



# Affective commitment and job satisfaction among non-family employees: Investigating the roles of justice perceptions and psychological ownership

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## ABSTRACT

Due to numerous characteristics often attributed to family firms, they constitute a unique context for non-family employees' justice perceptions. These are linked to non-family employees' pro-organizational attitudes and behaviors, which are essential for family firms' success. Even though scholarly interest in non-family employees' justice perceptions has increased, more research is still needed, also because the mechanism connecting justice perceptions and favorable outcomes is not fully understood yet. We address this gap by explicitly investigating non-family employees' justice perceptions and by introducing psychological ownership as a mediator in the relationships between justice perceptions (distributive and procedural) and common work attitudes (affective commitment and job satisfaction). Our analysis of a sample of 310 non-family employees from Germany and German-speaking Switzerland reveals that psychological ownership mediates the relationships between distributive justice and affective commitment as well as job satisfaction. This represents valuable contributions to family business research, organizational justice and psychological ownership literature, and to practice.

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## 1. Introduction

Family firms are often linked with characteristics such as paternalistic–autocratic rule, founder-centric cultures, lack of delegation, ingroup–outgroup perceptions of non-family employees, altruism, and nepotism (cp. Barnett & Kellermanns, 2006; Kelly, Athanassiou, & Crittenden, 2000; Padgett & Morris, 2005; Schein, 1983; Schulze, Lubatkin, Dino, & Buchholtz, 2001). These unique aspects constitute potential sources of injustice perceptions of non-family employees (Barnett & Kellermanns, 2006; Blondel, Carlock, & Heyden, 2000; Carsrud, 2006). This is critical for family firms, as employees' justice perceptions have been linked to positive work outcomes such as affective commitment (cp. Allen & Meyer, 1990; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Van Dyne & Pierce, 2004) and job satisfaction (e.g., Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Janssen & Van Yperen, 2004; Judge, Thoresen, Bono, & Patton, 2001). Fostering these attitudes among non-family employees is essential to family firms' success and survival

(Barnett & Kellermanns, 2006; Chrisman, Chua, & Litz, 2003; Chua, Chrisman, & Sharma, 2003). As a consequence, justice perceptions of non-family employees in family firms have received increasing scholarly attention in recent years (cp. Barnett & Kellermanns, 2006; Lubatkin, Ling, & Schulze, 2007). However, the amount of existing research in that context is still regarded as insufficient (Carsrud, 2006), because it is not yet fully understood how exactly justice perceptions weave their way into favorable work attitudes. Even though scholars have intensively tried to explain this mechanism, for example by applying social exchange theory (e.g., Masterson, Lewis, Goldman, & Taylor, 2000; Tekleab, Takeuchi, & Taylor, 2005), Choi and Chen (2007) point out that “there is still very limited knowledge of any mechanism through which they are connected” (p. 688).

We address this gap by empirically investigating justice perceptions of non-family employees, explicitly focusing on the mechanism how they lead to affective commitment and job satisfaction. We introduce the concept of psychological ownership as a factor that connects non-family employees' justice perceptions and their work attitudes. Psychological ownership is defined as “the state in which individuals feel as though the target of ownership or a piece of that target is ‘theirs’” (Pierce, Kostova, & Dirks, 2003, p. 86). This approach is promising as formal equity ownership among non-family employees is uncommon due to the dominant wish of many families to control legal ownership across

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generations (Chua, Chrisman, & Sharma, 1999; Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007). Feelings of ownership, however, can exist without formal ownership, and can have similar effects as intended by formal ownership (Pierce et al., 2003). Thus, ownership feelings are of special relevance for family firms. Moreover, psychological ownership seems to fit well into the context of justice perceptions and positive work outcomes. This is because on the one hand, recent initial findings indicate that there may exist a link between justice perceptions and psychological ownership (Chi & Han, 2008). On the other hand, scholars have established positive relationships between psychological ownership and both affective commitment (Bernhard & O'Driscoll, 2011; Mayhew, Ashkanasy, Bramble, & Gardner, 2007; O'Driscoll, Pierce, & Coghlan, 2006) and job satisfaction (Avey, Avolio, Crossley, & Luthans, 2009; Van Dyne & Pierce, 2004). However, to date, these fragmented insights have not yet been integrated, and they have not been applied in the family firm context either.

Hence, we hypothesize that psychological ownership mediates the relationships between two dimensions of organizational justice perceptions (distributive and procedural) and two common work attitudes (affective commitment and job satisfaction). We test the hypotheses on a random sample of 310 non-family employees from family firms based in Germany and German-speaking Switzerland. The findings based on mediation analysis constitute valuable contributions to family business research, organizational justice and psychological ownership literature, as well as to practice.

The paper is structured as follows. First, we introduce the theoretical foundations of the main concepts of this study. Second, we theoretically derive our hypotheses. Third, we illustrate the sample as well as the methods used. Fourth, we present the empirical findings. Fifth, we enter into a discussion of the results, contributions, and limitations of the study, and suggest avenues for future research. We then offer our final conclusions.

## 2. Theoretical foundations

### 2.1. Organizational justice

Due to the interaction between the family and the business system, family firms constitute a special environment for non-family employees to work (cp. Beehr, Drexler, & Faulkner, 1997; Habbershon, Williams, & MacMillan, 2003; Lansberg, 1983). They face the unique situation that they are part of the business but not part of the family system (Mitchell, Morse, & Sharma, 2003). This situation entails unique effects on non-family employees' justice perceptions (Barnett & Kellermanns, 2006).

Examples for potential family business specific peculiarities that might lead to perceptions of injustice among non-family employees are nepotism (Padgett & Morris, 2005), authoritarian leadership style (Tagiuri & Davis, 1992), human resource practices generally biased against non-family members (Barnett & Kellermanns, 2006; Lubatkin et al., 2007; Schulze et al., 2001), ingroup-outgroup perceptions of non-family employees (Barnett & Kellermanns, 2006), founder-centric cultures (Schein, 1983), and lack of delegation (cp. Kelly et al., 2000). In addition, when the owning family uses its power and authority to serve family rather than business interests, for instance by seeking perquisites for private consumption (Davis, Allen, & Hayes, 2010), this behavior can give rise to non-owners' perceptions of injustice. Even though perceptions of injustice among non-family employees may not occur in all family firms in general (cp. Barnett & Kellermanns, 2006), family firms seem to be particularly susceptible to factors leading to these perceptions. For that reason, understanding non-family employees' justice perceptions and how they impact pro-

organizational outcomes on the individual level is a topic of essential relevance to family firms.

In recent years, a few conceptual works on justice perceptions in family firms have emerged. Barnett and Kellermanns (2006) theorized how the degree of family involvement may influence non-family employees' justice perceptions through fair or unfair human resource practices. Lubatkin et al. (2007) drew on organizational justice literature to explain agency costs in family firms. However, empirical research on non-family employees' justice perceptions is regarded as scarce (Barnett & Kellermanns, 2006; Carsrud, 2006).

In contrast, organizational behavior literature has intensively investigated organizational justice (cp. Colquitt et al., 2001; Cropanzano, Byrne, Bobocel, & Rupp, 2001). It is concerned with employees' subjective fairness perceptions in their employment relationship (Byrne & Cropanzano, 2001; Greenberg, 1990). While four dimensions of organizational justice have been established, scholars agree that employees mainly draw on distributive and procedural justice perceptions when deciding how to react to the overall organization, whereas interpersonal and informational justice perceptions seem to be more relevant when referring to authority figures such as supervisors (cp. Bies & Moag, 1986; Colquitt et al., 2001; Walumbwa, Cropanzano, & Hartnell, 2009). In the light of this paper's goal to investigate the link between justice perceptions and non-family employees' *organization-related* attitudes, we limit our considerations to distributive and procedural justice.

Distributive justice refers to the perceived fairness of outcome distributions (cp. Colquitt et al., 2001). Typical examples of organizational outcomes are salaries, benefits, or promotions (cp. Colquitt, 2001; Colquitt et al., 2001). A distribution is perceived to be just if it is consistent with chosen allocation norms (Fortin, 2008) such as the widely applied equity theory (e.g., Adams, 1965; Colquitt et al., 2001). Equity theory states that people are more concerned about the fairness of outcomes than about the absolute level of these outcomes. In family firms, non-family employees thus compare their own input/output ratio to that of other individuals within their reference frame, for example with family members that are also working in the company. If the ratios are unequal, inequity is perceived, and the distribution is regarded as unjust. Procedural justice refers to the perceived fairness of the allocation process that leads to outcomes (Colquitt et al., 2001; Walumbwa et al., 2009). Thibaut and Walker (1975) found that the ability to influence or control the allocation process is able to increase individuals' perceived fairness, even if the outcome itself cannot be influenced. Existing research has linked these two justice dimensions with affective commitment (e.g., Begley, Lee, & Hui, 2006; Jones & Martens, 2009; Masterson et al., 2000), job satisfaction (e.g., Jones & Martens, 2009; Lam, Schaubroeck, & Aryee, 2002; Masterson et al., 2000), trust in the organization (Colquitt et al., 2001; Masterson et al., 2000), and organizational citizenship behavior (Aryee, Budhwar, & Chen, 2002; Tepper & Taylor, 2003). Recently, Chi and Han (2008) found initial evidence for a potential link to psychological ownership.

Various scholars have given insight into the mechanism that connects justice perceptions with outcomes such as affective commitment and job satisfaction. The most widely applied perspective is social exchange theory (cp. Erdogan, Liden, & Kraimer, 2006; Masterson et al., 2000; Tekleab et al., 2005), whereas also self-esteem (Tyler & Blader, 2000), trust (e.g., Lind, 2001; Van den Bos, Lind, & Wilke, 2001), and organizational identification (Carmon, Miller, Raile, & Roers, 2010) have been investigated. Despite these efforts, Choi and Chen (2007) refer to the relationship between distributive justice and affective commitment and point out that "there is still very limited knowledge of any mechanism through which they are connected"

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