



Friend or foe? The impact of relational ties with comparison others on outcome fairness and satisfaction judgments



Elad N. Sherf*, Vijaya Venkataramani

Robert H. Smith School of Business, University of Maryland, United States

ARTICLE INFO

Article history:

Received 17 September 2013

Accepted 16 February 2015

Available online 11 March 2015

Accepted by Paul Levy

Keywords:

Fairness

Social relationships

Social comparisons

Emotions

Equity theory

ABSTRACT

Equity theory suggests that social comparison processes play a central role in employees' fairness judgments. However, the effect of the relationship between an employee and a comparison other on such judgments has received scant attention. We tested this effect across three studies involving demographically (employees, students) and culturally (U.S., India) different samples and research designs (critical incident and scenario). Our results broadly suggest that, with inputs held constant, receiving a lower outcome than a comparison other is judged as fairer (and more satisfactory) when positively (vs. negatively) tied to the other. In contrast, a favorable outcome is judged as fairer when the comparison other is negatively (vs. positively) related. We also found that the impact of (in)equity on employees' discrete emotions (i.e., guilt, happiness, anger) differed based on their relational tie with comparison others, and that differences in anger and happiness mediated the effects of (in)equity on outcome satisfaction.

© 2015 Elsevier Inc. All rights reserved.

Introduction

Social comparisons are a deeply embedded feature of organizational life. Employees often compare their pay, rewards, and other job characteristics with that of their colleagues (Bylsma & Major, 1994). These comparisons play an influential role in affecting employees' judgments of fairness and satisfaction with organizational events and outcomes (Greenberg, Ashton-James, & Ashkanasy, 2007), which in turn have been shown to affect important employee attitudes and behaviors (e.g., Cohen-Charash & Spector, 2001). In fact, the comparative nature of fairness judgments is a fundamental tenet of Adams' (1965) seminal equity theory, which proposes that people judge fairness by comparing the ratio of the organizational outcomes they receive relative to the inputs they provide, with the corresponding ratio of a relevant comparison other. Research on equity theory has consistently found that people feel most fairly treated if these ratios are equal; however, if these ratios are different (irrespective of whether one's own ratio is higher or lower), they perceive the situation to be less fair and are dissatisfied with it (Messick & Sentis, 1983; Van den Bos, Lind, Vermunt, & Wilke, 1997; Van den Bos, Wilke, Lind, & Vermunt, 1998).

Despite the progress made in understanding how people make fairness and satisfaction judgments, it is not clear whether the influential predictions of equity theory generalize across different situations. For example, employees commonly experience organizational outcomes (e.g., promotions, rewards) alongside coworkers with whom they have existing relationships, positive as well as negative. Consequently, equity comparisons do not occur with strangers but within the context of pre-existing relationships (cf., Kulik & Ambrose, 1992; Summers & DeNisi, 1990). Will equity theory's predictions hold when the comparison coworker is a disliked and distrusted coworker as opposed to a close and liked one? In other words, given similar inputs to a task (e.g., effort, work quality), will employees who receive a better outcome than a coworker with whom they have a negative relationship perceive it as less fair or satisfactory? Or, will they feel that an outcome is fair if a close and trusted coworker receives a worse outcome than them? Most research on equity is unable to provide clear answers to these questions because it does not incorporate the nature of the relationship between a focal person and the comparison other in its arguments (for notable exceptions see: Loewenstein, Thompson, & Bazerman, 1989; Peters & van den Bos, 2008). The current paper aims to shed light on these questions.

To do so, we borrow from the social ledger perspective on informal ties at work (Labianca & Brass, 2006), which suggests that like the two sides of a financial ledger, employees have both positive and negative relational ties at work: "enduring, recurring set of negative [or positive] judgments, feelings, and behavioral intentions

* Corresponding author at: Robert H. Smith School of Business, University of Maryland, Van Munching Hall, College Park, MD 20742, United States. Fax: +1 301 314 9611.

E-mail address: esherf@rsmith.umd.edu (E.N. Sherf).

towards another person” (p. 597). These ties evoke differing cognitive schemas regarding the other party (Fiske & Taylor, 2007) and therefore, differentially impact individuals’ attitudes and behaviors towards them (e.g., Venkataramani & Dalal, 2007). Building on this perspective, we present our theoretical arguments (illustrated in Fig. 1) and the results of three studies aimed at testing how the nature of the relational tie between a focal employee and a comparison coworker, might significantly qualify previous findings based on equity theory and influence employees’ judgments regarding their outcomes relative to this coworker. Specifically, we suggest that employees will view disadvantageous inequity (i.e., when one’s own equity ratio [i.e., output to input] is less than that of the comparison other’s) as fairer when comparing themselves to a positively, as compared to negatively, tied coworker. On the other hand, we propose that employees will perceive advantageous inequity (when one’s equity ratio is greater than that of the other’s) to be fairer when their relationship with the comparison other is negative as compared to positive. In addition, we qualify Adams’ (1965) assertion that “there can be little doubt that inequity results in dissatisfaction” (p. 283), and explain why employees’ affective responses to outcomes (i.e., satisfaction judgments) may differ based on relational ties. We propose that based on employees’ relational tie with a comparison coworker, (in)equity differentially affects discrete emotions such as anger, happiness, and guilt, and that these emotions in turn affect satisfaction judgments.

In comprehensively studying these issues, we make three specific contributions. First, we highlight the fact that in the workplace, comparison others, a critical factor influencing fairness judgments, are not some unrelated third-parties, but coworkers with whom employees have pre-existing relational ties. Thus, we extend equity theory by delineating how relational ties with comparison others can significantly bias outcome fairness judgments. Second, although most prior research has focused on positive interactions and ties at work (Labianca & Brass, 2006), some evidence suggests that negative ties are highly diagnostic and asymmetrically strong in affecting judgments (Skowronski & Carlston, 1987). Thus, by examining the effect of both positive and negative relationships on fairness judgments, we extend work on the social ledger perspective to the study of organizational fairness. Third, we elucidate the role of discrete emotions in explaining how relational ties with comparison others impacts satisfaction with outcomes. Although past work has theorized that the effects of (in)equity on outcome satisfaction are mediated by happiness, anger, and guilt (e.g., Adams, 1965; Homans, 1961; van den Bos et al., 1997), this theorizing does not take the effects of relational ties into account. We thus extend prior research (e.g., Loewenstein et al., 1989; Peters & van den Bos, 2008) by theorizing how positive and negative ties differentially affect the emotional reactions to (in)equity.

Theory and hypotheses

Despite the significant role that social comparison processes play in fairness and satisfaction judgments, most research on equity theory does not incorporate the relationship between the comparer and the comparison other in its theoretical predictions (Goodman & Haisley, 2007). This is surprising given that considerable research in organizational behavior and social psychology suggests that people’s attitudes and behaviors towards others change as a function of their previous interactions or affective relationships (i.e., liking) with them (for a short review see: Kilduff, Elfenbein, & Staw, 2010). For example, game theorists have shown that prior interactions with partners affect the decisions made by participants in a prisoner’s dilemma game (Bettenhausen & Murnighan, 1991). Jehn and Shah (1997; also see: Shah & Jehn, 1993) demonstrated that groups of friends (as opposed to mere

acquaintances) performed better and experienced increased commitment and cooperation in teams. Similarly, in the negotiation literature, Thompson, Valley, and Kramer (1995) found that when one’s opponent was disappointed with the outcome, negotiators felt more successful when the opponent was a member of an out-group as compared to when he/she was part of the in-group (for reviews, see: Barry & Oliver, 1996; Valley, Neale, & Mannix, 1995).

Even in the fairness literature, there is some evidence (albeit very limited) regarding the role of relationships in affecting judgments. For example, Kwong and Leung (2002) found that recipients’ satisfaction with an unfavorable outcome, when provided in a fair manner, is further enhanced when recipients have a positive prior relationship with the entity providing the treatment. De Cremer and Van Hiel (2006) showed that people reacted more negatively to mistreatment of a third-party with whom they had a more positive relationship. Similarly, Blader, Wiesenfeld, Fortin, and Wheeler-Smith (2013) showed that while third-parties who held congruent (i.e., positive) social emotions towards a decision recipient tended to support the recipient, those who held incongruent (i.e., negative) social emotions towards them tended to endorse opposite fairness judgments.

Importantly, these latter studies focused either on respondents’ reactions to their own experiences, given their relationship with the decision maker, or to experiences of a third-party with whom they had a prior relationship. In other words, most of these studies did not examine situations where the respondent was a decision recipient *alongside* the comparison other, and with whom they had a relationship. In one notable exception, Loewenstein et al. (1989) showed that people are less satisfied with a better outcome when they are in a positive or neutral relationship with another, but are more satisfied in the case of a negative relationship. Similarly, Peters and van den Bos (2008) found that people are less satisfied with a better outcome when the comparison other is a friend (vs. stranger) but did not find such effects on fairness judgments.

Building on and extending these arguments, we propose that considering the nature of the relationship between a focal employee and a comparison coworker will qualify findings from prior equity research that did not take this relationship into account. In developing and testing our theory, we address some specific limitations of prior research. First, we examine the effects of actual positive and negative relational ties that exist between employees rather than manipulating mere repeated interactions or transitory affect in experimental settings. This is important because, unlike transitory affect primed in lab studies, enduring relationships involve stronger emotions, judgments, and intentions, which may affect employees’ attitudes and behaviors more strongly (Krackhardt, 1992). Second, following recent theorizing suggesting that negative ties have greater power in explaining workplace outcomes (Labianca, 2014; Labianca & Brass, 2006), we highlight the differential effects of both positive and negative ties as opposed to most prior research that has focused mainly on positive relationships. Third, we examine the effects of relational ties on *both* fairness and satisfaction judgments and argue how relational ties affect them differentially. Fourth, we examine the specific discrete emotions that mediate the effects of (in)equity on satisfaction judgments, thus testing underlying tenets of equity theory and how these are affected by the presence of a relational tie.

(In)equity and outcome fairness

Equity theory (Adams, 1965) has been central to our understanding of individuals’ reactions to the outcomes they receive (Miner, 2002). Although employees use different rules (i.e., equity, equality, need) to judge the fairness of organizational outcomes

Download English Version:

<https://daneshyari.com/en/article/888522>

Download Persian Version:

<https://daneshyari.com/article/888522>

[Daneshyari.com](https://daneshyari.com)