne & Cropanzano, 2001). In fact, it was not until the mid-1980s when researchers began to integrate the work of Adams (1965) and Thibault and Walker (1975) into a more comprehensive perspective on justice in organizational contexts that organizational justice was recognized as a distinct line of research (Gilliland & Chan, 2001). This two-factor conceptualization of organizational justice

as consisting of distributive and procedural components has been consistently supported by research (Greenberg, 1990a), and many researchers believe it is imperative to evaluate each justice component with the other in mind in order to represent this interdependence (Brockner, 2002; Lind & Tyler, 1988).

Early work in organizational justice was primarily focused on processes and outcomes in social and legal contexts. Leventhal (1980) is credited with expanding procedural justice investigations into organizational contexts. His work also extended the range of fairness determinants beyond process control. Leventhal theorized that procedural justice judgments were based on the extent to which a procedure met six fairness criteria. According to his theory, a fair procedure is one that 1) is applied consistently across people and across time, 2) is free from bias, 3) ensures that information obtained and used in decision-making is accurate, 4) has a formal means to correct flawed or inaccurate decisions, 5) conforms to personal or prevailing standards of ethics or morality, and 6) ensures that the opinions of relevant stakeholders have been taken into account.

### *Interactional Justice*

Not content with the sole emphasis on outcomes and procedures, Bies and Moag (1986) focused on the communicative aspects of procedures as distinct from the procedures themselves to further extend the procedural justice concept. They argued that people judge the quality of their interactions and the interpersonal treatment they receive when procedures are enacted using four criteria: justification, truthfulness, respect, and propriety. For example, justification involves such things as providing an

explanation for the basis of a decision. Truthfulness includes being open and honest and avoiding deception. Respect involves treating people with dignity and politeness. Finally, propriety consists of treatment such as avoiding prejudicial or biased statements. These four criteria collectively comprise interactional justice (Bies & Moag, 1986).

The original conception of interactional justice was that of a construct distinct from both distributive and procedural justice (Bies & Moag, 1986). While there has been continued discussion of justice consisting of these three dimensions (e.g., Bies & Shapiro, 1988; Skarlicki & Folger, 1997), much research has merely included interactional justice as a component within procedural justice rather than as a separate justice dimension (Cropanzano & Greenberg, 1997; Tyler & Bies, 1990). However, other scholars contend that the procedural-interactional distinction should be maintained (Byrne & Cropanzano, 2001). Evidence to support this contention is found in the work of Masterson, Lewis, Goldman, and Taylor (2000), who found that interactional justice was more closely related to outcomes involving supervisors, such as job satisfaction, while procedural justice had greater implications for organizational outcomes such as commitment.

Beyond the maintenance of the distinction between interactional and procedural justice, investigators have also proposed that interactional justice consists of two distinct components which each account for unique variance in fairness perceptions (Greenberg, 1993a). Research has tended to support a two-dimensional



interactional justice structure consisting of interpersonal and informational justice (Greenberg, 1990a; Shapiro, Buttner, & Barry, 1994).

### *Interpersonal Justice*

Interpersonal justice, or sensitivity, involves the extent to which people are treated with respect, dignity, and politeness by those enacting procedures or determining outcomes (Colquitt et al., 2001). According to Greenberg (1993b), interpersonal justice is achieved by showing concern for individuals, particularly with regard to the distributive outcomes they receive. For example, if a hiring manager shows concern for the plight of a rejected job applicant, that applicant is more likely to perceive the outcome as fair. Similarly, the inclusion of an apology can also increase the perceived fairness of undesirable outcomes (Greenberg, 1991).

### *Informational Justice*

Informational justice, or explanations, reflects the adequacy of explanations given to people for the use of certain procedures or the rationale for determining outcome allocation (Colquitt et al., 2001). Researchers suggest that providing people with adequate explanations reduces perceptions of secrecy and dishonesty, thereby conveying a sense of inclusion and trustworthiness (Tyler & Bies, 1990). For an explanation to be perceived as fair, however, it must also be based on sound reasoning and recognized as genuine in intent (Greenberg, 1993b). In addition to the content of the information presented, the adequacy of explanations may also be related to their timing. One context in which the timing-related effects of informational justice have been well-illustrated is organizational layoffs. When significant advance notice has

been given regarding layoffs, both victims and survivors tend to perceive the layoff process as more fair (e.g., Brockner, Konovsky, Cooper-Schneider, Folger, Martin, & Bies, 1994; Konovsky & Folger, 1991).

### *Further Theoretical Perspectives*

Beyond the primary theoretical areas in organizational justice research, investigators have continued to work on the development of additional theories in an attempt to provide a more comprehensive picture of justice in the workplace. Two notable efforts include fairness theory (Folger & Cropanzano, 2001) and Lind's (2001) fairness heuristic theory.

#### *Fairness Theory*

In an attempt to integrate distributive and procedural justice research and elaborate on the relationship between the two constructs, Folger (1986) initially developed referent cognitions theory (RCT). According to RCT, people are most likely to experience a sense of injustice when they are disadvantaged in comparison to another person (Folger, 1986). When someone experiences a negative outcome, he or she attempts to determine what procedures may have led to the outcome, and which party is to blame. If someone 'should' have acted differently (i.e. their actions were inappropriate), resentment toward that individual develops and the outcome is judged to be unfair.

For example, if an individual who is laid off believes that his manager should have informed him about the impending job loss weeks earlier rather than the day of the severance (i.e., so that he could have begun a job search earlier), he will perceive

the layoff as unfair because the manager gave no advance notice. By delaying the notification rather than informing the laid-off employee well in advance, the employee holds the manager responsible for being unemployed.

In addition, to the extent that the employee perceives that a different action 'would' have resulted in a more favorable outcome, the situation is judged to be unfair. Therefore, had the laid-off employee been notified weeks in advance, he may have been able to find another job and would have avoided a period of unemployment. Thus, fairness perceptions depend upon the 'should' and 'would' components of a given situation. An individual imagines counterfactual alternatives to the procedures he or she has experienced (i.e., what 'should' have been done), and compares their own outcomes to referent others (i.e., what 'would' have been received; Folger & Martin, 1986). A combination of high levels of these beliefs maximizes resentment.

RCT was initially seen as a plausible explanation for how perceptions of unfairness develop, but it did not adequately address the other end of the unfairness/fairness continuum, that is, perceptions of fairness and their antecedents (Gilliland & Chan, 2001). First, the emphasis of the theory was on perceptions of negative outcomes. In instances where an individual experiences a favorable outcome, the theory offers a less clear explanatory mechanism. Furthermore, RCT did not consider the influence of interpersonal justice variables on the formation of unfairness perceptions. In other words, the theory did not account for the mitigating effects of factors such as sensitivity and respectful treatment in the process of determining outcomes.

Partly in response to some of these criticisms, Folger and Cropanzano (2001) extended the work on RCT to include an accountability component. This component involved assigning responsibility for an injustice to an individual or entity. They presented a revised model of RCT in which accountability was the primary focus. According to fairness theory, the extent to which a situation is judged as unfair and someone is to be held accountable is based on three factors: 1) an unfavorable condition must exist; 2) the condition is the result of actions of an individual who is held accountable; 3) the voluntary and discretionary conduct is in violation of ethical and/or moral principles governing interpersonal conduct (Folger & Cropanzano, 2001). Thus, an individual will assign blame on the basis of judgments regarding perceived injury, discretionary conduct, and referent standards. For example, an employee may perceive the denial of a promotion as injurious. However, if his supervisor was instructed by management not to make any personnel changes, he would recognize that the supervisor did not have discretionary control over the matter and therefore would not hold him or her accountable. Similarly, if his supervisor provided him with a rationale for why another employee received the promotion, such as being better qualified, he would not perceive the action to violate ethical or moral standards of action and thus not perceive the situation as unfair. However, to the extent that he perceived the supervisor to have discretion in the situation and believed that the supervisor acted unethically, he would judge the supervisor's actions to be unfair.

In addition to the “would” and “should” aspects outlined by RCT, fairness theory also incorporates a “could” component. When a person perceives a potential injustice, he or she questions whether the individual responsible could have behaved in another manner, that is, whether there were other courses of action available (Folger & Cropanzano, 2001). To the extent that decision-makers have discretion, they are held accountable for negative outcomes and those affected by the decision will tend to react more negatively as a result. Beyond focusing solely on outcomes, as in RCT, fairness theory also involves an evaluation of procedural factors (Gilliland & Chan, 2001), thereby providing an explanation of the frequently reported strong relationship between distributive and procedural justice (Brockner & Wiesenfeld, 1996).

#### *Fairness Heuristic Theory*

Another theoretical attempt to integrate the distributive and procedural justice research domains is found in fairness heuristic theory. This theory begins with the assumption that people experience a degree of uncertainty when forming relationships with an organization or person in a position of power (Lind, 2001). Based upon initial information available to them, people form impressions regarding the fairness of the authority figure, and whether that person is trustworthy. Lind referred to this as a primacy effect, whereby the first relevant information that an individual encounters will have the greatest influence on overall perceptions of fair treatment. Once initial impressions are formed, people will use them as a heuristic device for interpreting and judging subsequent events and interactions, as well as to predict how they will be treated in the future (Gilliland & Chan, 2001). In the absence of adequate or

compelling contradictory information, they will tend to make judgments regarding fairness based on their initial impressions, which are formed very quickly early on and resistant to change.

From a systems perspective, the fairness heuristic functions similarly to a schema, which represents a cognitive organization or mental model of conceptually related elements (Horowitz, 1988; Stein, 1992). Schemas serve an interpretive and informational function, helping people fill in the blanks created from missing or unavailable data (Crocker, Fiske, & Taylor, 1984). Schemas gradually develop from past experience, and subsequently guide the way new information is organized and new experiences are viewed (Stein, 1992). Thus, initial unfair treatment by an organization may lead an individual to develop a schema or heuristic whereby a heightened sensitivity to unfairness emerges, or where future unfair treatment is expected or assumed. The fairness heuristic does differ from a schema in that it is more organization-specific, such that an individual can have different expectations of treatment by different organizations based upon experiences with each. It also differs from a schema in that fairness heuristics do not exist prior to having some experience with an organization, and develops rather quickly at the onset of relationship formation (Lind, 2001). A schema, on the other hand, tends to represent a more general, pre-existing perspective, akin to a perceptual filter through which experiences are interpreted.

The pre-employment context is one situation where an individual may first encounter information about an organization. For example, job seekers may learn

about a recent layoff that an organization handled poorly (that is, employees were treated unfairly) through some media coverage of the event. In such a situation, the fairness heuristic suggests these individuals will expect to receive similar unfair treatment if they were to become employees of that organization. Such expectations may very well lead to a decision to not pursue that employer.

#### *Justice/Injustice Asymmetry*

A recent theoretical development in justice research is that of justice/injustice asymmetry (Gilliland, Benson, & Schepers, 1998). Much of the research to date has considered justice to be a construct that exists on a symmetric continuum, with varying degrees of fairness associated with certain outcomes or processes. The concept of justice/injustice asymmetry proposes that justice and injustice are unique constructs, each associated with different outcomes (Gilliland et al., 1998; Truxillo, Steiner, & Gilliland, 2004). Truxillo et al. (2004) suggest that experiencing unfairness, rather than simply the absence of fairness, is more likely to lead to significant negative outcomes such as legal retaliation or withdrawal from a job selection process. To demonstrate the nonlinear relationship between justice/injustice and fairness perceptions, Gilliland et al. (1998) identified an injustice or rejection threshold using layoff scenarios. The researchers defined this threshold as the number of justice violations (i.e., instances/actions of unfairness) necessary in order for a decision-maker to perceive an injustice and take action. Non-violations (i.e., instances/actions of fairness) can also impact fairness evaluations, but once an injustice threshold is reached, the counterbalancing effects of non-violations do not occur. Examples of

violations included providing no advance notice of the layoff or using “pink slips” to communicate the layoff. Providing severance packages or job search assistance are examples of non-violations. Based on the results of their research, Gilliland et al. (1998) hypothesized that the actual number of violations that comprise an individual’s threshold ranges between one and three; however, it is likely that this is dependent upon various individual and environmental factors (Truxillo et al., 2004).

Given their preliminary findings, Gilliland et al. (1998) propose that what an organization does wrong appears to be more important to fairness evaluations than what it does right. Following up on this notion, Gilliland and Chan (2001) have suggested that injustice may be more strongly related to decisions to engage in negative actions such as retaliation, whereas justice may relate more to decisions regarding engagement and offering additional effort. Beyond advancing theory in organizational justice in general, the research of Gilliland et al. (1998) on justice/injustice asymmetry also provides some insight into fairness perceptions in the context of layoffs. Specifically, their research suggests that the occurrence of a certain level of unfairness will lead to overall perceptions of unfairness regardless of other efforts by an organization to mitigate the situation.

### *Summary*

In this chapter, I provided an overview of the various theoretical perspectives on organizational justice. Although the foundation provided by research on distributive and procedural justice as well as more recent theoretical developments seems to be solid, a comprehensive organizational justice theory has yet to emerge.



Indeed, some researchers consider organizational justice to be more of a collection of theories rather than a theory in itself (Gilliland & Chan, 2001). Despite this lack of consensus regarding definition of the organizational justice construct, researchers have nevertheless been able to make significant progress toward understanding justice and resulting outcomes. In the next chapter, I discuss several areas of research in which organizational justice has advanced our understanding on management practices.

## CHAPTER 3

## APPLIED RESEARCH ON ORGANIZATIONAL JUSTICE

The theoretical developments in organizational justice have stimulated a substantial amount of applied empirical research. Organizational justice models offer valid explanations for the attitudes, reactions, and behaviors of individuals in response to various organizational practices and interventions. Organizational outcomes that justice has been linked to include job satisfaction, organizational commitment, withdrawal, and organizational citizenship behavior (Colquitt et al., 2001), as well as trust in management, intention to turn over, supervisor evaluations, and conflict/harmony (Alexander & Ruderman, 1987). In addition to providing support for theory and generating directions for future research, applied organizational justice research has yielded practical recommendations for managers in the administration of more effective human resource management systems (Cropanzano & Randall, 1993). I next present a review of several areas of applied organizational justice research relevant to human resource management.

*Fairness Perceptions in Performance Evaluations*

Although considered critical to the effective functioning of organizations (Smither, 1998), performance evaluations are often a source of discomfort and disagreement for both supervisors and employees (Williams, 1998). Given this potential for conflict, researchers have recognized the relevance of organizational justice in explaining reactions to performance evaluations. Greenberg (1986) is often credited with being the first to explore reactions to performance evaluations in an

organizational justice context. Consistent with Leventhal's (1980) procedural justice dimensions as applied to organizations, Greenberg proposed five procedural factors that influence fairness perceptions of performance evaluations: 1) information is solicited from the employee and utilized prior to completing the evaluation; 2) the feedback interview allows for two-way communication; 3) the employee has the opportunity to challenge evaluation results; 4) the rater is familiar with the employee's work; and 5) evaluation standards are consistently applied. Greenberg also recognized that fairness perceptions were dependent upon the relevance of performance ratings to actual job performance (i.e., that rating outcomes are justified), thus incorporating a distributive justice component.

Much of the subsequent research on justice perceptions in performance evaluation has focused on the importance of employee participation, primarily because participation consistently explains a significant amount of variance in fairness reactions (Cawley, Keeping, & Levy, 1998). Beyond participation in the actual evaluation process, Anderson (1993) has suggested that participation can also involve employees assisting in the design of the evaluation, as well as offering continual feedback and input after the formal evaluation interview has concluded. Consistent with this line of thought, researchers have found reactions to evaluations to be more favorable when employees are allowed to participate during other phases such as design and development (Cherry & Gilliland, 1999). Further extending the research on participation or voice (Lind & Tyler, 1988) in performance evaluation, investigators have also distinguished between voice that allows an employee to influence evaluation

content and outcomes (i.e., instrumental voice) and voice that simply serves as an opportunity to be heard (i.e., value-expressive voice), with each having been found to uniquely influence fairness perceptions (Korsgaard & Roberson, 1995).

In exploring the relationship between performance evaluation characteristics and overall fairness perceptions, researchers have also demonstrated a link between perceptions of fairness and various organizational outcomes. For example, Folger and Konovsky (1989) found perceptions of both procedural and distributive justice aspects of performance evaluation influenced factors such as organizational commitment, trust in supervisor, and pay raise satisfaction. Similarly, Taylor, Tracy, Renard, Harrison, and Carroll (1995) found high procedural justice to have a positive impact on the attitudes of both employees and supervisors. Perceptions of evaluation system fairness have also been shown to have an impact on job performance (e.g., Gilliland & Langdon, 1998; Moorman, 1991), although in some instances these effects are negative (Kanfer, Sawyer, Early, & Lind, 1987). While it is readily apparent that such attitudinal and behavioral outcomes are of interest to organizations, some researchers have gone so far as to say that, compared to their technical aspects (e.g., the method of implementation or type of rating scale utilized), reactions to performance evaluations are as critical, if not more so, for overall evaluation system effectiveness (Cawley, Keeping, & Levy, 1998).

#### *Fairness Perceptions in Personnel Selection*

From the onset of an individual's interactions and experiences with an organization, perceptions of fair or unfair treatment are being formed. As noted earlier,

these perceptions are formed very quickly, and are resistant to change (Lind, 2001). Because it is often the first experience that an individual has with an organization, the selection process used by an organization has a significant influence on these early perceptions. While fairness has been a topic of discussion in personnel selection for some time, the initial focus of research was on psychometric properties of tests and the implications for adverse impact and differential prediction across gender and racial groups (Gilliland & Chan, 2001). As the literature on justice gained prominence, selection researchers subsequently shifted the emphasis from fairness reactions based primarily on the technical merits of selection methods, to fairness perceptions based upon the outcomes and procedures involved in the process. Indeed, industrial and organizational psychology as a profession has acknowledged that “fairness is a social rather than a psychometric concept” as related to personnel selection (Society for Industrial & Organizational Psychology, 2003).

#### *An Organizational Justice Model of Selection System Fairness*

Greenberg (1990b) proposed using organizational justice theory as a framework for understanding the perceived fairness of personnel selection systems. Using this framework, Gilliland (1993) developed a model of applicant reactions consisting of procedural and distributive justice dimensions. For each dimension, he formulated a corresponding set of rules for determining justice. Fairness perceptions are thus dependent upon the extent to which the rules are satisfied or violated. Consistent with prior theory and research, the distributive justice component was modeled as a set of three rules: 1) the equity distribution rule suggests that an

applicant should receive an outcome (i.e., job offer) based upon his or her inputs (e.g., experience, education), relative to referent others (i.e., other applicants); 2) the equality distribution rule suggests that all applicants should have an equal chance of receiving a job offer, regardless of knowledge or experience relevant to the job; and 3) the needs distribution rule suggests that a job offer should be based solely upon individual needs, such that those belonging to a disadvantaged ethnic group or those possessing a disability may be given preferential treatment or special accommodations.

Given that research has generally found procedural justice to account for more variance in attitudes and reactions than distributive justice across numerous dependent measures (e.g., Folger & Konovsky, 1989; Lind & Tyler, 1988), Gilliland (1993) proposed that procedural justice would explain most of the variance in selection system fairness perceptions. The procedural justice dimension of Gilliland's model consists of three components: *Formal characteristics*, *Explanation*, and *Interpersonal treatment*. Perceptions of these components are governed by ten rules adapted from Leventhal's (1980) work on organizational justice, each of which has appeared in some form in previous applicant reactions models (Gilliland, 1993). The formal characteristics component includes four rules regarding the selection system: 1) *job-relatedness*, which involves the extent to which the content of the selection device appears to be valid or relevant; 2) *opportunity to perform*, which involves the chance for an applicant to demonstrate his or her abilities; 3) *reconsideration opportunity*, which involves the chance for an applicant to challenge the selection decision or

receive a second chance; and 4) *consistency of administration*, which involves the consistency of selection procedures across people and over time. The explanation component includes three rules: 5) *feedback*, which involves providing timely and informative feedback regarding test results; 6) *selection information*, which involves providing a justification for a decision; and 7) *honesty*, which involves the truthfulness, sincerity, and believability of an administrator or hiring manager. The interpersonal treatment component also includes three rules: 8) interpersonal effectiveness of administrator, which involves the extent to which applicants are treated thoughtfully, and with warmth and respect; 9) two-way communication, which refers to the chance for applicants to offer input, have their views considered, or ask questions; and 10) propriety of questions, which involves the extent to which an applicant is asked questions that are improper or prejudicial.

Researchers have utilized Gilliland's (1993) model to explore applicant reactions in numerous contexts, both in laboratory as well as field settings. Of the procedural justice rules, job-relatedness has most often been found to have a significant impact on test fairness perceptions (e.g., Ployhart & Ryan, 1997; Rynes & Connerly, 1993; Smither, Reilly, Millsap, Pearlman, & Stoffey, 1993). Consequently, perceptions of selection procedures are most favorable when they involve work simulations rather than less face-valid processes such as paper-and-pencil tests (Gilliland & Chan, 2001). Other procedural justice rules that have received empirical support in the literature include the opportunity to perform (Schuler, 1993) and the opportunity to be reconsidered (Murphy, Thornton, & Reynolds, 1990).

Bauer, Truxillo, Sanchez, Craig, Ferrara, and Campion (2001) developed a formal scale to measure the procedural justice component of Gilliland's (1993) applicant reactions model. In developing the 39-item Selection Procedural Justice Scale, Bauer et al. sought to establish a reliable and valid measure for Gilliland's ten procedural justice rules, thereby allowing researchers to further test the model and integrate research findings across studies. Preliminary findings suggest that the factor structure of the scale closely approximates Gilliland's model (Bauer et al., 2001).

#### *Outcomes Related to Selection System Fairness*

One of the underlying assumptions in organizational justice is that fairness perceptions will have an impact on subsequent attitudes and behaviors. Thus, Gilliland's (1993) model proposed outcomes related to justice that may occur, either during the hiring process (e.g., job acceptance, test-taking motivation) or after hiring (e.g., job performance, organizational citizenship behavior). Research to date in personnel selection has provided evidence to support this proposition. For example, both Gilliland (1994) and Macan, Avedon, Paese, and Smith (1994) found that applicants were less likely to accept a job when their reactions to the selection procedures were negative. Singer (1992) reported that both job satisfaction and organizational commitment were negatively impacted by unfair treatment during the selection process. Fairness perceptions have also been linked to intentions of recommending a job to others (Bauer, Maertz, Dolen, & Campion, 1998; Gilliland, 1994; Smither et al., 1993).



*Fairness Perceptions Preceding the Selection Process*

While there has been considerable attention given to applicant reactions to selection tests and resulting perceptions of fairness, there is relatively little research on the formation of justice perceptions prior to formally entering the selection process. Lind (2001) argued that the first relevant information regarding fairness that an individual encounters will have the greatest effect on overall perceptions of fair treatment because it will serve as the basis for the fairness heuristic through which subsequent experiences are interpreted. Therefore, organizations should provide as many early positive justice experiences as possible. Because prospective applicants often begin to form relationships with organizations prior to entering the selection process, it is during this time that their perceptions of overall organizational fairness begin to form. Furthermore, if an organization fails to make a favorable impression at the initial contact with an applicant, such as by conveying indications of unfairness, he or she will be much less likely to continue pursuing an employment opportunity with that organization (e.g., Gatewood, Gowan, & Lautenschlager, 1993; Lemmink, Schuijf, & Streukens, 2003; Wanous, 1980). Thus, a decision not to apply is essentially a rejection decision by the applicant (Collins & Stevens, 2002).

*Summary*

In this chapter I outlined applied research in organizational justice involving human resource management practices related to selecting employees and managing their performance. This research has contributed significantly to advancing the understanding of justice-related factors and resulting outcomes. While the link

between justice perceptions and subsequent attitudinal and behavioral outcomes has been well-established, researchers have more recently recognized the need to explore how and why these variables are linked. From a systems perspective, this is an acknowledgment that elements related to fairness have interdependencies that are more complex than a simple direct relationship. In the next chapter, I discuss the literature on these underlying mechanisms of the fairness-outcome relationship.

## CHAPTER 4

MECHANISMS UNDERLYING RELATIONSHIPS  
BETWEEN FAIRNESS PERCEPTIONS AND OUTCOMES

Research conducted over the last quarter-century has clearly established the relationship between perceptions of fairness in organizations and subsequent attitudinal and behavioral outcomes. What is less clear, however, is the nature of the mechanisms underlying the relationships between these variables (Masterson et al., 2000). For example, while employees' perceptions of unfair treatment during the performance evaluation process have been found to reduce their organizational commitment (e.g., Folger & Konovsky, 1989), researchers have paid little attention to further explaining why or how perceptions of unfairness negatively affect organizational commitment. In this chapter I review key constructs that have been linked to fairness-outcome relationships.

*Social Exchange Relationships*

It has been argued that the concurrent examination of social exchange constructs and justice perceptions is vital to advancing the knowledge of fairness in organizations (Masterson et al., 2000). To gain a better understanding of fairness processes in organizations, researchers have recently applied social exchange theory (Blau, 1964) to their models of organizational justice (e.g., Masterson et al., 2000; Wayne, Shore, Bommer, & Tetrick, 2002). According to this theory, social exchange relationships develop between two parties via a series of mutual exchanges, whereby a pattern of reciprocal obligation between the parties develops (Blau, 1964). More

specifically, as a result of having received a contribution from one party, the second party develops a sense of obligation to reciprocate the contribution. The first party also expects this reciprocation in return for the initial contribution. For example, an organization provides compensation to an employee with the expectation that the employee will put forth sufficient effort at work. The employee, in turn, feels obligated to perform his or her responsibilities within the work role. Subsequently, to the extent that the employee puts forth additional effort (e.g., working late), he or she may expect to receive additional compensation (e.g., an end-of-the-year bonus), which the organization may or may not feel obligated to provide.

Applying the systems concept of emergent properties (to be discussed in greater detail in Chapter 6), a social exchange relationship can be characterized as a system for which the properties emerge from the attributes of the elements (i.e., individuals and the organization) and how those elements interact with and relate to each other. The expectations and perceived obligations that exist between parties in social exchange relationships result from the interactions and exchanges among them. These expectations and obligations represent the emergent properties of social exchange relationships.

#### *Perceived Organizational Support and Leader-Member Exchange*

Individuals can be involved in several social exchange relationships within an organizational context, however most research focuses on two in particular: 1) the employee-supervisor relationship; and 2) the employee-organization relationship. The first relationship dyad, represented by the construct of leader-member exchange

(LMX), involves the quality of the relationship that exists between an employee and his or her supervisor (Graen & Scandura, 1987). LMX is based on the exchange of valued resources between the two parties, as well as the level of emotional support provided. These can be considered the emergent properties of LMX relationships. When the LMX relationships are positive, employees are more likely to engage in behaviors that benefit the organization, such as performing duties beyond their defined roles. (e.g., Settoon, Bennett, & Liden, 1996; Wayne, Shore, & Lyden, 1997). The second relationship dyad involves the quality of the employee-organization relationship, represented by the construct of Perceived Organizational Support (POS). POS represents the extent to which employees believe their organizations value their contributions and care about their well-being (Eisenberger, Huntington, Hutchison, & Sowa, 1986). POS evolves and its properties emerge as employees continually assess how they are being treated by their employers. Similar to LMX, when levels of POS are high, employees are more likely to devote greater effort toward helping the organization achieve its goals (Settoon et al., 1996; Wayne et al., 1997).

Theoretical and empirical work on POS and LMX suggests that aspects of organizational justice contribute to social exchange relationships (Liden, Sparrowe, & Wayne, 1997; Rhoades & Eisenberger, 2002). For example, both procedural and distributive justice have been identified as antecedents of POS (Rhoades, Eisenberger, & Armeli, 2001; Shore & Shore, 1995; Wayne et al., 2002), while interactional justice has been linked to LMX (Masterson et al., 2000). Moreover, there is evidence to suggest that social exchange variables (LMX and POS in particular) may mediate the

effects of employees' fairness perceptions and judgments on their work attitudes and behaviors (Manogran, Stauffer, & Conlon, 1994; Moorman, Blakely, & Niehoff, 1998). In a recent study, Masterson et al. (2000) found that LMX mediated the relationship between interactional justice perceptions and supervisor-related outcomes such as job satisfaction and performance. POS, on the other hand, mediated the relationship between procedural justice perceptions and organization-related outcomes such as organizational commitment and intentions to quit.

The mediating effect of social exchange variables on the relationship between fairness perceptions and various outcomes is another illustration of the emergent properties concept. The nature of the relationship between these variables is such that the fairness-outcome relationship exists via the mediating effect of the social exchange variables. That is, fairness perceptions influence social exchange processes which, in turn, influence subsequent outcomes. This suggests that when these relationships are taken into consideration, the direct relationship between fairness perceptions and resulting outcomes is non-existent. It only exists, or emerges, via the mediating effect of the social exchange variables. Thus, by not adopting a systems perspective and studying only fairness perceptions and resulting outcomes, researchers fail to capture the complexities of the relationship between these two elements.

The recent research that has integrated organizational justice and social exchange concepts has provided an explanatory mechanism for the relationship between fairness perceptions and organizational outcomes. If the fairness-outcome relationship is considered as a system, social exchange relationships can be considered

subunits within that system that account for some of the complexity inherent in the system via their mediating effects. Social exchange relationships also appear to be more direct antecedents of the attitudes and behaviors of employees that have been linked to fairness perceptions. This mediating effect thus provides an explanation for how present justice-relevant events can affect perceptions of and behavior toward organizations in the distant future (Masterson et al. 2000).

#### *Obligations and Expectations as Psychological Contracts*

Psychological contracts are defined as an individual's perceptions and expectations about the mutual obligations in an employment exchange relationship (Rousseau, 1989). Examples of employee obligations within a psychological contract include loyalty and hard work, which are given in exchange for job security and promotional opportunities. Psychological contracts have been described as schemas of mutual obligations that may be fairly simple at the time of entry into an organization, but become increasingly complex as the employment relationship develops (Shore & Tetrick, 1994). Similar to social exchange relationships, the expectations and perceived obligations that exist in a psychological contract evolve from interactions. However, existing schemas that individuals have developed from past experiences also play a role in shaping the psychological contract. Thus, the psychological contract functions similar to a perceptual filter.

Rousseau (1989) has identified two distinct forms of psychological contracts. *Transactional contracts* are short-term, with parties having limited involvement. Their focus is on economic or materialistic aspects. *Relational contracts*, on the other hand,

are much broader and have a long-term focus. These contracts include aspects such as loyalty in exchange for security. Relational contracts are more subjective than transactional contracts, and thus are more susceptible to perceived violation, i.e., the perception that one party has not lived up to its obligations (Rousseau & Parks, 1992).

Psychological contracts are based upon multiple sources of information (Shore & Tetrick, 1994). Individuals can develop expectations of organizations based on interactions with organizational agents such as recruiters or managers. Contract expectations can also be based on actions taken by the organization that do not directly affect an individual. Rousseau and Parks (1992) argued that when an organization breaches the contract of a coworker, it undermines the relationship on which an employee's own contract is based. For example, layoffs can create the expectation that the jobs of remaining employees are no longer secure (Brockner, 1988). This expectation would, from the employee's perspective, represent an anticipated breach of one's own psychological contract.

Many terms of the psychological contract are established during an individual's first experiences with an organization, such as during recruitment (Rousseau & Greller, 1994) or during pre-employment negotiations (Dunahee & Wangler, 1974). Individuals also begin to develop beliefs related to the psychological contract prior to their initial contact with an organization or its members. Friends, family, and the news media can provide information about an organization that is relevant to contract formation (Shore & Tetrick, 1994). Thus, whereas social exchange concepts such as POS and LMX develop in response to relational experiences,



psychological contracts and related expectations can emerge from observational learning as well as direct experience (Rousseau & Parks, 1992).

As with LMX and POS, psychological contracts have been linked with aspects of organizational justice. Morrison and Robinson (1997) theorized that perceptions of outcome and process fairness depend upon the type of employment relationship. For example, in instances of interpersonal injustice, individuals with relational contract expectations are likely to react more negatively than those who perceive the exchange relationship to be primarily transactional (Shore & Tetrick, 1994). Because relationships are inherent in this type of justice, those with relational expectations will naturally be more sensitive in such instances. The perception of fairness has also been identified as a necessary condition in order for relational contracts to endure (Rousseau & Parks, 1992). In instances where there has been a perceived violation of the psychological contract, such as in the case of a layoff, procedural justice can serve to mitigate the effects. This is accomplished by providing remedies to the perceived contract violation (i.e., layoff) that are of comparable value to the terms of the individual's contract (Rousseau & Parks, 1992). For example, providing advance notice, ample severance, and outplacement assistance can fulfill the spirit of the promises implied in the psychological contract since these actions positively impact the employee's future well-being (Rousseau & Aquino, 1992).

#### *Individual Differences in Relational Expectations*

In exploring social exchange variables and their mediating effects on justice/outcome relationships, researchers have recognized that this process is not

necessarily consistent across individuals. People vary in terms of their expectations, ideologies, and norms regarding their experiences with organizations. They also differ in terms of their schemas or perceptual filters through which they view their relationships. For example, one rejected job applicant may perceive the lack of notice regarding a hiring decision to be very unfair, whereas another rejected applicant may be much less sensitive to this omission. Moreover, these norms and ideologies held by individuals can often exist prior to encountering a particular organization, and thus are not context-dependent (Rousseau, 2001).

### *Equity Sensitivity*

Equity sensitivity is an individual difference construct that has been proposed to explain individual differences in fairness reactions and expectations in exchange relationships (Huseman, Hatfield, & Miles, 1987). Equity sensitivity serves as another perceptual filter through which experiences are evaluated. Individuals who are low in equity sensitivity (“entitleds”) are focused on outcomes, and expect more for a given level of inputs than others might expect (Sauley & Bedeian, 2000). They tend to place a high level of importance on tangible extrinsic outcomes such as pay, benefits, and status (Miles, Hatfield, and Huseman, 1994). Entitleds are also more focused on what they can get from an exchange relationship. Those high in equity sensitivity (“benevolents”) are less concerned with tangible outcomes, but rather, focus on their inputs and the resulting intangible intrinsic outcomes such as a sense of self-worth, accomplishment, and making use of one’s abilities (Miles et al., 1994). Benevolents are more concerned with what they can give to an exchange relationship. Not

surprisingly, entitlements are more likely to form psychological contracts that are transactional in nature (Raja, Johns, & Ntalianis, 2004). Given its emphasis on outcomes, equity sensitivity has been almost exclusively limited to investigations of distributive justice factors, although researchers have recently begun to explore its influence on procedural justice reactions and perceptions (Colquitt, 2004). A reasonable assumption, therefore, is that benevolents are likely to react more negatively to situations where unfair procedures are involved.

### *Employment Goals*

Another factor thought to account for variance in employees' expectations of their employer's obligations is employment goals (Burgess & Woehr, 2002). Just as individuals' expectations may vary based on their sensitivity to equity-related factors, they are also influenced by the particular goals that individuals hold regarding employment (Shore & Tetrick, 1994). Employment goals are considered schemas that guide individuals' information-seeking regarding organizations, and also serve as mental models through which this information is organized and interpreted (Burgess & Woehr, 2002; Rousseau, 2001). These goals are also considered to be instrumental in the formation of psychological contracts (Shore & Tetrick, 1994). Thus, while psychological contracts are based in part on information obtained from organizational sources, they are also influenced to a great extent by individuals' particular employment goals (Burgess & Woehr, 2002). Antecedents of psychological contracts, in general, have received much less attention in the research literature than their corresponding consequences. This has led to calls for investigations into how pre-

employment schemas such as employment goals influence subsequent attitudes and behaviors toward organizations (Rousseau, 2001).

As with psychological contracts, employment goals are theorized to consist of transactional and relational elements (Shore & Tetrick, 1994). An employee with relational employment goals may seek out a job that provides long-term job security, whereas a position that pays well may be most important for an individual with more transactional-oriented employment goals. Employment goals differ from psychological contracts in that they are not organization-specific, that is, they exist outside of an employee-organization relationship (Burgess & Woehr, 2002). They may, however, influence individuals' decisions to pursue employment relationships as well as their interpretations of subsequent experiences with organizations. Thus, to the extent that a job seeker has employment goals that are relational in nature, he or she may only consider applying for jobs which offer stability and a sense of job security.

### *Summary*

In this chapter I expanded my discussion of fairness perceptions and corresponding outcomes and presented the social exchange variables POS and LMX as an explanatory mechanism for why fairness perceptions result in certain outcomes. I also described the psychological contract, an extension of exchange theories of the employment relationship, and how it provides additional insight into the nature of fairness-outcome relationships. The relevance of these variables is not consistent across individuals, however. Consequently, I also discussed key individual difference variables that influence the degree to which fairness perceptions are related to

subsequent attitudes and behaviors, highlighting the systemic nature of the relationship among these variables. Research on fairness perceptions and intervening variables has advanced the understanding of the influence that fairness-related procedures and outcomes can have on individuals in organizational contexts. There is, however, much that remains to be understood regarding fairness as it relates to organizations' management practices. In particular, little is known about management practices and the corresponding justice-related factors that may influence individuals prior to entering the job application process. In the next chapter, I review the literature on recruitment, and discuss the factors contributing to fairness perceptions in this context.

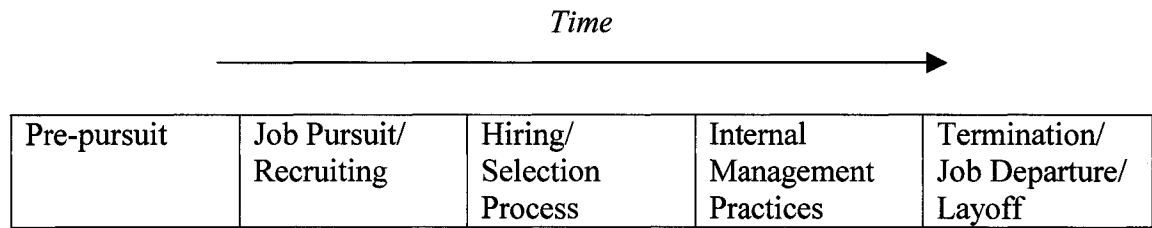
## CHAPTER 5

## EARLY PERCEPTIONS OF ORGANIZATIONS

My review of the organizational justice literature up to this point has covered some of the employment-related contexts in which fairness has been studied. This review has highlighted positive as well as negative fairness-dependent outcomes, and also described the mechanisms underlying the relationship between fairness perceptions and these outcomes. However, the focus of this body of research has largely been on applicants and current employees. It has been noted that human resource practices and philosophies are salient and important to job seekers (Bretz & Judge, 1993). In this and subsequent chapters, I will show that organizational justice perceptions affect individuals' behavior prior to formally entering a selection process or becoming an employee, and highlight the need for further study in this area.

*Fairness Perceptions in Recruitment*

Figure 2 provides a longitudinal representation of the various employment-related contexts in which individuals and organizations may interact. The review of research on organizational justice in Chapter 3 dealt specifically with justice as perceived by job applicants and employees, where the majority of this research has been done. From a systemic perspective, however, the elements that comprise the system of individuals' employment-related perceptions toward organizations must also include their experiences prior to entering the selection process. These experiences can provide individuals with the initial relevant information regarding organizational fairness.



*Figure 2.* Longitudinal representation of individual-organization employment-related interaction contexts.

According to Lind (2001), this initial information will have the greatest effect on overall perceptions of fair treatment because it serves as the basis for the fairness heuristic through which subsequent experiences are interpreted.

Although not specifically framed in an organizational justice context, the literature on employee recruitment has explored factors that affect applicant reactions to the recruitment process, such as recruiter behavior and recruitment information. Rynes (1991) argued that applicants may view recruiters as signals or indicators of unknown aspects of the organization. That is, lacking other information on which to base initial organizational impressions, prospective applicants form perceptions of broader organizational characteristics from their experiences with recruiters (Rynes, Bretz, & Gerhart, 1991). For example, when recruiters are perceived as being informative and personable, applicants tend to perceive the prospective job and prospective employer as more attractive (e.g., Harris & Fink, 1987; Macan & Dipboye, 1990). Thus, recruiter experiences contribute to the schemas that applicants form regarding organizations. These perceptions are not always accurate, however,

and the resulting expectations are often inflated due to recruiters' tendencies to exaggerate positive characteristics of the job (Wanous, 1980).

Marketing literature has described a similar phenomenon. It is suggested that consumers interpret brand reputations as signals about product quality in instances when they are not able to fully evaluate products prior to their purchase (e.g., Shapiro, 1983). Accuracy notwithstanding, the image applicants form of an organization will ultimately affect their initial job choice decisions (Gatewood et al., 1993; Lemmink et al., 2003). These image perceptions may be used as signals that provide information about an organization's working conditions (Turban & Cable, 2003). Given this influence, it is important to understand how these initial perceptions are formed.

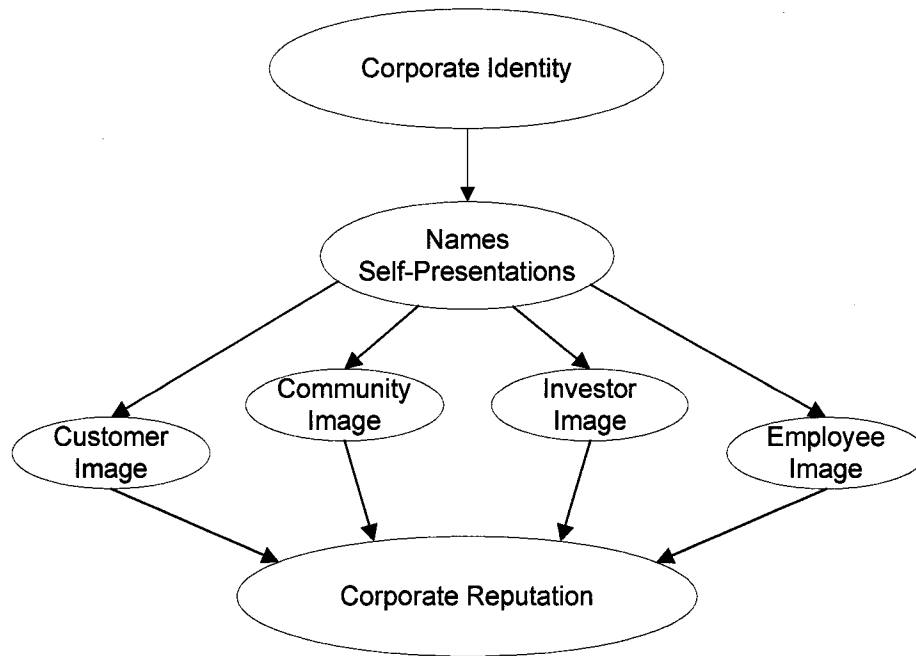
Some research has found recruiting practices to have little if any effect on job acceptance after controlling for job characteristics (e.g., Harris & Fink, 1987; Powell, 1991). However, in the early stages of recruitment, applicants often have little formal information about the job or organization, so they must make inferences about job characteristics from their experiences during the recruitment process. Thus, applicant evaluations of characteristics such as organizational attractiveness are typically based on less than complete information (Schwoerer & Rosen, 1989).

#### *Perceptions of Organizations: What is Being Perceived?*

While there is evidence to support that applicants' perceptions of organizations can affect their subsequent job choice decisions (Gatewood et al., 1993; Lemmink et al., 2003), there has been a lack of consistency in the terms used to define these perceptions. Recruitment researchers have interchangeably used the terms "culture,"



“reputation,” “image,” “prestige,” and “familiarity” despite wide variance in their representations (e.g., Cable & Judge, 1996; Gatewood et al., 1993; Kilduff & Krackhardt, 1994). This has occurred in both the conceptualization and operationalization of these concepts, hindering efforts to advance literature in this area (Barber, 1998). The lack of consensus in defining organizational image is not limited to the social sciences. The disciplines of economics, marketing, and accounting each have different terminology used to define the status, rank, or reputation of an organization. These include organizational standing (Shenkar & Yuchtman-Yaar, 1997), corporate credibility (Newell & Goldsmith, 1997), corporate reputation (Ruth & York, 2004), and corporate identity (Fombrun, 1996). Some researchers have attempted to integrate these concepts and represent their interrelationships in such a way that one factor serves as an antecedent to another (Fombrun, 1996). Figure 3 provides a model of these interrelationships, and also represents multiple perspectives that may be involved. This figure, although not necessarily representing a consensus view on organizational image, highlights the different perceptual stances that can be taken when considering how various organizational characteristics contribute to one’s mental representation of that organization. Some of the aspects of organizational image, such as industry rank or standing, are more relevant to groups such as investors or customers. Thus, depending on the particular perceptual stance taken, there may be significant differences in an organization’s perceived image. Alternatively, some have suggested that it is inappropriate to speak of image at the organizational level if these images can vary across individuals (Barber, 1998). The following discussion presents



*Figure 3.* Conceptualization of relationship between corporate identity, images, and reputation (from Fombrun, 1996).

several conceptualizations of organizational image that characterize perceptions related to employment.

#### *Recruitment Image*

The perceptions that emerge from applicants' experiences with an organization's recruitment efforts have been referred to as a "recruitment image." Gatewood et al. (1993) defined this image as largely a function of the recruitment message presented to job seekers. This is conveyed primarily through recruitment advertising and direct contact with recruiters, although the media and personal contacts can also serve as sources of this information. The recruitment image differs

from the broader image of an organization that is typically associated with its name, referred to as corporate reputation or image in the literature. However, there is evidence to suggest that recruitment image and corporate image are related (Cable & Turban, 2003). Corporate image has been defined as “a set of attributes which can be perceived about a particular organization and may be induced from the way the organization deals with its employees, clients, or customers, and society” (Belt & Paolillo, 1982, p. 107). Factors that contribute to corporate image include those that reflect economic performance, conformity to social norms, and strategic position (Fombrun & Shanley, 1990). Research involving applicants has found that both corporate and recruitment image influence intentions to pursue employment with an organization (Gatewood et al., 1993). Moreover, the image or reputation of an organization influences both the size and overall quality of the applicant pool it attracts (Turban & Cable, 2003).

### *Employment Image*

The perceptions that exist about an organization as an employer go beyond the experiences that job seekers have with recruiters, and are shaped by many factors. Current employees, as well as job applicants who have not had experiences with recruiters, have images of a particular organization as a place to work. Highhouse, Zickar, Thorsteinson, Stierwalt and Slaughter (1999) defined this broader conceptualization as a company’s “employment image.” Factors that contribute to employment image may include training and advancement opportunities,

organizational culture, international opportunities, appeal of job function, and pay, as well as initial general impressions about an organization (Lemmink et al., 2003).

### *Employer Brand Image*

As a further elaboration on employment image, Collins and Stevens (2002) have drawn from marketing theory and the literature on brand-equity to conceptualize employer brand image, which they define as potential applicants' attitudes and perceived attributes about the job or organization. The researchers assert that job seekers form beliefs about potential employers, much like consumers beliefs about products and services. These beliefs, or brand images, provide the basis for subsequent decisions about whether to pursue or accept employment offers (Barber, 1998; Collins & Stevens, 2002). Efforts to positively influence an employment brand include publicity, sponsorship of events and activities, word-of-mouth endorsements, and advertising. Beyond these deliberate efforts to manage an employment brand, it has been theorized that an organization's general reputation is analogous to a brand (Cable & Turban, 2003). While organizations may be able to influence applicant perceptions by creating a favorable image through marketing and other publicity efforts, it is less clear how exposure to negative information may affect these perceptions (Cable & Turban, 2001; Collins & Stevens, 2002). Recent work by Van Hove and Lievens (2005) suggests that efforts such as recruitment advertising can mitigate the effects of negative publicity on perceptions of organizational attractiveness, but more research is needed to better understand the effects that negative information can have on various organizational outcomes.

*Employer Knowledge*

Similar to the concept of employer brand image, employer knowledge is defined as a job seeker's memories and associations regarding an organization (Cable & Turban, 2001). This knowledge is said to influence how job seekers process and react to information about an organization, and is a primary determinant of whether an organization's recruitment efforts are successful. Thus, it functions as a schema for interpreting and understanding information related to an employer. Moreover, it affects job seekers' behavior towards organizations, including whether or not to apply for a job. Employer knowledge is comprised of three dimensions (Cable & Turban, 2001). The first, employer familiarity, represents the level of awareness that a job seeker has of an organization. Second, employer reputation involves a job seeker's beliefs about the public's evaluation of the organization. Lastly, employer image involves the set of beliefs that a job seeker holds about the attributes of an organization. These beliefs are based on information about job attributes (e.g., pay level, advancement opportunities), current employees (e.g., how suitable they would be as coworkers), and the employer in general (e.g., organizational culture, company policies). Employer image is said to differ from employer reputation in that the latter reflects the beliefs about others' evaluations and includes an evaluation component, whereas the former represents one's own beliefs and is based on a recall of attributes. However, there is a bidirectional relationship between the two dimensions such that each influences the other.

Cable and Turban (2001) propose that job seekers develop employer knowledge long before they become potential applicants. Sources ranging from brand advertisement to friends' word of mouth have the potential to influence employer knowledge. Considering this in light of what fairness heuristic theory (Lind, 2001) proposes regarding early information, employer knowledge has the potential to be more influential than information encountered later by job seekers during recruitment, particularly if it is related to fairness.

### *Summary*

In this chapter I discussed the perceptions of organizations that individuals form prior to and during the employment application process, and the influence of these perceptions on subsequent decisions. I also discussed the wide variance in the way these perceptions have been defined and labeled, and presented several different employment-related manifestations of images that individuals can form regarding organizations. While there are some similarities across these images in terms of their determinants and resulting outcomes, there are also a number of valid distinctions based on the differing stances taken when perceiving these images. In the next chapter I present a systems framework to help clarify the organizational image concept.

## CHAPTER 6

### A SYSTEMS PERSPECTIVE ON ORGANIZATIONAL IMAGE

In the previous chapter, I established that organizational images related to employment can affect applicants' job choice decisions. I also showed that there are a number of images of an organization that may be perceived, depending on the particular perceptual stance taken. These multiple images pose challenges for researchers interested in studying organizational images and subsequent outcomes. I present a general systems theory perspective in this chapter as useful for organizing and understanding the multiple images.

#### *General Systems Theory*

A challenge that researchers in Industrial and Organizational psychology have continually confronted is demonstrating the relevance of their work to organizations (Jackson & Schuler, 1995). A systems perspective provides a conceptual framework in the form of a knowledge base and accompanying tools, developed over the course of six decades, that allows individuals to deal with the increasing complexity and interdependence of the world around them (Richmond, 1990; Senge, 1990). By utilizing systems thinking, complexity can be organized into a coherent story that illuminates the causes of problems and identifies long-term remedies (Senge, 1990).

General systems theory proposes that the focus of study (e.g., a research topic) should be considered a complex of interdependent parts that are dependent upon the environment or context in which they exist (Hall, 1989). This complex essentially comprises what is defined as a system – a set of objects (or elements) together with

relationships between the objects and between their attributes (Hall & Fagan, 1980).

Lendaris (1986) similarly defines a system as a unit with attributes perceived relative to its external environment. A system, by Lendaris' definition, also contains subunits, and these subunits operate together to manifest the perceived attributes of the unit.

These two perspectives are referred to as the A stance and the B stance, respectively, and both stances are necessary when defining a system.

One of the implications of a systems perspective for research is that in addition to the focus of study, or unit under investigation, the researcher must also define the relevant environment. The environment or context is generally defined as the set of all objects outside the perceived system (Hall, 1989). For example, a researcher might study relationships between supervisors and employees as a system. The list of objects or factors outside the system might include organizations, their specific attributes, industries in which the organizations operate, relationships among coworkers, and relationships between supervisors and upper management, just to name a few.

Simultaneously considering all the possible variables and relationships among them would prove to be an overwhelming challenge. A more practical representation is the relevant environment (Lendaris, 1986), which consists of those components that are most relevant to the problem-solving task at hand. This provides the researcher with a more manageable and meaningful context in which to study the focal system. In sum, defining both the system and its relevant environment provides a means to better define the research question and understand the implications of the research findings.



In considering a system along with its environment and subunits, one can characterize the relationship among these components as hierarchical in nature. The environment in which a system is embedded is considered a supra-system, and the subunits of the system can be considered subsystems themselves. Thus, it is possible to take any one of several stances when perceiving a system, such that the focal system may also be a supra-system or subsystem from a different perceptual stance (Lendaris, 1986); see Table 1.

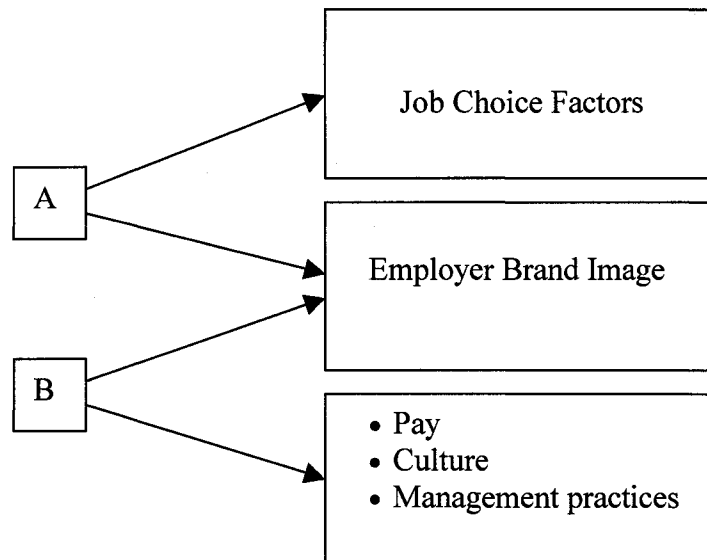
Observers of a system bring with them a unique set of perceptual filters, which determine how data are selected from an environment and processed to create meaning (Lendaris, 1986). These filters are developed from individual assumptions, expectations, attitudes, training, and experiences. Thus, the perceptual filters utilized by an observer will influence the definition of a system, its environment, subunits, and attributes of interest. In other words, “systemness” is perceiver-dependent.

#### *Organizational Image as a System*

One can utilize the systems framework to organize the concepts introduced in the discussion of organizational images. If an employer brand image is the focus, the environment or suprasystem can be defined as all of the factors involved in an applicant’s job choice decision. The relationship between these two components comprises the A stance in Figure 4. The subunits of the employer brand image system, which operate together to manifest the perceived attributes of an employer brand image, include aspects such as pay, benefits, work environment, and management

Table 1. *Organizational image as a system.*

	Organizational Image	Employer Brand Image	Management Practices
Supra-Supra System	Relevant Environment: (Organizational Attributes) <ul style="list-style-type: none"> <li>• Physical</li> <li>• Financial status</li> <li>• Workforce composition</li> </ul>		
Supra-System	Unit: Organizational Image	Relevant Environment: (Job Choice factors) <ul style="list-style-type: none"> <li>• Labor market</li> <li>• Organizational image</li> <li>• Employee qualifications</li> </ul>	
Focal System	Subunits: <ul style="list-style-type: none"> <li>• Corporate Image</li> <li>• Recruitment Image</li> <li>• Employment Image</li> <li>• Employer Brand Image</li> </ul>	Unit: Employer Brand Image	Relevant Environment: (Business Practices) <ul style="list-style-type: none"> <li>• Marketing Practices</li> <li>• Management Practices</li> <li>• Manufacturing Practices</li> </ul>
Sub-System		Subunits: <ul style="list-style-type: none"> <li>• Pay</li> <li>• Benefits</li> <li>• Culture</li> <li>• Management practices</li> </ul>	Unit: Management Practices
Sub-Sub System			Subunits: <ul style="list-style-type: none"> <li>• Personnel Selection Practices</li> <li>• Performance Evaluation Practices</li> <li>• Layoff Practices</li> </ul>



*Figure 4.* A-level and B-level perceptual stances of employer brand image.

practices. These subunits, together with the employer brand image, represent the B stance (see Figure 4).

The employer brand image system I have defined represents a particular focus or perceptual stance. By assuming a different perceptual stance, one can consider the employer brand image as a subunit of the broader organizational image and define its supra-system as the overall organizational attributes. This would include all factors that represent or define the organization, such as physical characteristics, financial status, and workforce composition (see Table 1).

Defining the organizational image as a system provides a means for accounting for the various organizational characteristics that are taken into consideration when the image is perceived. From the discussion of images in the previous chapter it is

apparent that an organizational image can take any one of several forms depending on what is focused upon. An employer may perceive its organizational image largely as a function of its reputation in the marketplace, and thus believe that it will be able to attract and retain employees. Similarly, investors may attribute a positive image to the organization due to good financial performance. From the job seeker's perspective, however, the organization may be perceived as an unattractive employer due to factors related to its employer brand image, such as its culture or management practices. Thus, the employer and job seeker have different perceptions of the organization's image as a result of different perceptual stances.

Beyond the factors highlighted in Table 1, there are additional elements of the organizational image system relevant to the present study. These include the resulting attitudinal and behavioral responses to the organization as a result of its image.

Applying the systems concept of emergent properties first introduced in Chapter 4, these attitudinal and behavioral responses can be characterized as emergent properties of the organizational image system that result from the interaction of individuals and the organizational image factors (i.e., the elements within the system). Thus, individuals' perceptions of an organization as an undesirable place to work resulting from image factors such as pay and management practices can further contribute to the negative image by influencing subsequent perceptions of the organization by others.

The variance in perceptual stances on organizational image presented here has also been supported in the research literature. For example, researchers have found that executives rely on hard economic performance indicators as a basis for their

images, whereas college students rely primarily on familiarity to form images (Fombrun & Shanley, 1990). There have been calls for further study on the concept of multiple images to determine how they vary across constituents, and what factors contribute to their formation (Turban & Cable, 2003).

### *Summary*

In Chapter 5, I established that the image of an organization held by a job seeker will affect his or her job choice decisions (e.g., Gatewood et al., 1993; Lemmink et al., 2003), but that an organizational image can take on multiple forms. Utilizing a systems perspective, my discussion in the present chapter provided an explanation for why differences in organizational images may exist. What constitutes the organizational image is dependent upon the unique perspective taken by the perceiver, whether it be a job seeker, investor, or member of the organization.

## CHAPTER 7

## OUTCOMES OF EARLY PERCEPTIONS: JOB PURSUIT DECISIONS

Up to this point, I have shown that organizational images and related fairness perceptions play a role in job applicants' intentions to pursue employment with an organization. To fully understand how these perceptions influence the decision-making process, it is necessary to first review the literature on job pursuit and job choice decisions.

*Literature on Job Seekers*

Until the last 25 years or so, there has been relatively little research on applicants' choice of jobs or organizations. The emphasis on research up to that point was primarily on choice of occupations (Wanous, 1980). Since that time, however, a large literature has emerged explaining the factors that attract potential applicants to organizations and influence their job choice decisions. Generally speaking, applicants' attraction to organizations is largely based on the information they have available to them, and subsequent job pursuit decisions are based on this information as well as their experiences during the pursuit process. Available information may be related to the organization itself, or to specific aspects of the job in question. Prior to becoming an employee, however, it is difficult to obtain ample information about many aspects of the job (Cable & Turban, 2003). The information that is available may be intentionally communicated to applicants, such as through job advertisements, or unintentionally communicated through media reports or third-party accounts.

Several researchers have characterized this available information as an impression, an image, or the reputation of an organization (e.g., Fombrun & Shanley, 1990; Barber, 1998). The discussion of early organization perceptions in Chapter 5 involved some of the various image factors and their role in shaping fairness perceptions during the recruitment process. With regard to the effects of image factors on organizational attractiveness, researchers have found several that influence applicants. Perceptions of organizational culture have been found to impact attractiveness (Turban, Forret, & Hendrickson, 1998), as have corporate social performance (Turban & Greening, 1997) and environmental stance (Bauer & Aiman-Smith, 1996). Other research has characterized image in more general terms (i.e., favorable vs. unfavorable) and has found that general images influence applicants' attraction to organizations (Belt & Paolillo, 1982; Gatewood et al., 1993).

Job seekers place a high value on information related to an organization's image or reputation because of its perceived utility for revealing the quality of job attributes that are difficult to learn about prior to accepting a job (Cable & Turban, 2003). Factors that are somewhat more objective but also related to image, such as compensation (Turban et al., 1998; Turban & Keon, 1993) and development/promotion opportunities (Cable & Graham, 2000) have also been found to influence perceptions of organizational attractiveness. Even in instances where image beliefs do not prevent job seekers from pursuing or accepting a job offer, they can still be very influential. For example, the more accurate and realistic these image

beliefs are, the easier the transition during organizational entry, and the less likelihood of turnover (Cable & Turban, 2001).

Recruiter and interviewer characteristics also influence applicants in the job pursuit process (see Chapter 5). For example, recruiters who are perceived as personable, informative, or competent have been found to positively influence job seekers, such that prospective jobs and organizations are perceived as more attractive (Harris & Fink, 1987; Macan & Dipboye, 1990; Rynes et al., 1991; Taylor & Bergmann, 1987). Demographic similarity of recruiters to job seekers on characteristics such as age, race, gender, and socioeconomic status may also influence job choice decisions (Cable & Judge, 1996).

### *Individual Differences*

In the process of identifying the factors that influence applicants' job pursuit and choice decisions, researchers have also recognized that the relative importance of these factors may differ across applicants. Individuals base their decisions to pursue employment with an organization on the extent to which they believe a given organization can meet their specific needs and expectations. For example, organizations communicate both direct and indirect information to candidates regarding their values during the recruitment process (Breaugh & Starke, 2000), which may make a job more attractive to certain candidates (Highhouse, Stierwalt, Bachiochi, Elder, & Fisher, 1999). Applicants are also more likely to accept job offers with organizations whose work values match their own personal value orientation (Judge & Bretz, 1992). Similarly, it seems logical to assume that the individual



difference variables of equity sensitivity and employment goals may influence applicants' responses to organizations. As noted in Chapter 4, these factors as well as individual difference variables in general can serve as perceptual filters that are utilized to interpret and organize the information encountered by individuals.

Applicant characteristics such as qualifications, social support, and test-taking attitudes can also influence their decisions to pursue a job or remain in the selection process (Murphy & Tam, 2004). Race may also be an important influence in applicants' decision making (Ryan, Sacco, McFarland, & Kriska, 2000), as in the case of Black applicants who opt not to pursue a job because of their belief that they are less likely to succeed. Experience may also play a role, such that those with more experience in seeking a job may be less affected by positive or negative aspects of the selection process (Murphy & Tam, 2004), or may be less sensitive to aspects of an organization's image (Turban & Cable, 2003) when making decisions. These experience-related differences may be due in part to differences in the schemas being utilized by job seekers, given that schemas gradually develop from past experience and subsequently guide the way new information is organized and new experiences are viewed (Stein, 1992).

#### *Defining Job Pursuit and Job Choice*

Despite early calls to clarify the factors influencing applicants in their job search endeavors, there has been a lack of consistency on the part of researchers in defining the dependent variable representing job pursuit or job choice, (Rynes & Lawler, 1983). Some researchers have utilized measures of expected general job

satisfaction (e.g., Rynes & Lawler, 1983), while others have measured applicants' ratings of organizational attractiveness (e.g., Gatewood et al., 1993; Turban & Greening, 1997). Other research has explicitly asked respondents about their likelihood to pursue an interview opportunity (Rynes, Schwab, & Heneman, 1983) or accept a job offer (Cable & Judge, 1994). There have also been studies involving organizational attractiveness that have utilized both attitude and behavioral intention items within a single attractiveness measure (e.g., Fisher, Ilgen, & Hoyer, 1979), prompting some researchers to work toward clarifying the organizational attractiveness construct (Highhouse, Lievens, & Sinar, 2003).

In response to this lack of consistency regarding the definition of the job pursuit construct, some researchers have attempted to better clarify the decisions or actions involved in pursuing employment. For example, Aiman-Smith, Bauer, and Cable (2001) argued that pursuing a job requires action on the part of an applicant and, as such, would be predicted by different factors than would an applicant's attraction to an organization. Using policy-capturing methodology, they demonstrated that organizational attractiveness was most strongly predicted by factors related to organizations' management practices and policies, whereas job pursuit intentions were influenced primarily by the pay rate for a position. Supporting this distinction, Highhouse et al. (2003) emphasized that the formation of organizational attractiveness attitudes is passive in nature, whereas behavioral intentions to pursue a job reflect more active involvement on the part of job seekers. Both, however, represent critical decision points that job seekers face (Turban & Cable, 2003). Moreover, it has been

proposed that these constructs are related such that job seekers' attraction to an organization will affect both their job search decisions, including decisions to gather additional organizational information and apply for a position, as well as their final job choice decisions (Cable & Turban, 2001).

Consistent with the observation that job pursuit is more complex than has been characterized in the research literature, researchers have proposed that job applicants must make several important decisions prior to actually being hired (Barber, 1998; Murphy & Tam, 2004). These include a) whether or not to pursue (i.e., apply for) a given job; b) whether or not to remain in the candidate pool as the organization makes its decisions; and c) whether or not to accept any job offer made. Information that is encountered early on, as well as information which has a positive or negative valence, can be particularly influential (Murphy & Tam, 2004). These researchers argue that information such as delays in the selection process or positive interactions with recruiters may have little diagnostic value regarding organization or job characteristics. However, others have maintained that this information provides broader signals about the organization (Rynes et al., 1991). Accuracy notwithstanding, when this early information is related to how fairly the organization treats people, applicants will tend to make judgments regarding overall organizational fairness based on their initial impressions, particularly in the absence of adequate or compelling contradictory information (Gilliland & Chan, 2001). As discussed earlier, these fairness judgments can ultimately affect applicant decisions (Gatewood et al., 1993; Lemmink et al., 2003).

*Information Available to Applicants*

In the previous section, I established that applicants' job pursuit and job choice decisions are primarily based on the job and organizational information available to them. Although research has explored recruitment information and its influence on job seekers as discussed in Chapter 6, there has been little examination of how job seekers interpret information from non-recruitment sources (Breugh, 1992). Several sources of information suggested by the marketing literature, such as organizations' products and services, advertising, and media exposure, have been relatively overlooked in past recruitment research (Cable & Turban, 2001). Table 2 presents the different types of information available to job seekers, its source, the degree of control that an organization has over it, and how job seekers typically acquire this information. In terms of acquisition, the distinction is made between passive acquisition, active acquisition, and recruitment. Passive acquisition refers to information acquired by someone outside of a job-seeking context, that is, while they are not currently looking for a job. Active acquisition, on the other hand, refers to information actively sought out by a job seeker during the course of a job search. The recruitment mode reflects information-dissemination that is specific to a position and is controlled by organizational agents. It should be noted that the different types of information may be acquired through multiple sources and through multiple modes, and as such, are not exclusive to a single cell in the table. For example, although this scenario is not specifically represented in Table 2, it may be possible for an individual to learn about

Table 2. *Summary of types of information influencing job-seekers (contents adapted in part from Aiman-Smith et al., 2001).*

Organizational Control	Low Organizational Control (unintentional information)		High Organizational Control (intentional information)		
Typical Mode of Acquisition	Passive Acquisition	Active Acquisition	Passive Acquisition	Active Acquisition	Recruitment
Source	<ul style="list-style-type: none"> <li>• Newspaper</li> <li>• TV news</li> <li>• “Grapevine” or word of mouth (current &amp; former employees, networking contacts, friends &amp; relatives)</li> <li>• 3<sup>rd</sup> party websites (e.g., news, job boards)</li> </ul>	<ul style="list-style-type: none"> <li>• Newspaper</li> <li>• TV news</li> <li>• “Grapevine” or word of mouth (current &amp; former employees, networking contacts, friends &amp; relatives)</li> <li>• 3<sup>rd</sup> party websites (e.g., news, job boards)</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing/Advertising</li> <li>• Prior experience</li> </ul>	<ul style="list-style-type: none"> <li>• Company websites</li> <li>• Annual reports</li> <li>• Recruiting brochures</li> <li>• Job posting</li> <li>• Employment ad</li> </ul>	<ul style="list-style-type: none"> <li>• Job posting</li> <li>• Employment ad</li> <li>• External recruiter</li> <li>• Corporate recruiter</li> <li>• Hiring manager</li> </ul>
Type of Information	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Corruption/scandal</li> <li>• Leadership changes</li> <li>• Layoff announcements</li> <li>• Discrimination lawsuits</li> <li>• Plant closings</li> <li>• Expansions/mergers</li> </ul>	<ul style="list-style-type: none"> <li>• Culture</li> <li>• Pay</li> <li>• Benefits</li> <li>• Work environment</li> <li>• Advancement Opportunities</li> <li>• Policies</li> <li>• Management Practices</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Leadership changes</li> <li>• Expansions/mergers</li> <li>• Knowledge of industry/products/services</li> <li>• Brand identity</li> </ul>	<ul style="list-style-type: none"> <li>• AA policy</li> <li>• Diversity</li> <li>• Culture</li> <li>• Social/Political stance (e.g., environment)</li> </ul>	<ul style="list-style-type: none"> <li>• Pay</li> <li>• Benefits</li> <li>• Work environment</li> <li>• Culture</li> <li>• Realistic job preview</li> <li>• Advancement Opportunities</li> <li>• Policies</li> <li>• Management Practices</li> </ul>

the pay and benefits of an organization from conversations with friends while actively seeking out this information.

Returning to the earlier discussion of a systems perspective on employer image, Table 2 highlights additional elements within the employer image system. To illustrate, elements such as pay and management practices that may comprise the employer image system may be learned from different sources or may be acquired through different modes. The effect of this information may depend on its source, thereby generating additional emergent properties of the system. For example, information about an organization's management practices may be more influential when learned from recruiters than when learned via media accounts. The elements of source and mode thus comprise additional aspects of the employer image system.

#### *Intentional Communication*

In order to persuade potential employees to apply, organizations typically communicate information about a specific job as well as information about the organization itself through several media such as newspaper ads, internet postings, and job placement boards (Barber, 1998). Information is also communicated to job seekers through recruiters and hiring managers (Breaugh & Starke, 2000). This communication is intentional, and organizations have a high degree of control over its content. However, much of this information can only influence individuals who are actively looking for a job or who are seeking (i.e., actively acquiring) information about jobs and organizations. Collins and Han (2004) have described tactics such as detailed recruitment ads and employee endorsements as high-involvement recruitment

strategies. These practices cannot influence passive job seekers since they are not actively looking for these materials. In contrast, tactics such as display ads, recruitment ads, and sponsorship reflect low-involvement recruiting strategies, which can influence individuals beyond those actively seeking a job (Collins & Han, 2004).

Prior to encountering this direct information, however, applicants may already have some impression about the employing organization. The previous discussion of organizational images identified the various factors that contribute to these early impressions, and demonstrated that they may affect an organization's ability to attract applicants (e.g., Fombrun & Shanley, 1990). It has been suggested that organizational images are largely based on secondary sources of information and emerge long before potential applicants begin to seek employment with an organization (Behling, Labovitz, & Gainer, 1968). A similar phenomenon has been recognized in the field of marketing, where both consumer behavior and company sales can be positively influenced when favorable images are communicated to consumers who are not actively searching for information (Chandy, Tellis, MacInnis, & Thaivanich, 2001).

#### *Unintentional Information*

In addition to an organization's intentional employment-related communication, there is a considerable amount of information that job seekers may encounter that is largely beyond the direct control of the organization. Unfortunately, there has been a lack of research on the effects of information conveyed by non-recruitment sources (Breaugh, 1992). When looking for employment opportunities, individuals play an active role in gathering information about an organization

(Ashford & Black, 1996; Cable & Judge, 1996). Job seekers will frequently consult word-of-mouth sources (e.g., friends, relatives, networking contacts) who can provide information regarding an organization, such as its culture and management practices. Information collected in this manner is perceived to be credible to job seekers (Cable, Aiman-Smith, Mulvey, & Edwards, 2000), and when compared to information obtained from recruiters, it is often seen as more credible (Breaugh & Starke, 2000; Bretz & Judge, 1998). These perceptions are not unfounded given that organizations tend to reveal only information that reflects favorably on them (Gatewood et al., 1993). Moreover, when organizations provide information regarding aspects such as a desirable work environment, it is often described as unrealistically positive (Wanous & Colella, 1989).

#### *Passive Information Acquisition*

As noted earlier, potential applicants begin to form images and impressions about organizations long before they seek employment with them (Behling et al., 1968). In other words, prior to actively seeking out information about an organization during the course of a job search, individuals will likely have passively acquired some information about the organization. Through a variety of media, organizations communicate information about their products, services, and successes to the general public. Many organizations devote significant resources to public relations in order to develop and manage a brand identity, or image about the company's offerings. In addition to generating business, organizations also use advertising to project a positive image to the public (Kotler, 1999). Thus, an applicant may have acquired some



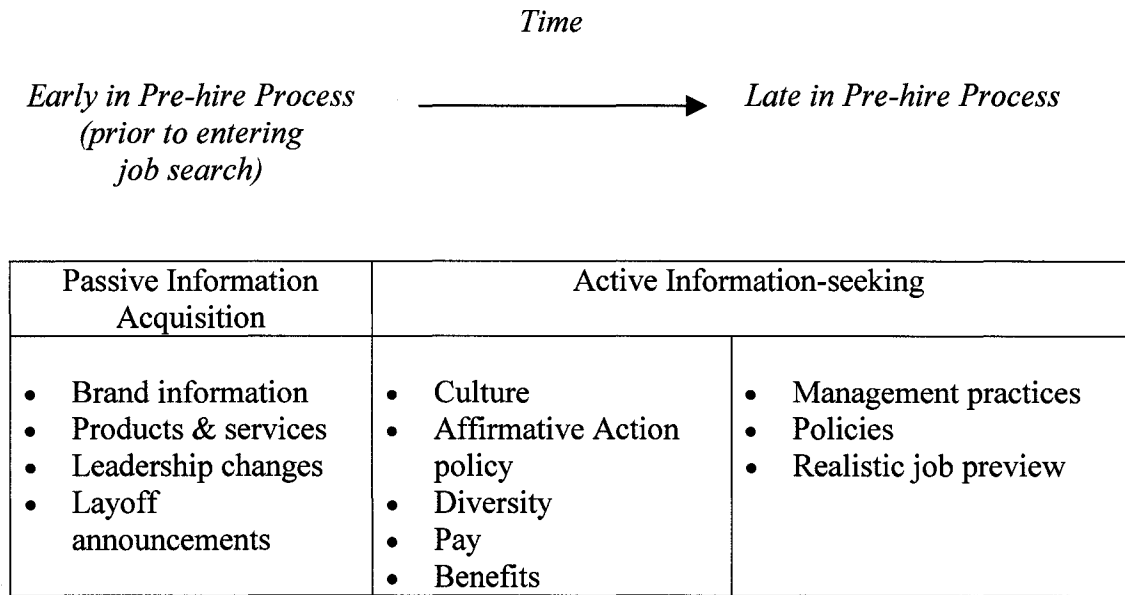
information about an organization as a result of being familiar with its products or services. This information, in turn, may affect job seekers' perceptions because of the effect that an organization's products and services have on its image (Solomon, 1983). As with information conveyed through recruiters and employment ads, organizations have a high degree of control over the intentional messages communicated through marketing and advertising.

Just as applicants will actively seek out employment-related information beyond the control of an organization (e.g., word-of-mouth information about culture), applicants also acquire information passively outside the job-seeking context which is also largely beyond an organization's control. Applicants may learn a great deal about an organization through newspaper or television coverage prior to seeking employment. The organization may have experienced some noteworthy financial gains or setbacks, or it may have enacted some significant changes to its structure such as through a merger or downsizing. Some of its top officials may have been in the news for noteworthy accomplishments, or for some type of wrongdoing. There may have been a lawsuit involving current or former employees regarding some type of employment discrimination. Such media coverage, particularly when it involves business successes and failures, is said to have a greater impact on a company's image than do job advertisements (Breaugh & Starke, 2000). Along with advertising and an organization's products and services, media exposure has been identified as an area that has been relatively ignored in past recruitment research (Cable & Turban, 2001). Consequently, recruitment researchers have been urged to explore the effects of such

publicity on job seekers, particularly when it is negative in nature (Cable & Turban, 2001; Collins & Han, 2004). Some initial work has been done in this area by Van Hoye and Lievens (2005), who examined how the effects of negative publicity on organizational attractiveness might be mitigated. Further exploration of the effects of negative publicity in a job-seeking context is one of the objectives of the present study.

### *Information Timing*

In discussing the various types of organizational information available to job seekers and the various factors that influence job pursuit and job choice decisions, it is important to consider when information is acquired. Figure 5 presents a longitudinal representation of this information. A key point illustrated by the figure is that an individual acquires different types of information at different points in time. Job seekers already have developed some knowledge of an employer long before they become potential applicants (Cable & Turban, 2001). Thus, much of the information acquired early on is passively acquired outside of the job-seeking context. As noted previously, information that is encountered early on is particularly influential to job seekers (Murphy & Tam, 2004). Thus, prior to actively pursuing a job, an individual may encounter information about an organization that may influence his or her decision to consider seeking employment with that organization. In other words, a potential applicant's initial attraction to an organization will influence whether he or she seeks out and considers additional information (Ehrhart & Ziegert, 2005). Moreover, as noted earlier, much of this information is beyond the direct control of the



*Figure 5.* Longitudinal representation of pre-hire organizational information acquisition.

organization. If this information results in a decision to not pursue a job, any additional information regarding that employer (e.g., pay and benefits) that would typically be learned during job pursuit would have no influence on the decision. There are some indications that subsequent information acquired during the recruitment process does little to change job seekers' initial perceptions of organizations (Powell & Goulet, 1996; Turban, 2001), suggesting that schemas formed regarding employers are enduring and resistant to change. However, there is also evidence the contrary - that negative impressions can sometimes be mitigated by providing additional favorable information regarding an organization (Van Hove & Lievens, 2005).

In addition to being obtained from different sources and through different modes of communication, early information acquired by job seekers also differs in terms of its relevance to job pursuit decisions and whether or not it reflects favorably on the organization. Related to the issue of relevance is the concept of perceptual stance or perceptual filter noted earlier, where individuals vary in terms of the information they will attend to and how they process it to give it meaning (Lendaris, 1986). Regardless of its origins, early information has the potential to be the most influential information related to individuals' perceptions of an organization's fairness, according to fairness heuristic theory (Lind, 2001). As noted earlier, Table 2 lists various types of information that a job seeker may passively acquire. Learning about such things as an organization's products and services or its excellent financial performance will likely have different effects on job seekers than learning about scandals or recent layoffs. There is evidence to suggest that reactions to negative information are stronger than those in response to neutral or positive information (Gilliland et al., 1998). It seems reasonable to assume that job seekers will be most sensitive to information regarding an organization's management policies and procedures, as these may be an indication of what is to be expected as an employee. In other words, their perceptual filters will be attuned to information that reveals important employer characteristics rather than information regarding products and services. Moreover, to the extent that this information is related to fairness, it will have an even greater influence than fairness-neutral information (Lind, 2001).

The literature on psychological contract formation suggests that individuals form perceptions of reciprocal obligations with potential employers early on, and that these can be based on employee-related actions taken by an organization (Shore & Tetrick, 1994). Thus, learning about past or present treatment of employees can create expectations in the minds of potential job seekers (i.e., schemas) and possibly influence their pursuit decisions. Furthermore, individuals will tend to react more strongly to information that goes against their general schemas regarding organizations, such as in cases where injustices have occurred (Gilliland & Steiner, 2001). Consistent with this notion, Gilliland et al. (1998) have proposed that there is a justice/injustice asymmetry wherein it is not so much a matter of what an organization does right that impacts fairness evaluations, but rather what is done wrong.

Referring again to Table 2, if one considers only that organizational information widely disseminated (i.e., covered in the media), acquired early on by potential job seekers outside of the job-seeking context, negative in nature, and related to management practices, the possibilities are narrowed to discrimination lawsuits and layoff announcements. Although both of these can reflect negatively on organizations, the focus of this study is the latter due to the belief that it may have a greater potential to influence future job seekers. With regard to discrimination lawsuits, not all employees are negatively affected (i.e., only certain members of a protected group or class). As such, many job seekers may not identify with the affected group and thus may not react negatively upon learning about such occurrences. Another factor that may minimize the negative effects of discrimination lawsuits on job seekers is that the

discriminatory practices may not be perceived as overtly sanctioned by the organization as a whole, but rather attributed to specific organizational members such as a department manager.

Layoff announcements, on the other hand, may have broader implications for job seekers. When layoffs occur, they will generally affect employees indiscriminately across all demographic groups. Thus, it is possible that a greater number of job seekers may identify with employees affected by layoffs. Furthermore, layoffs involve deliberate action on the part of management, and therefore may be perceived as accurate signals of organizational management practices. Lastly, an anecdotal review of local and national media sources suggests that stories on layoffs appear with much greater frequency than those covering lawsuits involving employment discrimination, and thus are more likely to affect job seekers. In 2004, there were nearly 16,000 incidents of layoffs involving 50 or more individuals (U. S. Department of Labor, 2005). In contrast, the Equal Employment Opportunity Commission filed only 414 discrimination lawsuits in response to the 79,432 charges it received in fiscal year 2004 (Equal Employment Opportunity Commission, 2005).

### *Summary*

In sum, I have proposed that job seekers may be influenced in their decisions to seek employment with an organization upon learning about layoffs that have occurred within that organization. However, the specific nature of the relationship between organizational layoffs and job-seeking behavior is unclear, as the influence of layoffs on job seekers has received very little attention in the research literature,

despite calls to explore this area (Kammeyer-Mueller, et al., 2001). A substantial body of research exists on layoffs and resulting effects on other populations such as those affected directly (i.e., victims) and indirectly (“surviving” employees). A review of this literature offers some insights into the effects of layoffs on the perceptions of individuals, and provides a rationale and framework for investigating the effects of layoffs on the perceptions and behaviors of job seekers.

## CHAPTER 8

## LAYOFFS AND INDIVIDUAL PERCEPTIONS

In the previous chapter, I discussed the factors influencing job pursuit and job choice decisions and the various types of information encountered by job seekers, both prior to and during the job search process. I also highlighted the influential nature of information that is encountered early on. In particular, layoff announcements were identified as a factor that job seekers may learn about early on and subsequently be influenced by in their job-seeking behavior. There is an extensive literature on layoffs and their effects on various populations, including remaining employees (“survivors”) and former employees (“victims”). Job applicants, on the other hand, are a key stakeholder group that has been largely overlooked by downsizing researchers (Kammeyer-Mueller et al., 2001). By not considering organizational downsizing from a systems perspective, researchers and practitioners have failed to capture important aspects such as how evaluations of layoffs by applicants can ultimately affect an organization’s effectiveness and survival. I will now review the existing literature on the effects of downsizing and discuss its implications for the present study.

*Layoffs and the Perceptions of Victims*

Some of the earliest literature on layoffs focused on their antecedents, seeking to identify characteristics such as the type of industry or organization, or specific types of jobs that were most likely to be affected by layoffs (Cornfield, 1983). Other early efforts focused on the consequences of layoffs for those directly affected (i.e., victims). Most of the research on layoff victims to date has focused on the effects on



various aspects of individual functioning, both psychologically and physiologically (Konovsky & Folger, 1993). For example, job loss as a result of being laid off is associated with reductions in self-esteem, positive affect, and life satisfaction (Leana & Ivancevich, 1987), as well as increases in depression, anxiety, and hostility (Feather & Barber, 1983). Relatively speaking, there has been much less research exploring reactions of layoff victims toward their former employers. There is evidence that layoff victims express resentment towards organizations and may initiate lawsuits in response to job loss (Baik, Hosseini, & Ragan, 1987). Layoff victims also express an increased desire for layoffs to be regulated by the government, particularly when the layoffs are perceived as being unfair (Konovsky & Folger, 1991).

#### *Layoffs and the Perceptions of Survivors*

Up until the last 15 years, there were relatively few studies focusing on the effects of layoffs on individuals other than victims. Prior to being formally studied, anecdotal accounts of the effects of layoffs on survivors were regularly reported in newspapers and other publications, although there was a lack of consistency with regard to the nature of the effects (Brockner & Greenberg, 1990). In some instances, remaining workers were reported to have put forth greater effort following a layoff, and in other situations worker productivity was seen as taking a sharp decline.

As the formal body of research on survivors has emerged, a number of effects of layoffs have been found, with the vast majority being negative (Kozlowski, Chao, Smith, & Hedlund, 1993). These effects include increased stress (Baruch & Hind, 1999), decreased psychological and physical health (Grunberg, Moore, & Greenberg,

2001; Hughes, 2000), and decreases in morale, job satisfaction, and organizational commitment (e.g., Brockner, Davy, & Carter, 1985; Davy, Kinicki & Scheck, 1991; Tombaugh & White, 1990). Increases in absenteeism and withdrawal have also been found to accompany a layoff (e.g., Hulin, 1991). These outcomes are generally observed during the period immediately following a layoff, although there is some indication that some of the negative effects recede over time (Allen, Freeman, Russell, Reizenstein & Rentz, 2001).

### *Third-Party Perceptions*

Research exists on the effects of layoffs on individuals has been almost exclusively limited to victims and survivors. Beyond current and former employees, however, layoffs have effects that reach other realms of society. Kammeyer-Mueller et al. (2001) argue that the opinions of applicants, consumers, and regulatory bodies can all be potentially changed as a result of a layoff. Moreover, to the extent that others can identify with individuals who have been laid off, their reactions are likely to be similar to those directly affected (Brockner, 1988). A review of existing research identified only one study that has considered these third-party perceptions of layoffs. Using a framework involving the organizational justice dimensions of voice (e.g., allowing victims to participate in decisions regarding layoff procedures) and communication or information (e.g., providing an explanation for the layoff), Skarlicki, Ellard, and Kelln (1998) found that layoff characteristics can affect the behavioral intentions of members of the public. They argued that this group is comprised of customers and potential employees. The findings of the study indicated that layoff

fairness judgments were enhanced by providing an opportunity for employees to give their input regarding layoff procedures and communicating an adequate explanation for the layoffs. These judgments were also related to employment intentions, which were represented via a single scale that asked about job application and acceptance intentions. The researchers suggested that observers assess the fairness of layoffs by using criteria similar to those used by layoff victims.

### *Organizational Justice as an Explanatory Framework*

As with management practices such as performance evaluation and personnel selection which were discussed earlier, justice research is seen as explaining a great deal regarding current business issues such as layoffs (Byrne & Cropanzano, 2001). Although some studies have considered the distributive justice aspects of layoff practices (e.g., Brockner, Ichniowski, Cooper, & Davy, 1994), the most frequently studied type of justice in the context of layoffs is procedural justice (Grubb & McDaniel, 2002). Procedural justice is seen by many researchers as providing a compelling framework for explaining layoff reactions (e.g., Konovsky & Brockner, 1993). In addition, researchers have emphasized procedural justice in the layoff context because organizational management is seen as having more discretionary control over procedural aspects than distributive aspects of justice in layoff implementations (Gilliland & Schepers, 2003). In other words, managers may have no control over whether a layoff takes place, but they can determine how the layoff is conducted, thereby influencing procedural fairness to some degree.

Procedural justice has most often been utilized in layoff research involving survivors, and has been positively related to factors such as survivors' organizational commitment (Brockner et al., 1994; Grubb & McDaniel, 2002). Specific aspects of procedural justice deemed relevant to survivors include offering advanced notice of the impending layoff and providing a careful explanation of the reasons for its occurrence. Interactional justice has also been identified as a key factor that surviving employees consider when judging the fairness of a layoff (Brockner & Greenberg, 1990). Of particular importance is whether the victims of layoffs have been treated sensitively, and with dignity and respect by organizational members (Tyler & Bies, 1990).

The relationship between procedural justice aspects of layoffs and victims' reactions has also been explored to some degree. For example, Konovsky and Folger (1991) found that providing advance notice and communicating layoff announcements with interpersonal sensitivity decreases layoff victims' desires for regulation of layoffs and strengthens their willingness to recruit for their former employer. Similarly, Rousseau and Anton (1988) found that layoff victims' reactions are less negative when management's explanations are perceived as more credible. Generally speaking, research has shown that as the sensitivity and thoroughness of layoff explanations increases, the negative impacts on the behaviors and attitudes of both victims and survivors are lessened (Konovsky & Brockner, 1993).

*A Model of Just Treatment in Layoffs*

Gilliland and Schepers (2003) have developed a conceptual model of just treatment in layoffs, which incorporates the interpersonal and informational justice dimensions of interactional justice (Greenberg, 1993b). The information sharing dimension consists of three components: a) advanced notice; b) method of communication with victims (i.e., individual meetings, group meetings, or written communication); and c) amount of information provided regarding layoff. The interpersonal sensitivity dimension also has three components: a) manager's demeanor; b) minimizing victim contact to prevent sabotage; and c) escorting victims from premises. Although the model primarily serves to identify the determinants of just treatment, it also illustrates the bi-dimensional nature of this treatment, and is relevant to the present study. The model is presented in Figure 6.

There are occasional accounts of decidedly unjust treatment during layoff implementations (Downs, 1995). Dixon and Van Horn (2003) claim that the vast majority of workers laid off from their jobs during the last three years received no advance notice, no severance pay, and no career counseling from their employers. Others have found organizations to exercise some level of just treatment during the process. For example, Gilliland and Schepers (2003) found that most organizations in their study used individual meetings to inform layoff victims, though layoffs involving large numbers of employees tended to utilize group meetings to provide notification. This is not to suggest that organizations do not vary greatly in how layoffs are conducted. There does appear to be significant variance in terms of information

## Determinants of Just Treatment

## Just Treatment in Layoffs

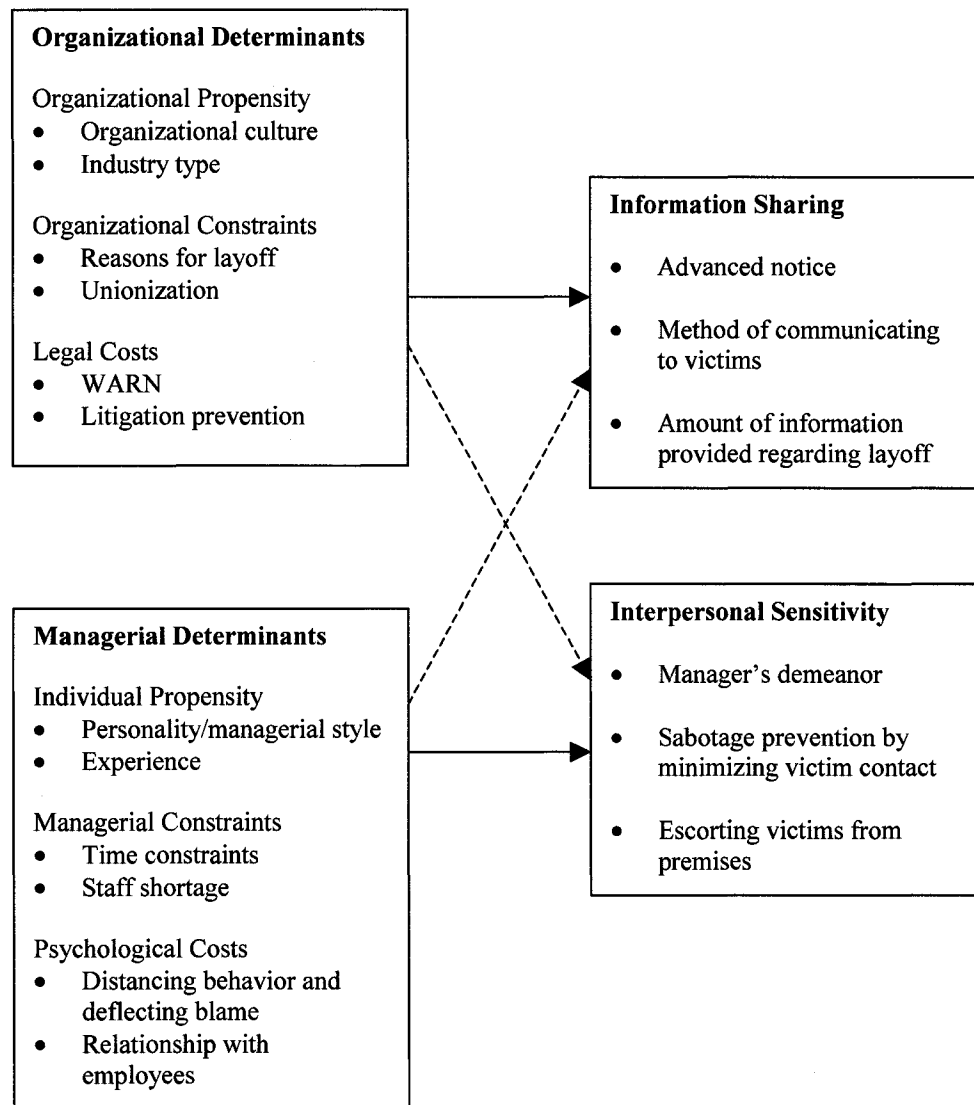


Figure 6. Determinants of just treatment in layoffs (from Gilliland & Schepers, 2003).

sharing based on factors such as an organization's industry and/or environment (i.e., unionized versus non-union), as well as the factors necessitating the layoff. More specifically, organizations in knowledge-based industries and those with union workforces tend to provide a greater level of informational justice with regard to their layoff implementations, as do those who undergo a layoff as a result of an organizational change activity (i.e., business merger, spin-off, or restructuring; Gilliland & Schepers, 2003).

### *Summary*

In sum, an extensive literature has explored the effects of layoffs on different populations, and organizational justice has been shown to be a useful explanatory framework for understanding the relationship between layoff practices and resulting outcomes. The vast majority of this research has involved current employees who are the survivors, and former employees who are the victims of the layoff action. Although some research has considered layoff effects on individuals outside of an organization (i.e., third parties), only one study known to me that has explored the effects of layoffs on future job seeking behavior despite calls to test this relationship (Kammeyer-Mueller et al., 2001). Therefore, this is an area in need of attention by researchers.

## CHAPTER 9

## THE PRESENT STUDY

My review of the literature established that organizational justice is a useful explanatory framework for perceptions of and reactions to various human resource management practices. Research has shown that the outcomes and more importantly the processes used in performance evaluation, selection systems, recruitment, and layoffs influence the perceived fairness of those practices. Thus, employees make fairness judgments regarding their experiences with organizations throughout their tenure, and to the extent that they perceive unfairness, various negative individual and organizational outcomes can result. Research has also shown that individuals' expectations for and perceptions of their relationships with organizations mediate the relationship between fairness perceptions and organizational outcomes, and these expectations vary across individuals based upon their mental models or schemas. In addition, individual differences such as equity sensitivity have been shown to moderate the relationship between perceptions of fairness and subsequent attitudes and behaviors, meaning that justice-related factors may be more or less relevant from one person to the next due to differences in their perceptual filters.

Researchers have been urged to address current issues in business such as downsizing, for which procedural justice offers an explanatory framework (Byrne & Cropanzano, 2001). Recalling the discussion of fairness heuristic theory from Chapter 2, individuals will form impressions regarding the fairness of authority figures based upon the initial information available to them (Lind, 2001). These impressions are



formed very quickly, and are used as a heuristic to judge subsequent acts or predict future treatment. Thus, when job seekers perceive injustices or insecurity with regard to a potential employer, they may be less likely to pursue employment with that organization due to concerns about receiving similar treatment in the future. Despite job seekers not having directly experienced an injustice, researchers have suggested that people can be affected by the injustices experienced by others (Folger & Cropanzano, 2001). This can be true even in instances involving strangers, particularly if job seekers can identify with them (Brockner, 1998), and it seems plausible that job seekers would be able to identify with laid-off employees. Thus, layoffs that are harsh in nature have the potential to lessen an organization's attractiveness to job seekers, and subsequently, to weaken their intentions to pursue employment (Kammeyer-Mueller et al., 2001).

In the present study, I sought to contribute to the literature on organizational justice by exploring the relationship between organizational layoff practices and the reactions of individuals who are or will soon be seeking a job. The model of just treatment in layoffs proposed by Gilliland and Schepers (2003) provides a useful framework for exploring this relationship, and specifically points out interpersonal sensitivity and information sharing as important justice factors in layoff contexts. My review of the literature has established that significant relationships are likely to be observed between these justice-related variables and reactions on the part of job seekers, and that these relationships may be moderated by one or more individual difference variables.

My review of the literature has also identified only one study that has explored the effects of layoff practices on subsequent attitudes and behaviors related to job seeking. The present study seeks to contribute to the literature and extend existing research on layoffs and job seekers' reactions in the following manner. First, this study utilizes a theoretical framework based on organizational justice that has been specifically developed to represent just treatment in layoffs (Gilliland & Schepers, 2003). Second, this study incorporates a systems perspective in the research design. This is accomplished by a) incorporating individual-difference variables that serve as perceptual filters, thereby investigating a moderated relationship between fairness perceptions and relevant outcomes; and b) incorporating mediator variables that have been identified in past research on organizational justice, exploring how these variables contribute to the emergent properties of the fairness-outcome relationship. Third, this study explores the effects of negative media information involving layoffs on future job seekers. Information from media sources in general has been relatively overlooked in recruitment research (Cable & Turban, 2001). By focusing on layoff information as presented in the media, this study elaborates on the conceptualization of information that may influence job seekers.

#### *Outcomes Hypothesized to be Related to Justice Factors*

Based on the literature review, there are six different outcome variables that I hypothesized would be influenced by the justice-related factors of interpersonal sensitivity and information sharing. Following a brief review of these six variables, I

present the specific hypotheses for this study. All study hypotheses are also presented in Table 3 at the end of the chapter.

#### *Procedural Fairness Perceptions*

Research has shown that the reactions of those directly affected by layoffs (e.g., Konovsky & Folger, 1991) as well as those workers surviving a layoff (e.g., Brockner & Greenberg, 1990) are influenced by the extent to which fair procedures are involved in the implementation. Skarlicki et al., (1998) found that the behavioral intentions of third-party observers were affected by the fairness characteristics of layoffs. Thus, unfair layoff practices are likely to influence the fairness perceptions of individuals beyond organizational members who are directly affected.

#### *Organizational Attractiveness*

In Chapter 7, I discussed several factors that have been shown to influence organizational attractiveness perceptions, including promotion opportunities (Cable & Graham, 2000) and perceptions of culture (Turban et al., 1998). There is also evidence to indicate that management practices affect perceptions of organizational attractiveness (Aiman-Smith et al., 2001), suggesting that the process used to implement a layoff may also affect subsequent organizational attractiveness ratings by job seekers.

#### *Job Pursuit and Job Acceptance.*

In addition to making judgments about the attractiveness of an organization as a potential employer, individuals must also make decisions regarding subsequent employment-related actions. The possible courses of action (e.g., pursue a job, accept

a job offer) differ in terms of the level of investment and commitment on the part of a job seeker (Murphy & Tam, 2004). For example, it is possible for an individual to pursue several different jobs at the same time, but only one position can ultimately be accepted. Although the distinction between judging organizational attractiveness, deciding to pursue a job, and deciding to accept a job offer has not always been made clear in research, some have recognized that these may each have different antecedents (Aiman-Smith et al., 2001). Given that decisions made in the job-seeking context have been shown to be influenced by individuals' perceptions of fairness (e.g., Gatewood et al., 1993; Lemmink et al., 2003), these decisions may also be affected by the fairness of layoff practices.

*Perceived Organizational Support and Perceived Management-employee Relations*

In Chapter 4, I discussed the social exchange variables POS and LMX in the context of fairness perceptions. Each has been found to mediate the relationship between these perceptions and organizational outcomes (e.g., Masterson et al., 2000). However, POS is most relevant to the present study since layoff practices are more indicative of treatment sanctioned by an organization (i.e., related to POS) rather than by an individual manager (i.e., related to LMX). Layoff practices utilized by an organization should thus demonstrate a relationship to POS.

As noted earlier, however, POS has generally been defined in the context of an existing relationship. POS develops through employees' assessment of their treatment by organizations (Eisenberger et al., 1986). Participants in this study were future job seekers who had not yet established a relationship with an organization. In this case

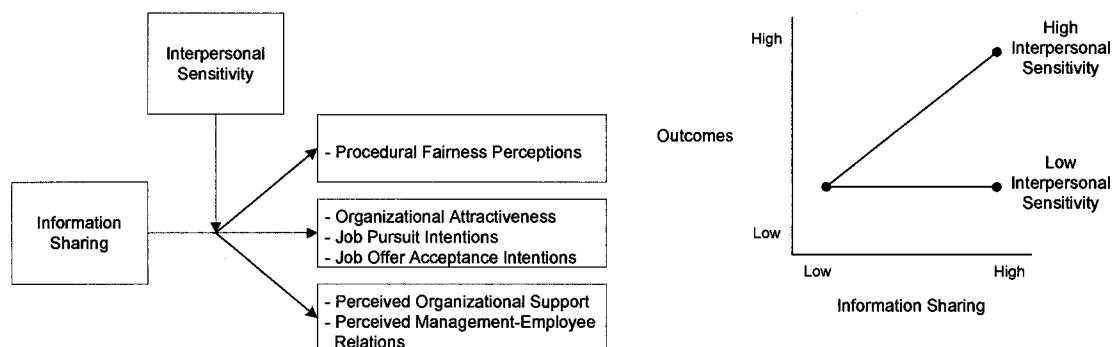
they would be estimating levels of POS, which deviates from the typical application of this construct. Consequently, I also represented attitudes regarding individuals' anticipated relationships with organizations with the variable "perceived management-employee relations" (PMR). This variable represents the beliefs that individuals have regarding the relationships that would exist between employees and management. It has been used in other contexts where relationships with organizations have not yet been formed, such as in research involving applicant reactions (e.g., Truxillo, Bauer, Campion, & Paronto, 2003). As suggested by fairness heuristic theory (Lind, 2001), people form beliefs about future relationships with organizations and their management based upon procedural justice factors encountered early on. Thus, anticipated POS and PMR are likely to be influenced by the fairness of an organization's layoff practices.

*Hypothesized Relationship Between Layoff Justice Factors and Outcomes (Figure 7)*

As presented in Chapter 8, Gilliland and Schepers' (2003) model of just treatment in layoffs consists of the dimensions of information sharing and interpersonal sensitivity. Each dimension is represented by three components that may be present in a layoff scenario. Subsequent research has found that when one of these components is low, or is present as an injustice (e.g., no advance notice is given to layoff victims), individuals' will react negatively regardless of other aspects of the layoff that may be just in nature (Gilliland et al., 1998). This leads to the first set of hypotheses.

Hypotheses 1a-1f: Information sharing and interpersonal sensitivity in a layoff context will interact, and influence subsequent outcomes relevant to future job seekers. Specifically, outcome variables will be low for future job seekers when either information sharing and interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are high, the outcome variables will be high. This effect is hypothesized for the following outcomes:

- H1a.* procedural fairness perceptions
- H1b.* organizational attractiveness
- H1c.* job pursuit intentions
- H1d.* job offer acceptance intentions
- H1e.* perceived organizational support
- H1f.* perceived management-employee relations



*Figure 7.* Hypothesized relationship between information sharing, interpersonal sensitivity, and outcomes (Hypotheses 1a-1f).

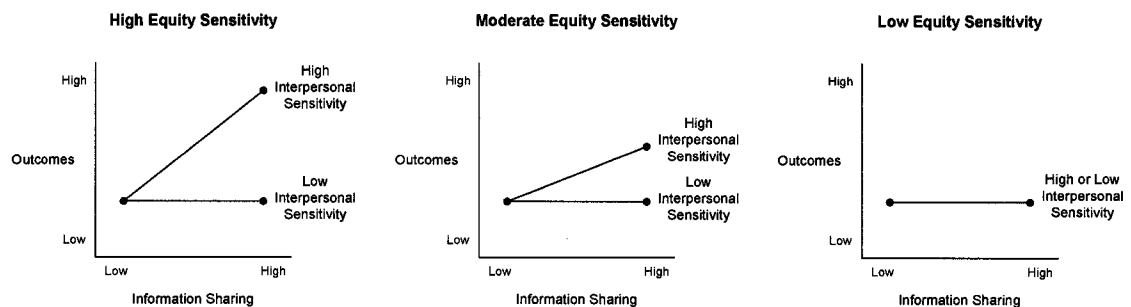
*Hypothesized Moderating Effects of Equity Sensitivity (Figure 8)*

While it is hypothesized that the justice factors of information sharing and interpersonal sensitivity will be related to certain outcomes, these relationships may not be consistent across individuals. In other words, people are likely to vary in terms of their sensitivity to fairness-relevant information. Individuals may also have different expectations for how organizations relate to employees, such as when a layoff is conducted. It has been proposed that future job seekers' values and needs influence their beliefs about and attraction to employers (Cable & Turban, 2001). Researchers have identified equity sensitivity as a variable that may explain individual differences in fairness reactions and relational expectations (Huseman et al., 1987). Individuals who are low on equity sensitivity tend to be more focused on the fairness aspects of outcomes rather than processes. Those high on equity sensitivity ("benevolents"), on the other hand, are more likely to have a relational orientation toward organizations. Thus it was hypothesized that equity sensitivity will moderate the relationship between the justice factors of information sharing and interpersonal sensitivity and the relevant outcomes for this study.

*Hypotheses 2a-2f:* Information sharing, interpersonal sensitivity, and an individual's equity sensitivity will interact and influence subsequent outcomes relevant to future job seekers. These variables will interact in the following manner. For future job seekers high in equity sensitivity, outcome variables will be low when either information sharing or interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are

high, outcome variables will be high. For future job seekers low in equity sensitivity, outcome variables will not vary based on levels of information sharing and interpersonal sensitivity. This relationship is hypothesized for the following outcomes:

- H2a.* procedural fairness perceptions
- H2b.* organizational attractiveness
- H2c.* job pursuit intentions
- H2d.* job offer acceptance intentions
- H2e.* perceived organizational support
- H2f.* perceived management-employee relations



*Figure 8.* Hypothesized moderating effects of equity sensitivity on relationship between information sharing, interpersonal sensitivity, and outcomes (Hypotheses 2a-f).

#### *Hypothesized Moderating Effects of Relational Employment Goals (Figure 9)*

Just as individuals vary in terms of their equity sensitivity, they also differ in terms of their expectations and goals for their relationships with organizations. More



specifically, some individuals may have employment goals that are highly relational in nature, expecting their employer to provide long-term job security in exchange for loyalty. Others may be less concerned about that aspect of employment, expecting merely to be appropriately compensated. Similar to equity sensitivity, relational employment goals were hypothesized to moderate the relationship between the justice factors of information sharing and interpersonal sensitivity and the relevant outcomes for this study.

*Hypotheses 3a-3f:* Information sharing, interpersonal sensitivity, and an individual's relational employment goals will interact and influence subsequent outcomes relevant to future job seekers. These variables will interact in the following manner. For future job seekers with high relational employment goals, outcome variables will be low when either information sharing or interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are high, outcome variables will be high. For future job seekers with low relational employment goals, outcomes will not vary based on levels of information sharing and interpersonal sensitivity. This relationship is hypothesized for the following outcomes:

*H3a.* procedural fairness perceptions

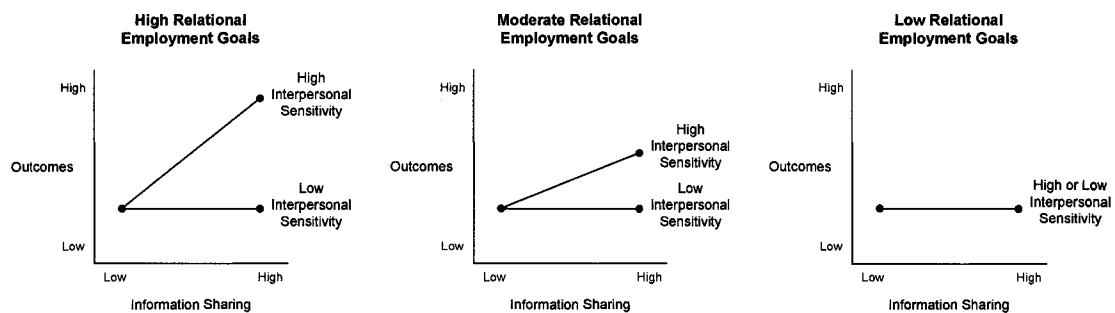
*H3b.* organizational attractiveness

*H3c.* job pursuit intentions

*H3d.* job offer acceptance intentions

*H3e.* perceived organizational support

*H3f.* perceived management-employee relations



*Figure 9.* Hypothesized moderating effects of employment goals on relationship between information sharing, interpersonal sensitivity, and outcomes (Hypotheses 3a-f).

*Hypothesized Mediating Effects of Perceived Organizational Support (Figure 10)*

As discussed in Chapter 4, the relationship between justice-related factors and subsequent outcomes appears to be more complex than early researchers had originally envisioned. There is evidence to suggest that the effects of employees' fairness perceptions and judgments on their work attitudes and behaviors are mediated by social exchange variables (Manogran et al., 1994; Moorman et al., 1998). More specifically, in situations involving organization-related outcomes such as organizational commitment and intentions to quit, POS has been found to mediate the effects of procedural justice perceptions. Thus, while I have hypothesized that the justice factors of interpersonal sensitivity and information sharing will be related to procedural justice perceptions (H1a) and POS (H1e) as well as the subsequent

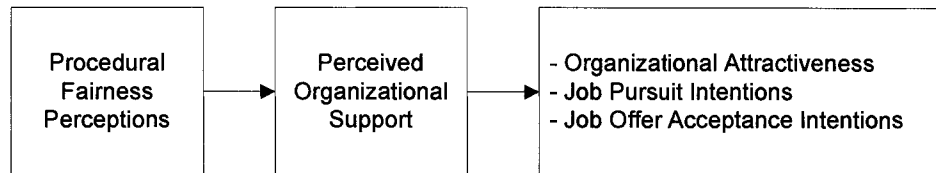
organizational outcomes of organizational attractiveness (H1b), job pursuit intentions (H1c), and job offer acceptance intentions (H1d), it was hypothesized that POS will mediate the relationships that exist among these variables.

*Hypotheses 4a-4c:* Perceived organizational support will mediate the relationship between procedural fairness perceptions and organizational outcomes for future job seekers, such that procedural fairness perceptions will influence perceived organizational support, which will influence the following organizational outcomes:

*H4a.* organizational attractiveness

*H4b.* job pursuit intentions

*H4c.* job offer acceptance intentions



*Figure 10.* Hypothesized mediating effects of perceived organizational support on relationship between procedural fairness perceptions and organizational outcomes (Hypotheses 4a-c).

#### *Hypothesized Mediating Effects of Perceived Management-Employee Relations (Figure 11)*

POS was originally conceptualized to signify employees' beliefs about their current organizations rather than their perceptions of anticipated relationships with organizations, and therefore may not fully represent the mediating effects of social exchange relationships in the context of the present study. Since PMR represents

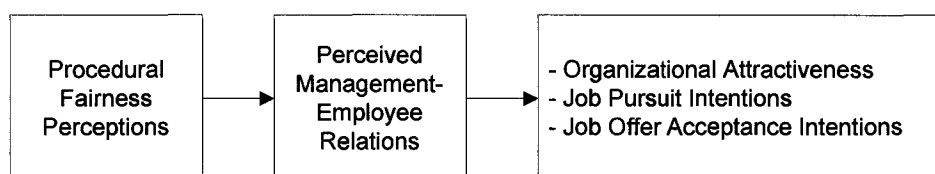
individuals' beliefs regarding anticipated relationships between employees and management, it is hypothesized that this variable will also mediate fairness-outcome relationships.

*Hypotheses 5a-5c:* Perceived management-employee relations will mediate the relationship between procedural fairness perceptions and organizational outcomes for future job seekers, such that procedural fairness perceptions will influence perceived management relations, which will influence the following organizational outcomes:

*H5a.* organizational attractiveness

*H5b.* job pursuit intentions

*H5c.* job offer acceptance intentions



*Figure 11.* Hypothesized mediating effects of perceived management-employee relations on relationship between procedural fairness perceptions and organizational outcomes (Hypotheses 5a-c).

Table 3  
*Hypotheses for Primary Study*

Hypothesis	Precursors	Dependent Variables
<i>H1a-1f</i> : Information sharing and interpersonal sensitivity in a layoff context will interact, and influence subsequent outcomes relative to future job seekers. Specifically, outcome variables will be low for future job seekers when either information sharing and interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are high, the outcome variables will be high.	<ul style="list-style-type: none"> <li>- Information sharing</li> <li>- Interpersonal sensitivity</li> </ul>	<ul style="list-style-type: none"> <li>a. Procedural fairness perceptions</li> <li>b. Organizational attractiveness</li> <li>c. Job pursuit intentions</li> <li>d. Job offer acceptance intentions</li> <li>e. POS</li> <li>f. PMR</li> </ul>
<i>H2a-2f</i> : Information sharing, interpersonal sensitivity, and an individual's equity sensitivity will interact and influence subsequent outcomes relative to future job seekers. These variables will interact in the following manner. For future job seekers high in equity sensitivity, outcome variables will be low when either information sharing or interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are high, outcome variables will be high. For future job seekers low in equity sensitivity, outcome variables will not vary based on levels of information sharing and interpersonal sensitivity	<ul style="list-style-type: none"> <li>- Information sharing</li> <li>- Interpersonal sensitivity</li> <li>- Equity sensitivity</li> </ul>	<ul style="list-style-type: none"> <li>a. Procedural fairness perceptions</li> <li>b. Organizational attractiveness</li> <li>c. Job pursuit intentions</li> <li>d. Job offer acceptance intentions</li> <li>e. POS</li> <li>f. PMR</li> </ul>
<i>H3a-3f</i> : Information sharing, interpersonal sensitivity, and an individual's relational employment goals will interact and influence subsequent outcomes relative to future job seekers. These variables will interact in the following manner. For future job seekers high in relational employment goals, outcome variables will be low when either information sharing or interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are high, outcome variables will be high. For future job seekers low in relational employment goals, outcome variables will not vary based on levels of information sharing and interpersonal sensitivity.	<ul style="list-style-type: none"> <li>- Information sharing</li> <li>- Interpersonal sensitivity</li> <li>- Relational employment goals</li> </ul>	<ul style="list-style-type: none"> <li>a. Procedural fairness perceptions</li> <li>b. Organizational attractiveness</li> <li>c. Job pursuit intentions</li> <li>d. Job offer acceptance intentions</li> <li>e. POS</li> <li>f. PMR</li> </ul>

Table 3 (*cont.*)

Hypothesis	Precursors	Mediator	Dependent Variables
<i>H4a-4c</i> : POS will mediate the relationship between procedural fairness perceptions and organizational outcomes for future job seekers, such that procedural fairness perceptions will influence POS, which will influence organizational outcomes.	Procedural fairness perceptions	POS	a. Organizational attractiveness b. Job pursuit intentions c. Job offer acceptance intentions
<i>H5a-5c</i> : PMR will mediate the relationship between procedural fairness perceptions and organizational outcomes for future job seekers, such that procedural fairness perceptions will influence PMR, which will influence organizational outcomes.	Procedural fairness perceptions	PMR	a. Organizational attractiveness b. Job pursuit intentions c. Job offer acceptance intentions

## CHAPTER 10

## METHOD

*Participants*

Participants were 382 undergraduate business and psychology students attending classes at a university in the Pacific Northwest. The sample consisted of 57% women, with an average age of 25.77 years ( $SD = 7.13$ ) and an average of 4.88 years of full-time work experience ( $SD = 6.77$ ). Most participants (72%) indicated Caucasian as their race. Ninety-five percent of the sample had at least one year of either part- or full-time work experience. Fifty-eight percent of the sample reported that they were either currently seeking employment or would be doing so within the next 12 months. A large percentage of participants (76%) reported that a family member had been laid off from a part- or full-time job, and 25% reported being laid off themselves.

*Power Analysis*

Prior to collecting data, I estimated the statistical power for the regression analyses to be used in the hypothesis testing. Given a model in which three control variables and two main effects account for 15% of variance in the dependent variables, I initially determined that a sample of 220 would allow me to detect a two-way interaction term,  $\Delta R^2 = .04$ , with 90% power. Favorable data collection circumstances yielded a total sample of 382 participants. With this increased sample, a subsequent power analysis indicated that a two-way interaction term could be detected as follows:

$\Delta R^2 = .04$ , with 99% power;  $\Delta R^2 = .03$ , with 96% power; and  $\Delta R^2 = .02$ , with 84% power.

### *Design and Procedure*

This study was conducted in a laboratory setting, and therefore enjoyed the advantages of an experimental design. The most notable advantage of this design was a high level of internal validity. This was realized by random assignment of participants to the different conditions, and consistency of administration of the survey and stimulus materials. Pre-test and post-test measures of individual-difference variables were obtained to allow for greater control.

The study was also limited by some of the drawbacks inherent in experimental designs, namely those concerning external validity. One possible limitation of this study involves the generalizability of the results to the larger job-seeking population as a result of utilizing college students, who may not be entering the workforce immediately. However, in many instances college students are seeking employment or are preparing to do so while pursuing their studies and may actually be more representative of the target population than generally assumed. Moreover, 95% of the sample had some type of employment experience, and a majority (58%) were either currently seeking a job or planning to do so within the next year.

### *Primary Study*

The primary study consisted of a 2 (high vs. low interpersonal sensitivity) x 2 (high vs. low information sharing) between-subjects design. A between-subjects design was believed to be appropriate for this study given that company attraction and



intentions toward a company do not require an external social referent since they are based primarily on individual norms and expectations (Highhouse, Lievens, & Sinar, 2003).

Participants were asked to take part in a research study involving job seeker attitudes. The study procedure involved a sequence of five parts, which are in Appendices A (Layoff Scenarios for Study) and B (Survey Instrument). Part A asked participants to respond to an initial set of items measuring relational employment goals and equity sensitivity, and measures of perceived employability, self-perceptions of qualifications, and demographics. In Part B, participants were asked to read a brief paragraph about a hypothetical company. The paragraph included general information related to the company's overall brand and reputation, similar to what job seekers may initially learn about an organization prior to entering a job search. After reading this initial information, Part C of the experiment asked participants to respond to a set of items measuring organizational attractiveness, job pursuit intentions, job offer acceptance intentions, POS, and PMR. In Part D, each participant was asked to read one of four fictitious newspaper articles specifically developed for this study. The articles reported about a layoff that had taken place at the hypothetical company introduced in Part B. The final part of the experiment (Part E) asked participants to respond to items involving layoff fairness perceptions, as well as the same set of items presented in Part C.

I developed four newspaper articles for this study (see Appendix A) to represent realistic accounts of layoffs as they have occurred in organizations (Gilliland

& Schepers, 2003; Society for Human Resource Management, 2001) and as they might be represented in media accounts. The articles were equivalent in terms of the general information provided about the organization, and included victim quotes consistent with the specific condition for which the articles are written. Each of the articles communicated details regarding the degree of interpersonal sensitivity and information sharing that was involved in the layoffs, based on aspects of the model presented by Gilliland and Schepers (2003). *Interpersonal sensitivity* was manipulated to be either high or low as follows. Low interpersonal sensitivity was represented by laid-off employees being escorted from the premises on their final day of work. High interpersonal sensitivity was represented by laid-off employees being provided with outplacement assistance and career counseling. *Information sharing* was also manipulated to be either high or low as follows: Low information sharing involved employees being given no advance notice of their layoff. Scenarios with high information sharing involved employees being given 60 days advance notice prior to being laid off. Variance in the level of assistance and the degree of communication are key factors typically present in layoff strategies (Kammeyer-Mueller et al., 2001; Society for Human Resource Management, 2001).

### *Measures*

All items used in this study are listed in the actual survey instrument, which can be found in Appendix B. Unless otherwise noted, responses to items on each of the scales presented below were on a five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5).

*Interpersonal sensitivity.* To confirm that the conditions with high interpersonal sensitivity did in fact represent high levels of *interpersonal justice*, a three-item scale ( $\alpha = .95$ ) representing this construct was presented to participants. The items were adapted from a scale reported in Colquitt (2001), and included items such as “The laid-off employees were treated in a polite manner.”

*Informational justice.* As with interpersonal justice, to confirm that the conditions with high information sharing did in fact represent high levels of *informational justice*, two additional items representing this construct from Colquitt (2001) and a third item developed specifically for this study were included. An example item from this scale ( $\alpha = .85$ ) is “The company gave employees plenty of advance notice regarding the layoffs.”

*Procedural fairness perceptions.* Some procedural justice studies have relied upon single-item procedural justice scales. However, because of the complex nature of procedural justice, Grubb & McDaniel (2002) suggested that researchers use multiple-item scales for determining the variance accounted for by procedural justice in the layoff setting. Thus, procedural fairness perceptions were measured using a four-item scale adapted from Skarlicki et al. (1998). This scale had been specifically developed to measure procedural fairness in a layoff context, and was modified from a scale used by Lind and Tyler (1992). A sample item for this scale ( $\alpha = .93$ ) is “Generally, the procedures used by this company in the layoff were fair.”

*Organizational attractiveness.* Organizational attractiveness was measured using a five-item scale ( $\alpha = .98$ ) adapted from Aiman-Smith et al. (2001). An example item for this scale is “This would be a good company to work for.”

*Job pursuit intentions.* Job pursuit intentions was measured using a four-item subset ( $\alpha = .91$ ) of a scale adapted from Aiman-Smith et al. (2001), plus one additional item developed for this study. An example item for this scale is “I would actively pursue obtaining a position with this company.”

*Job offer acceptance intentions.* A single item developed specifically for this study was used to measure job offer acceptance intentions. Based in part on an item developed by Smither, Millsap, Stoffey, Reilly, and Pearlman (1996), the item read, “If I were offered a job by this company, I would accept it.”

*Perceived organizational support.* POS was measured using a short form of the Survey of Perceived Organizational Support (Eisenberger et al., 1986). This short form has been used in numerous studies and has shown adequate internal consistency; (Eisenberger, Fasolo, & Davis-LaMastro, 1990). An example from this from this five-item scale ( $\alpha = .76$ ) is “This company would really care about my well-being if I was an employee.”

*Perceived management-employee relations.* PMR was measured using a three-item scale adapted from Truxillo et al. (2003). An example item from this scale ( $\alpha = .78$ ) is “There would probably be good relations between workers and management at this company.”

*Equity sensitivity.* Equity sensitivity was measured using a short form of the Equity Preference Questionnaire (EPQ; Sauley & Bedeian, 2000), which was developed to address some of the psychometric shortcomings of existing equity sensitivity scales. An example from this eight-item scale ( $\alpha = .76$ ) is “At work, my greatest concern is whether or not I am doing the best job I can.”

*Relational employment goals.* Burgess and Woehr (2002) have developed a measure of employment goals that includes a relational employment goal dimension. The relational employment goal subscale ( $\alpha = .82$ ) consists of nine items. An example item is “I am willing to stay with an organization as long as it rewards my loyalty.”

#### *Control Variables*

There are several factors that may influence the strength of the relationship between the variables in the present study. Although there are no specific hypotheses corresponding to these variables, I measured them to serve as potential control variables so that any variance attributed to them could be accounted for.

*Layoff experience.* Due to the possibility that direct or indirect experience with a layoff may influence an individual's reactions to layoff practices, participants were presented with several questions regarding their experiences with layoffs. These were adapted in part from a survey on layoffs conducted by Dixon and Van Horn (2003). This included questions asking whether the individual had been laid off, whether they had worked for a company during a layoff action but had “survived,” whether they had a family member who had been laid off, and the number of times they or a family member had been laid off. Each of these items were treated as a separate variable.

*Perceived alternatives and self-perceptions of qualifications.* It is possible that, in comparison to those individuals who do not see themselves as highly employable, individuals with many perceived job alternatives or high perceptions of their own qualifications will be more discerning in response to the organizations presented in the layoff scenarios. Consequently, a three-item scale for each control variable was specifically developed for this study. A sample item for the perceived alternatives scale ( $\alpha = .73$ ) is “I don’t believe there are many companies that are hiring people in my field.” A sample item for the self-perceptions of qualifications scale ( $\alpha = .78$ ) is “I believe I’m a highly qualified job candidate.”

#### *Factor Analyses*

Prior to performing the analyses to test the hypotheses, I reviewed the intercorrelations among the measures used in the study, paying particular attention to those involving similar constructs. I first examined the relationship among the measures of organizational attractiveness, job pursuit intentions, and job offer acceptance intentions. Because researchers have argued that these constructs should be treated as distinct (Aiman-Smith et al., 2001), I had decided to utilize separate scales in this study. Nevertheless, these constructs have also been found to be related to each other (e.g., Cable & Turban, 2001), and may account for a significant amount of shared variance. In the present study, the intercorrelations for these three variables were high, ranging from .69 to .76 on the post-manipulation measures. Therefore, I ran a factor analysis using principal component analysis. Analysis of the factor loadings and scree plot indicated a single factor structure for the 11 items. Loadings on the

factor for all items ranged from .70 to .88. Based on these findings, I decided to combine these three scales into a single scale with the “organizational attractiveness” label. A subsequent reliability analysis of the combined scale yielded an alpha of .95, confirming that the scale had a high degree of internal consistency.

Two additional measures that represented constructs similar in nature were perceived organizational support and perceived management-employee relations. While the former is an established construct that has been extensively researched, the latter has had limited utilization in the research literature. The two scales were found to be highly correlated with each other ( $r = .72$ ), so I ran a factor analysis using principal component analysis on the set of eight items. The factor loadings and scree plot for this set indicated a single factor structure. Loadings on the factor for all items ranged from .72 to .85, with the exception of a single reverse-coded item, which had a factor loading of .33. Based on these findings, the items were combined into a single scale I labeled “organizational relation expectations.” This new scale also demonstrated a high degree of internal consistency ( $\alpha = .89$ ) in the reliability analysis.

#### *Pilot Study/Manipulation Check*

Prior to collecting data in the primary study, a pilot study was conducted utilizing a sample of 50 undergraduate psychology and business students. The purpose of this pilot study was to establish that the levels of interpersonal sensitivity and information sharing did in fact vary across the conditions described below. Means for participant responses to items measuring interpersonal and informational justice were compared across conditions. I performed a 2 x 2 between-subjects ANOVA, grouping

participants by the four conditions (high/low interpersonal sensitivity and high/low information sharing). Ratings on the dependent variables of interpersonal sensitivity perceptions ( $F(3,49) = 25.84, p < .001$ ) and information sharing perceptions ( $F(3,49) = 18.16, p < .001$ ) yielded significant differences across means. Follow-up post-hoc tests comparing the dependent variables across high and low conditions indicated that means for high and low levels of the variables did differ at a significance level of .05 or less. Means for these variables from the pilot study are in Table 4. Based on these results, I concluded that the scenarios represent sufficient manipulations of the justice factors. Since no changes in the study materials were required after the pilot study, data from the sample of 50 pilot participants were included in the primary study. Means and standard deviations by condition for the entire study sample are presented in Chapter 11.

Table 4  
*Means and Standard Deviations for Dependent Measures by Condition in Pilot Study.*

	Condition 1 Lo Sharing Lo Sensitivity	Condition 2 Hi Sharing Lo Sensitivity	Condition 3 Lo Sharing Hi Sensitivity	Condition 4 Hi Sharing Hi Sensitivity
<i>Dependent Measure</i>	<i>n=13</i>	<i>n=13</i>	<i>n=12</i>	<i>n=12</i>
Interpersonal Sensitivity	1.46 [.52]	2.21 [.59]	3.42 [.64]	3.50 [.95]
Information Sharing	1.44 [.57]	3.72 [.88]	2.42 [.64]	3.39 [.75]

Note.  $N=50$ . Standard deviations are in brackets.



## CHAPTER 11

## RESULTS

Prior to conducting the primary analyses for this study, I examined potential differences on several study variables based on gender (male vs. female) and type of student (business vs. psychology). The variables examined included the individual difference measures as well as pre-test and post-test measures of the outcome variables.

Means and standard deviations for study variables by gender and type of student are included in Table 5. In comparing students in business courses to those enrolled in psychology courses, t-tests indicated that mean differences existed on the individual difference variable of perceived alternatives,  $t(379) = -2.32, p < .05$ . Specifically, psychology students perceived fewer employment opportunities available to them than did those enrolled in business courses. There were also mean differences on both the pre-test and post-test measures of organizational attractiveness,  $t(380) = 4.01, p < .001$ , and  $t(380) = 2.74, p < .01$ , respectively. These differences indicated that business students had more favorable impressions of organizations than did psychology students, both initially as well as after learning about the layoff. Although these between-group differences existed, I chose not to use type of student as a control variable because participants were randomly assigned to the four study conditions, thus preserving internal validity.

Table 5  
*Means and Standard Deviations for Study Variables by Gender and Type of Student.*

	Men	Women	Business	Psychology
Dependent Measure	<i>n</i> =159	<i>n</i> =215	<i>n</i> =151	<i>n</i> =231
Relational Employment Goals	3.39 [.62]	3.33 [.64]	3.36 [.63]	3.36 [.64]
Equity Sensitivity	3.70 [.61]	3.77 [.54]	3.81 [.53]	3.70 [.59]
Perceived Alternatives	2.73 [.87]	2.62 [.86]	2.54* [.79]	2.75* [.91]
Self-Perceptions of Qualifications	3.94 [.64]	3.85 [.66]	3.95 [.58]	3.86 [.70]
T1 Organizational Attractiveness	3.73* [.64]	3.59* [.59]	3.80** [.48]	3.55** [.67]
T1 Organizational Relation Expectations	3.16 [.49]	3.17 [.41]	3.20 [.41]	3.15 [.47]
Interpersonal Sensitivity	2.80* [1.06]	2.55* [1.09]	2.66 [1.10]	2.66 [1.07]
Information Sharing	2.67 [1.06]	2.52 [1.10]	2.63 [1.11]	2.54 [1.07]
Procedural Fairness	2.93* [.95]	2.67* [1.03]	2.86 [1.02]	2.72 [.99]
T2 Organizational Attractiveness	3.11** [.83]	2.73** [.83]	3.03** [.77]	2.79** [.89]
T2 Organizational Relation Expectations	2.81* [.62]	2.65* [.67]	2.78 [.62]	2.67 [.67]

Note. *N*=382. Standard deviations are in brackets.

Significance levels for mean differences: \**p*<.05; \*\**p*<.01;

There were also a number of differences in the study variables based on gender, but only on the outcome variables. T-tests indicated that men gave more favorable ratings on both the pre-test and post-test measures of organizational attractiveness,  $t(372) = 2.12, p < .05$ , and  $t(372) = 4.32, p < .01$ , respectively, as well as the post-test measure of organizational relation expectations,  $t(372) = 2.30, p < .05$ . Men also gave more favorable ratings on measures of interpersonal sensitivity,  $t(372) = 2.27, p < .05$ , and procedural fairness,  $t(372) = 2.50, p < .05$ .

Overall means, standard deviations, alpha reliabilities, and intercorrelations of the primary research variables are presented in Table 6. Because gender was found to be related to several outcome variables as indicated by the t-test results and correlations, it was included as a control variable for the primary analyses. Age and work experience, although not significantly correlated with outcome variables, were both significantly correlated with equity sensitivity ( $r = .22, p < .01$ ;  $r = .19, p < .01$ , respectively). Work experience was also moderately correlated with the individual difference variable of REG,  $r = .12, p < .05$ . Based on these findings, as well as the general consensus that age and work experience often influence outcomes in research involving attitudes toward organizations, these two demographic variables were also included as control variables in the primary analyses. Means and standard deviations by condition are presented in Table 7. As noted in the Method section, participants were asked whether they had any experience with layoffs, either directly or through a friend or relative. Responses to these questions showed only weak or no correlation to the study variables and thus were not included as controls.

Table 6  
Means, Standard Deviations, and Intercorrelations for Study Variables.

Variable	<u>M</u>	<u>SD</u>	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Gender	.57	.50	--												
2. Age – years	25.77	7.13	.00	--											
3. Full-Time Work Experience – years	4.88	6.77	-.05	-.78**	--										
4. Part-Time Work Experience – years	3.56	2.79	.06	.06	-.15**	--									
5. Employment Status	.70	.46	.00	-.10*	-.02	.21**	--								
6. Relational Employment Goals	3.36	.63	-.05	-.09	.12*	-.03	-.03	(.82)							
7. Equity Sensitivity	3.74	.57	.07	.22**	.19**	.00	-.02	.33**	(.76)						
8. Perceived Alternatives	2.66	.87	-.06	.02	-.04	-.11	-.10	.16*	-.01	(.73)					
9. Self-Perceptions of Qualifications	3.89	.66	-.07	.11*	.17**	.08	.17**	.11*	.26**	-.35**	(.78)				
10. T1 Organizational Attractiveness	3.65	.61	-.11*	.03	-.04	-.04	-.01	.38**	.22**	.05	.08	(.91)			
11. T1 Organizational Relation	3.17	.44	.00	-.03	-.03	-.02	-.01	.33**	.29**	-.01	.13*	.45**	(.83)		
12. Interpersonal Sensitivity	2.66	1.08	-.12*	-.08	-.03	.03	.02	-.03	.04	-.06	.05	-.01	-.02	(.95)	
13. Information Sharing	2.58	1.09	-.07	.05	.05	-.05	-.02	-.05	-.02	.01	.01	.03	.04	.43**	(.85)

Table 6 (cont.)

Variable	<u>M</u>	<u>SD</u>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
14. Procedural Fairness	2.77	1.00	-.13	.03	.07	.03	.02	-.11	.02	-.05	.05	.07	-.03	.71**	.68**	(.93)		
15. T2 Organizational Attractiveness	2.89	.85	-.22**	.07	.09	-.02	.00	-.02	-.05	.05	-.02	.32	.01	.49**	.37**	.57**	(.95)	
16. T2 Organizational Relation	2.72	.65	-.12*	.04	.06	-.03	-.02	-.03	.05	.03	.03	.04	.16**	.60**	.44**	.63**	.71**	(.89)

Note. *N* for all variables range from 370-382. Gender is coded 0 for males and 1 for females. Employment status is coded 0 for unemployed, 1 for currently employed.

\* $p < .05$ ; \*\* $p < .01$ .

Table 7  
*Means and Standard Deviations for Study Variables by Condition.*

Dependent Measure	Condition 1 Lo Sharing Lo Sensitivity	Condition 2 Hi Sharing Lo Sensitivity	Condition 3 Lo Sharing Hi Sensitivity	Condition 4 Hi Sharing Hi Sensitivity
	<i>n</i> =98	<i>n</i> =95	<i>n</i> =95	<i>n</i> =94
Gender	.64 [.48]	.56 [.50]	.54 [.50]	.55 [.50]
Age - years	26.07 [7.69]	26.60 [7.95]	25.29 [6.81]	25.11 [5.86]
Full-Time Work Experience – years	4.99 [6.49]	5.31 [7.24]	4.31 [6.73]	4.93 [6.65]
Part-Time Work Experience – years	3.75 [2.48]	3.50 [2.62]	3.72 [3.59]	3.27 [2.31]
Employment Status	.78 [.42]	.68 [.47]	.62 [.49]	.70 [.46]
Relational Employment Goals	3.40 [.69]	3.31 [.55]	3.29 [.68]	3.43 [.59]
Equity Sensitivity	3.71 [.60]	3.71 [.48]	3.76 [.60]	3.78 [.60]
Perceived Alternatives	2.62 [.96]	2.69 [.92]	2.66 [.88]	2.69 [.70]
Self-Perceptions of Qualifications	3.88 [.62]	3.90 [.68]	3.88 [.67]	3.91 [.67]
T1 Organizational Attractiveness	3.63 [.68]	3.69 [.57]	3.64 [.53]	3.64 [.67]
T1 Organizational Relation Expectations	3.19 [.51]	3.19 [.36]	3.10 [.43]	3.18 [.46]
Interpersonal Sensitivity	1.70 [.65]	2.21 [.73]	3.02 [.83]	3.74 [.78]
Information Sharing	1.56 [.63]	3.45 [.75]	1.99 [.78]	3.34 [.66]
Procedural Fairness	1.80 [.78]	3.01 [.69]	2.75 [.93]	3.58 [.65]
T2 Organizational Attractiveness	2.41 [.93]	2.90 [.69]	3.08 [.70]	3.17 [.86]
T2 Organizational Relation Expectations	2.26 [.70]	2.73 [.53]	2.83 [.53]	3.06 [.57]

*Note.* *N*=382.

Gender is coded 0 for males and 1 for females.

### *Testing of Hypotheses*

As explained in Chapter 10, I combined the five original outcome variable scales into two scales due to significantly shared variance among them. I thus used these two scales, organizational attractiveness and organizational relation expectations, in the primary analyses, reducing the number of hypotheses to be tested. Specifically, Hypotheses 1b, 1c, and 1d were combined into Hypothesis 1b, and Hypotheses 1e and 1f were combined into Hypothesis 1c. Hypothesis 1a remained the same. Similarly, Hypotheses 2 and 3 were reduced from six sub-hypotheses to three as well.

Hypotheses 4 and 5 each involved a mediator variable, and the combination of the two mediator scales of perceived organizational support and perceived management-employee relations into the single mediator of organizational relation expectations eliminated the need for two separate hypotheses. In addition, with the combination of the three outcome scales of organizational attractiveness, job pursuit intentions, and job offer acceptance intentions into the single scale of organizational attractiveness, the number of hypotheses to test was further reduced. Thus, Hypotheses 4a, 4b, 4c, 5a, 5b, and 5c were all combined and reduced to a single Hypothesis 4. These revised hypotheses are presented in Table 8.

#### *Hypothesis 1 – Information Sharing X Interpersonal Sensitivity Interaction*

Hypotheses 1a, 1b, and 1c each involved a two-way interaction, which I tested with moderated regression analyses (Baron & Kenny, 1986). Results for this first set

Table 8  
*Revised Hypotheses for Primary Study*

Hypothesis	Precursors	Dependent Variables
<i>H1a-1c</i> : Information sharing and interpersonal sensitivity in a layoff context will interact, and influence subsequent outcomes relative to future job seekers. Specifically, outcome variables will be low for future job seekers when either information sharing and interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are high, the outcome variables will be high.	<ul style="list-style-type: none"> <li>- Information sharing</li> <li>- Interpersonal sensitivity</li> </ul>	1a. Procedural fairness perceptions 1b. Organizational attractiveness 1c. Organizational relation expectations
<i>H2a-2c</i> : Information sharing, interpersonal sensitivity, and an individual's equity sensitivity will interact and influence subsequent outcomes relative to future job seekers. These variables will interact in the following manner. For future job seekers high in equity sensitivity, outcome variables will be low when either information sharing or interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are high, outcome variables will be high. For future job seekers low in equity sensitivity, outcome variables will not vary based on levels of information sharing and interpersonal sensitivity.	<ul style="list-style-type: none"> <li>- Information sharing</li> <li>- Interpersonal sensitivity</li> <li>- Equity sensitivity</li> </ul>	2a. Procedural fairness perceptions 2b. Organizational attractiveness 2c. Organizational relation expectations
<i>H3a-3c</i> : Information sharing, interpersonal sensitivity, and an individual's relational employment goals will interact and influence subsequent outcomes relative to future job seekers. These variables will interact in the following manner. For future job seekers high in relational employment goals, outcome variables will be low when either information sharing or interpersonal sensitivity, or both, are low. If both information sharing and interpersonal sensitivity are high, outcome variables will be high. For future job seekers low in relational employment goals, outcome variables will not vary based on levels of information sharing and interpersonal sensitivity.	<ul style="list-style-type: none"> <li>- Information sharing</li> <li>- Interpersonal sensitivity</li> <li>- Relational employment goals</li> </ul>	3a. Procedural fairness perceptions 3b. Organizational attractiveness 3c. Organizational relation expectations
<i>H4</i> : Organizational relation expectations will mediate the relationship between procedural fairness perceptions and organizational attractiveness for future job seekers, such that procedural fairness perceptions will influence organizational relation expectations, which will influence organizational attractiveness.	<ul style="list-style-type: none"> <li>- Procedural fairness perceptions</li> <li>- Organizational relation expectations (<i>mediator</i>)</li> </ul>	- Organizational attractiveness



of hypotheses are presented in Table 9. For Hypothesis 1a, I hypothesized that information sharing would moderate the relationship between interpersonal sensitivity and procedural fairness perceptions. Testing this moderator model with regression involved the following steps with procedural fairness perceptions as the dependent variable. The demographic control variables (age, gender, and full-time work experience) were entered into the model at Step 1, and the main effects of interpersonal sensitivity (the independent variable) and information sharing (the moderator variable) were entered at Step 2. The variance accounted for by these main effects was significant, with  $R^2 = .42$ . At Step 3, the Information Sharing X Interpersonal Sensitivity interaction term (the product of the independent variable and the moderator variable) was added to the model. These two variables were contrast-coded to create a vector for their high and low conditions, which was used to compute the interaction term. There was a significant increase in  $R^2$  with the addition of the interaction term at Step 3,  $\Delta R^2 = .01$ ,  $F(1, 364) = 5.01$ ,  $p < .05$ .

I examined the nature of this interaction by generating regression equations for each experimental condition using the unstandardized regression coefficients. A graphical representation of this interaction is presented in Figure 12. Although the significant interaction term indicated a moderated relationship, it was a bit different than originally hypothesized. I had predicted that procedural fairness perceptions would be high only when both interpersonal sensitivity and information sharing were high. Rather, high levels of one fairness factor were able to compensate for low levels of the other. More specifically, interpersonal sensitivity significantly enhanced

Table 9

*Hierarchical Regression Analyses with Control Variables, Information Sharing, Interpersonal Sensitivity, and Information Sharing x Interpersonal Sensitivity Interaction Predicting Procedural Fairness, T2 Organizational Attractiveness, and T2 Organizational Relation Expectations.*

Variable	Procedural Fairness			T2 Organizational Attractiveness			T2 Organizational Relation Expectations		
	$R^2$	$\Delta R^2$	$\beta$	$R^2$	$\Delta R^2$	$\beta$	$R^2$	$\Delta R^2$	$\beta$
Step 1	.02*			.15**			.05**		
Gender			-.10*			-.16**			-.09
Full-time Work Experience			.05			.10			.04
Age			.02			.01			.05
T1 Organizational Attractiveness			--			.30**			--
T1 Organizational Relation Expectations			--			--			.19**
Step 2	.42**	.39**		.24**	.10**		.23**	.19**	
Information Sharing			.59**			.24**			.33**
Interpersonal Sensitivity			.46**			.36**			.42**
Step 3	.42**	.01*		.25**	.01*		.24**	.01	
Information Sharing x Interpersonal Sensitivity interaction			-.15*			-.16*			-.13

Note.  $N = 370$ . Gender was coded 0 = male, 1 = female. Betas are for the final equation.

\* $p < .05$ ; \*\* $p < .01$ .

procedural fairness perceptions when information sharing was low, and did so to a greater degree than when information sharing was high.

Hypothesis 1b, that information sharing would moderate the relationship between interpersonal sensitivity and organizational attractiveness, was tested in a similar fashion with organizational attractiveness as the dependent variable. The same demographic control variables of age, gender, and full-time work experience, as well

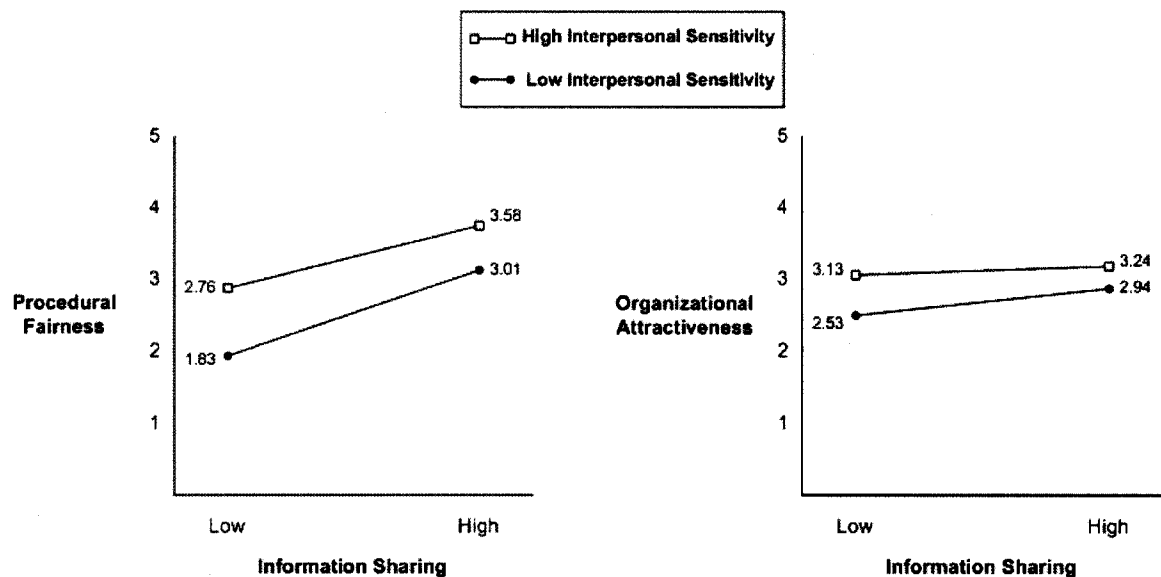


Figure 12. Interpersonal Sensitivity X Information Sharing Interaction.

as the pre-test measure of organizational attractiveness were entered into the model at Step 1, and the main effects of interpersonal sensitivity and information sharing were entered at Step 2. The variance accounted for by these main effects was significant, with  $R^2 = .24$ . At Step 3, the Information Sharing X Interpersonal Sensitivity interaction term was again added to the model. There was a significant increase in  $R^2$

with the addition of the interaction term at Step 3,  $\Delta R^2 = .01$ ,  $F(1, 363) = 4.02$ ,  $p < .05$ . I examined the nature of this interaction by generating regression equations for each experimental condition using the unstandardized regression coefficients. A graphical representation of this interaction is also presented in Figure 12. Although the significant interaction term indicated a moderated relationship, it was again somewhat different than hypothesized. I had predicted that organizational attractiveness would be high only when both interpersonal sensitivity and information sharing were high. As in Hypothesis 1a, high levels of one fairness factor were able to compensate for low levels of the other. More specifically, interpersonal sensitivity significantly enhanced organizational attractiveness when information sharing was low, and did so to a greater degree than when information sharing was high. It should be noted that these effects were observed even after controlling for initial (Time 1) organizational attractiveness and controlling for the 24% of variance attributed to the main effects in this model.

Hypothesis 1c, that information sharing would moderate the relationship between interpersonal sensitivity and organizational relation expectations, was tested in a similar fashion. Testing of this model with regression consisted of entering age, gender, and full-time work experience, as well as the pre-test measure for organizational relation expectations at Step 1, and the main effects of interpersonal sensitivity and information sharing were entered at Step 2. The variance accounted for by these main effects was significant, with  $R^2 = .23$ . At Step 3, the Information Sharing X Interpersonal Sensitivity interaction term was again added to the model.

The change in  $R^2$  with the addition of the interaction term at Step 3 was not significant,  $\Delta R^2 = .01$ ,  $F(1, 363) = 2.52$ ,  $p = .11$ .

*Hypothesis 2 – Information Sharing X Interpersonal Sensitivity X Equity Sensitivity Interaction*

Hypothesis 2 involved a three-way interaction of information sharing, interpersonal sensitivity, and equity sensitivity, which I also tested using moderated regression (Baron & Kenny, 1986). Results are presented in Table 10. For Hypothesis 2a, I predicted that information sharing, interpersonal sensitivity, and equity sensitivity would interact to influence procedural fairness perceptions. With procedural fairness perceptions as the dependent variable, this model was tested by entering the demographic control variables of age, gender, and full-time work experience into the model at Step 1, and the main effects of interpersonal sensitivity, information sharing, and equity sensitivity at Step 2. At Step 3, three separate two-way interaction terms were added to the model: a) Information Sharing X Interpersonal Sensitivity; b) Information Sharing X Equity Sensitivity; and c) Interpersonal Sensitivity X Equity Sensitivity. At Step 4, the three-way interaction term of Information Sharing X Interpersonal Sensitivity X Equity Sensitivity was added to the model. The change in  $R^2$  with the addition of the three-way interaction term at Step 4 was not significant,  $\Delta R^2 = .00$ ,  $F(1, 356) = .540$ , *ns*. Thus, contrary to the hypothesized interaction, equity sensitivity did not influence the effect of the Information Sharing X Interpersonal Sensitivity interaction on procedural fairness perceptions.

Table 10

*Hierarchical Regression Analyses with Control Variables, Information Sharing, Interpersonal Sensitivity, Equity Sensitivity and Three-way Interaction (Information Sharing x Interpersonal Sensitivity x Equity Sensitivity) Predicting Procedural Fairness, T2 Organizational Attractiveness, and T2 Organizational Relation Expectations.*

Variable	Procedural Fairness			T2 Organizational Attractiveness			T2 Organizational Relation Expectations		
	$R^2$	$\Delta R^2$	$\beta$	$R^2$	$\Delta R^2$	$\beta$	$R^2$	$\Delta R^2$	$\beta$
Step 1	.03*			.141**			.05**		
Gender			-.10*			-.14*			-.09
Full-time Work Experience			.07			.11			.05
Age			.02			.04			.06
T1 Organizational Attractiveness			--			.04			--
T1 Organizational Relation Expectations			--			.34**			.20**
Step 2	.42**	.39**		.26**	.12**		.24**	.19**	
Information Sharing			.59**			.25**			.34**
Interpersonal Sensitivity			.48**			.38**			.44**
Equity Sensitivity			-.04			-.25**			-.14
Step 3	.44**	.02*		.27**	.02		.25**	.02	
Information Sharing x Interpersonal Sensitivity interaction			-.17*			-.17*			-.15
Information Sharing x Equity Sensitivity interaction			.07			.09			.06
Interpersonal Sensitivity x Equity Sensitivity interaction			-.09			.05			.05
Step 4	.44**	.00		.27**	.00		.25**	.00	
Information Sharing x Interpersonal Sensitivity x Equity Sensitivity interaction			.06			.01			.05

*Note.*  $N = 370$ . Gender was coded 0 = male, 1 = female. Betas are for the final equation. Due to rounding, some  $R^2$  values appear to be equal but have different significance levels.

\* $p < .05$ ; \*\* $p < .01$ .

In Hypothesis 2b, I predicted that information sharing, interpersonal sensitivity, and equity sensitivity would interact to influence organizational attractiveness. This model was tested in a fashion similar to the previous hypothesis. The demographic control variables of age, gender, and full-time work experience, as well as the pre-test measure for organizational attractiveness were entered into the model at Step 1, and the main effects of interpersonal sensitivity, information sharing, and equity sensitivity were entered at Step 2. At Step 3, the three separate two-way interaction terms were added to the model. At Step 4, the three-way interaction term of Information Sharing X Interpersonal Sensitivity X Equity Sensitivity was added to the model. As with the previous model tested in Hypothesis 2a, the change in  $R^2$  with the addition of the three-way interaction term at Step 4 was not significant,  $\Delta R^2 = .00$ ,  $F(1, 355) = .01$ , *ns*. These results indicated that equity sensitivity did not influence the effect of the Information Sharing X Interpersonal Sensitivity interaction on organizational attractiveness. However, although not hypothesized, there was a significant main effect for equity sensitivity on organizational attractiveness,  $\beta = -.25$ ,  $p < .01$ , such that individuals who reported higher levels of equity sensitivity tended to have lower ratings of organizational attractiveness, regardless of the nature of the layoff condition.

In Hypothesis 2c, I predicted that information sharing, interpersonal sensitivity, and equity sensitivity would interact to influence organizational relation expectations. The demographic control variables of age, gender, and full-time work experience, as well as the pre-test measure for organizational relation expectations

were entered into the model at Step 1, and the main effects of interpersonal sensitivity, information sharing, and equity sensitivity were entered at Step 2. At Step 3, the three separate two-way interaction terms mentioned earlier were added to the model. At Step 4, the three-way interaction term of Information Sharing X Interpersonal Sensitivity X Equity Sensitivity was added to the model. The change in  $R^2$  with the addition of the three-way interaction term at Step 4 was again not significant,  $\Delta R^2 = .00$ ,  $F(1, 355) = .278$ , *ns*. These results indicated that equity sensitivity did not influence the effect of the Information Sharing X Interpersonal Sensitivity interaction on organizational relation expectations. In sum, equity sensitivity did not moderate the relationship between interpersonal sensitivity and information sharing and subsequent organizational outcomes, although it did have an unhypothesized overall main effect on organizational attractiveness. Higher levels of equity sensitivity resulted in lower ratings of organizational attractiveness.

*Hypothesis 3 – Information Sharing X Interpersonal Sensitivity X REG Interaction.*

Hypothesis 3 involved a three-way interaction of information sharing, interpersonal sensitivity, and REG, which I also tested using moderated regression (Baron & Kenny, 1986). Results are presented in Table 11. For Hypothesis 3a, I predicted that information sharing, interpersonal sensitivity, and REG would interact to influence procedural fairness perceptions. With procedural fairness perceptions as the dependent variable, this model was tested by entering the demographic control variables of age, gender, and full-time work experience into the model at Step 1, and the main effects of interpersonal sensitivity, information sharing, and REG at Step 2.



Table 11

*Hierarchical Regression Analyses with Control Variables, Information Sharing, Interpersonal Sensitivity, Relational Employment Goals (REG) and Three-way Interaction (Information Sharing x Interpersonal Sensitivity x REG) Predicting Procedural Fairness, T2 Organizational Attractiveness, and T2 Organizational Relation Expectations.*

Variable	Procedural Fairness			T2 Organizational Attractiveness			T2 Organizational Relation Expectations		
	$R^2$	$\Delta R^2$	$\beta$	$R^2$	$\Delta R^2$	$\beta$	$R^2$	$\Delta R^2$	$\beta$
Step 1	.03*			.14**			.05**		
Gender			-.10*			-.16**			-.09
Full-time Work Experience			.04			.09			.02
Age			.01			.01			.06
T1 Organizational Attractiveness			--			.36**			--
T1 Organizational Relation Expectations			--			--			.24**
Step 2	.43**	.40**		.25**	.11**		.25**	.20**	
Information Sharing			.59**			.23**			.32**
Interpersonal Sensitivity			.45**			.36**			.43**
REG			-.14			-.28**			-.24**
Step 3	.44**	.01		.28**	.02*		.27**	.03**	
Information Sharing x Interpersonal Sensitivity interaction			-.15*			-.16*			-.14
Information Sharing x REG interaction			.01			.02			-.03
Interpersonal Sensitivity x REG interaction			-.01			.15			.18*
Step 4	.44**	.00		.28**	.00		.27**	.00	
Information Sharing x Interpersonal Sensitivity x REG interaction			.04			.02			.03

*Note.*  $N = 370$ . Gender was coded 0 = male, 1 = female. Betas are for the final equation. Due to rounding, some  $R^2$  values appear to be equal but have different significance levels. REG=Relational Employment Goals.

\* $p < .05$ ; \*\* $p < .01$ .

At Step 3, three separate two-way interaction terms were added to the model: a) Information Sharing X Interpersonal Sensitivity; b) Information Sharing X REG; and c) interpersonal sensitivity X REG. At Step 4, the three-way interaction term of Information Sharing X Interpersonal Sensitivity X REG was added to the model. The change in  $R^2$  with the addition of the three-way interaction term at Step 4 was not significant,  $\Delta R^2 = .000$ ,  $F(1, 355) = .252$ , *ns*. Thus, REG did not influence the effect of the Information Sharing X Interpersonal Sensitivity interaction on procedural fairness perceptions.

In Hypothesis 3b, I predicted that information sharing, interpersonal sensitivity, and REG would interact to influence organizational attractiveness. This model was tested in a fashion similar to Hypothesis 3a. The demographic control variables of age, gender, and full-time work experience, as well as the pre-test measure for organizational attractiveness were entered into the model at Step 1, and the main effects of interpersonal sensitivity, information sharing, and REG were entered at Step 2. At Step 3, the three separate two-way interaction terms were added to the model. At Step 4, the three-way interaction term of Information Sharing X Interpersonal Sensitivity X REG was added to the model. The change in  $R^2$  with the addition of the three-way interaction term at Step 4 was not significant,  $\Delta R^2 = .00$ ,  $F(1, 354) = .07$ , *ns*. These results indicated that REG did not influence the effect of the Information Sharing X Interpersonal Sensitivity interaction on organizational attractiveness. Although not hypothesized, there was a significant main effect for REG on organizational attractiveness,  $\beta = -.28$ ,  $p < .01$ , such that individuals who reported

higher levels of REG tended to have lower ratings of organizational attractiveness, regardless of the nature of the layoff condition.

Hypothesis 3c predicted that information sharing, interpersonal sensitivity, and REG would interact to influence organizational relation expectations. The demographic control variables of age, gender, and full-time work experience, as well as the pre-test measure for organizational relation expectations were entered into the model at Step 1, and the main effects of interpersonal sensitivity, information sharing, and REG were entered at Step 2. At Step 3, the three separate two-way interaction terms mentioned earlier were added to the model. At Step 4, the three-way interaction term of Information Sharing X Interpersonal Sensitivity X REG was added to the model. The change in  $R^2$  with the addition of the three-way interaction term at Step 4 was again not significant,  $\Delta R^2 = .00$ ,  $F(1, 354) = .142$ , *ns*. These results indicated that REG did not influence the effect of the Information Sharing X Interpersonal Sensitivity interaction on organizational relation expectations.

In sum, REG had no moderating effect on the relationship between interpersonal sensitivity and information sharing and subsequent organizational outcomes. Although not hypothesized, there was a significant main effect for REG on organizational relation expectations,  $\beta = -.24$ ,  $p < .01$ , such that individuals who reported higher levels of REG tended to have lower expectations regarding organizational relations, regardless of the nature of the layoff condition. Furthermore, REG did demonstrate a moderating effect on the relationship between interpersonal sensitivity and organizational relation expectations,  $\beta = .18$ ,  $p < .05$ , such that

individuals who reported higher levels of REG tended to have higher expectations for organizational relations for conditions involving higher levels of interpersonal sensitivity. A graphical representation of this interaction is presented in Figure 13.

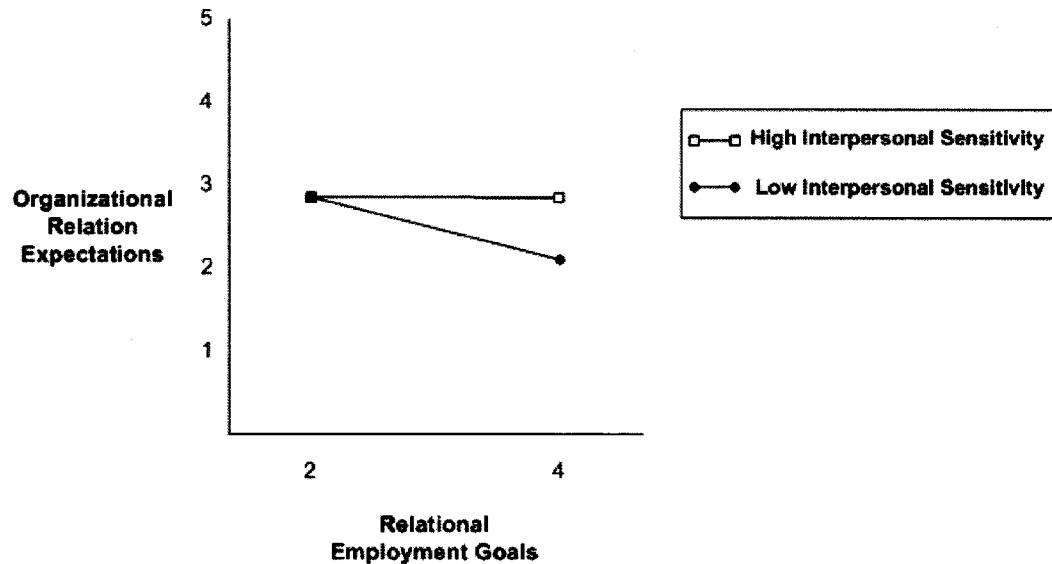


Figure 13. Interpersonal Sensitivity X REG Interaction.

*Hypothesis 4 – Mediating Effect of Organizational Relation Expectations on Procedural Fairness-Organizational Attractiveness Relationship*

In Hypothesis 4, I predicted that organizational relation expectations would mediate the relationship between procedural fairness perceptions and organizational attractiveness. Baron and Kenny (1986) have outlined four phases for establishing that a variable mediates the relationship between a predictor variable and an outcome variable. The first phase is to show that there is a significant relationship between the

predictor and the outcome. The second phase is to show that the predictor is related to the mediator. The third phase is to show that the mediator is related to the outcome variable. The final phase is to show that the strength of the relationship between the predictor and the outcome is significantly reduced when the mediator is added to the model. Results for the testing of Hypothesis 4 are presented in Table 12.

According to MacKinnon (2000), regression is the most common method for testing mediation. Establishing a mediating effect can be accomplished using three separate regression equations. For Hypothesis 4, organizational attractiveness was first regressed onto procedural fairness perceptions (the independent variable) to establish that there is an effect to mediate. This model was significant,  $F(1, 380) = 182.73, p < .001$ , with an  $R^2$  of .33, indicating that procedural fairness perceptions accounted for approximately 33% of the variance in organizational attractiveness. Next, organizational relation expectations (the mediator) was regressed onto procedural fairness perceptions. This model was also significant,  $F(1, 380) = 247.69, p < .001$ , with an  $R^2$  of .40, indicating that procedural fairness perceptions accounted for approximately 40% of the variance in organizational relation expectations. The third regression equation involved regressing organizational attractiveness onto both procedural fairness perceptions and organizational relation expectations. The relationship between procedural fairness perceptions and organizational attractiveness controlling for organizational relation expectations was significant, with  $\Delta R^2 = .03, F(1, 379) = 20.27, p < .01$ . If  $\Delta R^2$  had not been significant, the data would be

Table 12

*Beta Weights Examining the Mediating Effect of Organizational Relation Expectations on Procedural Fairness-Organizational Attractiveness Relationship.*

		Mediator	Outcome
	Phase	T2 Organizational Relation Expectations	T2 Organizational Attractiveness
Phase 1			
	Procedural Fairness $\beta$		.57**
	$R^2$		.33
	$F$		182.73**
Phase 2			
	Procedural Fairness $\beta$	.63**	
	$R^2$	.40	
	$F$	247.69**	
Phase 3			
	T2 Organizational Relation Expectations $\beta$		.71**
	$R^2$		.51
	$F$		388.10**
	Procedural Fairness $\beta$		.20**
	$\Delta R^2$		.03
	$F$ Change		20.27**
Final Equation			
	T2 Organizational Relation Expectations $\beta$		.58**
	Procedural Fairness $\beta$		.20**
	$R^2$		.53
	$F$		214.03**

*Note:*  $N = 381$ . Phase 1 = Procedural Fairness in regression model predicting outcome variable. Phase 2 = Procedural Fairness predicting Mediator. Phase 3 = beta weights in the final model. Full mediation exists when the beta weight in Phase 1 is significant; the beta weight in Phase 2 is significant, and the beta weight in Phase 3 is non-significant for Procedural Fairness.

\* $p < .05$ .

\*\* $p < .01$ .

consistent with a complete mediation model. Conversely, because the relationship between procedural fairness perceptions and organizational attractiveness was substantially smaller when organizational relation expectations was in the equation than when organizational relation expectations was not in the equation ( $\beta = .20$  vs.  $\beta = .57$ ) but still greater than zero, the data suggest partial mediation.

To test the significance of the mediated effect, I used the Aroian version of the Sobel test as suggested in Baron and Kenny (1986). This statistical procedure is a test of whether the indirect effect of the IV on the DV via the mediator is significantly different from zero. Using the t-values for the regression with procedural fairness predicting organizational relation expectations and the regression with organizational relation expectations predicting organizational outcomes, the results of the Sobel test were significant ( $Z = 12.29, p < .001$ ). Thus, results indicate that organizational relation expectations partially mediated the relationship between procedural fairness perceptions and organizational attractiveness.

### *Summary*

Results of this study provide support for many of the hypotheses. For Hypothesis 1, information sharing and interpersonal sensitivity did interact to influence procedural fairness perceptions (H1a) and organizational attractiveness (H1b) but not organizational relation expectations (H1c). Hypothesis 2 predicted that equity sensitivity would interact with information sharing and interpersonal sensitivity to influence the outcome variables. While I found no such three-way interaction, there was, however, an unhypothesized negative main effect for equity sensitivity on

organizational attractiveness. Hypothesis 3 predicted that REG would interact with information sharing and interpersonal sensitivity to influence the outcome variables. While I found no such three-way interaction effect, I found an unhypothesized main effect for REG on organizational attractiveness and organizational relation expectations, such that participants with high levels of REG were more likely to react negatively to the organization, regardless of the fairness of the procedures utilized during the layoff. I also found that REG interacted with interpersonal sensitivity to influence organizational relation expectations. Thus, REG appears to play a role in influencing some organizational outcome variables. Hypothesis 4 predicted that organizational relation expectations would mediate the relationship between procedural fairness perceptions and organizational attractiveness. Results provided support for a partial mediation model.



## CHAPTER 12

## DISCUSSION

Through this study, I sought to explore the relationship between the justice factors of information sharing and interpersonal sensitivity in a layoff context, and their effects on the reactions of individuals who will soon be seeking employment. Prior research has demonstrated that fairness with which employers handle layoffs can influence the subsequent attitudes and behaviors of layoff victims (e.g., Konovsky & Folger, 1991) as well as survivors (e.g., Grubb & McDaniel, 2002). But beyond victims and survivors, other stakeholders such as prospective job applicants have been largely overlooked in research on layoff fairness. Kammeyer-Mueller et al. (2001) have proposed that job applicants will be less attracted to organizations which have conducted a layoff when it is perceived as unjust, and have called for further attention to this as well as stakeholder groups.

Utilizing a model of just treatment in layoffs developed by Gilliland and Schepers (2003), I hypothesized that layoff practices which are low in either information sharing or interpersonal sensitivity will result in negative perceptions of fairness by future job seekers. I also hypothesized that future job seekers would rate organizations that use these practices as less attractive, would be less likely to pursue an employment opportunity with them, and would be less likely to accept a job offer from them. Based upon previous research (Huseman et al., 1987), I identified the individual difference variable of equity sensitivity as a potential moderator of the justice-outcome relationship in this study. I also predicted that relational employment

goals (Burgess & Woehr, 2002), a precursor to psychological contract formation, would moderate the relationship between justice perceptions and subsequent outcomes. I hypothesized that equity sensitivity and relational employment goals would function as perceptual filters through which future job seekers determine which information they will attend to and how they process it to give it meaning (Lendaris, 1986). Specifically, I predicted that the effects of the justice factors on the outcome variables would be stronger for individuals who had relational employment goals and for those who were low on equity sensitivity. Lastly, I hypothesized that the effects of these justice factors would be related to organizational attractiveness through the mediating variable of organizational relation expectations. This mediating variable is actually a representation of two separate constructs, perceived management-employee relations and perceived organizational support, the latter of which has been identified as a mediator of justice-outcome relationships in other contexts (Masterson et al., 2000). I predicted that low levels of either justice factor would lead to low organizational relation expectations, which would result in low organizational attractiveness ratings. To the extent that organizational relation expectations did in fact mediate the fairness-outcome relationships in a layoff context, it would illustrate that the emergent properties of these relationships function as a result of these mediating variables.

#### *Preliminary Observations*

I begin my discussion of the specific hypotheses for this study by making some general observations regarding the measures used in this study and their

interrelationships. First, as indicated by the significant mean differences observed during the manipulation check, the layoff characteristics used to represent high and low conditions of information sharing and interpersonal sensitivity did in fact represent high and low levels of these factors. Thus, consistent with the Gilliland and Schepers (2003) model of just treatment in layoffs, providing 60 days advanced notice of a layoff was generally seen as reflecting high information sharing. Similarly, escorting laid-off employees off the premises was seen as reflecting low interpersonal sensitivity, whereas providing outplacement assistance and a severance package was seen as reflecting high interpersonal sensitivity.

The importance of a severance package observed in this study is consistent with recent research which found this factor to have one of the strongest influences on layoff fairness perceptions among 12 layoff practices, although outplacement assistance was found to be of little importance (Hemmingway & Conte, 2003). It is possible that a severance package by itself may have been sufficient to yield high perceptions of interpersonal sensitivity. Surprisingly, although the amount of notice given had a significant impact on fairness perceptions in the present study, it was not even considered as a potential determinant of fairness in Hemmingway and Conte's research. Nevertheless, my findings suggest that organizations concerned about maximizing process fairness from the perspective of third-party observers should consider strategies such as giving advance notice, providing a severance package, and providing outplacement assistance during layoffs.

Moreover, the magnitude and significance of the observed correlations suggest that participants' impressions of the organization and their expectations regarding the expected organizational relations (both between employees and their managers and between employees and the organization in general) were significantly influenced by perceptions of fair treatment. That is, when participants viewed the organization as demonstrating high levels of either interpersonal sensitivity or information sharing, or simply high levels of procedural fairness in general, they were more likely to perceive the organization in a favorable light and have more positive expectations regarding the relationships that would exist among the organization, its managers, and its employees. These findings are consistent with past research that has identified justice-related factors as antecedents to relational expectancies (e.g., Rhoades et al., 2001), as well as research that has generally demonstrated a relationship between layoff fairness and subsequent reactions (e.g., Konovsky & Brockner, 1993; Tyler & Bies, 1990).

### *Hypothesis 1*

The above findings notwithstanding, the primary purpose of the present study was to explore several relationships among study variables that had not been adequately addressed in the research literature. Results indicated that, as I predicted in Hypothesis 1, the relationship between interpersonal sensitivity and information sharing and subsequent organizational outcomes is more complex than has generally been recognized in prior research. Specifically, interpersonal sensitivity was found to moderate the relationship between information sharing and procedural fairness perceptions (Hypothesis 1a), and between information sharing and organizational

attractiveness (Hypothesis 1b). That is, interpersonal sensitivity significantly enhanced procedural fairness perceptions and organizational attractiveness when information sharing was low, more so than when it was high. Looking at this another way, the importance of either sharing information or demonstrating interpersonal sensitivity was greatest when the other factor was lacking.

It should be noted that the moderator effect observed was a bit different from that hypothesized. My original prediction was that both of these fairness elements needed to be high in order for perceptions of fairness to be high. Gilliland et al. (1998) have proposed a “rejection threshold” in fairness judgments which suggests that the presence of fairness factors cannot compensate for unfairness once a threshold has been reached. Based on that research, I expected participants to perceive the layoffs to be unfair if either fairness element was low, but this was not the case. Given the results of this study, it is possible that the threshold for unfairness may be greater than one element, i.e., that two or more unjust elements must be present in a situation before fair elements are unable to compensate. Another possibility is that, contrary to what Gilliland et al. (1998) suggested, fairness elements may hold as much importance as unfairness in influencing subsequent judgments and decisions such that each may serve to counter the effects of the other to some degree.

Further understanding of the interaction effects may be gained by interpreting the means as values on their five-point scales. These scales were constructed such that a value of three represented a neutral response (neither agree nor disagree), with values of four and five indicating agreement or a positive response and values of one

and two indicating disagreement or a negative response. For procedural fairness perceptions, mean responses were positive only when information sharing was high, and correspondingly negative when information sharing was low, regardless of the level of interpersonal sensitivity. Looking at this from another perspective, the presence of high information sharing elevated procedural fairness perceptions from negative to positive, and compensated for low levels of interpersonal sensitivity. On the other hand, high interpersonal sensitivity was not able to compensate for low levels of information sharing to the same extent (i.e., procedural fairness perceptions increased, but remained negative). This suggests that information sharing has a stronger effect on procedural fairness perceptions than interpersonal sensitivity when both are present.

There was a similar dominant effect on the outcome of organizational attractiveness. Mean responses were positive only when interpersonal sensitivity was high, and correspondingly negative when interpersonal sensitivity was low, regardless of the level of information sharing. Thus, the presence of high interpersonal sensitivity elevated organizational attractiveness from negative to positive, and compensated for low levels of information sharing. Conversely, high information sharing was not able to compensate for low levels of interpersonal sensitivity to the same extent (i.e., organizational attractiveness increased, but remained negative).

Taken together, the observations noted above suggest that different procedural fairness dimensions of layoffs may be more effective at influencing certain outcomes than others. More specifically, it is possible that interpersonal sensitivity is more

important than information sharing when judgments of organizational attractiveness are being made. Conversely, the opposite may be true when the procedural fairness of a layoff is being evaluated.

The moderator effect in H1a and H1b was not supported for Hypothesis 1c, the outcome of organizational relation expectations, although the non-significant  $\Delta R^2$  was nearly equal to that observed in testing H1a and H1b. One possible explanation for this non-significant outcome is that the variance accounted for by the control variables and main effects was fairly substantial ( $R^2 = .23$ ), thus making it more difficult to detect an interaction. This interaction may also have been significant with a larger sample size, although as noted in Chapter 10, the power for the present study was adequate to detect fairly small effect sizes.

### *Hypothesis 2*

In Hypothesis 2, I predicted that the individual difference variable of equity sensitivity would influence the nature of the relationship between information sharing, interpersonal sensitivity and the outcome variables. This was based on the contention that equity sensitivity, although primarily linked to how individuals perceived the fairness of outcomes, may also play a role in influencing perceptions of fair process (Colquitt, 2004). Specifically, I predicted a three-way interaction such that the previously-hypothesized interaction between interpersonal sensitivity and information sharing would be present only for individuals who had high levels of equity sensitivity.

While Hypotheses 2a, 2b, and 2c were not supported, I found that equity sensitivity did influence organizational attractiveness as evidenced by the significant, negative, main effect. Specifically, individuals who had high levels of equity sensitivity tended to have lower ratings on organizational attractiveness, regardless of the fairness of the layoff process. For these individuals, the mere fact that a layoff had occurred apparently resulted in generally negative impressions. This finding lends support to the contention that the mere occurrence of a layoff can have a negative effect on an organization's reputation (Flanahan & O'Shaughnessy, 2005), at least for certain types of individuals. In sum, equity sensitivity did not have the hypothesized effect in the present study. Nevertheless, equity sensitivity appears to play a role in influencing individuals' reactions to fairness-related events such as layoffs.

### *Hypothesis 3*

In Hypothesis 3 I predicted that REG would operate in a manner similar to that hypothesized for equity sensitivity. Specifically, I hypothesized that REG would influence the interaction between interpersonal sensitivity and information sharing such that this interaction would be present only for individuals who had high levels of REG. Here again, no such three-way interaction effect was found, but I did find that REG had a significant, unhypothesized, negative main effect on both organizational attractiveness and organizational relation expectations. That is, individuals who had employment goals that were highly relational in nature tended to react more negatively to the organization, regardless of the fairness of the procedures utilized during the layoff. In other words, for individuals who were interested in pursuing employment



with organizations with which they could establish a long-term relationship, the fact that a layoff had taken place may have indicated that this would not be possible with this organization.

Since REG is instrumental in the formation of psychological contracts (Shore & Tetrick, 1994), and psychological contracts have been linked to expectations of organizations (Rousseau, 1989), the presence of this main effect is not surprising. What is somewhat unexpected is that REG was not related to levels of fairness in the layoff scenarios, despite research demonstrating a link between fairness perceptions and relational psychological contracts (Rousseau & Parks, 1992).

It should be noted that although the hypothesized three-way interactions were not found for either equity sensitivity (Hypothesis 2) or REG (Hypothesis 3), each of the regression analyses utilized in testing the hypotheses yielded not only significant main effects for these individual difference variables as noted above, but also quite substantial and significant main effects for both information sharing and interpersonal sensitivity. This was the case for each of the three dependent variables. Thus, interpersonal sensitivity and information sharing accounted for a large percentage of the variance observed in procedural fairness perceptions, organizational attractiveness, and organizational relation expectations. These significant main effects are an important consideration, as three-way interactions are often difficult to detect using multiple regression (Cohen & Cohen, 1983), and this is particularly the case when such large main effects are present. Thus, the fact that Hypotheses 2 and 3 were not supported is not surprising under these conditions of strong main effects.

#### *Hypothesis 4*

In Hypothesis 4 I predicted that the relationship between procedural fairness perceptions and organizational attractiveness would be mediated by organizational relation expectations. This was based on the finding in previous research that social exchange variables such as POS play a mediating role in the relationship between procedural justice perceptions and organization-related outcomes (Masterson et al., 2000). This was in fact the case, although results supported a partial rather than full mediation model. This means that the effect of procedural fairness perceptions on organizational attractiveness was largely (although not exclusively) observed through its effect on organizational relation expectations. Thus, perceptions of fair treatment influenced participants' impressions of the organization, but only as a result of first influencing their expectations of the type of relationship that they would have with the organization and its management. This finding is consistent with other recent research that has begun to explore the potential mediating effects of relational expectation variables such as POS on the relationship between procedural fairness perceptions and organization-related outcomes.

#### *Summary*

The results of the hypothesis testing suggest that potential job applicants may identify with individuals who have been laid off, and that they may perceive an organization's treatment of laid off individuals as a signal of how they themselves might expect to be treated if they were employed by that organization. In other words, this perception of others' fair or unfair treatment subsequently affects the expectations

regarding one's own relationship with an organization and its management. Although some of the findings are consistent with prior research, there are several findings that shed new light on the relationship between fair process and organization-related outcomes. The implications for these findings are discussed in the next chapter.

## CHAPTER 13

## IMPLICATIONS

I hypothesized that certain relationships would exist among the organizational justice factors of interpersonal sensitivity and information sharing in a layoff context and the subsequent attitudes and reactions of future job seekers. Moreover, I also hypothesized that these relationships would be complex in nature, and that I would observe both mediated and moderated effects among the variables. Results provided support for several of the hypotheses, indicating that attitudes and reactions toward the organization did indeed vary based on the fairness aspects of layoffs. These findings contribute to the understanding of layoffs and their effects on various stakeholders, and therefore have implications for both researchers studying this topic as well as organizations that are faced with difficult decisions such as laying off employees.

*Implications for Research on Fairness**Effects of Fairness During Recruitment*

This study contributes to the fairness research literature in several ways. First, it illustrates that organizational justice has relevance for individuals before they ever engage an organization through its recruitment or selection process. Thus, while the vast majority of research in organizational justice has focused on management practices and individuals who are directly or indirectly affected by them, future research needs to consider a more systemic perspective and look beyond those traditional stakeholders.

Applicants are a stakeholder group that has been largely overlooked in layoff research. Consequently, this has been identified as an area in need of research (Kammeyer-Mueller et al., 2001). In addition to extending the research involving the perceived fairness of various management practices and resulting outcomes, this study also represents an important initial step in directly exploring the relationship between procedural fairness in a layoff context and the subsequent attitudes and reactions of future job seekers.

#### *Fairness Signals Across Contexts*

By establishing that participants' reactions toward organizations are influenced by others' fair treatment in a layoff context, this study also provides support for the contention that people can be affected by the injustices experienced by others (Folger & Cropanzano, 2001). It also suggests that fair or unfair treatment in one context (e.g., layoffs) may send a signal to people in another organizational context about the treatment they are likely to receive. This may have implications for organizations beyond fair process during layoffs. For example, unfair treatment of employees in other organizational practices (e.g., promotions, terminations) may result in prospective applicants choosing not to pursue employment with that organization. Conversely, unfair treatment in a layoff context may result in people responding negatively to an organization by choosing not to buy its products. These are some areas in which additional research is necessary. To the extent that theories of fairness have not considered these indirect effects of fair process, some expansion of theoretical frameworks may be warranted as well.

*Models of Layoff Fairness*

Another important contribution is that this study investigated outcomes related to layoffs by utilizing a theoretical framework based on organizational justice that has been specifically developed to represent just treatment in layoffs (Gilliland & Schepers, 2003). My findings suggest that the procedural justice dimensions of interpersonal sensitivity and information sharing that comprise this framework do in fact represent elements of layoff fairness that influence subsequent reactions and attitudes. It should be noted that although this study utilized these two dimensions of procedural justice, some of the factors chosen to represent the dimension differed from those found in the framework. For example, interpersonal sensitivity was represented by the utilization of severance packages and outplacement in the present study, but these factors were not specifically noted in the framework. The manipulation checks incorporated into this study established that each of the factors utilized did in fact represent intended levels and types of justice, which suggests that expansion of this framework to include additional factors should be considered. Moreover, although the use of this framework can help to guide future research on layoffs, researchers are also encouraged to consider how additional dimensions of procedural fairness might be incorporated. For example, Hemingway and Conte (2003) have identified additional procedural fairness dimensions of layoffs which represent configural and systemic justice, which may serve to expand and improve this framework.

It is also important to note that the perceptions of layoff fairness in the present study represented the perspective of third-party observers. The vast majority of

research on layoff fairness has explored it from the perspective of those either directly (i.e., victims) or indirectly (i.e., survivors) affected. Researchers have proposed that to the extent that people can identify with those who are directly affected by a procedure, they will have similar perceptions of the fairness of the procedure (Brockner, 1988). However, Colquitt (2004) has noted that past research has failed to differentiate between assessments of one's own justice and that experienced by others. Therefore, it is unclear exactly how the evaluations of various justice factors may differ across groups. For example, perceptions of procedural justice held by participants in the present study may have been less favorable if they had been either directly or indirectly affected by the layoff as opposed to evaluating it as a third-party observer. Thus, frameworks of layoff fairness need to reflect the various perspectives adopted when evaluations are made, and research is needed that directly compares evaluations of fairness from these different perspectives to determine how these evaluations might differ.

#### *The "Fairness Threshold"*

Next, this study investigated how multiple procedural justice dimensions within a layoff context interact to affect subsequent outcomes. Based on Gilliland et al.'s (1998) conceptualization of a "rejection threshold" involving occurrences of both justice and injustice, I expected that interactions of either high interpersonal sensitivity and low information sharing, or low information sharing and high interpersonal sensitivity, would yield negative outcomes. In other words, I expected outcomes to be positive only when both justice factors were high. Conversely, the findings indicated

that when either of the factors was low (i.e., unfairness was present), high levels of the other factor (i.e., fairness) yielded a greater increase in outcome levels. Thus, fairness on one procedural justice factor compensated for unfairness on the other, rather than being cancelled out by the occurrence of unfairness. Gilliland et al. (1998) have proposed that what an organization does wrong impacts fairness evaluations to a greater extent than what is done right. However, the results of this study suggest that the relationship between justice and injustice may not necessarily be asymmetric as represented in Gilliland et al.'s (1998) model of justice/injustice asymmetry. The Gilliland et al. model also proposes that there is an injustice threshold of between one and three violations which, once met, results in an overall evaluation of unfairness. Based on the findings of this study, however, the rejection threshold may indeed be greater than one in the context of a layoff, if in fact a threshold exists. It is also possible that different dimensions of procedural justice (e.g., systemic) or different factors within the various procedural justice dimensions (e.g., in-person notification of layoff versus advanced notice) may have differential effects or "weights" in influencing overall evaluations of layoff fairness. These are some areas that the results of my study suggest should be explored in future research on the concept of justice/injustice asymmetry.

#### *Equity Sensitivity*

In addition, my research also extends the literature that has explored moderating variables in the fairness-outcome relationship by examining their influence in a layoff context. Researchers have recognized that individual difference variables



such as self-efficacy (e.g., Cable & Judge, 1994) can influence the relationship between fairness and subsequent outcomes. Equity sensitivity is another individual difference variable that has been linked to fairness perceptions. Although it has almost exclusively been associated with the fairness of outcomes (Sauley & Bedeian, 2000), equity sensitivity may also play a role in influencing perceptions of procedural justice (Colquitt, 2004). Consequently, I predicted that it would interact with both interpersonal sensitivity and information sharing to influence outcomes in the present study.

Although I did not find equity sensitivity to be related to perceptions of fairness, it did have a negative main effect on participants' perceptions and expectations regarding organizations. One possible explanation previously noted for this lack of a moderating effect is that three-way interactions are generally difficult to detect, particularly in instances where large main effects are present (Cohen & Cohen, 1983). However, given that the reactions of participants who had high levels of equity sensitivity were negative regardless of the procedural fairness of the layoff scenarios, an alternative explanation is that their reactions were in response to distributive fairness or the fairness of the outcome. In other words, participants who were equity sensitive were reacting negatively to the occurrence of a layoff given that it results in a generally negative outcome (i.e., the loss of a job) for a laid-off employee. It may be possible that equity sensitivity influences perceptions of procedural fairness, but not in instances where perceptions of distributive justice are inherently low, as is likely the case with layoffs. Another possibility is that the distinction between the procedures

and the outcome in this study may have been somewhat ambiguous to participants. This is sometimes the case in situations involving both distributive and procedural justice aspects (Cropanzano & Ambrose, 2001). Future research should take outcome fairness into consideration when exploring the moderating effect of equity sensitivity.

Although equity sensitivity was not related to perceptions of fairness in the present study, it may still moderate these perceptions in other contexts, such as when a party is evaluating the fairness of a process that directly affects them. When evaluating the fairness experienced by others, equity-sensitive individuals may be attuned to factors other than those used to evaluate their own fair treatment. Therefore, efforts to enhance the procedural fairness perceptions of equity-sensitive individuals may require different strategies depending on the context involved.

#### *Relational Employment Goals*

This study also explored the potentially moderating effect of REG (Burgess & Woehr, 2002), which is an individual difference construct that has not been applied previously in organizational justice research. Based on research involving psychological contracts (for which REG is a precursor) and organizational justice (e.g., Rousseau & Parks, 1992), I expected REG to interact with the procedural justice factors in this study and influence subsequent outcomes. Rousseau and Parks (1992) have suggested that procedural fairness can mitigate a violation of distributive justice for individuals with certain relational expectations. What I found instead was that REG influenced subsequent outcomes independent of procedural fairness levels. As with equity sensitivity, in the context of layoffs REG may be more closely associated

with the fairness of the outcome (i.e., distributive justice) than the fairness of the process. Given that REG represents an individual's objective of establishing a relationship with an organization which involves loyalty and job security, participants with high levels of REG may have believed that this was simply not possible with an organization that had engaged in a layoff. Despite not finding a moderating effect of REG on the relationship between procedural fairness and subsequent outcomes in this context, REG may still play a role in influencing perceptions of fairness and thus should be explored further in subsequent research.

There is an additional implication to consider regarding the role of REG in influencing reactions and attitudes. The observed effects of REG in this study suggest that some elements of the psychological contract begin to emerge before individuals enter formal relationships with organizations, so researchers are encouraged to consider how these pre-employment schemas and expectations affect individuals who are not yet employed. Thus, REG and other pre-employment schemas may have implications for other lines of organizational research as well such as recruitment and applicant reactions. For example, it may be that REG affects reactions to different types of selection tests. Future research on the fairness of organizational practices should continue to examine the role of REG.

#### *Mediation in Understanding the Effects of Fair Treatment*

Lastly, this study also incorporated a mediator variable (organizational relation expectations) and examined its potential contribution to the emergent properties of the fairness-outcome relationship. Existing research that has explored the effects of layoff

practices on job seekers has not attempted to capture the complexity of this relationship through the use of mediators. Researchers have begun to explore the mediating role of social exchange variables such as POS (Masterson et al., 2000) on the fairness-outcome relationship, and the findings of this study provide support for the mediating role of social exchange variables in such instances. More specifically, the present study illustrates that perceptions of fairness or unfairness in a layoff context influence organization-related outcomes such as attractiveness, but partly as a result of influencing expectations regarding the potential relationship that might exist between the individual and the organization after being hired. In other words, perceptions of fair processes influence subsequent outcomes partly as a result of their influence on relational expectations.

Beyond this mediating effect, the findings of this study provide additional support for the contention that justice perceptions serve as antecedents to social exchange variables such as POS (Rhoades et al., 2001). Future research involving procedural fairness should consider how social exchange variables might influence the fairness-outcome relationship in other contexts such as applicant reactions and performance appraisals

#### *Implications for Research on Organizational Image and Recruitment*

In addition to providing insights into several lines of research related to organizational justice, this study also has implications for research in the areas of organizational image and recruitment. The findings advance the understanding of how negative information about organizations such as media coverage involving layoffs

may affect future job seekers. Information from media sources in general has been relatively overlooked in recruitment research (Cable & Turban, 2001). However, researchers are beginning to explore how negative information affects job seekers, as well as whether the effects of this type of information can be subsequently mitigated (e.g., Van Hoye & Lievens, 2005). The present study demonstrated that media accounts of an event such as a layoff can influence the subsequent attitudes and reactions of prospective applicants, and that these attitudes and reactions can be further influenced by also providing fairness-relevant information. Because this study did not include a layoff scenario in which no fairness information was provided, it is unclear how participants' fairness perceptions and reactions to such a scenario might have compared to scenarios representing either high or low procedural fairness. Research has shown that the mere occurrence of a layoff can have negative effects on an organization's reputation (Flanagan & O'Shaughnessy, 2005), so it would be of value for future research to explore the effects of a "no fairness information" scenario relative to those that provide some type of fairness-relevant information.

Another important issue for future research to examine would be the influence of other types of negative publicity on potential applicants. For example, it would be of value to explore how factors such as executive terminations or corporate scandals affect subsequent attitudes and reactions of job seekers. A related question concerns how different modes of presenting this information (e.g., television news vs. newspaper coverage) might influence subsequent outcomes. However, research in this

area is fraught with difficulties because it would be nearly impossible to assess the actual exposure different individuals would have to different media.

My research also has implications for research on recruitment, where the primary emphasis has been on those who have already entered the job pursuit and application process. Given this focus on individuals who are in an active information-seeking mode (i.e., actively seeking employment), future recruitment research needs to consider the broad range of factors encountered very early on that may cause individuals to pass up employment opportunities entirely (Barber, 1998). To the extent that individuals learn about such occurrences as layoffs or leadership changes while they are in a passive information acquisition mode (i.e., not actively seeking employment), they may be “turned off” by an organization before ever encountering intentional recruitment messages from that organization.

*Implications for Organizations:*

*Managing Organizational Image and Employment Brand*

The indications are that organizations will continue to utilize layoffs as a means to achieve organizational performance objectives (Society for Human Resource Management, 2001). Moreover, organizations are unlikely to heed the advice to refrain from laying off employees due to the negative impacts on victims, survivors, and members of the general public. It may be more realistic to accept that layoffs are inevitable, and to therefore encourage organizations to ensure that they are managed in such a way as to maximize perceptions of process fairness from multiple perspectives (e.g., victims, survivors, job seekers, stockholders).

However, in some instances organizations may not be able to conduct themselves entirely in a procedurally fair manner. For example, some organizations may have legitimate security concerns which would prevent them from being able to provide advance notice of a layoff. In such cases, the results of this study suggest that high levels of interpersonal sensitivity can compensate for the negative effects of low levels of information sharing. Thus, providing laid-off employees with a severance package and outplacement assistance may offset some of the negative effects of giving no advance notice of the layoff.

While this study did not directly explore additional factors representing procedural justice in a layoff context, organizations should nevertheless consider incorporating them when attempting to conduct a layoff in a fair manner. Some of the strategies include communicating news of the layoff in an informal and personalized way, providing an explanation for why the layoff was done, and ensuring that managers adopt a sensitive demeanor when communicating news of the layoff (Gilliland & Schepers, 2003). Moreover, even in instances where organizations must resort to potentially unfair procedures when people are laid off, they are encouraged to devise strategies for mitigating the perceived unfairness. For example, if an organization must resort to escorting laid-off employees from the workplace, fairness perceptions may be enhanced by providing the rationale for such an approach as well as an apology for doing so.

Beyond maximizing the fairness of a layoff process, however, organizations are also encouraged to publicize whenever possible the steps they are taking to ensure

the fairness of a layoff process. Some research has observed negative effects on organizations' reputations merely as a result of a layoff occurrence, independent of how or why the layoff was done (Flanagan & O'Shaughnessy, 2005). Thus, keeping tight-lipped about a layoff may result in negative effects similar to those resulting from publicity about unfair layoff practices. Indeed, with the increased access to information as a result of the internet it has become increasingly difficult for organizations to suppress information that may reflect poorly on them (Sullivan & Burnett, 2005). Consequently, Skarlicki et al. (1998) suggest that organizations should implement an impression management strategy whereby media sources are provided with layoff fairness information when covering such an event. Similarly, Greenberg (1990c) has suggested that organizations that are frequently in the public eye, such as industry leaders and those publicly traded need to be particularly sensitive to the perceived fairness of their actions. He proposes that organizational justice is in many ways an impression management process, and that organizations should be proactive in managing their image as seen by society. There is evidence to suggest that organizations take image and brand management seriously, having spent \$1.47 billion in 1990 on advertising intended to create a favorable impression of the organization itself as opposed to selling its products (Alvarez, 1991). While organizations have recognized the importance of image and brand management, researchers have lagged in providing theory-based guidance on how this should be accomplished (Ruth & York, 2004).



As discussed in Chapter 6, there are several images of an organization that may exist, and the image held by members of the public such as job seekers may be based on factors other than those readily recognized as important by the organization. Thus, I recommend that organizations need not only to proactively manage their image, but also pay attention to those less-recognized impression factors that are important from a third-party perspective, that is, to members of the public. Organizations are also encouraged to develop and maintain images related to employment so that they complement and extend the images related to their brand in general (Aaker, 1996). Treatment of employees may be interpreted as reflecting aspects of an organization's overall employment brand (Collins & Stevens, 2002), which can influence the attitudes of current as well as potential employees. In situations where an organization's image is negative, it may be forced to engage in defensive image management strategies such as maintaining a low profile or providing contrary positive information to alter its standing with job seekers (Cable & Turban, 2001; Van Hoye & Lievens, 2005). Keller (1998) proposes that communication about an organization's actions can contribute to rebuilding a tarnished reputation.

With regard to job seekers, organizational image can most likely be improved by increasing familiarity and the amount of information available to them (Rynes & Cable, 2003). Barber (1998) suggests that image may be more malleable for certain groups of applicants, such as relatively naïve college graduates. For these individuals, improving image may simply be a matter of increasing exposure through such efforts as advertising campaigns and campus visits (Barber, 1998). Due to the influential

nature of information presented to job seekers prior to the interview process, organizations are urged to carefully calibrate the information that is disseminated (Cable et al., 2000). Beyond current job seekers, there are indications that organizations are also beginning to recognize the importance of influencing those that may be seeking a job with them in the future (Lemmink et al., 2003).

#### *Further Systems Perspectives on Image*

This study highlights the systemic nature of organizational image and illustrates that there may be overlooked elements within the organizational image system as perceived from a given perspective. These overlooked elements, such as layoff management practices in the present study, ultimately contribute to the emergent properties of this system. Outcomes such as decreased applicant attraction are properties that organizations arguably will not want to be attributed to their organizational image system. In such cases, organizations are encouraged to manage their image with optimization in mind. Optimization is a systems concept whereby there are several possible solutions to a problem, and the optimum, or best possible solution, is selected in reference to the desired goal (Rubenstein & Firstenberg, 1995). Optimization of the organizational image system requires that organizations comprehensively define the elements and interrelationships among these elements that comprise the system. This system definition should include the perspectives of all stakeholders for which organizational image is relevant. Once a system has been defined, it is possible to forecast how certain manifestations of system elements influence relevant outcomes. These elements can then be managed in such a way as to

yield outcomes that are optimal given the constraints of the system. In the case of layoffs and organizational image, this suggests that layoffs should be managed with high levels of process fairness, which will result in job seeker perceptions that are as favorable as possible given that a layoff has taken place.

### *Implications for Applicant Quality*

My findings are also relevant to organizations seeking to attract more loyal and committed employees. The likelihood of pursuing a job, accepting an offer, or being attracted to an organization which has laid off employees may be much lower for individuals who have a more relational orientation toward their employer. Moreover, these job seekers are most likely to avoid organizations that are perceived to have engaged in unfair practices when laying off employees. Thus, organizations need to take into consideration the possibility that loyalty and commitment may ultimately suffer if they choose to implement layoffs.

### *Limitations and Additional Directions for Future Research*

As with all studies conducted in a laboratory setting, there are some limitations to the generalizability of the present findings beyond the sample of college students utilized. Although the participants in this study tended to be older college students with nearly all of them (95%) having some work experience, future research should explore the relationships among the study variables with non-student samples. For example, future studies could focus on groups of employees such as those recently laid off, or those without a college degree. Additional participant characteristics that should be explored include age and gender. For example, there were several gender-

related differences observed in the present study, including significantly higher ratings by men on all outcome variables. This is consistent with other research that has found men to give generally higher ratings on outcomes related to organizational attractiveness (Judge & Bretz, 1992). While these factors were controlled in the data analyses in the present study, specific differences were not hypothesized and thus were not examined in depth.

The present study employed a design that is cross-sectional in nature, i.e., it measured the reactions of individuals at one point in time. It is possible that other factors such as high wages may mitigate the effects of negative layoff information over time. There have been calls for future research to examine the effects of multiple factors or practices during recruitment (Collins & Han, 2004). Schwab, Rynes, and Aldag (1987) argue that open-ended, longitudinal research is likely to give a truer picture of applicants' search and choice processes. However, this is less of a concern given that this study involves a true experiment, which includes random assignment to different conditions and the use of pre-tests. Furthermore, a central premise of this study is that the earliest information available to future job seekers may influence them such that they choose not to pursue employment with an organization. In this instance, such job seekers are never exposed to subsequent information that may counter the effects of the initial negative information. Ehrhart and Ziegert (2005) suggest that applicants must be initially attracted to an organization before engaging in additional information-gathering. Thus, initial lack of attraction would result in applicants' learning little additional information. Moreover, fairness heuristic theory

(Lind, 2001) proposes that the earliest information will tend to be the most influential. While there are indications that subsequent information encountered during the recruitment process may have little effect on existing perceptions (Powell & Goulet, 1996; Turban, 2001), more recent research suggests that certain information sources such as word-of-mouth and recruitment advertising may mitigate some of the effects of negative publicity on organizational attractiveness perceptions (Van Hoya & Lievens, 2005). Future research should consider the extent to which later information may compensate for the reactions that initial negative information generates. More work is also needed to better understand how differences in the information source characteristics, the number of sources, and credibility of the information influence subsequent reactions and behavioral outcomes.

As noted, this study involved a true experiment, and thus employed certain strategies to maintain internal validity. One strategy was to expose the stimulus material in a controlled manner rather than allowing individuals to encounter this information on their own. While this may have limited the realism of the study to some extent, conducting this study as a true experiment in a field setting would simply not be possible. Therefore, the reduced realism was a necessary tradeoff to achieve the desired levels of control.

By using a between-subjects design, participants were presented with information for only one organization. It is possible that outcomes may have differed if participants had been required to make comparisons across multiple organizations. It has been suggested that presenting job applicants with a choice between several

organizations may change or influence their decision criteria as well as their judgments regarding organizational attractiveness (Ehrhart & Ziegert, 2005). One possible data-collection strategy for future research that would allow for such cross-comparisons to be made is policy-capturing, which has been used in research involving job applicant attitudes (e.g., Aiman-Smith et al., 2001).

A further limitation of this study is the reliance on reported intentions rather than actual applicant behaviors with regard to job pursuit. Barber (1998) has called for more of a focus on behavior as opposed to attitudes and intentions in recruitment research. However, attitudes have been theorized to influence behavior by influencing individuals' intentions to engage in that behavior (Azjen & Fishbein, 1980). Similarly, results from this study should be interpreted cautiously since there is no cost associated with future job seekers' decisions. Rynes (1991) has argued that most decision-making in the job-choice context is not cost-free. Consequently, Turban and Cable (2003) have noted the importance of examining job seekers' decisions as opposed to merely attraction and intentions. Despite the absence of behavioral outcomes, however, the results of this study nevertheless represent an important step in understanding the effects of layoff practices on job seekers, as they are the first to examine several issues such as REG and equity sensitivity in this context.

Lastly, the current findings may only be applicable to certain types of organizations. This study involved a fictional organization about which participants had no prior information. Thus, findings may have limited generalizability, particularly in instances where job seekers have some pre-existing perceptions of

organizations that have undertaken a layoff. Recruitment researchers have been encouraged to conduct investigations involving organizations which have well-established reputations to determine how subsequent information influences job seekers' perceptions (Cable & Turban, 2003). However, job seekers often have little or no knowledge of organizations that are potential employers. Consequently, researchers have noted that little is known about how job seekers evaluate unfamiliar organizations, i.e., those with no particular image (Barber, 1998), thus highlighting this as an area in need of further study. Beyond familiarity, it is also possible that the applicability of these findings may be dependent on other organizational characteristics, such as age or size. These factors have been found to mitigate the negative effects that layoff occurrences have on a firm's reputation (Flanagan & O'Shaughnessy, 2005). Schneider (1987) has proposed, via his attraction-selection-attrition model, that different types of organizations attract, select, and retain different types of people, which further suggests that the findings of the present study may not generalize beyond the specific population and context I utilized.

### *Conclusion*

This dissertation represents an important first step in directly exploring how variations in the procedural fairness of layoffs influence the subsequent attitudes and reactions of future job seekers. It makes important contributions to the literature on organizational justice by drawing from several different models and theoretical perspectives and demonstrating the complexity of the fairness-outcome relationship. This dissertation also bridges several different areas of organizational research,

namely, layoffs, applicant reactions, organizational image, and recruitment, and highlights opportunities to further explore and integrate these diverse lines of inquiry by noting many implications that can be drawn from the findings. My findings also have immediate practical implications for organizations faced with the possibility of conducting a layoff in the future. Recommendations are offered for managing layoffs and an organization's associated image in such a way as to minimize the potential negative impacts on future job seekers.



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## APPENDIX A

## Layoff Scenarios for Study

*Condition 1:*

Low information sharing (no advance notice)

Low interpersonal sensitivity (escorted from building, no assistance)



M. Harris/Associated Press

Workers at Stenway Inc. gather outside the company's headquarters to console each other earlier this year after the company announced 200 employees would be laid off.

## Local Economy Experiences More Job Loss

PORTLAND – Stenway Inc. announced that it has eliminated 200 positions at its headquarters in Beaverton. The first round of 100 cuts took place immediately. The company has experienced lackluster financial performance over the past 18 months primarily as a result of reduced demand for its products. According to company spokesperson Kyle Smalley, the layoffs are an effort to reduce operating costs.

While the layoffs are bound to improve Stenway Inc.'s financial situation in the short term, those employees who have been laid off are facing challenges of their own. Mark Taylor, who was one of the 100 employees affected in this first cut, was still in disbelief a day after learning he had lost his job. "I had no idea this was happening. There was no notice whatsoever," remarked Taylor. "I showed up for work yesterday, and was told by HR to gather my things. They even walked me out of the building like I was a security risk."

Maggie Benton, who also lost her job, was unsure of her next move. "Yesterday I was making a decent living, and today I'm unemployed. I have no idea what I'm going to do for work now or how I'm going to pay my bills," she commented.

This is the first layoff in recent years for Stenway Inc. The cuts will amount to 10% of Stenway's workforce. Company officials were confident that the cost-saving measures would allow Stenway Inc. to weather the current economic difficulties.

*Condition 2:*

High information sharing (60 days advance notice)

Low interpersonal sensitivity (escorted from building, no assistance)



M. Harris/Associated Press

Workers at Stenway Inc. gather outside the company's headquarters to console each other earlier this year after the company announced 200 employees would be laid off.

## Local Economy Experiences More Job Loss

PORTLAND – Stenway Inc., which announced 60 days ago that it would eliminate 200 positions at its headquarters in Beaverton, has completed the first round of 100 cuts. The company has experienced lackluster financial performance over the past 18 months primarily as a result of reduced demand for its products. According to company spokesperson Kyle Smalley, the layoffs are an effort to reduce operating costs.

While the layoffs are bound to improve Stenway Inc.'s financial situation in the short term, those employees who have been laid off are facing challenges of their own. Mark Taylor, who was one of the 100 employees affected in this first cut, was somewhat surprised to be escorted out of the building after showing up for his final day of work. "I knew two months in advance that I was being laid off, but I didn't expect them to walk me out of the building like I was a security risk on my last day."

Maggie Benton, who also lost her job, was unsure of her next move. "I got my final paycheck today, but I don't have another job yet so I'm concerned about my finances. I've been applying for jobs for the past few months, but it's hard when your job-search skills are rusty," she commented.

This is the first layoff in recent years for Stenway Inc. The cuts will amount to 10% of Stenway's workforce. Company officials were confident that the cost-saving measures would allow Stenway Inc. to weather the current economic difficulties.

*Condition 3:*

Low information sharing (no advance notice)

High interpersonal sensitivity (extensive assistance provided)



M. Harris/Associated Press

Workers at Stenway Inc. gather outside the company's headquarters to console each other earlier this year after the company announced 200 employees would be laid off.

## Local Economy Experiences More Job Loss

PORTLAND – Stenway Inc. announced that it has eliminated 200 positions at its headquarters in Beaverton. The first round of 100 cuts took place immediately. The company has experienced lackluster financial performance over the past 18 months primarily as a result of reduced demand for its products. According to company spokesperson Kyle Smalley, the layoffs are an effort to reduce operating costs.

While the layoffs are bound to improve Stenway Inc.'s financial situation in the short term, those employees who have been laid off are facing challenges of their own. Mark Taylor, who was one of the 200 affected employees, was still in disbelief a day after learning he had lost his job. "I had no idea this was happening. There was no notice whatsoever," remarked Taylor. "The severance package does help, though. I don't have the pressure of needing to find work tomorrow, but it's still stressful."

In addition to handing out severance packages ranging from 2 to 6 months salary depending on position, Stenway Inc. is providing extensive outplacement assistance to all affected workers. Maggie Benton, who also lost her job, said she will be taking advantage of the job search training that Stenway Inc. is providing. "I want to meet with a career counselor and get some feedback on my resume. I also want to take a class to brush up on my interviewing skills, since they're a little rusty. This is all happening so fast my head is still spinning," she commented.

This is the first layoff in recent years for Stenway Inc. The cuts will amount to 10% of Stenway's workforce. Company officials were confident that the cost-saving measures would allow Stenway Inc. to weather the current economic difficulties.

*Condition 4:*

High information sharing (60 days advance notice)

High interpersonal sensitivity (extensive assistance provided)



M. Harris/Associated Press

Workers at Stenway Inc. gather outside the company's headquarters to console each other earlier this year after the company announced 200 employees would be laid off.

## Local Economy Experiences More Job Loss

PORTLAND – Stenway Inc., which announced 60 days ago that it would eliminate 200 positions at its headquarters in Beaverton, has completed the first round of 100 cuts. The company has experienced lackluster financial performance over the past 18 months primarily as a result of reduced demand for its products. According to company spokesperson Kyle Smalley, the layoffs are an effort to reduce operating costs.

While the layoffs are bound to improve Stenway Inc.'s financial situation in the short term, those employees who have been laid off are facing challenges of their own. Mark Taylor, who was one of the 100 employees affected in this first cut, was contemplating whether or not to move outside of the Portland area. "When I found out two months ago that I was going to be laid off, I lined up interviews with several companies locally as well as out of state. It's a little stressful not knowing where I'll be 6 months from now, but the severance package definitely makes it easier to deal with," remarked Taylor.

In addition to handing out severance packages ranging from 2 to 6 months salary depending on position, Stenway Inc. is providing extensive outplacement assistance to all affected workers. Maggie Benton, who also lost her job, has been busy looking for other work and taking advantage of the job search training that Stenway Inc. was providing. "I've met with a career counselor and got some good feedback on my resume. Next week I'm going to take a class to brush up on my interviewing skills, since they're a little rusty," she commented.

This is the first layoff in recent years for Stenway Inc. The cuts will amount to 10% of Stenway's workforce. Company officials were confident that the cost-saving measures would allow Stenway Inc. to weather the current economic difficulties.



## APPENDIX B

### Survey Instrument

*(Note: Names of measures did not appear in actual scale used)*

DATE: \_\_\_\_\_

Dear Research Participant,

You are invited to take part in this study involving organizations and the thoughts people have about them.

Why? We are interested in understanding how perceptions of organizations are influenced. This project may increase knowledge that may help other people in the future.

What's involved? The study involves reading some brief information and sharing your thoughts on a survey. Should you choose to participate, this survey will take approximately XX minutes to complete.

Your participation is voluntary and confidential. You do not have to take part in this study. It is not mandatory and is for research purposes only. Your participation will not affect your standing as a student of Portland State University, and there are no expected risks associated with participating. You may discontinue participation in the study at any time without jeopardizing your relationship with Portland State University or your status in your class. If you feel uncomfortable answering any question, you may skip it. We are taking safeguards so that your responses will be kept completely confidential. By completing the survey you are giving your consent to participate.

If you have any concerns or questions about this study, please contact the Chair of the Human Subjects Research Review Committee, Office of Research and Sponsored Projects, 111 Cramer Hall, Portland State University, Portland, Oregon, 97207, (503) 725-4288. You may also contact Rainer Seitz, the principal investigator, at (360) 608-0093 or [rainer@shapeconsulting.com](mailto:rainer@shapeconsulting.com).

Sincerely,

Rainer Seitz

## Department of Psychology

**Part A**

Please respond to the following statements. Using the scale below, circle the number next to each statement that best reflects your response.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

**Circle One****Thoughts about myself and work***(Relational Employment Goals)*

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. I am willing to contribute 100% to a company in return for promises of future employment..... | 1 | 2 | 3 | 4 | 5 |
| 2. I am willing to stay with a company as long as it rewards my loyalty.....                     | 1 | 2 | 3 | 4 | 5 |
| 3. I measure my career success by my tenure in the company .....                                 | 1 | 2 | 3 | 4 | 5 |
| 4. I owe it to my employer to stay as long as possible.....                                      | 1 | 2 | 3 | 4 | 5 |
| 5. I would like to stay with only one or two companies until I retire .....                      | 1 | 2 | 3 | 4 | 5 |
| 6. It is important to me that my supervisor treats me like family .....                          | 1 | 2 | 3 | 4 | 5 |
| 7. Job security is more important than most people think .....                                   | 1 | 2 | 3 | 4 | 5 |
| 8. People should use the word "loyalty" to describe their relationships with companies.....      | 1 | 2 | 3 | 4 | 5 |
| 9. To me, working in a company is like being a member of a family.....                           | 1 | 2 | 3 | 4 | 5 |

*(Equity Sensitivity)*

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 10. At work, I would feel uneasy if there was little work for me to do. ....  | 1 | 2 | 3 | 4 | 5 |
| 11. I would become very dissatisfied with my job if I had little or no work to do.....  | 1 | 2 | 3 | 4 | 5 |
| 12. All other things being equal, it is better to have a job with a lot of duties and responsibilities than one with few duties and responsibilities..... | 1 | 2 | 3 | 4 | 5 |
| 13. A job which requires me to be busy during the day is better than a job which allows me a lot of loafing.....  | 1 | 2 | 3 | 4 | 5 |

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

**Circle One**

14. At work, my greatest concern would be whether or not I am doing the best job I can ..... 1 2 3 4 5
15. I would feel obligated to do more than I was paid to do at work..... 1 2 3 4 5
16. Even if I received low wages and poor benefits from my employer, I would still try to do my best at my job..... 1 2 3 4 5
17. When I had completed my task for the day, I would help out other employees who have yet to complete their tasks ..... 1 2 3 4 5

*(Perceived Alternatives)*

18. I don't believe there are many jobs from which I can choose..... 1 2 3 4 5
19. The current job market seems to be very tight..... 1 2 3 4 5
20. I don't believe there are many companies that are hiring people in my field ..... 1 2 3 4 5

*(Self-Perceptions of Qualifications)*

21. I believe I'm a highly qualified job candidate ..... 1 2 3 4 5
22. For the jobs to which I might apply, I probably have a good chance of getting a job offer..... 1 2 3 4 5
23. Compared to other job candidates, I have very good qualifications..... 1 2 3 4 5

**Additional Information**

How much full-time work experience do you have? \_\_\_\_\_ years \_\_\_\_\_ months

How much part-time work experience do you have? \_\_\_\_\_ years \_\_\_\_\_ months

Please indicate your age: \_\_\_\_\_ years \_\_\_\_\_ months

Please indicate your gender (circle one): **M** **F**

Please indicate your current employment status (circle one): **Working part-time** **Working full-time** **Not currently employed**

Please indicate your job-seeking status (circle one):	<b>Currently looking for a job</b>	<b>Will be looking within the next 12 months</b>	<b>Will not be looking for at least a year</b>
Please indicate your race/ethnicity (circle one):	<b>Caucasian</b>	<b>African- American</b>	<b>Hispanic</b>
	<b>Asian/Pacific Islander</b>	<b>Native American</b>	<b>Other _____</b>

## **Part B**

Please read the following paragraph about this company.

### **About Stenway Inc.**

- Stenway Inc. is a Fortune 500 company that designs, manufactures, and markets a variety of electronics products for consumer use.
- The company is considered a leader in its industry.
- The company has sites in several major US cities, including those you would consider to be desirable living places.
- It is well-known and respected in those communities where it is located.
- Stenway Inc. consistently attracts many job applicants, and it is considered to be a top employer to have on one's resume.

### Part C

Based on what you have just read about Stenway Inc., please respond to the following statements. Using the scale below, circle the number next to each statement that best reflects your response.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

#### Thoughts about Stenway Inc.

##### *(Organizational Attractiveness)*

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 24. Stenway Inc. would be a good company to work for. ....         | 1 | 2 | 3 | 4 | 5 |
| 25. I would want a company like Stenway Inc. in my community. .... | 1 | 2 | 3 | 4 | 5 |
| 26. I would like to work for Stenway Inc. ....                     | 1 | 2 | 3 | 4 | 5 |
| 27. Stenway Inc. cares about its employees. ....                   | 1 | 2 | 3 | 4 | 5 |
| 28. I find Stenway Inc. to be a very attractive company. ....      | 1 | 2 | 3 | 4 | 5 |

##### *(Job Pursuit Intentions)*

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 29. I would request more information about Stenway Inc. ....  | 1 | 2 | 3 | 4 | 5 |
| 30. I would attempt to gain an interview with Stenway Inc.. ....  | 1 | 2 | 3 | 4 | 5 |
| 31. I would attempt to learn more about Stenway Inc. by researching them<br>on the internet or visiting their website. .... | 1 | 2 | 3 | 4 | 5 |
| 32. I would actively pursue obtaining a position with Stenway Inc. ....   | 1 | 2 | 3 | 4 | 5 |
| 33. If Stenway Inc. was at a job fair I would seek out their booth. ....  | 1 | 2 | 3 | 4 | 5 |

##### *(Job Offer Acceptance Intentions)*

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 34. If I were offered a job by Stenway Inc., I would accept it. .... | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|

##### *(Perceived Organizational Support)*

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 35. Stenway Inc. would take pride in my accomplishments if I was an<br>employee .... | 1 | 2 | 3 | 4 | 5 |
| 36. Stenway Inc. would really care about my well-being if I was an<br>employee ....  | 1 | 2 | 3 | 4 | 5 |

	1	2	3	4	5
	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
37. Stenway Inc. would strongly consider my goals and values if I was an employee.....	1	2	3	4	5
38. Stenway Inc. would show little concern for me if I was an employee.....	1	2	3	4	5
39. Stenway Inc. would be willing to help me if I was an employee and needed a special favor.....	1	2	3	4	5
<i>(Perceived Management-employee Relations)</i>					
40. There would probably be good relations between workers and management at Stenway Inc.....	1	2	3	4	5
41. In general, Stenway Inc. would have few employee complaints.....	1	2	3	4	5
42. In general, there should be few formal employee grievances at Stenway Inc.....	1	2	3	4	5

**Part D**

Please read the following news article about this company.

*(One of the four layoff scenarios from Appendix A will be presented here).*



### Part E

Based on the news article you just read about Stenway Inc., please respond to the following statements. Using the scale below, circle the number next to each statement that best reflects your response.

#### Thoughts about the layoff at Stenway Inc.

##### *(Interpersonal Sensitivity)*

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 43. Stenway Inc. treated the employees in a polite manner when they were laid off ..... | 1 | 2 | 3 | 4 | 5 |
| 44. Stenway Inc. treated the employees with dignity when they were laid off ..          | 1 | 2 | 3 | 4 | 5 |
| 45. Stenway Inc. treated the employees with respect when they were laid off .....       | 1 | 2 | 3 | 4 | 5 |

##### *(Information Sharing)*

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 46. Stenway Inc. gave employees plenty of advance notice regarding the layoffs ..... | 1 | 2 | 3 | 4 | 5 |
| 47. The laid-off employees at Stenway Inc. were well-informed about the layoff ..... | 1 | 2 | 3 | 4 | 5 |
| 48. Stenway Inc. was candid in its communications with the laid-off employees .....  | 1 | 2 | 3 | 4 | 5 |

##### *(Procedural Fairness)*

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 49. Generally, the procedures used in the layoff by Stenway Inc. were fair. ....  | 1 | 2 | 3 | 4 | 5 |
| 50. The way that employees were laid off by Stenway Inc. was fair.....            | 1 | 2 | 3 | 4 | 5 |
| 51. The procedures used to lay off employees at Stenway Inc. was acceptable. .... | 1 | 2 | 3 | 4 | 5 |
| 52. Stenway Inc. was concerned with being fair when it conducted the layoff ..... | 1 | 2 | 3 | 4 | 5 |

**Thoughts about Stenway Inc.***(Organizational Attractiveness)*

53. Stenway Inc. would be a good company to work for. .... 1 2 3 4 5
54. I would want a company like Stenway Inc. in my community. .... 1 2 3 4 5
55. I would like to work for Stenway Inc. .... 1 2 3 4 5
56. Stenway Inc. cares about its employees. .... 1 2 3 4 5
57. I find Stenway Inc. to be a very attractive company. .... 1 2 3 4 5

*(Job Pursuit Intentions)*

58. I would request more information about Stenway Inc. .... 1 2 3 4 5
59. I would attempt to gain an interview with Stenway Inc. .... 1 2 3 4 5
60. I would attempt to learn more about Stenway Inc. by researching them  
on the internet or visiting their website. .... 1 2 3 4 5
61. I would actively pursue obtaining a position with Stenway Inc. .... 1 2 3 4 5
62. If Stenway Inc. was at a job fair I would seek out their booth. .... 1 2 3 4 5

*(Job Offer Acceptance Intentions)*

63. If I were offered a job by Stenway Inc., I would accept it. .... 1 2 3 4 5

*(Perceived Organizational Support)*

64. Stenway Inc. would take pride in my accomplishments if I was an  
employee .... 1 2 3 4 5
65. Stenway Inc. would really care about my well-being if I was an  
employee .... 1 2 3 4 5
66. Stenway Inc. would strongly consider my goals and values if I was an  
employee. .... 1 2 3 4 5
67. Stenway Inc. would show little concern for me if I was an employee. .... 1 2 3 4 5
68. Stenway Inc. would be willing to help me if I was an employee and  
needed a special favor. .... 1 2 3 4 5

*(Perceived Management-employee Relations)*

69. There would probably be good relations between workers and management at Stenway Inc..... 1 2 3 4 5
70. In general, Stenway Inc. would have few employee complaints..... 1 2 3 4 5
71. In general, there should be few formal employee grievances at Stenway Inc..... 1 2 3 4 5

**Additional Information**

Have you ever been laid off from a full- or part-time job? **Yes** **No**

Have any of your family members ever been laid off from a full- or part-time job? **Yes** **No**

If you answered "yes" to either of the two previous questions, how often have you or your family members been laid off?

\_\_\_\_\_ Once

\_\_\_\_\_ Twice

\_\_\_\_\_ Three or more times

\_\_\_\_\_ Not applicable

Have you ever worked for a company during a layoff but was not one of the employees who were laid off? In other words, have you ever "survived" a layoff? **Yes** **No**