

**An Examination of the Relational Aspects of Leadership Credibility, Psychological Contract Breach and Violation, and Interactional Justice**

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## **Abstract**

Especially during times of intense change, managers may negatively impact the quality of employee-manager relationships by breaching or violating psychological contract terms and exhibiting unfair treatment (i.e., interactional injustice) in the workplace. A psychological contract is conceptualized as an employee's perception or individualistic belief about the reciprocal and promissory nature of the employment relationship (Argyris, 1960; Levinson, Price, Munden, Mandl, & Solley, 1966; Rousseau, 1989, 1990, 1995; Schein, 1965, 1994). Misperceptions surrounding contractual changes and perceived misalignments between managers' words and deeds have contributed to employee perceptions of contract breach and violation, which are linked to negative employee attitudes and behaviors (Andersson, 1996; Morrison & Robinson, 1997; Pate, Martin & Staines, 2000; Rousseau, 1995). Employees may simultaneously experience interactional injustice when managers act in disparaging ways and fail to provide adequate explanations (Bies, 1989; Bies & Moag, 1986).

Leadership literature has provided evidence that high-quality leadership can positively influence employees' behaviors and attitudes and increase perceptions of workplace fairness (Dirks & Ferrin, 2002; Kickul, Gundry, & Posig, 2005; Kouzes & Posner, 2003). However, the relational role of leadership credibility, within the context of psychological contract breach and violation and interactional justice, has not been examined in leadership, psychological contract, and organizational justice literatures. This study was designed to explore the relationships between leadership credibility, interactional justice, and psychological contract breach and violation. The results of the study confirmed that employees' perceptions about leaders' credibility does strongly relate to managerial violation, interpersonal justice, and informational justice.

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## **DEDICATION**

To Jacqueline Benton, my beloved aunt, who never knew of my journey and departed this life before I achieved my dream. Just as you supported and cheered for me every step of the way while you were here, I know you would have been one of my greatest encouragers had you still been with us. I know you would be proud of me. I miss you and love you!

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## PREFACE

My passionate interest in psychological contract violation and breach, organizational justice, and leadership credibility did not occur by happenstance. I unknowingly [at the time] encountered the very “real” and strong affective reactions of four employees that experienced psychological contract violation. These employees attributed their feelings of contract violation to their leader: a leader they perceived as lacking credibility and grossly unfair.

During the spring semester of 2005, I enrolled in a qualitative research class. While searching for a topic to fulfill the requirements of a class assignment, I became interested in the departure of four co-workers who suddenly announced they were leaving the organization. While employee departures from an organization are not unusual, in this instance the departure of these four executives was highly unusual and unexpected. Each of the four executives had over twenty years with the organization. At the time of their departure, these individuals expressed a deep dissatisfaction and bitterness towards the organization. Thus, I wanted to gain a better understanding of their felt violation and experiences of unfair treatment. I also wanted to gain insight into how their experiences related to the perceptions they held about their leader’s lack of credibility.

I contacted the individuals and each agreed to participate in my qualitative research. I subsequently conducted one-on-one interviews with each of them. They were assigned the following pseudo names: Georgia Peach, Lonestar, Redwood, and Rosston. My interviews with each of these individuals can only be characterized as highly emotional and reflective of the intense feelings associated with employee perceptions of contract violation. At the time of the interviews, I was not aware of the psychological contract violation construct. However, after learning about this phenomenon, it became very evident that the intense feelings expressed by these employees were generated from perceptions of contract violation.

During the interviews, each of the four individuals commented often about promises broken by their leader, and the unfairness of being treated in such a manner after having dedicated so much time and energy to the organization. Georgia Peach’s violation experience was triggered by her manager stating she would never be considered for a transfer or reassignment to a geographic area that was more conducive to her health, and closer to her

family. Georgia Peach indicated that the following statements from her manager triggered anger and a horrible feeling of being powerless. She indicated her manager said to her, “your strengths and skills are known, not needed, and best served the agency for an indefinite period in your current position.” Her current position was in an area of the country not conducive to her health, and geographically several thousands of miles away from her family members.

Lonestar believed his manager had promised that after a recent relocation to a new city, which caused him to uproot his family, he would not have to relocate again for several years. Lonestar believed another forced relocation would be too disruptive for his family. However, approximately one year after his relocation, Lonestar strongly believed his manager was going to force him to move again. Lonestar stated, “I was lied to by my manager. If I can’t trust you, I can’t work for you.” He stated during the interview that he felt angry at being lied to. Lonestar said, “...the organization did not care...no one was looking out for me...I never asked the organization for anything.”

Regarding Redwood, she was finally living in her hometown after living in many different cities for the greater part of her professional career. In spite of having relocated several times throughout her career, she indicated her manager was reassigning her to another state that was thousands of miles from her hometown. Redwood stated, “I initially took no action. I experienced depression at the thought of being forced to move. I was too focused on work to see another way of seeing and doing.” Redwood stated that after conferring with trusted confidants, reflecting, and praying, she decided she had to execute a departure strategy. She felt angry and betrayed because she was being forced to leave an organization that she had “given her life to.”

Rosston expressed growing feelings of “anger and resentment.” He felt he did not get the recognition that was due him after completing a major project that required a great deal of time, energy, and focus. He indicated he did not feel appreciated or valued. Rosston stated, “if you take care of the organization, it will take care of you: it failed to take care.”

Listening to, and observing these four employees provided me with strong visual and verbal evidence of how devastating perceptions of contract violation can be to employees. These individuals were leaders in their own right. They became angered, hostile, and emotionally distressed due to experiencing broken promises, unfair treatment, and non-credible behavior by

their leader. They conveyed an overall sense of disillusionment with the organization in general. These individuals expressed sadness at leaving their organization, but each expressed coming to the realization that “staying” was not an option for them. Subsequent to their departure, I noted that some of the senior leaders believed the organization was “better off” by the departure of bitter and unappreciative employees.

Leadership literature conveys a consistent theme that leadership for the most part is about a leader’s connection with those willing to be led and the ability of the leader to engage and inspire individuals toward a common purpose. However, “the disconnect” between employees and leaders is not always apparent, or when apparent, not easily addressed. Discussions concerning consequences of employees’ felt violations and/or perceptions of being treated unjustly are not topics that immediately come to the forefront for consideration when decision-makers are engaged in leadership selection, development, training, or performance assessment.

For me, this dissertation is a very small step towards expanding my understanding, and hopefully adding to the knowledge of other researchers seeking to improve the quality of employee-leader relationships. My desire is to help promote and further encourage the illumination of the organization and its employees as a web of “intricate human strategies” (Argyris, 1960, p.10) that continually warrants inquiry into the many different facets of human relationships.

# CHAPTER I

## INTRODUCTION

Due to the complex pressures that exist in today's organizations, managers routinely face challenges in establishing and sustaining meaningful and mutually beneficial employment relationships with their employees. Powerful macroeconomic and social forces such as globalization, relentless competition, and technology have compelled organizations to alter employment agreements or psychological contract terms. A psychological contract is conceptualized as an employee's perception or individualistic belief about the reciprocal and promissory nature of the employment relationship (Argyris, 1960; Levinson, Price, Munden, Mandl, & Solley, 1962; Rousseau, 1989, 1990, 1995; Schein, 1965, 1994). The *old* contract terms that governed employee expectations about job security, benefits, retirement, and career advancement have been replaced by evolving terms that may include employee-employer shared responsibilities in the areas of skill acquisition, training, benefits, and self-management (D'Art & Turner, 2006; Guest, 2004; Rousseau, 1995). The old contract terms were formulated in a more stable organizational environment, providing employees with predictability and allowing for effective planning and stronger more dependable relationships between employees and managers. In contemporary organizations, employees have witnessed management engaged in frequent change efforts, including continuous modifications or transformation of their contract terms. In many cases, contract terms between the employee and employer have become unclear and ambiguous, fostering misperceptions about mutual obligations and creating perceptions of misalignment between managers' words and deeds (Rousseau, 1995; Simons, 2002).

Employee perceptions of unfulfilled promises, generally referred to as contract breaches, have been empirically linked to employee cynicism, mistrust in management, and destructive cognitive, affective, and emotional consequences (Andersson, 1996; Morrison, 1994; Morrison & Robinson, 1997; Pate, Martin, & Staines, 2000). Employees have perceived significant gaps between what they believed the organization or its agents promised and what has been provided; consequently, employees have become disillusioned with organizational leaders (Kickul, 2001a, b; Morrison & Robinson, 1997). Management literature indicates employees' perceptions of leaders' credibility has spiraled downward in response to words and deeds being incongruent (Simons, 2002). As a result, employees are questioning the ability of their managers to lead, to

be ethical, and to make fair and equitable decisions that are in the best interests of both employees and organizations (Andersson, 1996; Kickul, Gundry, & Posig, 2005; Kouzes & Posner, 2003, 2004; Posner & Schmidt, 1984; Simons, 2002).

As a result of organizational decisions to downsize, restructure, and engage in buyouts and mergers, employees have experienced major upheavals impacting perceptions of interpersonal treatment. Justice researchers have established that employees believe they are being treated unjustly when managers act in disparaging and disrespectful ways, and fail to provide adequate explanations concerning workplace outcomes and decisions (Bies, 1989; Bies & Moag, 1986).

This chapter provides conceptualizations of the primary constructs examined: psychological contract breach and violation, interactional justice, and leadership credibility. Also included are discussions concerning the problem statement, hypotheses, significance of the study, and chapter summary.

### **Conceptualization of Psychological Contract Breach and Violation**

The psychological contract, which is comprised of beliefs about reciprocal promises between the employee and employer, is at the foundation of employee-employer relationships (Morrison, 1994; Robinson & Morrison, 2000; Rousseau, 1995). When organizations decide to alter employees' psychological contracts, in many instances the employment relationship is soured and employees often associate contract changes with personal loss (Andersson, 1996; Morrison & Robinson, 1997; Rousseau, 1995). When contract changes are perceived by employees as managers' failure to honor commitments and to act in good faith in keeping promises and obligations, feelings of contractual breach and violation are often generated (Morrison & Robinson, 1997; Robinson, 1996; Rousseau, 1995; Suazo, Turnley, & Mai-Dalton, 2005). The psychological contract literature frequently cites the model of violation theorized by Morrison and Robinson to explicate the concepts of breach and violation (Pate, Martin, & McGoldrick, 2003; Pate, Martin, & Staines, 2000; Robinson & Morrison, 2000; Sutton & Griffin, 2004).

According to Morrison and Robinson (1997), employees may perceive a contractual breach has occurred when a discrepancy is perceived to exist between an employee's

understanding of what was promised, and what she or he has received. Employees engage in active information-processing to ascertain breach causes. Employees will seek to determine if managers renege, that is, knowingly failed to meet an obligation or promise. They will actively pursue informational cues to determine if factors contributing to the breach were within managers' control or avoidable (Lord & Smith, 1983; Morrison & Robinson, 1997; Robinson & Morrison, 2000; Robinson & Rousseau, 1994). In addition, employees may perceive breaches to be caused by incongruence, which is perceived as a gap in the "shared understanding between an employee and the organization's representative, as to whether an obligation exists" (Sutton & Griffin, 2004, p.496). Employees' assessments of renegeing or incongruence occur through complex cognition and attribution processes, which according to attribution theory, may be highly influenced by the actions, behaviors, and characteristics of their managers (Lord & Smith, 1983).

A psychological contract violation has been shown to empirically differ from a contract breach (Morrison & Robinson, 1997; Robinson & Morrison, 2000; Robinson & Rousseau, 1994; Rousseau, 1995). A breach is described as a cognitive phenomenon, whereas a violation is "an affective or emotional state" (Robinson & Morrison, 2000, p.532) that may or may not follow perceptions of breach. According to Morrison and Robinson, employees engage in an interpretation process, assessing the perceived breach and searching for explanations to attribute responsibility. As part of this cognitive interpretation process, employees also assess the fairness of treatment by their managers preceding and following perceptions of contract breach (Kickul, 2001b; Robinson & Morrison, 2000). Intense feelings of violation are associated with an employee's belief that unfulfilled promises are due to organizational or managerial renegeing (Morrison & Robinson, 1997). The intensity of violation feelings are heightened if employees believe they have experienced unfair treatment (Morrison & Robinson, 1997; Rousseau, 1995).

Psychological contract breach and violation have deleterious effects on employee-manager relationships (Morrison & Robinson, 1997; Robinson & Morrison, 1995, 2000; Robinson & Rousseau, 1994). Psychological contract researchers have suggested more research attention is needed concerning the identification of possible antecedents and factors involving leadership and management practices that may facilitate the effective maintenance of contract

obligations (Dirks & Ferrin, 2002; Morrison, 1994; Rousseau, 2001; Rousseau & Tijoriwala, 1999; Whitener, Brodt, Korsgaard, & Werner, 1998).

### **Conceptualization of Interactional Justice**

Organizational justice researchers have established that fairness concerns within the workplace involve distributive, procedural, and interactional justice (Adams, 1965; Bies & Moag, 1986; Leventhal, 1980). Distributive justice relates more to employees' workplace outcome assessments, based on comparisons of other employees' rewards and outcomes received (Leventhal, 1980). Procedural justice is concerned with employees' perceptions of the fairness of formal procedures governing decisions and outcomes (Leventhal, 1980; Masterson, Lewis, Goldman, & Taylor, 2000; Thibaut & Walker, 1975). Considering the focus of this research, distributive and procedural justice were not examined in this study. According to organizational justice literature, interactional justice includes interpersonal justice (i.e., perceptions of fairness related to interpersonal treatment) and informational justice (i.e., managerial explanations or social accounts) perceptions that directly relate to managerial treatment (Bies & Moag, 1986; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Employees react to perceived injustice by seeking to hold someone or some entity accountable (Folger & Cropanzano, 1998; Masterson, Lewis, Goldman, & Taylor, 2000). Bies and Moag and other researchers (e.g., Cropanzano, Prehar, & Chen, 2002; Masterson, Lewis, Goldman, & Taylor, 2000; Moorman, 1991; Skarlicki & Folger, 1997) have concluded employees are concerned with interactional justice perceptions when making fairness assessments about their manager and procedural justice assessments when deciding how to react to their employer (i.e., the organization-at-large). When individuals perceive failure on the part of the organization to fulfill its promises and provide fair employee treatment, negative feelings toward the organization arise (Andersson, 1996; Kickul, 2001b; Rousseau, 1995).

### **Credible Leadership**

According to management and change literature, effective leadership can be an intervention and solution for realizing successful organizational change, halting employee cynicism, repairing, and re-building employment relationships (Bridges, 2003; Gabris & Ihrke, 2000; Kouzes & Posner, 2002, 2003, 2004). Kouzes and Posner (2003) strongly assert that

leadership behaviors are not reserved for top management or senior executives within an organization. They suggest highly successful organizations develop leadership qualities and expect demonstrations of leadership from first-line supervisors and mid-level managers throughout the organization. Effective and credible leadership encompasses the following: (a) the demonstration of honesty or trustworthy behaviors; (b) competence in technical, interpersonal, and cognitive skill areas; (c) the ability to inspire employees to embrace change and follow new directions; and (d) the ability to be forward-looking. Credible leadership contributes to positive employee behaviors and attitudes about change and the workplace in general (Campbell, 1993; Kotter, 1990; Yukl, 1994). Davis and Rothstein (2006) concluded, “when managers demonstrate behavioral integrity, employees are more satisfied with their job, with the organization’s leadership, and are more committed to the organization” (p. 417).

The most critical aspect of a leader’s role is shaping and defining the relationship and quality of interaction between the leader and his or her employee. Employees want to believe leaders will do what they say and have the knowledge and skill to lead (Kouzes & Posner, 1990, 2003). In order for employees to accept managers’ reasoning and rationale for altering their psychological contract, and making decisions with unfavorable outcomes, managers must be believable. Organizational justice and leadership literatures have shown that positive employee attitudes develop when employees perceive leaders have enacted outcomes that include just procedures, and are fair in terms of interpersonal treatment (Piccolo, Bardes, Mayer, & Judge, 2008). Piccolo et al. reported that procedural and interactional justice are associated with employees’ felt obligations to the organization, to demonstrate goodwill when leaders build high quality employee relationships.

Kouzes and Posner (2002, 2003, 2004, 2005), and Campbell (1993) conducted separate but related research on leadership behaviors and characteristics. They reported credibility was the essence of leadership. Employees want and need credible leaders and credibility serves as a powerful connector between leaders and their employees. Kouzes and Posner’s (2003) research on credible leadership behaviors reflects an integration of source credibility and leadership concepts. Kouzes and Posner (2003) empirically advanced the notion that contemporary dimensions of source credibility, that is, honesty, competence, and inspiration, along with the leadership ability to be forward-looking, provides a foundational framework of leadership that

builds high-quality employee-manager relationships, which motivates employees to willingly demonstrate energy, dedication, and loyalty.

### **Statement of the Problem**

Researchers have investigated and provided evidence that employee perceptions of interactional justice are predictive of psychological contract breach and violation. This predictive relationship is manifested in the workplace through employees' workplace attitudes and behaviors (Andersson, 1996; Bies, Martin, & Brockner, 1993; Cropanzano & Prehar, 2001; Kickul, 2001a, b; Kickul, Neuman, Parker, & Finkl, 2001; Moorman, 1991). Employees consider managers to be primarily responsible for establishing and fulfilling psychological contracts (Lester, Turnley, Bloodgood, & Bolino, 2002; Rousseau, 1995). According to psychological contract and justice research, if employees perceive a contract breach or violation has occurred, the intensity of emotional and behavioral reactions following perceptions of breach or violation are mitigated by employees' interpretations of how they were treated by the organization and their manager from a justice perspective (Cropanzano & Prehar, 2001; Kickul, 2001b; Morrison & Robinson, 1997; Rousseau, 1995). Employees make cognitive assessments of interactional injustice when managers' treat employees in disparaging ways and fail to provide adequate explanations (Cropanzano & Prehar, 2001; Kickul, 2001a, b; Kickul, Neuman, Parker, & Finkl, 2001). When employees perceive interactional injustice has occurred along with psychological contract breach or violation, research has shown employees display more intense feelings of anger and frustration, and are more likely to engage in negative workplace behaviors (Cropanzano & Prehar, 2001; Kickul, 2001b; Robinson & Morrison, 2000).

Leadership and management literatures have indicated that employees exhibit positive employee behaviors and attitudes when they perceive their managers as credible leaders (Campbell, 1993; Dirks & Ferrin, 2002; Falcione, 1974a; Folger & Konovsky, 1989; Kickul, Gundry, & Posig, 2005; Kotter, 1990; Kouzes & Posner, 2003; O'Reilly & Roberts, 1976; Tyler & Lind, 1992; Yukl, 1994). Falcione (1974a) reported that when employees viewed their managers as credible, employees were strongly inclined to believe they had meaningful voice in decision-making and establishing procedures. This led to higher levels of employee satisfaction. Employees' perceptions of managerial trustworthiness increase when managers provide adequate explanations, accurate information, and timely feedback (Folger & Konovsky, 1989; O'Reilly &

Roberts, 1976). Trusting relationships between employees and managers help to elicit citizenship behaviors from employees and affirms employees' standing and worth within the organization (Konovsky & Pugh, 1994; Tyler & Lind, 1992).

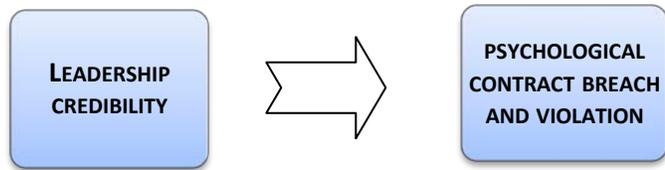
Organizational justice research has established that managers play an essential role in influencing employee perceptions regarding workplace justice (Cropanzano, Prehar, & Chen, 2002; Masterson, Lewis, Goldman, & Taylor, 2000). Studies that examined the role of leaders in shaping high-quality relationships and organizational justice perceptions concluded that leader behaviors appear to be direct antecedents of justice perceptions, and heighten employee perceptions of leadership effectiveness (Lipponen, Koivisto, & Olkkonen, 2005; Pillai, Schriesheim, & Williams, 1999). After conducting an in-depth literature search in the areas of leadership, management, psychological contract, organizational justice, persuasion and source credibility, I determined the literature did not address the following: (a) whether employee perceptions of leadership credibility influenced employee perceptions of psychological contract breach and violation, or (b) whether employee perceptions of credible leadership and interactional justice influenced perceptions of contract breach and violation. These areas represented gaps in the literature that warranted investigation.

### **Hypotheses**

In order to address the research gaps, an exploratory examination of employees' perceptions of leaders' credibility in relation to perceptions of psychological contract breach and violation, and interactional justice was conducted. The primary questions of interest are given below as two competing hypotheses to be tested:

- Hypothesis One - Leadership credibility is directly predictive of psychological contract breach and violation, or
- Hypothesis Two - Leadership credibility is indirectly predictive of psychological contract breach and violation, going through interactional justice.

Figures 1.1 and 1.2 depict the proposed hypotheses, respectively.



**Figure 1.1. Model depicting Hypothesis One**



**Figure 1.2. Model depicting Hypothesis Two**

## **Significance of the Study**

Findings from this study extended knowledge and informed in the areas of leadership, psychological contract, and organizational justice. Strong employment relationships built on trust, credibility, and fairness are essential for organizations seeking to create a foundation of mutual respect and a shared understanding of employment terms and organizational goals.

While leadership, psychological contract, and organizational justice were recognized by researchers as being related, only in the past few years have researchers begun to examine these concepts in a somewhat integrated fashion. This study provided researchers with further confirmation on the interrelationship of leadership, psychological contract, and organizational justice, and the importance of pursuing research that conceptualizes their integration.

Greenberg and Wiethoff (2001) advanced the notion that organizational justice research can be framed around the concepts of proaction and reaction; they suggested the question for consideration is: How can fair conditions be created? Building upon Greenberg and Wiethoffs' call for a more proactive perspective, the results of this study may assist interested individuals in understanding the value gained when employees perceive their leaders as believable and fair. For those concerned with and/or responsible for leadership development and succession planning, the results of this research are informative and may help to re-focus attention and efforts on the early identification, selection, and nurturing of credible leaders.

## **Summary**

Credible leadership provides the foundation for leaders to go about the business of helping and influencing people to develop and maximize their own capabilities (Kouzes & Posner, 2003; Ulrich, 1996). Bornstein and Smith (1996) offer that today's leaders must rely on credibility and personal power to influence change, people, and their environments. Effective interpersonal communication and interpersonal trust are essential for compelling employees to follow and accept organizational change mandates. Management literature has provided evidence of the business reasons for credible leadership behaviors (Campbell, 1993; Kouzes & Posner, 2002, 2003; Ulrich, 1996).

Situational and organizational factors have contributed to employee perceptions of diminished credibility on the part of leaders. When employees perceive a lack of attention and willingness by leaders to understand and manage psychological contracts, research has shown employees often perceive this as interactional injustice and evidence that management may breach their psychological contract terms (Bies & Moag, 1986; Morrison & Robinson, 1997; Robinson, 1996). When employees move beyond breach and develop feelings of violation, they are likely to engage in anti-citizenship behaviors and other types of negative workplace behaviors (Andersson, 1996; Kickul, Neuman, Parker, & Finkl, 2001). High-quality employee-manager relationships formed through credible leadership has been shown to generate positive employee attitudes and behaviors. The purpose of this study was to address critical gaps in literature by investigating the relational aspects of leadership, psychological contract, and justice constructs. Chapter II provides an in-depth review of the literature relevant to this study.

## CHAPTER II

### LITERATURE REVIEW

For approximately forty years from the 1940s to the beginning of the 1980s, employees and employers maintained mutually beneficial psychological contracts or employment agreements. The psychological contracts emphasized employees' loyalty, commitment, hard work, and unquestioning acceptance, and in return employers offered job security, retirement pensions, other desirable benefits, and long-term career opportunities (D'Art & Turner, 2006; Guest, 2004; Janssens, Sels, & Van de Brande, 2003; Rousseau, 1989, 1990, 1995). During this era, both employees and organizations experienced predictability and general economic stability.

Beginning in the late 1980s, organizational stability began to diminish as organizations aggressively sought to adapt to technology breakthroughs, competition, and globalization. The "old" contract terms that included employer responsibilities for job security and long-term advancement were replaced with "new" contract terms that encompassed a focus on skill development, training, education, and employee self-responsibility (D'Art & Turner, 2006; Guest, 2004; Janssens, Sels, & Van de Brande, 2003; Kissler, 1994). Contemporary organizations transformed, altered, or renegotiated many employee-employer psychological contract terms that were in place for several decades, in order to address ever-changing circumstances and situations (D'Art & Turner, 2006; Kickul, 2001a, b; Rousseau, 1990, 1995). The tumultuous organizational environments and demand for employees to accept constantly changing contract terms resulted in strained and low-quality employee-employer and employee-manager relationships (Andersson, 1996; Janssens, Sels, & Van de Brande, 2003; Morrison, 1994). Perceptions of declining relationships gave rise to an increasing number of studies examining psychological contract and organizational justice.

For this study, the literature review provides a conceptual analysis of psychological contracts, with emphasis on breach and violation. In addition, interpersonal and informational justice dimensions (i.e., interactional justice) are treated as separate sub-sets of interactional justice. One important aspect of this literature review includes studies that provide evidence of the existing relationship between contract breach and violation and interactional justice, and the relationship of interactional justice with certain leadership concepts.

Especially during periods of organizational chaos and relentless change, leadership has been upheld as an antidote or remedy for many of the “ills” that have befallen organizations. Management, leadership, and organizational change literatures have traditionally emphasized that leaders with vision, the ability to think strategically, influence, and forge strong interpersonal connections can maintain high-quality relationships while helping employees embrace change (Bridges, 2003; Kotter, 1996; Kouzes & Posner, 2002; Yukl, 1994). Due in large part to organizational failures, broken promises, unethical business practices, and growing employee cynicism, some have suggested there is an urgent need for leaders to be above all else, credible (Kickul, Gundry, & Posig, 2005; Kouzes & Posner, 2003, 2004, 2005; Simons, 2002). Management literature has shown that highly credible leaders are able to influence employees, build trust, increase perceptions of workplace justice, and foster positive employee attitudes and behaviors (Campbell, 1993; Kotter, 1996; Kouzes & Posner, 2002, 2003; Pillai, Schriesheim, & Williams, 1999; Yukl, 1994). Existing literature, as evidenced in this review, supports the notion that leadership credibility contributes to high-quality employee-manager relationships and positive employee behaviors (Bennis, 1995; Bornstein & Smith, 1996; Campbell, 1993; Kotter, 1996; Kouzes & Posner, 2002, 2003; Yukl, 1994).

The literature review in this chapter indicates that each of the major constructs of interest, independent of each other, have a critical impact on employee-manager relationships and help shape employee attitudes and behaviors. Existing literature has provided evidence that the relational aspects of psychological contract breach and violation and interactional justice dimensions are predictive of employees’ workplace behaviors. Organizational justice and leadership (e.g., leader-member exchange (LMX), transformational leadership, and transactional leadership) have been studied, and leadership effectiveness found to relate to employee perceptions of justice (De Cremer, 2003; De Cremer & Van Knippenberg, 2003; Pillai, Schriesheim, & Williams, 1999). However, leadership credibility as conceptualized in this study, has not received attention. Therefore, the focus of this study was to surface the relational role of leadership credibility, psychological contract breach and violation, and interpersonal and informational justice.

This chapter begins with discussions on explanatory frameworks, and early and contemporary conceptualizations of psychological contract literature, with a focus on contract

breach and violation. An overview of organizational justice literature follows, with an emphasis on interactional justice dimensions. Source credibility and leadership credibility are covered next, and the chapter concludes with a summary.

### **Three Explanatory Frameworks**

The literature review identifies theories and research findings germane to this study's inquiry and focus; these theories and studies are summarized in the explanatory frameworks depicted in Table 2.1. Framework one illustrates that each of the constructs of interest are grounded in social exchange theory, which includes reciprocal interaction and the very humanistic activity of promise-making (Atiyah, 1981; Blau, 1964, 2005; Gouldner, 1960). The second framework depicts how these constructs influence employee-manager dyads. The literature provides evidence that dyadic relationships are dynamic and shaped by employees' perceptions of psychological contracts, fairness in the workplace, and leadership. Framework three identifies research findings focused on employee-organization relationships. Influences from the larger organization have an effect on employee-manager relationships, and conversely, dyadic relationships impact perceptions regarding employee-organization relationships (Guest, 2004; Lester & Kickul, 2001; Zhao, Wayne, Glibkowski, & Bravo, 2007).

**Table 2.1. Conceptualization of Constructs of Interest from Three Key Explanatory Frameworks**

<i>CONSTRUCTS</i>	Contexts and references
<p><b>Framework 1</b></p> <ul style="list-style-type: none"> <li>• <b>Social Exchange Theory (Homans, 1958; Blau, 1964)</b></li> <li>• <b>Norm of Reciprocity (Gouldner, 1960)</b></li> <li>• <b>Promise Theory (Atiyah, 1981)</b></li> </ul>	
<p><i>PSYCHOLOGICAL CONTRACT</i></p>	<p>Relational contract (Lester, Kickul, Bergmann, 2007; Rousseau, 1995);            Mutual obligations (Robinson, Kraatz, &amp; Rousseau, 1994);            Exchanges increase expectations for future obligations and trusting behaviors may increase (Blau, 1964; Gouldner, 1960; Rousseau, 1995);            Failure of employer to comply with obligations erodes employee-employer relationship and employees' beliefs in reciprocal obligations being met by manager or organization (Dabos &amp; Rousseau, 2004).</p>
<p><i>PSYCHOLOGICAL CONTRACT BREACH</i></p>	<p>Failure to meet obligations commensurate with individual contributions (Morrison &amp; Robinson, 1997);            Imbalance in exchange relationship generates change in employee behaviors (Gouldner, 1960; Turnley &amp; Feldman, 1999; Zhao, Wayne, Glibkowski, &amp; Bravo, 2007);            Employees focus more on met and unmet obligations based on nature of employee-manager relationship and also due to employee perceptions of making considerable investment within organization (Robinson, Kraatz, &amp; Rousseau, 1994).</p>
<p><i>PSYCHOLOGICAL CONTRACT VIOLATION</i></p>	<p>Relational contract violations increase employees' attributional processing (Lord &amp; Smith, 1983);            Intensity of violation related to magnitude of breach; Magnitude of breach viewed as size of discrepancy between what manager and/or employer provided as compared to what employee perceives he or she was provided (Morrison &amp; Robinson, 1997).</p>
<p><i>INTERACTIONAL JUSTICE</i></p>	<p>Employees acting within social exchange framework, execute organizational citizenship behaviors based on perceptions of interactional fairness (Colquitt, Conlon, Wesson, Porter, &amp; Ng, 2001);            Based on social exchange theory, employees engage in exchange with their immediate supervisors/managers (Masterson, Lewis, Goldman, &amp; Taylor, 2000);            Within context of social exchange, employees concerned about daily interpersonal treatment, particularly by managers (Bies, 2001).</p>
<p><i>LEADER CREDIBILITY</i></p>	<p>Personal obligations, gratitude, loyalty, mutual benefits, trust grow from positive social exchanges (Blau, 1964);            Nature and quality of relationship influences exchange/exchange influences relationship (Blau, 1964);            Credible promises yield reliance on promise and willingness to engage in reciprocal action (Atiyah, 1981; Blau, 1964; Rousseau, 1995);            Perceptions of credibility increased when seeking equitable balance between benefits and obligations incurred (Robinson, Kraatz, &amp; Rousseau, 1994);            Sharing of control and involvement with decision-making increases employees trust in manager (Blau, 1964).</p>

**Table 2.1. Continued**

<b>Framework 2</b> <b>• Employee-Manager Dyad</b>	
<i>PSYCHOLOGICAL CONTRACT</i>	Mutual expectations that govern relationship (Levinson, Price, Munden, Mandhl, & Solley, 1962); Employees behave differently with manager when relational contract exists, placing greater emphasis on social and emotional aspects of relationship (Lester, Kickul, & Bergmann, 2007).
<i>PSYCHOLOGICAL CONTRACT BREACH</i>	Employees more likely to attribute breach to managerial renegeing than their supervisors (Lester, Turnley, Bloodgood, & Bolino, 2002); Quality of the employee-manager relationship influences employee vigilance or active monitoring to determine fulfillment of contract obligations (Morrison & Robinson, 1997).
<i>PSYCHOLOGICAL CONTRACT VIOLATION</i>	Employees personalize event because promises broken, leading to strong affective reactions, such as anger, frustration, disappointment, and erosion of trust (Atiyah, 1981; Morrison & Robinson, 1997); Violation triggers assessment of managerial treatment (Robinson & Morrison, 2000).
<i>INTERACTIONAL JUSTICE</i>	Employees form perceptions as to fairness of social exchange between themselves and managers/supervisors (Cropanzano, Prehar, & Chen, 2002); Employee perceptions of fairness generated when managers treat employees with dignity, respect, and sincerity (Tyler & Lind, 1992); Use of social and causal accounts result in less disapproval of mgr. and increased feelings of fairness (Bies & Moag, 1986).
<i>LEADER CREDIBILITY</i>	Managerial behaviors main information source for employees when assessing fairness (Kickul, Gundry, & Posig, 2005); Employee perceptions of supervisors' fairness, trustworthiness, and safety linked to satisfaction with supervisor and perceptions of supervisor's high credibility (Falcione, 1974a).

**Table 2.1. Continued**

<b>Framework 3</b> <ul style="list-style-type: none"> <li>• <b>Employee-Organization Relationship</b></li> </ul>	
<i>PSYCHOLOGICAL CONTRACT</i>	Organization and individual evolve to meet respective needs; Employees seek to achieve goals, fulfill needs, and develop (Argyris, 1960); Contract provides analytic framework for exploring employment relationship at individual and employer level (Guest, 2004).
<i>PSYCHOLOGICAL CONTRACT BREACH</i>	Perceptions of contract breach negatively related to job satisfaction, trust in employer, and intentions to remain with org. (Robinson & Rousseau, 1994); Changing org. environments add complexity to obligations and misinterpretation by employees (Morrison & Robinson, 1997).
<i>PSYCHOLOGICAL CONTRACT VIOLATION</i>	Contract violations generate sense of wrongdoing, deception, and betrayal with strong negative implications for employment relationship (Robinson & Rousseau, 1994); Violation associated with attempts to leave org. and neglect of in-role job performance (Turnley & Feldman, 1999).
<i>INTERACTIONAL JUSTICE</i>	N/A
<i>LEADER CREDIBILITY</i>	Credible managers foster employees strong sense of teamwork, org. values alignment, and org. commitment (Kouzes & Posner, 2003); Credible leaders are consistent, reliable, and deliver on promises, which restore belief in management and organizational intentions (Kotter, 1990; Ulrich, 1996).

## Psychological Contract

### *Early Conceptualization*

Argyris (1960), and Levinson, Price, Munden, Mandl, and Solley (1962) are credited with introducing the term psychological contract and associating the phenomenon with individualistic behaviors set in an organizational context. Argyris expressed a desire to understand the behavior of individuals in formal organizations. He indicated individuals within organizations possessed the very humanistic desire to fulfill needs, achieve goals, and develop. Argyris (1960) introduced a concept he termed *psychological work contract*, based upon his research in a manufacturing plant. He used the term psychological work contract to characterize a mutually agreed upon, yet un-stated and un-specified, employee-management relationship between plant foremen and their employees. In this work setting, employees maintained high productivity, low grievances, and low absenteeism when supervisors guaranteed and respected

the norms of the employees' informal culture, which included expectations for employee autonomy, adequate wages, and job security. Each party received what was needed from the exchange thus invoking a level of mutual satisfaction that continued over time and became predictable (Argyris, 1960). He indicated organizations are, "intricate human strategies" (Argyris, 1960, p. 10) designed to achieve certain objectives and goals, maintain internally, and adapt to changing external environments. Both the organization and individual evolve to meet their respective needs; organizations modify individuals' personalities and individuals by way of informal activities, modify the formal organization.

Levinson, Price, Munden, Mandl, and Solley (1962) were concerned with how organizational experiences (i.e., work) affected individuals' mental health. The authors suggested mental health was related to how people feel about themselves, other people, the world, and about experiences encountered while earning a living. The researchers conducted a field study in a large organization fictitiously named Midland Utilities Company, for the purpose of studying people and their individual functioning. A recurring theme surfaced from interviews held with employees about their work experiences. Employees expressed feelings of expectations that appeared to have an "obligatory quality" that inferred "the company or other people were duty-bound to fulfill them" (Levinson, et al., 1962, p. 20). The authors further stated "consideration of this feature of the interviews and themes called to mind Karl Menninger's (1958) discussion of intangible aspects of contractual relationships, out of which we evolved the concept of the 'psychological contract' " (pp. 20-21). Levinson et al. conceptualized psychological contract as "mutual expectations of which the parties to the relationship may not themselves be even dimly aware but which nonetheless govern their relationship to each other" (p. 21). The following statements by Levinson et al. describe their perspective regarding the contract phenomenon:

When the employee goes to work, he brings expectations with him. The company tacitly accepts them when it accepts him. In turn, he tacitly accepts the company's expectations. This mutuality, with its inherent obligatory quality and its system of rewards, constitutes a psychological contract. Both parties are bound together by their mutual expectations when they enter into a relationship with each other (p. 36).

Levinson et al. asserted that the psychological contract phenomenon was an important component of the work-mental health relationship. They concluded organizational work experience could be viewed as a process of ongoing fulfillment of the contractual relationship to meet the respective parties' needs.

Schein (1965, 1994) building on the work of Argyris (1960) and Levinson, Price, Munden, Mandl, and Solley (1962) further advanced the concept of psychological contract. According to Schein, the psychological contract represented a complex phenomenon that involved an attempt by both the organization and employee to meet their respective needs through membership and work in the organization. Schein (1994) expressed the concept as:

an unwritten set of expectations operating at all times between every member of an organization and the various managers and others in that organization. This idea is implicit in the concept of organizational role, in that every role is basically a set of behavioral expectations (Kahn et al., 1974). The psychological contract implies further that each role player, that is employee, also has expectations about such things as salary or pay rate, working hours, benefits and privileges that go with a job, guarantees not to be fired unexpectedly, and so on. Many of these expectations are implicit and involve the person's sense of dignity and worth (pp. 22-23).

Schein (1965, 1994) indicated the psychological contract was critical to understanding behavior in organizations because of the interactive quality of the contract. He asserted the contract represented an interactive relationship, one of mutual influence and bargaining, which required continuous renegotiation of individual and organizational needs due to needs constantly changing over time.

The early theorists shared common perspectives regarding the psychological contract. They emphasized the mutual reciprocal expectations and relationships between employees and employers. They depicted the contract as a bond and exchange relationship between the employee, organization, and its agents. They acknowledged the critical role management played in maintaining the terms of the contract (Argyris, 1960; Coyle-Shapiro & Kessler, 2000; Levinson, Price, Munden, Mandl, & Solley, 1962; Schein, 1965, 1994).

### *Contemporary Conceptualization*

The early theorists emphasized expectations and mutual relationships with regard to the psychological contract. However, Rousseau (1989, 1990, 1995) is credited with expanding the psychological contract literature to include the more recent focus on individual perceptions and beliefs about contract promises. Rousseau (1990) defined psychological contract as an individualistic belief held by an employee regarding the terms and conditions of an exchange agreement held between the employee and employer. Rousseau (1989, 1990, 1995) and other researchers (e.g., Coyle-Shapiro & Kessler, 2000; Dabos & Rousseau, 2004; Morrison & Robinson, 1997; Robinson, 1996) have conceptualized the psychological contract as an explanatory framework for understanding the dynamic changes occurring in the exchange relationship between employees and employers. Guest (2004) stated that the psychological contract as an analytic framework, provides an opportunity for exploration of the employment relationship at the individual employee and employer level. The fundamental elements of a psychological contract, as conceptualized by contemporary researchers, included individualistic beliefs, obligations, mutuality, reciprocity, breach, and violation (Rousseau, 1995; Morrison & Robinson, 1997).

***Individualistic Beliefs.*** According to Rousseau (1995), the psychological contract is comprised of individualistic and subjective beliefs regarding an exchange agreement between the employee, the organization, and agents of the organization such as supervisors and managers. Employees consider the contract to be a promise-based agreement that “binds the parties involved to a particular course of action” (Rousseau, 2001, p. 512). An employee voluntarily makes and accepts certain promises as he or she understands them. Consequently, it is what the individual believes he or she has agreed to, and not what the other person intended, that forms the terms of the psychological contract. Initial terms of a contract may be formed through pre-hire experiences such as recruitment and post-hire socialization. During early formation of the contract, employees engage in information-seeking and processing to confirm their understanding of the contract. Individuals are motivated to discern patterns, interpret current experiences, and create meaning that will serve as the basis for guiding their behavior, and helping them to predict future events and outcomes (Rousseau, 1995, 2001; Rousseau & Tijoriwala, 1999). The role of managers as information sources is important during the early

socialization period. According to Rousseau (2001), when managers are high-quality information sources, (i.e, trustworthy, clear, and explicit) employees are more likely to accurately interpret the actions of their employer and to gain a shared understanding of the contractual agreement.

Rousseau indicated over a period of time, beliefs held by an employee as part of his or her psychological contract evolve into meaning schemes and perspectives (Mezirow, 1990; Rousseau, 1995, 2001; Rousseau & Tijoriwala, 1999). Argyris (1960) and Levinson, Price, Munden, Mandl, and Solley (1962) shared this perspective; they described psychological contracts as unconscious assumptions. Meaning schemes as described by Mezirow, are habitual expectations governing if-then, cause-effect, category relationships, and event sequences that provide implicit rules for interpretation. Mezirow indicated meaning perspectives are “made up of higher-order schemata, theories, propositions, beliefs, prototypes, goal orientations and evaluations” (p. 2). New experiences are assimilated and transformed by past experiences during the interpretation process. Meaning perspectives provide principles for interpreting and utilizing criteria for making value judgments and belief systems, and facilitating ways to reach understanding and knowledge about the environment and oneself.

The early development, ongoing maintenance, and transformation of psychological contracts are influenced by individuals’ meaning schemes and perspectives. Mezirow (1990) indicated individual perceptions, comprehension, and memory shape meaning schemes and perspectives. Mezirow concluded, “experience strengthens, extends, and refines meaning schemas and perspectives, reinforcing individuals’ expectations about how things are suppose to be” (p. 4). Perceptions and cognitions may not be attended to in order to gain relief from anxiety-generated experiences not congruent with meaning structures (Lord & Smith, 1983; Mezirow, 1990). Because individuals focus on information that supports their existing belief system and psychological contract, managerial efforts to change an employee’s contract requires information to be framed as a transition to a new relationship. When presented in clear terms as a new relationship, employees are motivated to process discrepant information more deeply than they would do otherwise (Rousseau, 2001). Rousseau and Tijoriwala (1999) suggested that credible information sources and trusted change agents heighten employees’ willingness to engage in the active processing of new and discrepant information, as opposed to ignoring or

superficially processing information. The individualistic and subjective nature of the psychological contract suggests that employees and employers may hold different views of the contract terms and the degree to which each party has fulfilled their obligations (Coyle-Shapiro & Kessler, 2000).

***Comparison of Expectations and Mutual Obligations.*** Early theorists suggested that expectations formed the terms or content of the psychological contract (Argyris, 1960; Levinson, Price, Munden, Mandl, & Solley, 1962). However, Rousseau (1995, 2001), and later other researchers (e.g., Dabos & Rousseau, 2004; Morrison & Robinson, 1997; Robinson, 1996; Robinson & Morrison, 1995) supported the position that mutual obligations rather than expectations are a more accurate representation of psychological contract terms. While contracts involve expectations, not all expectations are contractual. Expectations refer to what employees expect to receive from their employer (Robinson & Rousseau, 1994; Rousseau & Tijoriwala, 1999). Expectations are far broader concepts, originating from a wide variety of sources including past experiences, social norms, observations, etc., and including employees' generally held beliefs about what they will find in their job and organization (Robinson, 1996). According to Robinson, "expectations can exist in the absence of perceived promises or contracts" (p. 575). Guest (1998) offered one cautionary note with regard to making distinctions between expectations and obligations relative to the psychological contract. He suggested further empirical work is needed to clarify whether expectations and obligations are conceptually distinct. He also indicated that employees may be unable to discern where expectations end and obligations begin. According to Guest, the distinguishing characteristic of the two concepts revolves around the consequences; if a clear distinction exists, violation of obligations should produce a more intense and emotional reaction than unmet expectations. Research by Robinson and others indicated contract violation produces strong emotional and affective responses. Violation produces unmet expectations; however, unmet expectations do not trigger or embody the same level of response as violations (Morrison & Robinson, 1997; Robinson, 1996; Robinson & Morrison, 2000; Robinson & Rousseau, 1994 )

***Social Exchange.*** Rousseau (1995) and other researchers (e.g., Dabos & Rousseau, 2004; Robinson, Kraatz, & Rousseau, 1994) have advanced the thought that mutual obligations change over the course of the employment relationship because the concept of mutual

obligations is grounded in social exchange (Blau, 1964, 2005; Homans, 1958) and norm of reciprocity (Gouldner, 1960) theories. With regard to social exchange theory, Homans (1958) is credited with taking earlier studies on social exchange and providing a conceptualization of social behavior that suggested exchanges were not limited to economic exchange, but also included social exchanges (Cropanzano & Mitchell, 2005). Social exchange theory has emerged as an explanatory framework in numerous disciplines; the common theme being social exchange involves a series of interactions generating obligations (Emerson, 1976). Within contemporary management research, Blau's (1964) framework has served as the basis for explaining social relationships in the workplace. Blau's social exchange model explicates the following: a) a comparison of economic and social exchange; b) unspecified and interdependent obligations create future obligations; c) only social exchange creates feelings of personal obligations, gratitude, and trust; and d) the nature of the relationship may influence the type of social exchange and conversely an exchange may affect a relationship (Cropanzano & Mitchell, 2005). Social exchange theory offers that relationships evolve over time into trusting, loyal, and mutually beneficial relationships. As a part of the exchange relationship, rules and norms are formulated, adopted, and serve as guidelines for the exchange process (Emerson, 1976). Norm of reciprocity, which constitutes a sub-set of social exchange, has received the most focus in management research.

***Norm of Reciprocity.*** Norm of reciprocity as conceptualized by Gouldner (1960) pertains to a phenomenon universal to human beings, but also subject to variations based on culture, time, and place. Gouldner is most often cited in social exchange literature for his interdisciplinary review and illumination of the norm of reciprocity concept (Cardona, Lawrence, & Bentler, 2004; Cropanzano & Mitchell 2005; Dabos & Rousseau, 2004; Robinson, Kraatz, & Rousseau, 1994; Rousseau, 1995). According to Gouldner, the norm of reciprocity demands: "(a) people should help those who have helped them, and (b) people should not injure those who have helped them" (p.171). He identified three types of reciprocity within the exchange relationship. Cropanzano and Mitchell labeled them as: a) reciprocity as a pattern of interdependent exchange, b) reciprocity as folk belief, and c) reciprocity as a moral norm. Reciprocal interdependence, the key characteristic of social exchange, emphasizes action by one party leads to a response by another, and does not include explicit bargaining (Gouldner, 1960; Molm, 2003). Reciprocity as a folk belief entails the cultural expectation that over time all

exchanges reach a fair equilibrium. Those who are unhelpful are punished, and those who are helpful receive help in the future (Cropanzano & Mitchell, 2005; Gouldner, 1960). Reciprocity as a norm moves the concept beyond folk belief to the status of norm. As a norm it is perceived as a standard of behavior that implies the obligation to behave reciprocally (Gouldner, 1960).

***Mutual Obligations.*** Psychological contract obligations are defined as “beliefs held by an employee or employer, that each is bound by promise or debt to an action or course of action in relation to the other party” (Robinson, Kraatz, & Rousseau, 1994, p.138). It is important to note that conceptually each individual possesses his or her own perceptions of mutual obligations. It is the employee’s individualized perception of obligations that defines the contractual relationship. Obligations are often characterized in terms of contract type. Rousseau (1995) conceptualized four types of contracts: transactional, transitional, relational, and balanced, which are based on duration and performance terms. According to Rousseau, the transactional contract is short-term in duration and includes very specific performance terms that minimize ambiguity for both the employee and manager. Lester, Kickul, and Bergmann (2007) described the transitional contract as very unstable. This contract type includes a fixed term exchange of specific duties in return for specific rewards, usually financial. The exchange relationship is considered highly ambiguous, short-term, and centered on monetary obligations. In contrast, a relational contract offers the most stability and is characterized by trust and loyalty. Relational contracts are described as open-ended to the extent that both parties have a preference or expectation the relationship will continue over time. Employees behave differently in a relational contract because they place greater emphasis on the social and emotional aspects of the exchange relationship (Lester, Kickul, & Bergmann, 2007; Rousseau, 1995). Rousseau describes the balanced contract as one in which obligation terms emphasize flexibility, and while stability is not emphasized, employers agree to provide employees with training and skill development.

Psychological contract obligations change over time due to changing internal and external factors that influence employees’ perceptions of the nature of the employee-employer exchange relationship. Obligations are based upon beliefs in a promise. Employees’ incurrence of a benefit obligates payment; this puts in motion an increasing number of obligations between the employee and employer over time (Robinson, Kraatz, & Rousseau, 1994). Blau’s (1964, 2005) social exchange framework explains that employees and employers strive to maintain a

fair balance between benefits or inducements and the obligations incurred. When one party's contributions generate an imbalance in the exchange relationship, the indebted party experiences feelings of obligation, and seeks to reciprocate as a means to restore balance (Blau, 1964, 2005; Robinson, Kraatz, & Rousseau, 1994). Over time as working relationships mature and trust is thought to develop and grow, the exchanges increase. Rousseau (1995) indicated that when employees and employers reach agreement on the terms of their contract (i.e., agreement on promises and obligations), future exchanges become predictable actions by each party, enhancing planning, coordination, and improved performance. Dabos and Rousseau's (2004) research confirmed both mutuality (i.e., agreement on the promises and obligations each owes the other) and reciprocity (i.e., degree of agreement about the reciprocal exchange) play a fundamental role in shaping the employment relationship. When managers work to create environments that foster shared understanding of met and unmet obligations through credible communication, mutuality and reciprocity become integral components of employee-manager relationships. The fulfillment of obligations is contingent upon the nature and quality of the exchange relationship, the norms of reciprocity, and the perceived behaviors and intentions of the other party in the exchange relationship (Blau, 2005; Gouldner, 1960; Robinson, Kraatz, & Rousseau, 1994; Rousseau, 1995). Failure by the employer to comply with its obligations erodes the employee-employer relationship, and an employee's beliefs in the fulfillment of mutual obligations (Dabos & Rousseau, 2004; Robinson, Kraatz, & Rousseau, 1994; Rousseau, 1995). Additionally, failure by employers to fulfill obligations may result in employees' perceiving psychological contract breach or violation (Morrison & Robinson, 1997; Robinson & Rousseau, 1994; Suazo, Turnley, & Mai-Dalton, 2005).

### **Psychological Contract Breach and Violation**

Psychological contract breach and violation have garnered extensive attention and study in the psychological contract literature due to a extensive research interest in understanding the effects of broken promises, failed change efforts, negative employee work behaviors, and increased employee cynicism (Lester, Turnley, Bloodgood, & Bolino, 2002; Pate, Martin, & Staines, 2000; Robinson & Morrison, 2000; Tekleab & Taylor, 2003; Zhao, Wayne, Glibkowski, & Bravo, 2007).

In the psychological contract literature, breach and violation are often used interchangeably. However, Morrison and Robinson (1997) theorized the two as being conceptually distinct. The authors conceptualized breach as a “cognition that one’s organization has failed to meet one or more obligations within one’s psychological contract in a manner commensurate with one’s contributions” (p. 230). Violation at its most basic level involves:

Disappointment, frustration, and distress stemming from the perceived failure to receive something that is both expected and desired. In addition, central to the experience of violation are feelings of anger, resentment, bitterness, indignation, and even outrage that emanate from the perception that one has been betrayed or mistreated (Morrison & Robinson, 1997, p. 231).

Robinson and Morrison (2000) conducted a longitudinal study examining factors affecting employees’ perceptions of contract breach, and factors affecting whether those perceptions would cause employees to experience feelings of contract violation. They found breach and violation to be distinct constructs, which supported Morrison and Robinson’s (1997) violation model. Perceived breach was predicted by past breach, organizational performance, formal socialization, employee performance, pre-hire interaction, and employment alternatives. Violation on the other hand was predicted by organizational performance and organizational change. Psychological contract research has empirically established the detrimental effects perceived breach and violation have on employment relationships and the quality of interaction between managers and employees (Morrison & Robinson, 1997; Robinson, 1996; Robinson & Morrison, 1995; Robinson & Rousseau, 1994).

### ***Psychological Contract Breach***

An employee’s perception of psychological contract breach is subjective in nature. Breach can be considered as an imbalance in the exchange relationship (Morrison & Robinson, 1997; Zhao, Wayne, Glibkowski, & Bravo, 2007). The greater the perceived imbalance, the more likely an employee is to conclude a breach has occurred. In order to restore balance, employees may decrease their own commitment to the organization (Robinson & Morrison, 2000).

As suggested by social exchange theory (Blau, 1964, 2005), employees are likely to reduce their work effort when they believe their organization has not fulfilled the terms of the psychological contract. Psychological contract research has found perceptions of contract breach to negatively influence employees' attitudes toward their employer and their job. Robinson and Rousseau (1994) reported that psychological contract breach is negatively related to job satisfaction, trust in one's employer, and intentions to remain with the organization. According to Robinson's (1996) study on trust and contract breach, a loss of trust contributed substantially to employees' affective reactions to breach and violation, and breach was negatively related to employee commitment. Turnley and Feldman (1999) found breach was related to employees choosing to not perform in-role duties. Zhao, Wayne, Glibkowski, and Bravo (2007) conducted a meta-analysis study on contract breach. In comparing the impact of met expectations to breach, the authors reported that "breach had larger effect sizes in magnitude on job satisfaction (.54 vs. .39), turnover intentions (.42 vs. .29), and in-role performance (.24 vs. .11)" (Zhao et al., 2007, p.667). Their findings further substantiated that breach and unmet expectations are conceptually distinct, with breach being a stronger predictor of workplace outcomes. According to Morrison and Robinson (1997), employees form attributions regarding psychological contract breach based on perceptions of renegeing, incongruence, or as a result of employee vigilance.

***Reneging.*** Morrison and Robinson (1997) conceptualized renegeing as those instances when managers or other agents of the organization recognize the existence of obligation(s), yet knowingly fail to honor the indebtedness. Renegeing can occur because the employer or agent is unable or unwilling to fulfill a promise. Organizations may create obligations in good faith but due to circumstances such as organizational poor performance or downturn, be unable to fulfill obligations thus electing to renege. In other situations, organizations may willingly avoid the fulfillment of obligations and promises. As an example, organizations may pursue layoffs and downsizing in spite of reporting sizable earnings and providing senior leadership with bonuses. Managers may make promises they are unable to keep or never intended on keeping. For instance, poor performance on the employee's part may result in the manager renegeing on certain promises or obligations due to the employee's failure to maintain his or her end of the bargain. In all of these examples, employees are likely to view the actions of the organization and its managers as renegeing (Robinson & Morrison, 2000; Lester, Turnley, Bloodgood, & Bolin, 2002). When an employee's contract is perceived to be relational, the costs of renegeing are far

greater because the employee is concerned not only with fulfillment of the obligation, but also with the quality of the relationship. The findings from Robinson and Morrison's longitudinal study confirmed employees were more likely to perceive psychological contract breach when their organization was unable or unwilling to fulfill promised obligations.

***Incongruence.*** "Incongruence exists when an employee has perceptions of a given promise that differ from those held by the manager or other organizational agents responsible for fulfilling that promise" (Morrison & Robinson, 1997, p. 235). Incongruence may occur as a result of two primary factors: employees and their manager may bring different meaning schema or perspectives to the situation, and the complexity or ambiguity of the obligations (Morrison & Robinson, 1997). As contemporary organizational environments evolve and transform, obligations may become more and more complex and ambiguous. Employees respond to the ambiguity or complexity by engaging in cognitive information-seeking activities to gain clarity and fill-in informational gaps (Ellis, 1992; Robinson & Morrison, 2000). Employees and managers may agree upon the terms of the contract in the beginning; however, over time, they make assumptions and may develop divergent perspectives and understanding regarding promises (Kiesler & Sproull, 1982; Sutton & Griffin, 2004). Employees are likely to hold schemas about employment relationships that differ from managers responsible for fulfilling contract terms. Managers may inadvertently fail to act in ways consistent with their employees' perspectives because the two parties engage in different assumptions and interpretations of obligations. The research conducted by Lester, Turnley, Bloodgood, and Bolino (2002) on supervisor and subordinate perceptions and attributions for psychological contract breach yielded some insightful findings in this area. Lester et al. found the greater the employee's perception of psychological contract breach, the less committed the employee was to the organization, and the lower the supervisor's rating of the employee's performance. The researchers examined the attributions employees and supervisors made concerning psychological contract breaches. They reported employees were significantly more likely to attribute psychological contract breach to renegeing than their supervisors. Specifically, 44% of employees attributed breach to the organization's failure to fulfill the terms of the contract due to renegeing, while only 29% of supervisors associated breach to renegeing. The significant differences between employees and supervisors' attributions regarding contract breach, highlights the complexities associated with

employees and supervisors achieving mutual agreement on contract obligations and promises (Morrison & Robinson, 1997; Robinson & Morrison, 2001).

***Vigilance.*** Vigilance is another factor that contributes to perceived contract breach. Morrison and Robinson (1997) identified vigilance as the degree to which an “employee monitors how well the organization has been fulfilling the terms of his or her psychological contract” (p. 238). The degree of vigilance an employee engages in is influenced by workplace uncertainty, quality of the employee-manager relationship, and potential costs of identifying unmet promises. When there is uncertainty about whether the organization-at-large or management will be able to maintain an employee’s contract, the employee is more likely to be vigilant in monitoring the fulfillment of psychological contract obligations. An environment of heightened uncertainty increases the likelihood a breach will be detected. Robinson and Morrison (2000) concluded from their study that employees who experienced breach in the past, whether with a former or current employer, were more likely to engage in increased monitoring to determine how well the organization was performing in fulfilling its promised obligations. Whether breach is perceived as a case of renegeing, incongruence, or identified through vigilance, employees will cognitively evaluate how well the organization has fulfilled its promised obligations in comparison to their own fulfillment of obligations (Morrison & Robinson, 1997; Robinson & Rousseau, 1994; Sutton & Griffin, 2004).

### ***Psychological Contract Violation***

Morrison and Robinson (1997) conceptualized violation as “an affective and emotional experience of disappointment, frustration, anger, and resentment that may emanate from an employee’s interpretation of a contract breach and its accompanying circumstances” (p. 242). In response to events that are unexpected and negative, individuals engage in a sense-making or interpretation process to attach meaning to an event (Wong & Weiner, 1981). The process may be triggered by an employee’s conscious awareness of a contractual breach or by strong feelings of violation without consciously associating the event to a breach. This process encompasses a cognitive assessment of outcomes and attributions concerning reasons for the violation and treatment of the employee prior and during the violation (Morrison & Robinson, 1997; Pate, Martin, & McGoldrick, 2003; Robinson & Morrison, 2000; Wong & Weiner, 1981). Violation responses are more intense because promises have been broken and individuals personalize the

event more (Atiyah, 1981; Rousseau, 1995). “Broken promises produce anger and erode trust in the relationship and thus, are expected to have more significant repercussions than unmet expectations” (Robinson & Rousseau, 1994, p. 247). The intensity of the violation is directly related to the “perceived magnitude of the contract breach” (Morrison & Robinson, 1997, p.243). Magnitude of the breach would be viewed as the size of the discrepancy between what the manager promised and what was provided, as compared to what the employee perceives he or she provided. The relationship between perceived breach of contract and violation increases as an employee’s perception of a discrepancy becomes stronger. Additionally, when promises or obligations are broken within the context of relational psychological contracts rather than transactional, employees become more concerned with why and how the contract was violated (Morrison & Robinson, 1997).

Contract violations generate a “sense of wrongdoing, deception and betrayal with pervasive implications for the employment relationship” (Robinson & Rousseau, 1994, p. 247). Results of Robinson and Rousseau’s study on graduate management alumni showed psychological contract violation was negatively associated with satisfaction, trust, and employees’ intentions to remain with their employer. Robinson and Morrison (1995) found experiences of contract violation to relate to reduced employee commitment, job satisfaction, and increased cynicism. Turnley and Feldman (1999) conducted research on contract violation and exit, voice, and neglect behaviors. They reported “employees with higher levels of psychological contract violation are more likely to attempt to exit their current organization, to have voiced their displeasure with organizational practices to upper management, and to have neglected their in-role job performance” (p.908). Robinson and Morrison (2000) substantiated Morrison and Robinson’s (1997) position that breach and violation were distinct constructs. Robinson and Morrison (2000) found perceived breach predicted past violation, organizational performance, formal socialization, employee performance, pre-hire interaction, and employment alternatives. Violation predicted organizational performance and organizational change.

Employees engage in attributional analysis in an effort to understand causality for specific events and assess responsibility for particular outcomes (Baron, 1988; Lord & Smith, 1983). As part of the attribution process, personal qualities and characteristics of those associated with the event or circumstances may be scrutinized. In addition, employees make

distributive, procedural, and interactional fairness assessments as part of their attributional analysis (Andersson, 1996; Robinson & Rousseau, 1994). Kickul (2001b) posited that employees experiencing breach and perceptions of unfair treatment and unethical procedures may reject or terminate their side of the psychological contract due to managers' inappropriate conduct, and their failure to adequately justify their behaviors. She found that employees who perceived the organization failed to fulfill obligations and acted improperly in terms of procedures and interpersonal treatment, were more likely to demonstrate deviant work behaviors. These deviant work behaviors included talking back to supervisors, interfering with others performing their job, and avoiding work. Psychological contract literature has provided convincing evidence of the negative ramifications of contract breach and violence and the ongoing need to better understand factors influencing these constructs. Kickul and other researchers have suggested there is continued value in examining the relational aspects of contract breach and organizational injustice because both constructs play a major role in influencing negative workplace attitudes and behaviors (Kickul, Gundry, & Posig, 2005; Kickul, Neuman, Parker, & Finkl, 2001; Masterson, Lewis, Goldman, & Taylor, 2000).

### **Organizational Justice**

Interest in organizational justice has proliferated, due in large part to recognition that fairness concerns are important in organizational settings (Greenberg, 1990). According to Greenberg, early theories of social justice were established to test justice principles in general social interaction, not organizations in particular. As justice researchers sought to gain knowledge of justice antecedents and consequences, researchers turned their attention to fairness concerns within the workplace context; consequently, the term organizational justice began to emerge in the literature (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Greenberg, 1990). Moorman (1991) offers, "organizational justice is concerned with the ways in which employees determine if they have been treated fairly in their jobs, and the ways in which those determinations influence other work-related variables" (p.845). Organizational justice includes three dimensions: distributive, procedural, and interactional.

### ***Distributive Justice***

Distributive justice, characterized as the fairness of outcome distributions or allocations, initially received the most attention by organizational justice researchers (Cropanzano, Prehar, & Chen, 2002). Much of the early research on distributive justice is attributed to work by Adams (1965). Adams used a social exchange framework to evaluate fairness. He advanced the notion that people were concerned with whether outcomes were fair, not just with the outcome per se (Adams, 1965; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Adams determined people compare the ratios of their own perceived work outcomes (rewards) to their perceived inputs (contributions), in comparison to the ratios of others' outcomes-inputs. When ratios are unequal, the individual with the higher ratio may perceive this as being inequitably overpaid, whereas, the individual whose ratio is lower may feel inequitably underpaid. Individuals are theorized to work to change their inequitable states in order to reach a subjective state of balance or equal ratios. Adam's equity theory was embraced by organizational behaviorists because it "identified outcomes and inputs in quantifiable, business-related terms" (Greenberg, 1990, p. 401). Leventhal (1976), building on the equity theory model, established the justice judgment model. While equity theory suggested an allocator would deliver rewards and resources to recipients in proportion to the usefulness of their actions, Leventhal studied conditions under which people proactively apply various allocation norms. Together, Adam's equity theory and Leventhal's justice judgment model represent the most frequent conceptualizations of distributive justice. Recent research on distributive justice has provided evidence that distributive justice perceptions tend to be associated with person-referenced outcomes received, such as satisfaction with a pay raise or performance evaluation (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Greenberg, 1986, 1990).

### ***Procedural Justice***

According to Greenberg (1986, 1990), as justice theories were applied more frequently to organizational environments, questions were raised that dealt more with how decisions were made as opposed to the actual decisions or outcomes. In response, organizational justice researchers turned their attention to procedural justice concerns. Organizational justice literature

attributes the development of the procedural justice construct to Thibaut and Walker's (1975) conceptualization and research on formal procedures (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Greenberg, 1990). Thibaut and Walker were concerned with third-party dispute resolution procedures. Specifically, they identified mediation and arbitration as having a process stage and decision stage; disputants were willing to relinquish control in the decision stage if they could retain control in the process stage. That is, they regarded procedures as fair if they perceived they had process control. This process control effect came to be known as the *voice effect* (Lind & Tyler, 1988). Leventhal (1980) and Leventhal, Karuza, and Fry (1980) are credited with extending the concept of procedural justice into organizational settings. Leventhal and Leventhal et al. identified six procedural justice judgment criteria that influence perceptions of procedural fairness. The six criteria include: a) consistent application with regard to people and over time; b) freedom from bias to the extent that no third party has a vested interest in the settlement; c) accurate information is gathered and used to make decisions; d) mechanisms to appeal or correct flawed or inaccurate decisions provided; e) personal and prevailing standards of ethics or morality are adhered to; and f) opinions of groups affected by the decision are taken into consideration.

### ***Organizational Justice and Leadership***

As organizational justice researchers studied workplace and workforce dynamics to better understand the distinctions between distributive, procedural, and interactional justice, interests concerning justice and the role of leaders emerged and grew. Historically, organizational justice and leadership developed relatively independent of each other (Piccolo, Bardes, Mayer, & Judge, 2008). However, in more recent times researchers have investigated leadership (e.g., leader-member exchange, transformational, and transactional leadership) within the context of justice (Piccolo, Bardes, Mayer, & Judge, 2008; Pillai, Schriesheim, & William, 1999; Scandura, 1999; Van Knippenberg, De Cremer, & Van Knippenberg, 2007). Scandura put forth research recommendations for further investigation of leader-member exchange and organizational justice. This researcher indicated that in the development of work group perspectives, leaders play a key role in shaping distributive justice perspectives based on leader-member in-group/out-group equity. Also, leaders strive to “achieve perceptions of procedural justice through communication (interactional justice) with all unit members” (Scandura, 1999, p.33).

Pillai, Schriesheim, and William (1999) examined transactional and transformational leadership in conjunction with distributive justice, procedural justice, trust, job satisfaction, organizational citizenship behaviors, and organizational commitment. They reported transactional and transformation leadership related to fairness perceptions in different ways. Transformational leadership was found to influence procedural justice, which in this study included interactional justice elements, and trust. Transactional leadership was associated with distributive justice and found to have no impact on trust.

Van Knippenberg, De Cremer, and Van Knippenberg (2007) conducted an empirical literature review on leadership and distributive, procedural, and interactional justice. In this review, interactional justice considered both interpersonal and informational dimensions as one construct. The researchers confirmed that distributive fairness and leadership were associated with decisions attributed to the organization-at-large or as part of a larger systemic outcome. They reported that frequently, perceptions of procedural fairness were treated as systemic issues and not related to individual leaders. However, other researchers have conducted research integrating procedural justice with perceptions of leader effectiveness. In these cases, authors reported procedural justice perceptions did relate to leadership effectiveness (De Cremer, 2003; De Cremer & Van Knippenberg, 2002, 2003). Van Knippenberg, De Cremer, and Van Knippenberg (2007) found that interactional fairness and leadership predicted general trust in leadership, leadership evaluations, collective self-esteem, organizational citizenship behaviors, pride, and other positive workplace behaviors. According to Van Knippenberg, De Cremer, and Van Knippenberg and others (e.g., Leung, Su, & Morris, 2001; Lipponen, Koivisto, & Olkkonen, 2005; Scott, Colquitt, & Zapata-Phelan, 2007), the areas of organizational justice and leadership have proven to be fertile ground for enriching researchers' understanding of fairness from a leadership and organizational perspective.

### ***Organizational Justice and Psychological Contract Breach and Violation***

As organizational justice researchers continued to pursue a path of inquiry concerning justice and other constructs influencing workplace behaviors and attitudes, researchers began examining justice dimensions in relation to the psychological contract construct, and in particular psychological contract breach and violation. Rousseau in her 1995 publication *Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements* indicated

contract violations by definition are unfair in distributive terms. However, the magnitude of the violation may be influenced by employees' procedural justice concerns and sense of managerial fair treatment. Andersson (1996) conducted a study to examine how employees might react to perceived distributive, procedural, and interactional breaches or violations. The findings from the study revealed the following: (a) distributive violation occurred when employees' perceived critical outcomes to be unfairly distributed (e.g., pay, rewards, and perks); (b) procedural violations related to perceptions of unfair application of procedures, such as those surrounding selection and promotion; and (c) interactional violation resulted from perceptions of unfair interpersonal treatment from managers and supervisors. Andersson also concluded that perceptions of contract breach and violation relate to the following workplace characteristics: (a) a business environment that is characterized as having inequitable compensation policies for senior executives, corporate social irresponsibility, and senior managers that lack strategic vision; (b) an organizational culture and climate that reflects poor communication, limited or no voice for workers, managerial incompetence, and frequent introduction of managerial changes (i.e., fads) reflective of little respect and concern for employees; and (c) unclear jobs and roles resulting in role conflict, ambiguity, and overload.

Kickul, Neuman, Parker, and Finkl (2001) conducted an examination on 322 employees enrolled part-time in a Masters of Business Administration (MBA) program. Kickul et al. found anti-citizenship behaviors significantly increased following a contract breach when procedural and interactional justice perceptions were low. Studies concerned with injustice and psychological contract breach have consistently provided evidence that when individuals perceive an organization has failed to fulfill its promises and acts inappropriately in terms of unfair interpersonal treatment, employees' feelings of procedural and interactional injustice increase, along with negative feelings toward the organization (Andersson 1996; Bies & Moag, 1986; Colquitt, Conlon, Wesson, Porter & Ng, 2001; Kickul, 2001b; Kickul, Lester, & Finkl, 2002).

### *Interactional Justice*

People are concerned about interpersonal treatment in their everyday workplace encounters (Bies, 2001). More specifically, employees form perceptions as to the fairness of social exchange encounters. These encounters are typically between the employee and his or her supervisor or manager (Cropanzano, Prehar, & Chen, 2002). However, employees' fairness perceptions do extend to the organization-at-large. Employees desire fair outcomes (i.e., distributive justice), and when evaluating the procedures used to allocate outcomes, they expect procedural fairness (Bies & Moag, 1988). However, even when employees perceive distributive and procedural fairness exists, they may still feel unfairly treated due to interpersonal treatment received by the decision-making manager(s) (Bies, 1987a, 2001; Bies & Moag, 1986). Early justice researchers treated interactional justice as a sub-set of procedural justice. However, researchers, Bies (1987a, b; 2001) and Moag (Bies & Moag, 1986) are credited with labeling this dimension of fairness interactional justice, and generating sufficient research attention as to provide evidence that interactional justice is a construct empirically distinct from procedural justice. Bies and Moag (1986) advanced the notion that employees draw on interactional justice perceptions when determining how to react to managers and other agents with decision-making authority. They identified four fairness criteria that job applicants expected from their recruiters. The criteria consisted of: truthfulness (e.g., an organizational agent or authority figure being candid and not engaging in deception), respect (e.g., being polite rather than rude), propriety of questions (e.g., refraining from improper remarks or prejudicial statements), and adequate justification (e.g., explaining the basis for decisions). Bies and Moag concluded, "...procedures become meaningful only when they are experienced by someone, once the procedure is enacted, people make inferences about the fairness of the procedures from the actions of decision makers" (p. 52).

Organizational justice researchers have provided evidence that interactional justice shapes employee perceptions and judgments of fairness within the workplace (Bies, 1987a, b; Bies & Shapiro, 1987; Bies, Shapiro, & Cummings, 1988; Kickul, 2001a, b; Rousseau, 1995). In most instances researchers have operationalized interactional justice as a one-to-one exchange, mostly between employees and their supervisors or managers (Bies & Moag, 1986; Bies &

Shapiro, 1987; Cropanzano, Prehar, & Chen, 2002). Employees make interactional fairness judgments based on the actions of their managers before, during, and after the enactment of procedures (Bies & Shapiro, 1987). Employees are concerned with and hope to have the opportunity to state their points of view to managers. Interpersonal communication fairness is manifested through interactional justice (Bies & Moag, 1986). Employees are particularly sensitive to interpersonal communication; individuals have “normative expectations for truthfulness and respect in communication” (Bies & Shapiro, 1987, p. 201). Bies, Shapiro, and Cummings (1988) found employee perceptions related to adequate social accounts and perceived sincerity with regard to interpersonal treatment, were negatively associated with feelings of anger, procedural injustice, and supervisor disapproval. They found interactional justice to positively influence employees’ evaluations and reactions to negative outcomes.

Researchers building on the work of Bies and Moag’s (1986) four fairness criteria, have researched primarily along two dimensions: interpersonal sensitivity and adequate justifications. The preponderance of research on interactional justice has focused on informational justice, particularly in the area of social accounts or managerial explanations. Justice researchers most recently concluded from empirical evidence that there were two distinct aspects of interactional justice: interpersonal (e.g., sensitivity, dignity, and respect) and informational justice (e.g., adequate explanations or social accounts) that warranted separate empirical examination (Colquitt, 2001; Colquitt, Conlon, Wesson, Porter & Ng, 2001; Greenberg, 1990, 1993). This study explored interpersonal and informational justice as two distinct dimensions of interactional justice. The following sections provide relevant literature on the two dimensions.

***Interpersonal Justice.*** Interpersonal justice “reflects the degree to which people are treated with politeness, dignity, and respect” (Cropanzano, Prehar, & Chen, 2002, p.427) by their manager or other authorities responsible for executing procedures and rendering outcomes. Lind (1995) advises, “if a person believes that he or she is being treated fairly, he or she will accept organizational decisions and procedures as a matter of course” (p. 87). If managers are perceived as making decisions in a fair manner, employees make assumptions that they can follow orders and rules without too much fear of exploitation or rejection (Lind, 1995). On the other hand, when managers are perceived as acting unfairly, exploitation and rejection may seem to be real possibilities. According to Tyler and Lind (1992), individuals use justice judgments as

a subjective index of their security within an organization or social situation. Thus, employees perceive treatment by their managers as a “diagnostic of how they are positioned in the organization, because they view authorities as a personification of organization” (Lind, 1995, p. 86). To the degree that managers treat employees with dignity, give an impression of sincere consideration of the person, and show respect for the employees’ rights and identity within the organization, the manager will be perceived as fair (Tyler & Lind, 1992).

As determined by Colquitt, Conlon, Wesson, Porter, and Ng’s (2001) meta-analytic review of organizational justice research, the number of studies singularly focused on interpersonal justice are few in comparison to informational justice. Researchers such as Bies (1987a) and colleagues Moag (Bies & Moag, 1986), Colquitt, (2001), Colquitt et al. (2001), Greenberg (1993), and Moorman (1991) have helped to distinguish the dimension. Bies conducted an examination on the influence of opportunity for voice, decision-making justification, and decision-maker sincerity on employees’ procedural fairness judgments. He reported decision-maker sincerity had a positive correlation with people’s judgments of fairness, as did decision-maker justification. Bies concluded that people act as intuitive detectives, and “as intuitive detectives, people look for ‘clues’ as to whether their viewpoints were considered before rejected” (p. 11). Decision-maker sincerity and justifications provide the clues employees use to make fairness determinations. Moorman examined the relationship between distributive, procedural, and interactional justice, and organizational citizenship behaviors. In the context of this study, interactional justice was defined as the “fairness of the manner in which the procedures were carried out” (p. 852). Moorman’s interactional scales measured employee perceptions of fairness in terms of supervisor’s behavior in carrying out formal procedures. Moorman found that interactional justice was the only dimension of fairness related to citizenship behaviors. He reported the following: (a) employees who believed their supervisor treated them fairly were more inclined to exhibit citizenship behaviors; and (b) employees’ perceptions concerning the fairness of interactions with their supervisor communicated more about the existence of a trusting and equitable relationship with their supervisor, than did the presence or absence of formal procedures. Moorman concluded the strongest implication of his study was that “supervisors can directly influence employees’ citizenship behaviors” (p. 853).

Greenberg's (1993) examination of equitable and inequitable pay contributed to interactional justice research by demonstrating that "valid information and high sensitivity also moderate reactions to unfair outcomes" (p. 97). He reported high degrees of interpersonal and informational justice did not influence participant's attempts to address underpayment inequity; however, low levels of both justice dimensions led to "extreme attempts to redress the inequity" (p. 98). Greenberg advised that the study's noteworthy contribution was that by revealing the separate and combined effects of interpersonal and informational elements, the study "paved the road for future researchers to more precisely examine the issue" (p. 98).

Colquitt (2001) conducted research to explore justice dimensionality from a four dimension perspective: procedural, distributive, interpersonal, and informational, and to perform a construct validation of a new justice measure. Colquitt concluded his findings supported conceptualizing justice as four distinct dimensions, as his measure was able to discriminate among four different organizational justice factors. Interpersonal and informational justice components were found to have differential effects. Colquitt, Conlon, Wesson, Porter, and Ng (2001) reported interpersonal and information justice contributed uniquely to the creation of fairness perceptions.

***Informational Justice.*** Informational justice focuses on the "explanations provided to people that convey information about why procedures were used in a certain way, or why outcomes were distributed in a certain fashion" (Colquitt, Conlon, Wesson, Porter, & Ng, 2001, p.427). Managers are often mandated to make difficult and unpopular decisions; frequently they may fail to provide explanations for key events, particularly those viewed as unfavorable or unpopular by employees (Shaw, Wild, & Colquitt, 2003). Managers may also elect to communicate minimal information believing this will reduce conflict (Bies & Sitkin, 1992). According to conflict theory, when a decision is made and it is perceived as detrimental, the injured party is more likely to become angered when the decision is perceived as intentionally detrimental and enacted for socially unacceptable reasons. The harmdoer may become involved in a situation of escalating conflict with the injured party, or become the target of overt or covert retaliation (Bies, 1987b; Sitkin & Bies, 1993). The injured party will shift focus away from the injustice and focus on the behaviors and actions of the decision-maker that caused an unfavorable outcome. According to Bies (1987a), the appearance of decision-maker impropriety

when implementing procedures may render the procedures suspect. The harmed employee makes inferences about the fairness of the procedure(s) or outcome(s) based on the actions of the decision-maker (Bies, 1987b). Infrequent, inadequate, or no communication during periods of intense decision-making and workplace change have been linked to employee perceptions of contract breach, and feelings of anxiety, distrust, conflict, injustice, and cynicism (Andersson, 1996; Bies, 1987a; Morrison & Robinson, 1997; Pate, Martin, & Staines, 2000; Shore & Tetrick, 1994).

According to explanation literature, when managers provide explanations, that is, offer rationale for decisions in the form of excuses (i.e., social accounts) or justifications, managers are able to defend their social identity and reputation, reduce or resolve conflict situations, and strengthen employee perceptions of fairness (Bies, 1987a, b; Folger, 1977; Folger & Bies, 1989; Lester, Kickul, & Bergmann, 2007; Shaw, Wild, & Colquitt, 2003; Sitkin & Bies, 1993). Explanations, according to Shaw et al., reveal the reasons for or causes for some events not immediately obvious or known. Scott and Lyman (1968) developed a taxonomy of explanations that included two types of explanations: excuses and justifications. The literature on explanations characterizes excuses as explanations provided by a decision-maker when the questionable act is admittedly unfavorable or inappropriate. The decision-maker in this instance denies full responsibility because of mitigating circumstances. According to Scott and Lyman, when a decision-maker provides justifications, the decision-maker accepts full responsibility but denies the act in question is inappropriate, due to the need to fulfill a goal or an objective of a higher order.

Bies (1987a; 1989) extending the work of Scott and Lyman (1968), labeled social accounts as a form of explanations and causal accounts as excuses. Bies (1987a, b) and other researchers (e.g., Bies & Moag, 1986; Folger & Bies, 1989) have utilized social and causal accounts to gain a better understanding of employees' perceptions of fairness. According to Bies (1987b), a "social account is a verbal strategy employed by a person to minimize the apparent severity of the predicament or to convince the audience that the wrongful act is not a fair representation of what the actor is 'really like' as a person" (p.294). Social accounts may influence an individual's perception of: "(a) responsibility for an incident or action, (b) motives for an action, or (c) the unfavorability of an incident or action" (Sitkin & Bies, 1993, p. 5).

Managers anticipate the use of social accounts will reduce or eliminate reasons for their employees to question the fairness of the decision-making process. According to Bies (1987b), certain conditions are necessary for social accounts to be applicable and provide the intended outcomes. The first condition requires the decision-maker's [harmdoer] actions to be known or become known to others; that is, the unfair act is not an event that occurred in private and will remain hidden. Secondly, the decision-maker must value other people's impressions and/or support. Thirdly, the injustice occurs within the context of an ongoing relationship between the harmdoer and the injured party. When these conditions are met, social accounts lessen feelings of moral outrage and feelings of injustices as compared to the absence of such an account (Bies, 1987a, b; Bies & Moag, 1986; Bies, Shapiro, & Cummings, 1988). Shaw, Wild, and Colquitt (2003) conducted a meta-analysis on explanation literature. The authors reported employees were "43% less likely to retaliate after a decision if an adequate explanation is provided" (p.451). They also reported employees viewed inadequate explanations as more unfair than failure to provide an account at all.

Causal accounts, a type of social account, are frequently used by managers (Bies, 1987b). Bies conceptualized causal accounts as "an explanation containing a reason to mitigate the harmdoer's responsibility for some action, or as it is more commonly referred to, an excuse..." (1987b, p. 298). The use of causal or mitigating accounts by managers has been the subject of numerous studies by justice and conflict researchers (Bies, 1989; Bies, Shapiro, & Cummings, 1988; Bies & Sitkin, 1992; Scott & Lyman, 1968). When managers use causal accounts, the implications are the situation left the manager no choice in making the decision or taking the action. Researchers have shown the use of causal accounts result in less disapproval of harmdoer or decision-maker actions, and reduced feelings of unfair treatment and anger (Bies, 1989; Bies & Moag, 1986; Bies & Shapiro, 1987, 1988; Bies, Shapiro, & Cummings, 1988; Shapiro, 1991). Bies and Shapiro (1987) looked at the causal accounts managers provided relative to budget cuts and sales orders. They found employees were concerned with the adequacy of information when considering feelings of fairness and approval of their managers' behavior. Folger and Martin (1986), and Folger, Rosenfield, and Robinson (1983) reported that providing adequate information for changes in allocation procedures mitigated feelings of discontent and poor justifications did not. Shapiro, Buttner, and Barry (1994) conducted a study on the perceived adequacy of explanations in relation to bad news. They reported perceptions of

explanation adequacy were influenced by the “specificity of the subject and the sincerity of its delivery” (p. 365). Specifically, when explainers provided explanations that were uniquely tailored to the recipient and explained verbally, judgments of adequacy regarding the explanation and sincerity of the explainer were positively influenced.

The discussion on social and causal accounts is meant to provide important background information for gaining a better perspective of explanation literature within an informational justice context. However, this study will examine informational justice perceptions using a more generalized conceptualization of managerial explanations based on research conducted by Bies and Moag (1986) and Shapiro, Buttner, and Barry (1994). Bies and Moag conceptualized fairness concerns as involving communication candor and adequacy of explanations. Similarly, Shapiro, Buttner, and Barry examined informational fairness concerns relative to timely communication of explanations and explanations tailored to the individual.

Organizations rely on managers to effectively serve as agents of change, chief contract makers, and primary communicators of explanations (Rousseau, 1995; Bies, 1987b). Managers’ behaviors are often the “main source of information that employees process when assessing organizational fairness” (Kickul, Gundry, & Posig, 2005, p. 214). Kickul et al. stated, “managerial behaviors may have a strong influence on whether or not the employee perceives a violation regarding the organization’s obligation to treat them fairly” (p. 214). As expressed by the aforementioned scholars, managerial behaviors play a critical role with regard to employee relationships. In the next section of this chapter, literature supporting the importance of credible leadership behaviors within the workplace will be discussed.

### **Leadership Credibility**

In this study credible leadership is conceptualized to encompass the foundational theory of source credibility integrated with the more contemporary characterization of leadership credibility advanced by Kouzes and Posner (2003). The concepts of source credibility and credible leadership behaviors are discussed in the following sections.

### *Source Credibility*

Credibility is described in the literature as a multidimensional construct examined by researchers in fields of study that include persuasion, communication, advertising, psychology, social psychology, and management (Hellweg & Anderson, 1989; Pornpitakman, 2004). Scholars in the areas of persuasion and attitude contributed significantly to the existing literature base on source credibility. Early persuasion research focused on source credibility as one of four components comprising persuasion (Pornpitakman, 2004). In the persuasion literature, source credibility is characterized as an assessment of believability. Researchers consistently cite source credibility as including two dimensions: expertise and trustworthiness. Priester and Petty (1995) found that increased cognitive information processing occurred when the source was perceived as low in trustworthiness. According to Pornpitakman, marketers, advertisers, politicians, and others from numerous fields were concerned with understanding the impact of high and low credibility sources in changing beliefs, attitudes, or behaviors of audiences. Pornpitakman provided a critical review of five decades of empirical evidence on the effect of credibility as a message source; she concluded from her review that all of the main effect findings suggested a high-credibility source was more persuasive than a low-credibility source in changing both attitudes and gaining behavioral compliance.

Source credibility gained attention as an area worthy of its own research focus due in large part to research by Berlo, Lemert, and Mertz (1969), Hovland, Janis, and Kelley (1953), McCroskey (1966), and Whitehead (1968). Collectively, their research supported the notion that source credibility and persuasion were distinct constructs. Hovland et al. identified two credibility factors: expertise (i.e., the extent to which a speaker is perceived as capable of making correct assertions), and trustworthiness (i.e., audience perceptions of the validity of the speaker's assertions). McCroskey identified two source credibility factors: authoritativeness, which he indicated corresponded to Berlo's competence dimension and character, which was associated with Berlo's trustworthiness dimension. Whitehead's study focused on identifying dimensions of source credibility and the scales for measuring them. Whitehead's scales included: trustworthiness measured as right-wrong, honest-dishonest, trustworthy-untrustworthy, and just-unjust. The author measured professionalism or competence as experienced-inexperienced and

professional manner-lacks professional manner; dynamism included aggressive-meek and active-passive; and objectivity was measured as open-minded-close-minded and objective-subjective. Berlo, Lemert, and Mertz labeled their dimensions safety, qualification, and dynamism. Safety and qualification were comparable to trustworthiness and expertise respectively. They defined dynamism, as the perception of active or passive communication behaviors on the part of the source communicator. According to Hellweg and Andersen (1989), many of the earliest source credibility instruments failed to report reliability and validity estimates; they surmised this resulted in an apparent decline in scholarly interest relative to source evaluation, including source credibility and other source valence areas.

Beginning in the 1970s, credibility researchers expanded their focus into the areas of supervisor perceptions and organizational trust. Falcione (1974b) utilizing Berlo, Lemert, and Mertz's (1969) scales, conducted a study "to determine the factor structure of source credibility for immediate superiors in an organizational setting" (p. 64). He identified four scale dimensions utilized for the measurement of subordinate perceptions of their immediate supervisors. Safety was identified as including honesty-dishonesty and encompassing both intentionality and affiliative aspects of the superior-subordinate relationship. Extroversion, the second dimension, appeared to be related to Berlo et al.'s dynamism factor. Falcione suggested this dimension also included risk-taking or lack of fear in supporting subordinates in the organization. The third dimension, competence, was reported as similar to McCroskey's (1966) competence factor; however, the dimension appeared to pertain to superior competence in work environment context. Falcione identified the fourth dimension as emotional stability, which he characterized as subordinates' perceptions of a supervisor that is poised or composed.

Falcione (1974a) conducted research in a large industrial organization utilizing Berlo, Lemert, and Mertz's (1969) scales to measure subordinate perceptions of supervisor credibility. He reported the following findings: (a) a relationship existed between subordinates participating in decision-making and subordinates' satisfaction with their supervisor; (b) a supervisor allowing for subordinate participation is viewed as a highly credible source, and credibility contributes to the subordinate perceiving the participation activity as sincere as opposed to superficial; (c) subordinates are concerned about their supervisor's trustworthiness; and d) subordinates are concerned with feelings of safety when considering long-term interactions with their supervisor.

Falcione concluded that supervisors should concern themselves with perceived credibility as it relates to subordinate satisfaction because it “may be the single most important variable in the supervisor-subordinate relationship” ( p. 53).

Hellweg (1978) examined and compared the nature of the ideal supervisor and subordinate using Falcione’s (1974b) scales and McCroskey, Richmond, and Daly’s (1975) homophily scales. She found the supervisor, with very little exception, was held to higher levels of standards as compared to subordinates. Ideal supervisors were expected to be “more honest, friendly, pleasant, just, unselfish, fair, trained, informed, expert, skilled, bold, poised (as opposed to nervous or tense), and less jealous than the ideal subordinate” (Hellweg, 1978, p. 54). Further, the findings suggested subordinates considered it more important for supervisors to be “similar to them in their thinking, social class, economic situation, background, sexual attitudes, values, and looks” (Hellweg, 1978, p. 54) than supervisors’ criteria for ideal subordinates.

While the aforementioned studies provided evidence that source credibility factors are determining factors in employee-manager relationships, O’Keefe (2002) provided insight as to why source credibility by itself may not sufficiently represent the multi-dimensional aspect of leadership credibility. Credibility, according to O’Keefe, and Falcione (1974a), represent evaluative judgments made by a perceiver (e.g. a message recipient) concerning the believability of the communicator. Credibility, within the communication context, is not an “intrinsic property of a communicator” (O’Keefe, 2002, p. 181). Judgments concerning credibility can vary based on circumstances; a message source can be viewed as highly credible by one perceiver and not credible by another. Consequently, credibility when applied within a leadership framework has been explicated in the literature as a multi-dimensional aspect of believability that encompasses consistency of actions and behaviors over time (Kotter, 1996, 2002; Kouzes & Posner, 2003).

### ***Credible Leadership Behaviors***

Management literature typically describes credibility as a desirable and necessary characteristic for effective leadership of people (Kouzes & Posner, 2003; Zand, 1972, 1997). Credibility is conceptualized as an assessment of one’s believability – a “perceiver’s assessment of someone’s relevant knowledge, genuineness, and good intentions toward the perceiver”

(Davis & Rothstein, 2006, p.408). Yukl (1994) describes credibility as an essential component for managerial influence and power. Credibility, he states, impacts a manager's ability to be influential and is one of the personal characteristics that serve as a source of managerial power in relation to subordinates, peers, and superiors. Gabris and Ihrke (2000) looked at leadership credibility and other variables in relation to employee attitudes toward performance appraisal and merit pay systems. They determined that higher leadership credibility was strongly associated with greater employee acceptance of performance appraisal and merit pay. In addition, they concluded the establishment of an effective performance appraisal process was more about employees' perceiving their supervisors as credible raters, than the implementation of technically sophisticated performance appraisal systems. Simons (2002) in pursuing studies in the area of behavioral integrity, posited "behavioral integrity is backward-looking and focuses on the past patterns of alignment between word and deeds. Credibility, on the other hand, is forward-looking, and entails the extent to which the speaker's statements can be relied upon to accurately guide future action" (p. 23). Kouzes and Posner's (2003) conceptualization of leadership credibility is used in this study and serves as a framework from which to assess credible leadership behaviors.

### ***Kouzes and Posner's Conceptualization of Credibility***

Kouzes and Posner (2002, 2003), recognized for their extensive contribution in the field of leadership, re-examined the dimensions of source credibility within a leadership framework. They conceptualized the dimensions of trustworthiness, expertise, and dynamism as honesty, competence, and inspiring, respectively. According to Kouzes and Posner (2003), a series of studies were undertaken to investigate the impact of credibility. The first study consisted of a sample of 186 working professionals enrolled in a MBA program as part-time students. The research included the comparison of one group designated as highly credible to another group identified as low in credibility. Research findings suggested employees who perceived their managers as highly credible reported more positive feelings about their work and organization than those perceiving their managers as having low credibility.

Kouzes and Posner (2003) sought to establish how employees would actually know whether their managers were honest, competent, and inspiring, and how they would know if they were not. Five separate focus groups were used to identify certain behavioral statements and

actions as falling within the categories of honesty, competence, and inspiring. The authors reported that being credible or not being credible was not empirically evidenced as a behavioral continuum. Credible people were almost always reported to demonstrate honesty, competence, and the quality of inspiring. Those considered less (or not) credible were not seen as necessarily totally dishonest, incompetent, or uninspiring. Typically, perceptions of credibility required solid evidence of all three characteristics; whereas not being credible could result from an absence of any one of the three characteristics. Kouzes and Posner conducted another study wherein they asked 39 working professionals attending a MBA program to distribute questionnaires to individuals in their company. One hundred and thirteen questionnaires were returned for a response rate of 53 percent. Respondents were asked to assess their managers' honesty, competence, and ability to be inspiring. They were also asked to self-report on positive work attitudes such as strong sense of teamwork, pride in the company, organizational commitment (willingness to remain with the company), and alignment of personal and organizational values. Employees that perceived their managers as honest, competent, and inspiring were more likely to possess a strong sense of teamwork, organizational values alignment, and organizational commitment. Kouzes and Posner concluded from their overall studies that credibility made a difference. They found:

People can differentiate between the behaviors of individuals who are credible and those who are not. Having a credible manager fosters favorable work attitudes: greater pride in the organization, stronger spirit of cooperation and teamwork, more feelings of ownership and personal responsibility, and better alignment between personal and organizational values. (p.286)

As part of their conceptualization of credibility, Kouzes and Posner included forward-looking as an essential characteristic. They indicated that as a result of several years of research collected from questionnaires, case studies, and focus groups examining values, characteristics, and attitudes of the most admired and effective leaders, the quality of forward-looking was ranked consistently high along with honesty, competency, and inspiring.

Kouzes and Posner (2003) determined through their research efforts that effective leadership requires mutual willingness on the part of leaders and followers. Lasting followship necessitates belief in one's leader. Their research findings have shown employees want to have

faith and belief in leaders as people. Employees want to believe their leaders can be trusted, have knowledge and skill to lead, and are personally excited about the direction in which they are leading. These beliefs support the notion that “credibility is the foundation of leadership” (Kouzes & Posner, 2003, p. 22). Honesty, competence, inspiring, and forward-looking represent the characteristics leaders must consistently possess and demonstrate in order to be perceived by their employees as credible.

**Honesty.** Honesty identified in the source credibility literature as trustworthiness or safety has consistently been associated with credibility (Berlo, Lemert, & Mertz, 1969; Falcione, 1974a; Hovland, Janis, & Kelley, 1953). Kouzes and Posner (1990) reported that in every survey they conducted, honesty was selected more than any other leadership characteristic. Falcione (1974a) reported in his study that the safety dimension explained 56% of the variance in supervisory credibility and subordinate satisfaction with supervisors. Employees want to believe their leaders are truthful, ethical, and principled. They make the determination about a leader’s level of honesty or trustworthiness based on the leader’s behaviors not words (Kouzes & Posner, 2002; Posner & Schmidt, 1984, 1993). Employees pay attention to alignment between word and deed (Davis & Rothstein, 2006; Morrison, 1994; Simons, 2002).

Whitener, Brodt, Korsgaard, and Werner (1998) proposed five behavioral categories that strongly influence employees’ perceptions of managerial trustworthiness. They are: (a) behavioral consistency, (b) behavioral integrity, (c) sharing and delegation of control, (d) communication, and (e) demonstration of concern. When managers are observed to behave consistently over time and through various situations, employees feel more confident in predicting their managers’ future behavior and taking risks in their work and relationships with their managers. Predictable and positive behavior reinforces trust (Robinson, 1996). Employees observe the consistency between their managers’ words and deeds and “make attributions about their integrity, honesty, and moral character” (Whitener, Brodt, Korsgaard, & Werner, 1998, p. 516). Put another way, telling the truth and keeping promises are antecedents to attributions of behavioral integrity (Simons, 2002). Managerial sharing and delegation of control promote trust. From a social exchange perspective, when managers share control and involve employees in decision-making, employees trust in the manager is likely to increase (Blau, 2005). Employees view managers’ trustworthy actions as social rewards, a demonstration of the managers’

approval or respect. Managers are viewed as trustworthy by their employees when their communication is accurate and they take the time to explain their decisions thoroughly (Bies, 1987a). When communication is characterized as open and meaningful, thoughts and ideas flow freely between managers, and employees' trust perceptions are enhanced (Hackman & Johnson, 1995; Jablin, 1979; Yukl, 1994). O'Reilly and Roberts' (1976) study offered confirmatory evidence that interpersonal trust and credibility influence communication behaviors in organizations. Credibility in their study correlated to perceptions of information accuracy and openness. The three dimensions of credibility - safety, expertise, and dynamism - were identified as "important determinants of the acceptability of a message from a source" (O'Reilly & Roberts, 1976, p.101). Demonstrations of benevolence have been found to promote trust (Whitener, Brodt, Korsgaard, & Werner, 1998). Managerial trustworthiness has been found to be predictive of breach and violation reduction, as well as enhance perceptions of fair treatment (Bies & Moag, 1986; Kickul, Gundry, & Posig, 2005; Robinson, 1996; Shepard & Lewicki, 1987; Zhao, Wayne, Glibkowski, & Bravo, 2005). Managers can promote trust by being genuinely concerned about the needs and interests of their employees, by respecting other's rights, and apologizing for unpleasant consequences. Managers cannot hope to be perceived as credible if their employees perceive them as dishonest.

**Competence.** O'Keefe (2002) identified competence as an assessment by the receiver of whether the communicator was in the position to know the truth, and to know what was right or correct. Within the source credibility context, the competence dimension has also been referred to as expertise, authoritativeness, and qualification. This dimension has been represented in source credibility scales as experienced-inexperienced, informed-uninformed, trained-untrained, qualified-unqualified, skilled-unskilled, intelligent-unintelligent, and expert-unexpert (Berlo, Lemert, & Mertz, 1969; Falcione, 1974b; McCroskey, 1966; O'Keefe, 2002). Hovland, Janis, & Kelley (1953) stated that an individual's tendency to accept the conclusions advocated by a communicator depended in part on the receiver's belief of how well informed and intelligent the communicator was perceived.

From a more contemporary perspective, leadership competence is characterized as the leader's effectiveness (track record) and ability to get things done. Kouzes and Posner (2003) stated, "people must have the knowledge and abilities to perform their tasks and live up to their

promises” (p.69), and committing to doing something that you have no capacity to perform is either “disingenuous or stupid” (p.69). Managers are more likely to be perceived as competent when their employees have confidence in their ability to effectively get things accomplished and contribute to the good of the organization. Fields (2007) proposed that “higher levels of work unit performance will have a positive effect on the follower consensus about leader authenticity and integrity” (p.202). Leadership competence is suggested to derive from the effective integration of technical, interpersonal, and conceptual skills, and the appropriate application of skills and experience based on the situation and role of the leader (Kouzes & Posner, 2002, 2003; Yukl, 1994). Yukl provided the following description of technical, interpersonal, and conceptual skills: (a) technical skills encompass knowledge about processes, methods, and techniques concerning specialized activities; (b) interpersonal skills include the ability to understand feelings, attitudes, and the motives of others, and to communicate clearly and persuasively; and (c) good judgment, analytical ability, logical thinking, reasoning, and creativity are associated with conceptual skills. Employees expect their leaders to possess functional expertise. However, competence suggests leaders bring added value to the position or role (Kouzes & Posner, 1990). Ulrich (1996) advises consistent, reliable, predictable delivery on promises is the essence of competence.

***Inspiring.*** The source credibility dimension of dynamism is related to inspiration. Berlo, Lemert, and Mertz (1969) and Falcione, (1974b) created scales showing dynamism as aggressive-meek, emphatic-hesitant, bold-timid, active-passive, energetic-tired, fast-slow, adventurous-cautious, and forceful-forceless. Berlo et al. indicated the dynamism dimension could be referred to as “disposable energy” (p. 575). That is, the energy available to the source, which can be used to emphasize, augment, and implement suggestions. The researchers concluded this dimension could be “conceived of as an intensifier; in other words, given an evaluation of a source as safe or unsafe, qualified or unqualified, the polarity or intensity of these evaluations of the source is intensified through perceptions of high dynamism” (Berlo et al., 1969, p. 576).

Kouzes and Posner (1990, 2002, 2003) assert employees expect their leaders to be inspiring, enthusiastic, energetic, and positive about the future. They also expect their leaders to possess the ability to communicate vision and enthusiasm. Bennis (1995), Kouzes and Posner

(1990), and Nanus (1992) articulated that leaders must inspire confidence in the validity of goals through their own modeling of personal conviction and passion. Employees are more likely to embrace shared values, beliefs, and commitments when leaders communicate clear and compelling goals (Hackman & Johnson, 1995). Spinks and Wells (1993) reported findings wherein business students and professors considered management of attention and management of meaning to be highly important factors for leadership success. Management of attention was described as the ability of the leader to inspire others to listen to their intentions, agenda, and visions. Reciprocity was established when leaders also focused their attention on others. Management of meaning considered the ability of leaders to communicate encouraging feedback to their employees. Inspirational communication by leaders requires consistency between words and deeds, and then words followed by action, which are meant to create shared understanding of values, expectations, and obligations (Kouzes & Posner, 2003; Ulrich, 1996).

***Forward-Looking.*** Forward-looking leaders possess the ability to move themselves and their employees toward a direction that is in the best interest of the involved parties and the organization. Employees expect leaders to have a sense of direction and concern for the future of the organization (Kouzes & Posner, 2002, 2003). Based on their research, Kouzes and Posner (2002, 2003) indicated leaders should possess the ability to be forward-looking regardless of their leadership role in the organization. That is, first-line supervisors, middle managers, and top management must be able to articulate a vision and direction for where they are headed. Nanus (1992) suggests that forward-looking leaders envision a direction that is possible and desirable, communicate their vision, and help others to embrace the same vision. As a result, employees display a willingness to commit their resources, time, and energy. Kotter (1990) emphasized the importance of forward-looking leaders by describing the potential impact. He states, “clear direction helps produce useful change, especially significant or non-incremental change, by pointing out where a group should move, by showing how it can get there, and by providing a message that is potentially motivating/uplifting” (p.47). As part of setting a direction, it is important that managers enable employees to participate in creating the direction and future vision. According to organizational justice literature, individuals seek to obtain and maintain control over decisions that might affect their outcome (Lind & Tyler, 1988). Based on over 20 years of research in the areas of leadership and credibility, Kouzes and Posner (2002, 2003,

2005) report that across industries, disciplines, and generations people identify their leaders as credible when they are perceived to be honest, competent, inspiring, and forward-looking.

### **Summary of Literature Review**

Over the last several years, the quality of the employment relationship between employees and their leaders has suffered. Employees have been shifted from old to new contract terms, encountered psychological contract breach and violation, and workplace injustice (Kickul, Lester, & Finkl, 2002; Kissler, 1994; Robinson & Morrison, 2000; Rousseau & Wade-Benzoni, 1994). As an example, Don Carty, the American Airlines CEO “shattered his employees trust by reserving millions of dollars in perks for executives while asking his workers for massive pay cuts” (Conference Board, 2004, p. 2). Glen Tilton, United Airlines CEO, “negotiated for a signing bonus of \$3 million, \$4.5 million in pension benefits, \$1.15 million stock options, and \$950,000 in base pay – all while demanding billions in wage concessions from his employees” (Conference Board, 2004, p.2). Consequently, employees’ belief in the credibility of leaders has deteriorated in many cases. The studies cited in this literature review provide evidence that employees consider managers to be accountable for contract maintenance, breach, and violation (Rousseau, 1995). When assessing managerial fairness, employees evaluate the sincerity of managers, their interpersonal treatment, and informational adequacy (Bies & Moag, 1986). The combined effects of contract breach and violation and unjust treatment, have been found to increase employees’ feelings of violation, and produce negative employee behaviors and attitudes (Morrison & Robinson, 1997; Skarlicki & Folger, 1997).

While managerial actions and behaviors can and do create low quality employee-manager relationships, leaders can and do create high-quality relationships. The research findings presented confirm that leadership at its best, that is credible leadership, has been shown by researchers to have a positive and lasting effect on employees and the employment relationship (Kotter, 1996; 2002; Kouzes & Posner, 2003). According to Kouzes and Posner (2003), credible leadership behaviors (i.e., honesty, competence, inspiring, and forward-looking) are the cornerstone for building strong and lasting employee-manager relationships, even in the face of turbulent organizational environments. Studies on leadership (i.e., leader-member exchange, charismatic leadership, transformational and transactional leadership) have shown that employees perceive increased leadership effectiveness when employees believe they are being

treated with dignity and respect, the manager provides sincere communication, and adequate explanations (Scott, Colquitt, Zapata-Phelan, 2007; Van Knippenberg, De Cremer, & Van Knippenberg, 2007).

The literature review was confirmatory in identifying literature gaps. In reviewing the literature, no studies were identified that examined the relational aspects of credible leadership with psychological contract breach and violation, and interpersonal and informational justice. Thus, the purpose this study was upheld. In Chapter III research methods used to test the study's two hypotheses are discussed.

## **CHAPTER III**

### **METHOD**

This research examined the relational aspects of leadership credibility, psychological contract breach and violation, and interpersonal and informational justice. This chapter provides information on the research approach. The chapter begins with a description of the organization and the participants. The following sections include an explanation on instruments and measures, predictor and criterion variables, data collection and analysis, and concludes with a summary.

#### **Description of the Organization and the Participants**

This research was conducted within a federal organization. The subject organization has over 2000 federal non-collective bargaining employees performing a wide array of white collar jobs that include law enforcement, technical, professional, and administrative personnel assigned to offices across the United States. The subject organization has a hierarchical leadership structure comprised of headquarters and field executives, mid-level managers, and initial level supervisors. Leaders are promoted from within, as well as recruited and hired from external organizations. Employees' tenure within the organization varies; as an example, employees' span of employment with the organization may range from one year or less to over twenty years.

The organization has undergone numerous changes in the last five years. Due to both external and internal pressures, the organization has modified its strategic direction, structure, staffing, processes, procedures, and managerial reporting relationships on numerous occasions. During these periods, employees have been asked to embrace and understand organizational change. Employees have been transferred to other functional departments and/or job assignments, and sometimes mandated to relocate to other cities and states. This organization like many others, continues to be in a frequent state of flux. The organization typically is either preparing to implement change or coming out of a change initiative.

## **Instruments and Measures**

This research was conducted using scales from instruments measuring leadership credibility, interactional justice, and psychological contract breach and violation. Following is an overview of the instruments selected for this research.

### ***The Credibility Factor Index (CFI)***

Kouzes and Posner's (2003) Credibility Factor Index (CFI) was selected for this study as the most appropriate instrument to measure leadership credibility. The index is a 42-item, 5-point Likert-type scale. The CFI measures employee perceptions of leadership behaviors. In accordance with how leaders and managers are conceptualized in this study, no distinctions between the roles and responsibilities of supervisors and managers (i.e. direct leaders) are made in this study, as the terms are often used interchangeably in organizational settings (Dirks & Ferrin, 2002; Yukl, 1994).

The CFI is copyright protected and proprietary information. I contacted and exchanged electronic correspondence with author James Kouzes. On February 13, 2008, I emailed a letter requesting permission to use the instrument for my study. I received on March 6, 2008 via electronic mail, a scanned copy of a signed letter of permission from him (see Appendix A).

According to researchers Kouzes and Posner (2003), the behavioral statements delineated in the credibility index instrument, encompass the dimensions of honesty, competence, inspiration, and forward-looking, along with other non-specified leadership behaviors. Other than research results provided by Kouzes and Posner in the appendix section of their 2003 book, *Credibility*, I did not find any additional studies that informed researchers on the construct validity of this measure. I was informed by Mr. Kouzes via electronic mail that subscale information and reliability scores were not available, as the information was over 10 years old.

### ***Other Credibility Instruments***

Prior to selection of the CFI, I considered three credibility instruments: Berlo, Lemert, and Mertz's (1969) *Source Credibility Scale*, Falcione's (1974b) *Measurement of Source Credibility of Immediate Superiors*, and McCroskey's (1966) *Scales for the Measurement of*

*Ethos*. Berlo et al. indicated their scale was intended to establish the criteria “used by receivers to evaluate information sources” (p. 564). Berlo et al.’s studies were conducted on college campuses. Responses from college students produced four source credibility factors: safety, qualification, dynamism, and sociability. The authors conducted a second major study administering 35 scales to randomly selected adult residents of the Lansing, MI area. Respondents from this study produced three credibility factors – safety, qualification, and dynamism. Berlo et al. concluded that their factor analytic studies provided a foundation for linking source evaluations to processes of social influence and communication receivers. The authors did not report reliability or validity scores in their study, which according to Rubin (2004a) and other researchers (e.g., Hellweg & Andersen, 1989; Pornpitakpan, 2004) have caused researchers to question the stability and generalizability of Berlo’s dimensions. In spite of these concerns the scales are prominent in the source credibility literature.

Falcione (1974b) conducted a study to “determine the factor structure of source credibility for immediate superiors in an organizational setting, which may be generalizable across contexts” (p. 64). Falcione utilized 61 bi-polar semantic differential scales reflecting dimensions that originated from Norman (1963), McCroskey (1966), and Berlo, Lemert, and Mertz (1969). The sample included 158 respondents from the Civil Service Commission, Navy Department, and private industry; the respondents completed the scales as they related to their specific supervisor. Falcione indicated four factors emerged from the analysis, accounting for 55% of the total variance: safety, extroversion, competence, and emotional stability. He also concluded that while the scales might be generalizable across organizational contexts, they were not necessarily representative of all potential subject populations. Further, he recommended researchers should conduct their own factor analysis. Falcione did not report any measures of reliability and validity (Falcione, 1974b; Hellweg & Andersen, 1989).

McCroskey’s (1966) research focused on credibility of people including teachers, peers, and speakers. McCroskey created a 5-point Likert-type scale for authoritativeness (22 items) and character (20 items). Based on seven studies, he created two six-item seven-point semantic differential scales. McCroskey’s scales have been used by themselves or in conjunction with other scales to confirm the perception of receivers regarding low and high credibility speakers, to assess credibility of trial witnesses, and supervisors in organizations (Rubin, 2004b).

McCroskey reported reliabilities ranging from .94 to .98 for authoritativeness, and from .93 to .97 for character. According to Rubin (2004b), while little validity evidence for McCroskey's instrument has been cited, his scales have been cited over 100 times in the literature.

The three aforementioned credibility scales have received widespread attention in the source credibility literature. However, Hellweg and Andersen (1989) and Pornpitakpan (2004) provided a note of caution regarding the stability and generalizability of the Berlo, Lemert, and Mertz (1969), Falcione (1974b) and McCroskey (1966) scales, due to reliability and validity scores not being reported at all or reported infrequently. For this study, I selected the CFI because it appeared to be a more appropriate measure for my research purposes; the items reflected a broad range of descriptive statements intended to be representative of leaders' workplace behavior.

### ***Psychological Contact Breach and Violation Measures***

Robinson and Morrison (2000) conducted a longitudinal study on the development of psychological contract breach and violation. The purpose of the study was to examine factors that contributed to employee perceptions of breach, and conditions under which perceptions were related to emotional reactions of anger and betrayal (i.e., feelings of violation). As part of that study, researchers developed and utilized scales for perceived contract breach and feelings of violation. As discussed in Chapter II, Morrison and Robinson (1997) conceptualized a model explicating psychological contract breach and violation. This model is frequently cited in psychological contract literature and is recognized as contributing significantly to researchers' understanding of the factors influencing breach and violation, and the associated negative behaviors and affective emotional outcomes (Pate, Martin, & McGoldrick, 2003; Robinson & Rousseau, 1994). Robinson and Morrison's (2000) instrument includes separate sub-scales for breach and violation, which are discussed below (see Appendix B).

***Contract Breach Scale.*** The contract breach scale consists of five items, using a Likert-type scale, with a Cronbach alpha coefficient score of .92 (Robinson & Morrison, 2000). This measure assesses employees' perceptions as to whether their employer has breached their psychological contract. As an example, one scale item states, "My employer has broken many of its promises to me even though I've upheld my side of the deal" (Robinson & Morrison, 2000, p.

539). In addition to measuring employee perceptions of breach at the organizational level, I measured employee perceptions of breach at the employee-manager level. This required a slight modification to the wording of the scale items. The term “employer” was exchanged for “manager.” As an example, the scale item cited above was changed to state, “My manager has broken many of his or her promises to me even though I’ve upheld my side of the deal.”

***Feelings of Violation Scale.*** The scale measuring feelings of violation consists of four items, using a Likert-type scale, with a Cronbach alpha coefficient score of .92 (Robinson & Morrison, 2000). This measure assesses feelings of violation. Similar to the perceived contract breach measure, employees are asked to respond as it relates to their organization, which is used interchangeably with the term employer. As an example, one item states, “I feel a great deal of anger toward my organization” (Robinson & Morrison, 2000, p. 539). In order to measure at the employee-manager level, all four scale items were slightly modified by replacing the term “organization” with “manager.” For example, the item referenced above was modified to read, “I feel a great deal of anger toward my manager”. The modifications to the scales were subtle; however, they were critically important in terms of ensuring the scales matched the unit of analysis.

### ***Justice Measure Scale***

With regard to empirical measurements in the field of organizational justice, some researchers have voiced concern regarding inconsistent and poor measurement practices (Colquitt, 2001; Greenberg, 1990, 2001; Colquitt, Conlon, Wesson, Porter, and Ng, 2001; Lind & Tyler, 1988). Greenberg (1990, 2001) suggested that measurement efforts often times include items that attempt to measure one type of justice but seem more applicable to another. Colquitt referred to this situation as “cross-pollination of items” (p. 387), and advised the consequences may be an artificial inflation of the relationships among the different types of justice. Lind and Tyler offered the observation that organizational justice researchers were paying too little attention to the consistency of measurement across studies. According to Colquitt, in an effort to avoid the concerns stated by the aforementioned researchers, he developed a new justice measure.

Colquitt (2001) purposed to “investigate the theoretical dimensionality of organizational justice and to test the construct validity of a new justice measure” (p. 388). He conducted two studies to establish construct validity of this measure. The first study was conducted in a university classroom setting, wherein 301 students in an undergraduate management course participated. Colquitt reported from the first study, Cronbach alpha coefficient scores as follows: procedural justice (.78), interpersonal justice (.79), informational justice (.79), and distributive justice (.92). His second study was conducted in a field setting; the study consisted of 337 employees from an automobile parts manufacturing company. Cronbach alpha scores reported were procedural justice (.93), interpersonal justice (.92), informational justice (.90), and distributive justice (.93). Two of the four dimensions measured in Colquitt’s justice measure were used in this study: interpersonal and informational justice. Both measures utilized a five-point Likert-type scale. Colquitt’s instrument was selected because cross-pollination of items was addressed, and interactional justice included distinct sub-scales for both interpersonal and informational.

***Interactional Justice Measure.*** This justice dimension is measured with two sub-scales: one for interpersonal justice, and one for informational justice (see Appendix C). Recent organizational justice literature has empirically established interpersonal justice and informational justice as two distinct sub-dimensions of interactional justice (Bies, 2001; Bies & Moag, 1986; Colquitt, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Greenberg, 1993; Shapiro, Buttner, & Barry, 1994). The interpersonal scale consists of four items, which are derived from Bies and Moag’s criteria addressing respect (i.e., being polite rather than rude) and propriety (i.e., refraining from improper remarks or prejudicial statements) criteria. Regarding the informational scale, which has five items, the first two items are based on Bies and Moag’s criteria involving candor (i.e., a manager being candid and not engaging in deception) and justification (i.e., explaining the basis for decisions). The work of Shapiro et al. serves as the foundation for items three through five. Shapiro et al. examined factors that contributed to perceived adequacy of explanations, which involved reasonableness, timeliness, and specificity. Because the justice scale measures interactional justice from two perspectives, this examination of both dimensions in relation to the other constructs of interest provided additional explanatory opportunities.

### Predictor and Criterion Variables

Table 3.1 lists the instruments, subscale items, and published reliabilities. Leadership credibility was examined as a predictor variable, and the criterion variables included psychological contract breach, contract violation, and interpersonal and informational justice.

**Table 3.1. Research Instruments and Variables**

<b>Instrument/Author</b>	<b>Measures</b>	<b># of Items</b>	<b>Reliability (alpha)</b>
<b>PREDICTOR VARIABLE</b>			
<b>The Credibility Factor Index Kouzes &amp; Posner (2003)</b>	Leadership credibility	42	
<b>CRITERION VARIABLES</b>			
<b>Psychological Contract Measures Robinson &amp; Morrison (2000)</b>	*Perceived Contract Breach	5	.92
	*Feelings of Violation	4	.92
	Interactional Justice		
<b>Justice Measure Scale Colquitt (2001)</b>	(a) Interpersonal Justice	4	.79, .92
	(b) Informational Justice	5	.79, .90

\*In addition to original scale items being utilized, contract breach and violation items were also slightly modified to create nine items for additional data collection.

## **Data Collection**

The subject organization provided initial approval in September, 2008 and final approval early October, 2008. Virginia Polytechnic Institute and State University's Institutional Review Board provided approval to conduct the study on October 23, 2008 (see Appendix D). For purposes of increasing awareness about the importance of the questionnaire, an email was sent out to executives within the subject organization advising them of the issuance of a letter of invitation. An electronic letter was sent on October 25, 2008, to the subject organization's 2,000 plus federal non-bargaining employees inviting them to participate in this research. An internal email distribution list was used to electronically distribute the letter of invitation to each employee. The letter of invitation (see Appendix E) informed employees of the following three points: (a) participation in the research effort was strictly on a voluntary basis; (b) responses were anonymous; and (c) management within their organization would not receive or have access to any of the respondent data.

The letter of invitation contained a link to the online questionnaire hosted on the SurveyMonkey©.Com website. The questionnaire was accessible to participants on a 24 hour basis, for a two week period. Four days after sending the letter of invitation, an electronic message containing the link to the questionnaire was resent to employees reminding them of the importance of completing the questionnaire if they had not already done so. The questionnaire was closed on November, 7, 2008.

SurveyMonkey©.Com was chosen because of ease of use in questionnaire creation, protection of respondents' data through encryption, ease of use in data examination, conversion, and download. Once data were collected, an initial review of data was performed within the SurveyMonkey© environment for the purpose of identifying data collection problems. Data reductions, in terms of elimination of header information, were performed, and some demographic questions were converted to a numeric format to facilitate conversion of questionnaire data from a SurveyMonkey© format to a Microsoft EXCEL© file. Next, the data were reexamined and then downloaded to Statistical Package for Social Sciences (SPSS) version 16.0 for Windows Vista.

## Data Analyses

The purpose of this inquiry was to test two hypotheses: (a) that leadership credibility is directly predictive of psychological contract breach and violation, or (b) that leadership credibility is indirectly predictive of psychological contract breach and violation, through the justice dimensions. The individual employee was the primary unit of analysis. The analyses of data were conducted from an exploratory perspective rather than confirmatory, and with a focus on the relational nature of the variables of interest.

Descriptive analyses were first performed in order to establish a demographic profile of the study's participants. The demographic questions enabled a reporting on the number of males and females participating in the study, the range of ages, ethnic and racial affiliation, tenure with the subject organization, and job category (e.g., clerical/administrative/program or project management, law enforcement, supervisor/manager/executive law enforcement, supervisor/manager/executive non-law enforcement, and professional, technical, other). The data are displayed in table format in Chapter IV.

The questionnaire included an open-ended question, which gave respondents the opportunity to provide comments. A sufficient numbers of responses allowed for categorization of comments into themes focused on immediate managers, upper management or the organization, and general comments relating to the subject organization.

Subsequent to the descriptive analysis and categorization of comments, factor and reliability analyses were performed. Factor analysis was performed on data from the credibility factor measure. According to Kouzes and Posner (2003), sub-scale factor and reliability statistics relating to the credibility measure were not available. Therefore, factor analysis had to be conducted prior to using the measure's results for further analyses. Reliability analyses on the 42 credibility factor items, and sub-scales for interactional justice, psychological contract breach, and violation were performed. The analyses provided the opportunity to compare Cronbach's alpha scores from previous research studies to this study's results, further confirming the reliability of the measures.

Next, the examination of means and standard deviation scores of sub-scale responses facilitated analyses on response distribution patterns and variance. Following the analyses of

means and standard deviations, bivariate correlations were conducted to determine the existence of relationships between the variables of interest. Hierarchical regressions were run for the purpose of ascertaining the predictive nature of credibility in relation to contract breach and violation, and interactional justice. Lastly, path diagram analyses facilitated the identification of direct and indirect effects related to the predictor and criterion variables.

### **Summary**

This chapter provided details on the methods used in carrying out this study. The study took place in an organization comprised of federal non-collective bargaining employees that performed a variety of administrative, professional, technical, and law enforcement roles and responsibilities. The individual employee was the primary focus of analysis for this study. This non-experimental study was determined to be more exploratory than confirmatory, and data analyses were conducted to support the illumination of variable relationships. Results of the data collection are described in detail in Chapter IV.

## CHAPTER IV

### RESULTS

The purpose of this study was to illuminate the empirical relationships between leadership credibility, psychological contract breach and violation, and interactional justice dimensions (i.e., interpersonal and informational justice). An online questionnaire hosted on SurveyMonkey©.Com was distributed to employees of the subject organization (see Appendix G). These data were analyzed and various statistical techniques applied to address two hypotheses: (a) leadership credibility is directly predictive of psychological contract breach and violation, or (b) leadership credibility is indirectly predictive of psychological contract breach and violation, going through the justice dimensions. The data were examined using the Statistical Package for Social Sciences (SPSS) version 16.0, for Windows Vista.

This chapter provides information about participants, descriptive statistics on demographics and scale scores, factor and reliability analyses, correlation and hierarchical regression results, path diagram analyses, and open-ended comments. The chapter concludes with a summary of the findings.

#### **Participants**

The subject organization's 2,000 plus non-collective bargaining federal employees were available and invited to participate in this research effort. The employees invited to participate were primarily white collar employees in professional, technical, administrative, and law enforcement positions, including supervisors, managers, and executives. The following sections provide information on the response rate and demographic profile of the respondents.

#### ***Response Rate***

Each employee received a letter via electronic mail that explained the purpose of the study. All 2,000 plus employees were invited to participate in the study and advised that completion of the questionnaire would be strictly on a voluntary basis. The electronic letter of invitation contained a link to the online questionnaire hosted on SurveyMonkey©.Com website, and was accessible 24 hours, seven days a week to employees for 14 days, from October 25-

November 7, 2008. A total of 561 responses, representing a 28% response rate, were received within the designated timeframe.

### ***Participants' Demographic Profiles***

The demographic data suggest a cross-section of employees from various jobs and occupations responded to the study (see Table 4.1). With regard to gender, 50% of the respondents were male, 38% were female, and 12% did not respond. The mean age for respondents was 46. Regarding respondents' racial/ethnic profile: the largest group was Caucasian (61 %), second largest African-American (17%), and only 7% indicated a Hispanic or Latino background. From an educational perspective, 55% possessed an undergraduate degree and 16% a Master's degree. Responses were primarily from law enforcement personnel (54%), and an additional 25% of respondents were law enforcement supervisors, managers, and executives. Two years was the average period of time respondents worked for their current supervisor or manager. Respondents worked an average of 14 years for the subject organization and 21 years for federal or public sector organizations.

**Table 4.1. Demographic Profile (N=561)**

<b>Variables</b>	<b>Categories</b>	<b>N</b>	<b>Percent</b>
Gender	Male	283	50
	Female	213	38
	Missing	65	12
Ethnic Identity – Hispanic/Latino	No	439	78
	Yes	39	7
	Missing	83	15
Race	African-Amer.	97	17.2
	Asian/Pacific Islander	12	2.1
	Caucasian	342	61
	Native Amer./Aboriginal	3	0.6
	Multi-racial	12	2.5
	Other	18	3.2
	Missing	77	14
Education	High School	16	2.8
	Some College	48	9.0
	Voc./Technical	8	1.4
	2 year college	14	2.4
	4 year college	308	55
	Master's	90	16
	Doctoral	2	0.1
	JD/MD	13	2.3
	Missing	62	11.1
Job Category	Clerical/Admin/Prg./Proj. Mgmt.	52	9.3
	Law Enforcmnt	265	47.2
	Supv./Mgr./Exec. Law Enforcmnt	126	22.4
	Supv./Mgr./Exec. Non-Law	12	2.1
	Enfrmnt	39	7.0
	Prof./Technical	67	12
	Missing		

**Table 4.1. Continued**

<b>Variables (N)</b>	<b>Mean</b>	<b>Sd</b>	<b>Median</b>	<b>Mode</b>
Age (456) Missing (105)	46	8.03	48	50
Years Worked Current Org. (480) Missing (81)	14	9.2	14.8	18
Years in Federal/Public Org. (478) Missing (83)	21	9.3	22	25
Years Worked for Current Supv./Mgr. (477) Missing (84)	2	2.1	2.0	2.0

### **Preliminary Analyses**

Factor, reliability, and scale score analyses were performed prior to initiating bivariate correlations and regression analyses. Factor analysis was conducted on Kouzes and Posner's (2003) Credibility Factor Index (CFI) instrument. Reliability analysis was conducted on all subscales utilized in the study.

#### ***Factor Analysis on Credibility Factor Index***

According to Kouzes and Posner (2002), the CFI is comprised of behavioral statements that encompass the dimensions of honesty, competence, inspiration, forward-looking, and other critical leadership behaviors. The authors indicated sub-scale factor and reliability statistics relating to the credibility measure were not available. Therefore, conducting factor analysis was essential prior to using the subscales in this study.

The 42 items in the credibility measure were factor analyzed using both principal component and alpha extraction, both with varimax rotation. In both cases, two factors were extracted using eigenvalues greater than one, which accounted for 72% of the variance. As

shown in Tables 4.2 and 4.3, most of the items cross-loaded on the two factors. After analyzing the item composition of the two factors, the 12 items that loaded most strongly on Factor 1 in both analyses appeared to have a similar theme of employee focus and appreciation. I labeled this factor - *Employee-Oriented Credibility*. The seven items which most strongly loaded on the second factor pertained to honesty, responsibility, and integrity. I labeled this factor - *Value-Oriented Credibility*.

Based on the analysis, the authors' dimensions of competence, integrity, and forward-looking appeared to be represented in the Employee-Oriented factor and honesty in the Value-Oriented factor. However, due to cross-loading and no clearly identifiable items with each factor, factor scores were used in subsequent analyses instead of subscale scores.

### ***Reliability Analysis***

Reliability analyses were conducted on the 42 credibility items and on the sub-scales for psychological contract breach, violation, interpersonal, and informational justice (see Table 4.4). The credibility items had a Cronbach alpha of 0.99. The perceived contract breach and feelings of violation sub-scales created by Robinson and Morrison (2000) asked respondents about their perceptions relative to the organization. The Cronbach's alpha scores for these contract breach and feeling of violation subscales were 0.92 and 0.95, respectively. These scores were similar to the reliability scores of 0.92 for perceived contract breach and 0.92 for feelings of violation cited by Robinson and Morrison. These items were slightly modified in order to ask respondents about their perceptions of breach and violation in relation to their manager. The reliability scores for the sub-scales related to perceived contract breach and feelings of violation with a focus on the manager were .90 and .92, respectively. Results from Colquitt's (2001) justice measure sub-scales on interpersonal and informational justice were 0.92 and 0.91 respectively. These reliability scores were also in line with the 0.92 for interpersonal and 0.90 for informational sub-scales cited by Colquitt.

**Table 4.2. Rotated Component Matrix with Principle Components Extraction<sup>a</sup> for the Credibility Factor**

**Index**

	Component	
	1	2
<b>A32 – Solicits feedback</b>	<b>.786</b>	
<b>A26 – Ask others about wants</b>	<b>.786</b>	
<b>A38 – Forum for voice</b>	<b>.767</b>	.457
<b>A16 – Involves others in decisions</b>	<b>.754</b>	.451
<b>A27 – Finds common ground in diverse thought</b>	<b>.749</b>	.505
<b>A39 – Stimulates people in new directions</b>	<b>.736</b>	.503
<b>A28 – Encourages others to learn and grow</b>	<b>.729</b>	.504
<b>A22 – Feedback given for growth</b>	<b>.728</b>	.456
<b>A33 – Aligns people towards common purpose</b>	<b>.721</b>	.493
<b>A40 – Enhances others confidence in themselves</b>	<b>.720</b>	.525
<b>A21 – Integrates multiple points of view</b>	<b>.717</b>	.497
<b>A31 – Gives others confidence in themselves</b>	<b>.709</b>	.560
A04 – Provides learning opportunities	.692	
A42 – Asks what can we learn?	.690	.485
A34 – Enables others to feel safe	.688	.533
A20 – Appreciates diversity of opinion	.665	.565
A08 – Listens	.663	.589
A36 – Recognizes those standing up for beliefs	.645	.587
A03 – Builds consensus	.641	.567
A10 – Shares information	.638	.491
A14 – Considers issues	.629	.618
A15 – Resolves conflict on principles	.622	.557
A01 – Communicates clear philosophy	.592	.443
A41 – Spends time on team priorities	.591	.579

**Table 4.2. Continued**

<b>A23 – Accepts responsibility for actions</b>		<b>.821</b>
<b>A17 – Tells truth</b>	.403	<b>.770</b>
<b>A35 – Keeps commitments</b>	.428	<b>.750</b>
<b>A11 – Acts with integrity</b>	.432	<b>.748</b>
<b>A37 – Is genuine</b>	.516	<b>.739</b>
<b>A18 – Courage of own convictions</b>		<b>.725</b>
<b>A05 – Consistent in word and deed</b>	.526	<b>.721</b>
A06 – Learns from mistakes	.447	.683
A13 – Aware of strengths/weaknesses	.478	.682
A02 – Treats others with dignity/respect	.492	.679
A12 – Admits mistakes	.517	.675
A25 – Demonstrates knowledge/skill of job	.489	.662
A09 – Inspires confidence in purpose	.635	.647
A30 – Remains passionate even with obstacles	.492	.601
A29 – Trusts others	.540	.595
A19 – Stays current	.463	.580
A24 – Optimistic about success	.439	.567
A07 – Discloses own mistakes	.539	.560

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 3 iterations. Loadings less than .40 were not included

**Table 4.3. Rotated Factor Matrix with Alpha Factoring  
Extraction<sup>a</sup> for the Credibility Factor Index**

	Factor	
	1	2
<b>A26 – Ask others about wants</b>	<b>.763</b>	.404
<b>A38 – Forum for voice</b>	<b>.755</b>	.465
<b>A32 – Solicits feedback</b>	<b>.742</b>	
<b>A27 – Finds common ground in diverse thought</b>	<b>.742</b>	.509
<b>A16 – Involves others in decisions</b>	<b>.737</b>	.462
<b>A39 – Stimulates people in new directions</b>	<b>.726</b>	.511
<b>A28 – Encourages others to learn and grow</b>	<b>.719</b>	.512
<b>A40 – Enhances others confidence in themselves</b>	<b>.710</b>	.529
<b>A22 – Feedback given for growth</b>	<b>.709</b>	.473
<b>A33 – Aligns people towards common purpose</b>	<b>.708</b>	.503
<b>A31 – Gives others confidence in themselves</b>	<b>.704</b>	.562
<b>A21 – Integrates multiple points of view</b>	<b>.704</b>	.506
A34 – Enables others to feel safe	.677	.539
A42 – Asks what can we learn?	.672	.498
A08 – Listens	.659	.588
A20 – Appreciates diversity of opinion	.658	.566
A04 – Provides learning opportunities	.644	.406
A36 – Recognizes those standing up for beliefs	.640	.586
A03 – Builds consensus	.636	.568
A14 – Considers issues	.627	.615
A10 – Shares information	.620	.501
A15 – Resolves conflict on principles	.613	.559
A41 – Spends time on team priorities	.586	.576
A01 – Communicates clear philosophy	.565	.463

**Table 4.3. Continued**

<b>A23 – Accepts responsibility for actions</b>		<b>.811</b>
<b>A17 – Tells truth</b>	.423	<b>.744</b>
<b>A37 – Is genuine</b>	.518	<b>.732</b>
<b>A35 – Keeps commitments</b>	.445	<b>.728</b>
<b>A11 – Acts with integrity</b>	.449	<b>.724</b>
<b>A05 – Consistent in word and deed</b>	.530	<b>.713</b>
<b>A18 – Courage of own convictions</b>		<b>.664</b>
A12 – Admits mistakes	.528	.658
A13 – Aware of strengths/weaknesses	.494	.657
A02 – Treats others with dignity/respect	.505	.655
A06 – Treats others with dignity/respect	.470	.649
A09 – Inspires confidence in purpose	.634	.647
A25 – Demonstrates knowledge/skill of job	.503	.642
A30 – Remains passionate even with obstacles	.502	.584
A29 – Trusts others	.543	.583
A19 – Stays current	.478	.556
A07 – Discloses own mistakes	.540	.547
A24 – Optimistic about success	.458	.538

Extraction Method: Alpha Factoring.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations. Loadings less than .40 were not included.

**Table 4.4. Reliability Scores**

<b>Instrument/Author</b>	<b>Measures</b>	<b># of Items</b>	<b>Reliability (alpha)</b>
<b>PREDICTOR VARIABLE</b>			
<b>The Credibility Factor Index (Research Edition) Kouzes &amp; Posner (2003)</b>	Leadership Credibility Index	42	.99
<b>CRITERION VARIABLES</b>			
<b>Psychological Contract Measures Robinson &amp; Morrison (2000)</b>	<u>Related to Manager</u>		
	Perceived Contract Breach	5	.90
	Feelings of Violation	4	.95
	<u>Related to Organization</u>		
	Perceived Contract Breach	5	.92
	Feelings of Violation	4	.95
<b>Justice Measure Scale Colquitt (2001)</b>	<u>Interactional Justice</u>		
	Interpersonal Justice	4	.92
	Informational Justice	5	.91

### *Descriptive Statistics for Scale and Factor Scores*

Table 4.5 displays descriptive statistics of the scale scores. Based on a review of the means and standard deviations, the response data followed a fairly normal pattern of distribution, which is important for conducting inferential statistics and analyses. Slightly less than 100% of the respondents completed the credibility measure. On average, respondents agreed their managers were credible. Participants responded to a five point strongly disagree/strongly agree scale. The range of responses varied from “not at all” to “very much.”

Over 80% of respondents completed the manager and organization-related breach measure. The five point scale of strongly disagree/strongly agree was constructed such that high scores reflected promise fulfillment, while low scores related to contract breach. Responses were reverse coded so that high scores would indicate contract breach. Manager-related and organization-related mean scores for breach indicated that respondents expressed neutral opinions regarding their perceptions about contract breach (2.9 and 3.0, respectively). The mean scores from two other studies reflected very different findings: (a) Robinson and Morrison (2000) reported a 2.6 mean score, and (b) Bordia, Restubog, and Tang (2008) reported a 3.6 mean score.

With regard to contract violation, approximately 90% of the research participants responded to the questions associated with manager and organization-related violation. On average, respondents for manager and organization-related violation expressed disagreement with experiencing violation. The variability of responses was somewhat larger with organization-related violation.

The justice sub-scales were completed by approximately 91% of the respondents, and responses were fairly consistent. On average, participants believed their managers treated them fairly with regard to interpersonal justice. Respondents on average were favorable towards managers' display of informational fairness.

**Table 4.5. Descriptive Statistics**

<b>Variable</b>	<b>Mean</b>	<b>Range</b>	<b>Std. Deviation</b>	<b>N</b>
<b>Credibility Index</b>	2.73	1-4	0.93	558
<b>Manager related:</b>				
• <b>Breach</b>	2.97	1-5	0.58	465
• <b>Violation</b>	2.02	1-5	1.23	502
<b>Organization related:</b>				
• <b>Breach</b>	3.03	1-5	0.56	490
• <b>Violation</b>	2.74	1-5	1.29	506
<b>Interactional Justice:</b>				
• <b>Interpersonal Justice</b>	3.33	1-4	0.92	514
• <b>Informational Justice</b>	2.96	1-4	0.94	513

## Criterion and Predictor Relationships

### *Bivariate Correlations for Predictor and Criterion Variables*

Bivariate correlations were calculated on the seven scale scores and two factor scores for the purpose of examining simple relationships between predictor and criterion variables. According to Cohen, Cohen, West, and Aiken (2003), when assessing the statistic Pearson Correlation coefficient, the following standards for interpreting the strength of bivariate relationships can be considered as follows: (a) .70 and greater equates to a very strong relationship; (b) .50 is strong; (c) .30 is moderate; and (d) .10 is small. The correlation results supported my supposition that positive and negative relationships existed between credibility and the predictor variables. Correlational results are described in separate sections below and displayed in Table 4.6.

***Credibility.*** As expected, strong correlations between the credibility variables existed. The correlation between total credibility index and the two credibility factor scores representing the dimensions of employee-oriented credibility and value-oriented credibility were .75, and .70, respectively. The two dimensions were not correlated because they were created using varimax rotation, which produces independent scores. Correlations of the other variables with the total index were stronger than with either of the two credibility factor scores. At this point of the analysis, only the credibility index variable was utilized for subsequent analyses. This decision was based not only on the fact that the index correlated much stronger with the other variables of interest, the cross-loading of factors was not clear-cut, and the credibility factor scores had a dramatically smaller sample size (N=394) as compared to the index (N=558).

Credibility had negative correlations with breach and violation and positive correlations with interpersonal and informational justice. In this exploratory study, an underlying goal was to determine if credibility had meaningful interaction with breach, violation, and the justice dimensions. The results of the correlational analyses provided a stronger foundation for addressing the primary research questions. With regard to perceived breach and violation at the organizational level, credibility was not related to breach and only moderately related to violation (-.31). At the managerial level, there was a moderate negative relationship between

credibility and breach (-.32) and a strong negative relationship between credibility and violation (-.69).

***Breach and Violation.*** The correlations between manager related and organization related breach and violation were expected and confirmed. The correlation between breach and violation was fairly weak at the organizational level (.26) and even weaker at the managerial level (.18). Relationships between manager related and organization related perceptions of breach were weak (.21), but were moderate for perceptions of violation (.43).

***Interactional Justice.*** As anticipated, interpersonal and informational justice correlated; however, the strength of the correlation was not expected (.77). Colquitt (2001) cited a correlation between interpersonal and informational justice of  $r = .64$ . Colquitt, Conlon, Wesson, Porter and Ng (2001) reported a correlation of  $r = .57$  between interpersonal and information justice. Scott, Colquitt, and Zapata-Phelan (2007) identified a correlation of  $r = .50$ . Interactional justice was very strongly related to credibility, with informational justice more so (.83) than interpersonal justice (.73). Interactional justice was strongly negatively related to managerial level violation (-.71 for interpersonal justice and -.68 for informational justice), while less so at the organizational level (-.28 for interpersonal justice and -.31 for informational justice). Both types of justice were weakly negatively related to breach at the managerial level (-.24 for interpersonal justice and -.28 for informational justice) but not at the organizational level (-.03 and -.08 respectively).

**Table 4.6. Intercorrelations for Credibility, Breach, Violation, and Interactional Justice Variables**

Variable	1	2	3	4	5	6	7
<b>Credibility</b>							
1. Credibility Index Score	1.0						
<b>Manager Related</b>							
2. Breach	-.32**	1.0					
3. Violation	-.69**	.18**	1.0				
<b>Organization Related</b>							
4. Breach (Org.)	-.05	.21**	.04	1.0			
5. Violation (Org.)	-.31**	.10*	.43**	.26**	1.0		
<b>Interactional Justice</b>							
6. Interpersonal Justice	.73**	-.24**	-.71**	-.03	-.28**	1.0	
7. Informational Justice	.83**	-.28**	-.68**	-.08	-.31**	.77**	1.0

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

### ***Psychological Contract Breach and Violation and Justice on Credibility***

As conceptualized, credibility is the single predictor variable and there are six criteria: (a) perceived breach and violation from the managerial and organizational level; and (b) interactional justice – interpersonal and informational dimensions. In order to visualize the interrelationships in a multi-variable manner, hierarchical regression was used to determine how much of the variability in credibility was in common with the other variables. Two identical sets of regressions were run, one using perceptions of manager’s breach and violation, and the other using perceptions of organizational breach and violation. Due to the exploratory nature of these analyses, the breach and violation variables were entered first in one set, and the justice variables were entered first in the other set. Table 4.7 gives the results for these four hierarchical regression analyses.

**Table 4.7. Percent of Variability in Credibility Explained by Different Combinations of Variables**

Variables entered		Manager (N = 519)		Organization (N = 510)	
		Change in R <sup>2</sup>	R <sup>2</sup>	Change in R <sup>2</sup>	R <sup>2</sup>
<b>Run A</b>	Step 1 - breach & violation <sup>a</sup>	.54	.54	.09	.09
	Step 2 - justice variables <sup>b</sup>	.20	.74	.63	.72
<b>Run B</b>	Step 1 - justice variables	.71	.71	.72	.72
	Step 2 - breach & violation	.02	.74	.002	.72

<sup>a</sup> Breach and violation were measured with respect to manager and organization.

<sup>b</sup> Interactional justice variables are: interpersonal justice and informational justice

The first set of regression models were run using manager-related breach and violation measures, and the justice dimensions. When breach and violation were entered first, 54% of the variance of credibility was explained and an additional 20% was explained with the entry of the two interactional justice measures at step two. Due to the strong correlation between credibility and the justice dimensions, it was expected that the two interactional justice variables when entered first, would be the dominating variables. Together they explain 71% of the variance. The manager-related breach and violation measures explained only an additional 2% of the variance in credibility, of that 2% percent, violation contributed the most.

The second set of regression models included organization-related breach and violation and interactional justice. In this set of regression runs, interactional justice dominated, regardless of whether entered at the first or second step. Based on the regression results, the interaction between organizational breach and violation and credibility was weak to non-existent. It was also determined based on the regression beta weights that informational justice consistently

contributed more than interpersonal justice in explaining the variance of credibility. This is consistent with the zero-order correlations.

***Managerial Violation and Informational Justice on Credibility***

Based on bivariate correlations and the aforementioned hierarchical regression results, the primary research questions were investigated using credibility, manager-related violation, informational, and interpersonal justice. Subsequent analyses were focused on determining which hypothesis was more explicative of credibility’s predictive relationship with manager-related violation. Credibility was found to have a strong predictive relationship with manager-related violation (-.69). In order to ascertain whether credibility was directly or indirectly predictive of manager-related violation, elements from hierarchical regression analyses were used to construct path analysis diagrams of the hypothesized effects. Tables 4.8 and 4.9 provide the results of the hierarchical regressions and Figure 4.1 gives the resulting path diagrams.

**Table 4.8. Hierarchical Regression of Credibility and Informational Justice on Manager Related Violation**

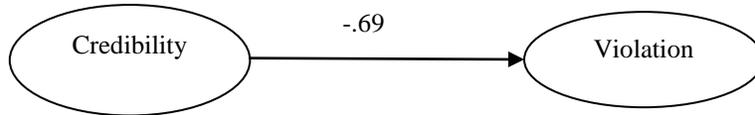
Variables Entered	$\Delta R^2$	$R^2$	Beta (Step 1)	Beta (Step 2)
Step 1 – credibility	.48	.48	-.69	-.35
Step 2 – informational justice	.04	.52		-.40

**Table 4.9. Hierarchical Regression of Credibility and Interpersonal Justice on Manager Related Violation**

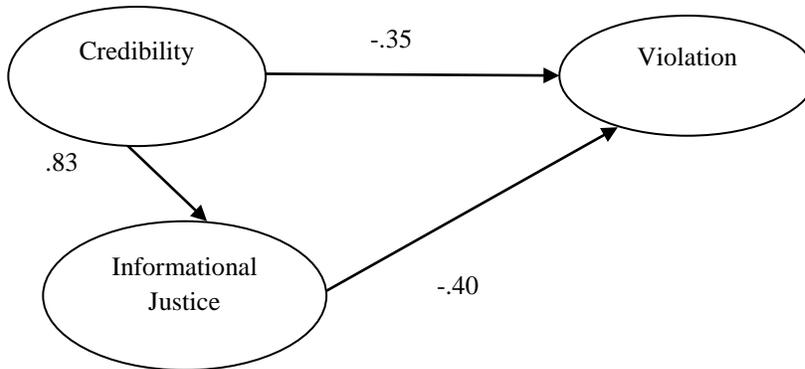
Variables Entered	$\Delta R^2$	$R^2$	Beta (Step 1)	Beta (Step 2)
Step 1 – credibility	.48	.48	-.69	-.37
Step 2 – interpersonal justice	.08	.56		-.43

---

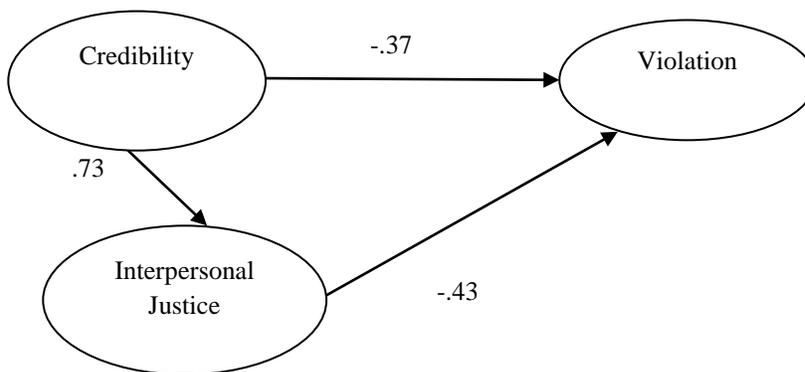
**Model 1**



**Model 2**



**Model 3**



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**Figure 4.1. Competing models for predicting sense of violation from one's manager from credibility and two types of interactional justice**

Confirming hypothesis 1, credibility was found to be a direct predictor of manager-related violation. Model 1 of Figure 4.1 illustrates the simple effects of credibility on violation, showing the zero-order correlation of  $-.69$ . Step 1 in Tables 4.8 and 4.9, indicates credibility explains 48% of the variance in managerial violation. Table 4.8 shows that a 4% change in R square occurred when informational justice was entered at Step 2 of the regression equation. Interpersonal justice explained slightly more, causing an 8% change in R square that resulted in 56% of the variance explained on managerial violation (see Table 4.9).

Credibility was also found to be an indirect predictor of violation through both informational and interpersonal justice. Models 2 and 3 in Figure 4.1 illustrate with the use of path diagrams, the indirect effects of credibility on violation. The path diagrams are useful in depicting the hypothesized relationships amongst credibility, manager-related violation, and informational and interpersonal justice. Table 4.10 summarizes the direct, indirect, and total effects presented in the path diagrams.

The path diagrams clearly depict that the relationship between credibility and violation was almost evenly divided between direct effect and indirect effect. The direct effect of credibility on violation is slightly higher with interpersonal justice, but the differences were trivial. The second hypothesis, that leadership credibility is indirectly predictive of psychological contract breach and violation, going through the justice dimensions, was clearly upheld for managerial violation. On the other hand, as shown by the zero-order correlations, the hypothesis was not confirmed as it related to contract breach. Managerial contract breach had a negative moderate correlation with credibility ( $-.32$ ) and no relationship with organizational breach ( $-.05$ ).

**Table 4.10. Effect of Credibility on Sense of Violation**

	<u>Model 2</u>	<u>Model 3</u>
	<u>Informational Justice</u>	<u>Interpersonal Justice</u>
<u>Direct Effect</u>	<u>-.35</u>	<u>-.37</u>
<u>Indirect Effect</u>	<u>-.33 = (.83)(-.40)</u>	<u>-.31 = (.73)(-.43)</u>
<u>Total Effect</u>	<u>-.68</u>	<u>-.68</u>
<u>(direct + indirect)</u>		

### **Summary of Participants' Open-Ended Comments**

The questionnaire contained a section that afforded respondents the opportunity to share their perspectives. A total of 120 (21%) respondents shared comments concerning their supervisors or managers, upper management, and the organization. After analyzing respondents' comments, a few consistent themes emerged, which were categorized in the following manner: (a) manager-related positive comments; (b) manager-related negative comments regarding honesty; (c) upper management/organization-related comments regarding honesty; (d) manager-related negative comments regarding competence; (e) upper management/organization-related negative comments regarding competence; and (f) general comments (see Appendix D). The comments categorized under honesty reflected a general theme of managers and upper management not demonstrating trustworthy, ethical, and principled actions or behaviors (Kouzes & Posner, 2003). Comments associated with lack of competence were characterized as including the following: (a) technical competence – knowledge of processes, methods, and techniques; (b) interpersonal competence – ability to understand feelings, attitudes, motives of others, and communicate clearly and persuasively; and (c) conceptual competence – demonstrating good judgment, analytical ability, logical thinking and reasoning, and creativity (Yukl, 1994).

Manager-related positive comments (11) accounted for only 9% of the total responses received, which was small in comparison to the number of negative comments (103) expressed about managers and upper management. However, the positive comments received were highly favorable. Some respondents indicated their supervisors or managers were performing in an outstanding manner. Others indicated their managers were creating encouraging work environments and bringing out the best in their employees.

The next two categories included perceptions of a lack of honesty relating to employees' managers and upper management/organization: 3% of the comments related to managers and 19% related to upper management/organization. Regarding honesty in the manager-related category, respondents indicated managers did not provide consistent and truthful communication; and promises were not kept. The perceptions concerning a lack of honesty for upper management were strong and accusatory. The following comments directed towards upper management provide an example:

- “Management has absolutely no credibility in this organization. I don’t trust half of the xxx leaders or anyone above that grade.”
- “The senior executive management has no integrity and is hypocritical.”
- “An observation that I’m sure hasn’t escaped your notice, but the fact that folks are worried about the ‘safe’ and ‘anonymous’ factors (and those concerns are prevalent) should be quite telling in and of itself.”

Respondents' comments addressing perceptions of a lack of competence on the part of managers represented 17% of the responses received. The central theme was about managers' lack of interpersonal competence. Respondents indicated some managers were authoritative, incompetent, poor leaders, and significantly deficient in communication skills. One respondent stated, “My manager and his bosses all the way up the line are not good listeners. Important changes are made without seeking input from persons who could offer valuable input.” Another employee commented, “I believe my manager needs more training in diversity and working with females. He tends to focus more on the men on my team, and listens to what a couple of them say all the time, rather than letting the others participate in the decision-making of the team.”

The largest percentage of comments (39%) addressed upper management/organization's lack of competence. Once again the comments focused on interpersonal incompetence. In addition, several respondents indicated a serious disconnect existed in terms of communication between field and headquarters employees. Respondents indicated an overall frustration and disappointment with upper management. The following comments are representative of some of the concerns respondents voiced about upper management and the organization.

- “A critical component that management lacks is leadership.”
- “Upper management often makes drastic organizational changes without considering how those changes impact employees' lives only to revert back to the way things were when new leadership is in power.”
- “The XXX is horrible when it comes to communication within our agency. That is the main reason I feel betrayed by my agency because the average person has no clue what is going on.”
- “My organization is in a downward spiral; victim of its own desire to promote those less experienced in an effort to meet quotas. The inexperience provided by those in high level positions cause knee jerk reactions to critical situations that promote lack of confidence in senior management.”

The remaining 13% of open ended responses covered various general topics. They included complaints about the job, questions directed towards upper management, and general comments about the state of the organization. Some comments were not included in the general topic section of Appendix F in order to protect the identity of the subject organization.

### **Summary of Results**

Credibility, as conceptualized in this study, has not been adequately studied in the leadership literature. While high-quality employee-manager relationships have been correlated with organizational justice, credibility has not been associated with interactional justice and contract breach and violation. As a result of utilizing data collection and statistical analyses, this exploratory examination of the variables of interest rendered results that addressed the two research questions. Based on the results of bivariate correlations and hierarchical regressions, it was determined that the focus of analyses would be on credibility, managerial violation, and the

justice dimensions. Managerial breach and organizational violation were found to have moderate negative relationships with credibility, and no correlation existed between credibility and organizational breach. Both justice dimensions were shown to have high zero-order correlations with credibility, thus credibility's correlation specifically with interactional justice was established.

Hypothesis one was concerned with testing credibility as a direct predictor of managerial violation. The results of statistical analyses identified that credibility does have a direct predictive relationship with violation. Hypothesis two was concerned with credibility as an indirect predictor of managerial violation through informational and interpersonal justice. As visualized in the path diagrams, credibility does have an indirect effect on violation through both informational and interpersonal justice. However, regarding contract breach, the hypotheses were not confirmed as breach had modest to no correlations with the predictor and other criterion variables.

In summary, results indicated that both hypotheses were correct, to the extent that leadership credibility has both a direct effect on managerial violation, and an indirect effect through interactional justice. Current and future implications of these findings are discussed in Chapter V.

## CHAPTER V

### SUMMARY AND DISCUSSION

Various situational and organizational factors typically involving organizational change efforts have contributed to employee perceptions that leaders are unwilling or unable to fulfill their psychological contract promises. Consequently, psychological contract literature has provided ample evidence that these perceptions often lead to cognitive interpretations of breach and intense emotional feelings of violation (Kickul, 2001a; Rousseau, 1995; Robinson & Morrison, 2000; Tekleab & Taylor, 2003). When perceptions of violation are compounded by perceptions of interactional injustice (i.e., managerial disrespect, insincerity, and inadequate explanations), employees' sense of violation is heightened. As a result of broken promises and workplace injustice, employees have increasingly become cynical with regard to managers' intentions and credibility.

Existing literature on leadership imparts a recurring theme that employees exhibit positive employee behaviors and attitudes when they perceive their managers as credible leaders (Campbell, 1993; Dirks & Ferrin, 2002; Kickul, Gundry, & Posig, 2005; Kotter, 1990; Kouzes & Posner, 2003). Leadership and organizational justice studies have reported that leader behaviors appear to heighten employee perceptions of leadership effectiveness (Lipponen, Koivisto, & Olkkonen, 2005; Piccolo, Bardes, Mayer, & Judge, 2008; Pillai, Schriesheim, & Williams, 1999). According to psychological contract literature, employees' make inferences regarding an organization's intention to fulfill or renege on obligations based on managerial actions (Morrison & Robinson, 1997).

Based on an in-depth literature examination, gaps in the literature were found with regard to how leadership credibility might influence contract breach and violation, and informational and interpersonal (i.e., interactional) justice. In this exploratory study, leadership credibility was found to be both directly related to a sense of managerial violation, as well as indirectly related to it through both types of interactional justice. This chapter provides a review of the method, a

summary of results, a discussion of results, practical implications, limitations of the study, recommendations for future study, and final thoughts.

### **Review of the Method**

Two primary hypotheses guided the inquiry: (a) that leadership credibility is directly predictive of psychological contract breach and violation, or (b) that leadership credibility is indirectly predictive of psychological contract breach and violation, through the justice dimensions.

This research was conducted within a federal organization employing professional, technical, administrative, and law enforcement personnel assigned to offices across the United States. The subject organization has undergone tremendous change within the past five years. Time after time, employees were asked to understand and embrace significant change efforts. The subject organization's 2,000 plus federal non-collective bargaining employees were available and invited to participate in this research. An electronic letter of invitation was sent to each employee explaining the purpose of the study. The invitation letter assured employees that responses were anonymous and questionnaire data would not be available to management. The letter contained a link to the online questionnaire hosted on the SurveyMonkey©.Com website. The questionnaire was accessible 24 hours a day for a period of 14 days, October 25-November 7, 2008.

The instruments utilized for this study included: (a) Kouzes and Posner's (2003) credibility factor index measure; (b) Robinson and Morrison's (2000) psychological contract measure for breach and violation; and (c) Colquitt's (2001) measure for interactional justice, which included two distinct sub-scales for interpersonal justice and informational justice dimensions. Robinson and Morrison's sub-scales, which measure organization-related perceptions of breach and violation, were slightly modified to create sub-scales that measured manager-related breach and violation perceptions.

Analyses of data were conducted using the Statistical Package for Social Sciences (SPSS) version 16.0 for Windows Vista. Factor analyses on the 42 credibility items were performed using both principal component and alpha extraction, both with varimax rotation. Reliability analyses were conducted on all scales. Mean and standard deviation statistics were analyzed to

evaluate distribution patterns and response variations. Statistical analyses were conducted utilizing bivariate correlations, hierarchical regressions, and path analyses.

### **Summary of Results**

As discussed in Chapter IV, 561 (28%) responses were received. Participants were 50% male and 38% female (12% did not respond), with a mean age of 46. The largest racial/ethnic group to respond were non-Hispanic Caucasians (61%). Law enforcement personnel (47%) was the largest occupational category of respondents, followed by an additional 22% of law enforcement supervisors, managers, or executives. This was a highly educated group, with 55% of the respondents possessing a four year degree, and 16% a Master's degree. Two years was the average period of time respondents worked for their current supervisor or manager. The average respondent tenure with the subject organization was 14 years, and with the federal government or public sector, 21 years.

Factor and reliability analyses were conducted using the Statistical Package for Social Sciences (SPSS) version 16.0 for Windows Vista. The credibility factor measure, consisting of 42 items was factor analyzed using both principal component and alpha extraction, both with varimax rotation. Two factors emerged: factor one, comprised of 12 items was labeled *Employee-Oriented Credibility*, and factor two, consisting of seven items was labeled *Value-Oriented Credibility*. After preliminary analyses were performed, only the credibility index variable was used for subsequent analyses. The two credibility factor scores were not used due to murky factor cross-loading, and the credibility factor scores had a dramatically smaller sample size (N=394) as compared to the credibility index (N=558). Results of the reliability analyses yielded Cronbach's alpha score ranges from .90 to .99 for the credibility index scale, and subscales for psychological contract breach and violation, and interpersonal and informational justice. Analyses of mean scores and standard deviations showed an overall normal pattern of distribution for the data and moderate variance. Respondents' on average found their managers to be credible, and fair from an interactional justice perspective. Contract violations were minimally experienced. An atypical finding resulted in that respondents reported neutral perceptions regarding contract breach.

Based on bivariate correlations and the results of exploratory hierarchical regressions, the primary hypotheses were investigated using credibility, manager-related violation, and informational and interpersonal justice. The path diagrams (see Chapter IV, Figure 4.1) depicted the relationship between credibility and violation as almost evenly divided between direct effect and indirect effect. The first hypothesis was supported: credibility has a direct effect on managerial violation. The second hypothesis was supported to the extent that credibility has an indirect effect on managerial violation, through interpersonal and informational justice dimensions. Based on hierarchical regressions and zero-order correlations, contract breach was found to be only moderately correlated with managerial breach and no correlation existed with organizational breach; thus the hypotheses relating to contract breach were not confirmed.

## **Discussion of Results**

### ***Organizational Context***

Credibility, psychological contract, and interactional justice are constructs undeniably influenced by individualistic perceptions (Bies & Moag, 1986; Rousseau, 1995). These perceptions are in turn significantly impacted by organizational change events, particularly when major organization-wide change occurs frequently, and is associated with contract breach, violation, and workplace injustice. Employees within the subject organization have experienced consistent change, at times drastic in its nature. Within the last five years, the organization has had three vice-presidents with very different styles leading the organization. Organizational leadership have faced internal and external pressures that have required drastic changes in strategic direction, senior leadership, structure, staffing, and reporting relationships. Each time a new vice president has taken over and members of senior leadership changed, employees have experienced numerous changes encompassing the termination and/or modification of processes, procedures, and programs. In the last three years, the subject organization has witnessed increases in the number of employees' retiring or leaving the organization, especially law enforcement personnel. Due to serious financial constraints the subject organization was mandated to significantly reduce its workforce. The organization instituted an aggressive downsizing initiative that resulted in the elimination of several hundred vacant positions, the redirection of large numbers of employees to new jobs or new assignments requiring relocation, and the actual separation of employees from the organization when job offers were not accepted

or could not be made. While the scope of this study did not empirically account for the situational and organizational factors just described, it is important to recognize and acknowledge the organizational setting of the respondents.

### ***Perceptions of Managerial Credibility***

Kouzes and Posner's (2003) conceptualization of credibility was utilized in this study. The credibility construct includes the three elements of source credibility: honesty, competence, and inspiration, and consists of a fourth element, forward-looking. On average, the respondents in this study found their managers to be credible. The range of responses covered the spectrum of "not at all" to "very much"; however, enough respondents selected "often" and "very much" to result in an average score reflecting a general perception of credibility. The respondents' answers were associated with their direct leader; that is, the manager responsible for providing them with guidance and support on day-to-day activities, performing their performance evaluation, and communicating requisite information to assist them with job performance. Direct leaders are also responsible for executing the strategies of upper management or organizational leadership, and providing the explanations to help employees understand the rationale and reasons for organizational changes and outcomes. These research findings suggest that in spite of the subject organization's numerous change efforts, respondents perceived their managers as credible, thus indicating the existence of favorable, even high quality employee-manager relationships.

A high-quality relationship built upon credibility is believed to encompass employee perceptions about their manager from a relationship-based and character-based perspective. From a credible relationship perspective, employees operate with an expectation of the relationship being based on trust, goodwill, and agreement on mutual obligations. When employees determine their managers to be credible, employees perceive their leaders to be of high character, thus demonstrating integrity, dependability, and fairness (Dirks & Ferrin, 2002; Kouzes & Posner, 2003; Rousseau, 1995). Because credibility focuses on both the nature of the relationship between the employee and manager, and the employees' perceptions of leaders' character, employees are able to make judgments concerning leaders' credibility (i.e., consistency in words and behaviors) that extend beyond initial impressions and/or superficial acts of leaders.

From a social exchange perspective, when employees identify their managers as credible, they have implied a strong belief in the mutuality of obligation. Employees agree to fulfill their obligations as they understand them, with a strong trust in the reciprocal actions of their manager. In the formative stages of the employee-manager relationship, employees engage in a relational exchange of low-risk benefits until such time belief in the credible nature of the manager is confirmed (Blau, 1964, 2005). Employees in this study indicated reporting to their current manager on average two years. Certainly relationships enduring at least two years have moved beyond the formative stage. Employees are able to observe the consistency of their managers' actions and deeds, and reach meaningful conclusions about their managers' level of credibility. As employees strengthen their belief in their managers' credibility, according to social exchange theory and psychological contract research, perceptions regarding mutual fulfillment of obligations are enhanced, and feelings of fair treatment increase. The scope of this study did not involve employee perceptions regarding the fulfillment of obligations. However, because employees believe their credible managers are dependable and trustworthy, employees are able to feel more secure about the overall fulfillment of contracts over time. It can therefore be reasonably concluded that employees operate with a sense of contract agreement with their manager, based on a long-term sense that obligations will be fulfilled as they fulfill their obligations.

The following sections provide more in-depth discussion on the results of this study. The discussion of results will not involve explanations regarding cause and effect. Causal explanations are not appropriate as this research was based on cross-sectional survey data. Instead, inferences, reasonable suppositions, and conclusions drawn from relevant literature, and personal insight will provide the means for discussion of the findings. Discussions will center on the following areas: (a) credibility's direct effect on managerial violation; (b) credibility's indirect effect on managerial violation, through interactional justice; (c) credibility's modest correlation with contract breach; (d) respondents' open-ended comments; and (e) practical implications.

### ***Effects of Credibility on Violation***

The results of this study indicated a strong and direct negative relationship between credibility and violation. In other words, employees that perceived their managers to be credible

were less likely to perceive a violation by their manager. The goodwill and trust that managers garner with their employees by being perceived as credible, appears to diffuse perceptions of violation in two ways: (a) the relational contracts of law enforcement professionals and white-collar employees are strengthened; and (b) employee attributions of managerial wrong-doing are suppressed.

***Relational Contract.*** A relational contract, which is a type of psychological contract, is perceived as long-term, open-ended, and requires faith in fair dealings and trust (Robinson, Kraatz, & Rousseau, 1994). Relational contracts are based upon expectations derived from social exchange theory. Consequently, relational contracts are highly influenced by the quality of the employee-manager relationship. Relational contracts reflect a high degree of socio-emotional investment by the employee, and are built upon expectations of trustworthy behavior by management and by the organization (Rousseau, 1995). In this type of relationship, employees will want to know they can depend on the future actions of their manager and the organization.

Most likely, relational contracts are the dominant type of psychological contract maintained by respondents in this study, and by employees within the subject organization. This supposition was not empirically supported, as no sub-scales were included that specifically addressed psychological contract type. Rather, this conclusion was derived from knowledge of the literature on occupational and professional work ideologies. Bunderson (2001) and Ellis (2007) conducted studies concerning professional work ideologies and white-collar workers, respectively, and psychological contracts. Their research has specific relevance to this study because 79% of the participants that responded to the job category question are in the law enforcement profession, and the overall largest job category in the subject organization is law enforcement. Additionally, 21% of those responding to the job category question performed white-collar work. Second to law enforcement, the subject organization consists of white-collar jobs. The implications of credibility and professional ideologies and white-collar work are discussed in the next three sections.

***Law Enforcement Professionals.*** Law enforcement personnel within the subject organization associate themselves with the profession of law enforcement. Collectively, the subject organization's culture, training, and formal and informal communication convey to law

enforcement employees that law enforcement is more than a job, it is a career and lifestyle. During the recruitment phase, as well as during new hire training, the subject organization socializes employees to regard law enforcement as a lifelong commitment and career. As professionals, law enforcement personnel view themselves as highly trained experts providing valued knowledge and skill to the subject organization.

This professional ideology affects the formation and maintenance of psychological contracts. Professionals' psychological contract obligations include identification with the organization, loyalty, and a focus on productivity and delivering expected results (Bunderson, 2001). In return, these employees most likely expect a professional work setting, the ability to interact with other professionals in the law enforcement community, and support by managers and the organization regarding professional autonomy and standards. According to Bunderson, professional ideologies create expectations of a relational contract between the employee and his or her manager, as well as with the organization-at-large.

***White-Collar Occupations.*** Ellis (2007) determined that for white-collar employees, communication promises or obligations were an integral part of their psychological contract schema. This researcher conceptualized communication promises as “promises pertaining to communicating information, performance feedback, and communication style” (p. 340). Relating Ellis' findings to this study, employees within the subject organization would have a heavy reliance on the need for quality communication between themselves and their managers to ensure successful job performance. Employees would want and expect to have access to their managers in order to obtain evaluative feedback. In light of the greater need and desire for quality communication and social exchange, white-collar employees within the subject organization would most likely develop relational contracts. As part of the relational exchange, the subject organization encourages its employees, both professional and white-collar, to develop feelings of loyalty and commitment towards the organization.

***Strengthening Relational Contracts.*** Credible leadership strengthens relational contracts because credibility encompasses dependable and trustworthy behaviors, respect of individual values, and quality communication. Relational exchanges are built on trust and consistency in word and deed; therefore, employees typically observe behaviors by credible managers that affirm their dependability, word-deed alignment, and honesty. Recognizing that law

enforcement personnel highly value their professional identity and overarching connection with the law enforcement community, credible managers will exhibit individual and collective respect of their employees' profession and professional standards. For both law enforcement and white-collar employees within the subject organization, relational contract terms focus on high quality communication. Credible managers demonstrate a strong propensity towards delivering quality communication by engaging in those behaviors that white-collar workers have reported as being important. Those behaviors include maintaining an open-door policy or being accessible to employees, providing timely responses, engaging in informal communication, providing open, honest, and sincere communication, conducting performance appraisals and giving feedback, and allowing for mutual feedback and one-on-one communication (Ellis, 2007).

***Employee Attributions.*** According to the model of violation advanced by Morrison and Robinson (1997), individuals engage in an interpretation process to assess meaning to outcomes or events that trigger perceptions of breach. Due to the socio-emotional investment employees make in relational contracts, employees are vigilant in wanting to identify reasons for the breach and to attribute blame. The intensity of the felt violation is directly related to the outcome of the interpretation processes. Feelings of violation are significantly heightened when employees perceive that broken promises were intentional on the part of managers and/or the organization (i.e., renegeing on obligations). According to psychological contract and attribution literature, managers' actions and behaviors are scrutinized as employees interpret events and seek to place blame for perceived negative outcomes or events (Lord & Smith, 1983; Morrison & Robinson, 1997; Rousseau, 1995).

The results of this research substantiated that respondents experienced less violation; however, whether or not this was due to less blame being placed on managers goes beyond the scope of this research. However, as employees' trust and confidence in their managers increase over time, it is reasonable to posit that employees are less apt to place blame and attribute negative behaviors, or intentional renegeing on contract terms. The social exchange between employees and credible managers are typically characterized by a shared understanding of common values, beliefs, and norms, fostered through quality communication and honest actions and behaviors. Considering the quality of interaction, it would seem difficult for employees to develop intense feelings of violation. Credibility negates strong affective feelings of violation

because employees are much more likely to see credible managers as honoring the terms and “spirit” of a relational contract. Further, over time as employees observe relational contract terms being fulfilled, and belief in future fulfillment of obligations is not diminished, employees will continue to be much less inclined to attribute purposeful and intentional acts of promise-breaking or violation to managers that are credible.

The identification of credible leadership as a means for diminishing perceptions of violation is meaningful for both researchers and practitioners alike. The findings from this study provide standards of behavior for managers on how changing obligations and contracts can be addressed in such a way as to avoid the disastrous consequences of employee violation. This next section discusses the effects of interpersonal and information justice on credibility and violation.

### ***Effects of Credibility and Justice on Violation***

The results of this study established that leadership credibility is related to interpersonal and informational justice. This is important for two reasons. First, leadership credibility as conceptualized for this research has not been examined with interactional justice; thus, this research augments existing studies that are concerned with high-quality leadership and organizational justice. Second, few studies treat interpersonal and informational justice as two related but separate constructs. The findings and insights provided by examining both interpersonal and informational justice dimensions extend justice theory.

The psychological contract and justice literatures substantiate that fairness concerns greatly influence perceptions of breach and intensity of felt violation (Kickul, 2001a, b; Kickul, Lester, & Finkl, 2002; Morrison & Robinson, 1997; Robinson & Morrison, 2000). Morrison and Robinson posited in their violation model that violation was more aligned with interactional justice. The results of this study confirm their supposition. Employees’ fairness assessments are based on interactional judgments linked to the quality of interpersonal treatment received by managers. Experiences of interactional injustice intensify feelings of violation because individuals experience the injustice as a deep and intense harm to one’s identity and psyche (Bies, 2001).

The results indicated credibility with interactional justice had an indirect effect on explaining violation, and this effect was equivalent to credibility's direct effect on violation. This finding contributes to a growing base of literature on leadership and organizational justice. In order to explain this three-way relationship, it is first important to consider the reciprocal relationship between psychological contracts and fairness. Employees' justice perceptions are defined relative to psychological contracts (Cropanzano & Prehar, 2001). In other words, as employees form psychological contracts, both new and revised, with managers and the organization, these contracts define the standards of fairness employees utilize to evaluate fairness perceptions concerned with outcomes, procedures, and managerial treatment. As obligations shift, so do perceptions of fairness; ultimately, when employees perceive their contracts as being met, they also perceive fair treatment. Consequently, recognizing that credible leadership strengthens perceptions of contract fulfillment, it is reasonable to suggest that credibility strongly enhances employees' perceptions of interactional fairness. The findings from this study support this belief, as both interpersonal and informational justice correlated highly with credibility. Additional conclusions regarding informational and interpersonal justice are discussed in the following sections.

***Informational Justice.*** The focus of informational justice is on employees' perceptions of managerial fairness in relation to adequate communication. Specifically, "managers should provide adequate explanations for decision-making and truthfulness – those explanations should be honest, open, and candid" (Scott, Colquitt, & Zapata-Phelan, 2007, p.1597). Employees performing white-collar work are particularly sensitive to information availability and highly desirous of explanations, as they are dependent upon information for understanding and knowledge of their job responsibilities. Additionally, professional employees display even stronger expectations for receiving explanations about events and outcomes; this is due to ideology-related self-perceptions as valuable contributors of organizational success (Bunderson, 2001).

Social accounts have been found to be very effective in minimizing perceptions of contract breach; however, employees are typically very critical in judging the adequacy of accounts (Bies, 1989; Rousseau & Tijoriwala, 1999). Inadequate accounts given by managers have been found to do more harm than when managers provide no explanations (Shaw, Wild,

Colquitt, 2003). As a result of experiencing positive relational exchanges, with particular emphasis on high-quality communication, employees are most likely to accept the social accounts given by credible managers. When employees perceive managers to be credible and informationally fair, managers are most likely communicating consistently and timely, anticipating communication needs, and candidly identifying reasons for change based on their existing knowledge. By identifying the strong relationship between credibility and informational justice, this study provides evidence that good-faith relationships and high-quality communication between employees and credible managers most likely facilitates employee perceptions regarding the legitimacy or adequacy of social accounts.

***Interpersonal Justice.*** Belief that you *have not* been treated with dignity and respect goes to the heart of felt violation. Psychological contract and organizational justice researchers have shown that a feeling of violation produces anger, distrust, and deviant work behaviors due to basic feelings of being undervalued and unjustly treated as an individual. According to Bies (2001), individuals' strong sense of interpersonal injustice emanates from experiences wherein employees may feel derogatory judgments have been made about them; managers have engaged in deception; employees' privacy has been invaded; and managers have displayed disrespectful treatment. Researchers have suggested that professionals are particularly sensitive to being treated with respect, as part of the ideology professional employees incorporate into their contractual schema (Bunderson, 2001). When any employee considers they are being devalued and disrespected, this triggers an interpretation process that may lead to perceptions of violation, which are known to be much more intense due to perceptions of interpersonal injustice.

Credible leadership diffuses perceptions of interpersonal injustice by establishing rich and meaningful interaction. Managers' through quality interaction with their employees can prevent concerns about derogatory and unfair judgments, and deception. Most importantly, credible leadership is concerned with the value that each employee brings to the organization. Credible managers typically demonstrate through actions the value employees bring to the organization. When employees experience genuine care and concern from their manager, care and concern is reciprocated, and the quality of the employee-manager relationship is greatly enriched.

### *Effects of Credibility on Breach*

Respondents in this study overwhelmingly expressed neutral opinions when asked about their perceptions of experienced breach. In reviewing relevant literature, there were no research findings that suggested neutral opinions were received by a large respondent group. Given the organizational context of this study, respondents' selection of neutral may be somewhat understandable when considering: (a) employees perceived their managers as credible, and (b) employees experienced tremendous change on a frequent basis within the organization.

Unlike violation, which is more emotionally-centered, perceived breach is a cognitive assessment by employees of whether contract obligations are being fulfilled based on employees' perceptions of what each party promised and provided to the other. Employees that behave within the boundaries of relational contract schema and social exchange, derive value from the quality of the employee-manager relationship (Blau, 1964, 2005). Employees have no expectation for immediate fulfillment of obligations since relational contracts are formulated based on long-term and open-ended contractual relationships. Based on the value employees place on high quality relationships, coupled with a long-term perspective regarding fulfillment of obligations by their manager, perceptions of breach may not be triggered. If employees engage in information-seeking and monitoring as a result of unfavorable organizational events or uncertain environments, it would seem reasonable to suggest that employees may do so to a lesser degree, thus noticeably decreasing cognitive awareness of perceptions of breach.

The participants' in this study faced substantial change including new leadership and organizational downsizing. It is conceivable the change created ambiguity for employees in terms of existing contractual obligations. However, because these employees experienced truthful, accurate, sincere communication, adequate justification, and respectful treatment, managers have not been found to be culpable for broken promises. Perhaps, employees experienced a level of incongruence or uncertainty in terms of knowing what obligations they owe, and what is owed by their managers and the subject organization. Consequently, in this state of uncertainty, it may have appeared reasonable to the respondents to take a neutral position as opposed to fully committing to breach or no breach.

### *Participants' Open-Ended Comments*

Comments were received from 21% (120) of the total number of respondents. The comments provided were intense and insightful; they provided a level of awareness that was not readily apparent from the statistical analyses. While participants did, on average, find managers as credible and just, there were respondents that identified their managers as lacking credibility, and demonstrating injustice in the workplace. Respondents' comments reflected both satisfaction and dissatisfaction with local managers. The most insightful comments were those directed at upper management and the organization-at-large. These comments were indicators that some employees felt upper management or the organization had violated their relational contract. Employees expressed feelings of anger, frustration, and even betrayal. The level of intensity and emotion in the comments was unexpected. The relevant empirical data for organizational breach and violation was not prominent from a correlation or regression standpoint.

It would seem reasonable to consider that upper management and the organization-at-large became the focal point for employees wanting to place blame, particularly since they experienced circumstances that may have appeared beyond their control and their managers' control. Perhaps the backlash towards upper management was to some extent a form of retaliation for the constant change that undoubtedly caused employees heightened anxiety and stress. Since employees found their managers credible and therefore undeserving in terms of shouldering primary blame, the blame was then shifted and projected onto those leaders that were perceived to have more influence and control over organization-wide matters.

### **Practical Implications**

This study provides evidence that credible leadership behaviors specifically, honesty, competence, inspiring, and forward-looking, contribute to diminished perceptions of contract violation and increased perceptions of managerial interpersonal and interactional fairness. The behaviors that represent the four dimensions of credibility are not abstract or ambiguous. Managers can be guided by the behaviors associated with credibility to govern their daily and long-term interaction with employees. These leadership behaviors collectively include a common or consistent theme of high interactive communication, a demonstration of care and

concern for the employee, and a regard for individual employee value, while continuing to focus on organizational results and business strategies.

Traditionally, managers have been held mostly accountable for business results involving finances, workload, production, etc., with less emphasis on the “human” side of management. However, there has been an increased outcry in contemporary times extolling the need for managers at all levels of the organization to move beyond the traditional management role and to engage in leadership, which views “human” issues to be equally as important as profits. The benefits of leadership in helping organizations to embrace change and achieve success have been well documented (Bennis, 1995; Kotter, 1996, 2002; Kouzes & Posner, 2002, 2003; Ulrich, 1996). While there are certainly other perspectives of leadership to consider, by confirming the value of credible leadership, particularly in an era of cynicism and mistrust, and associating those behaviors with psychological contracts and managerial fairness will help strengthen the dialogue for more leaders “leading.”

Organizations and managers have been slow to consistently hold direct leaders and even organizational leaders accountable for employee perceptions concerning trust, equity, and fairness within the workplace. Certainly, there are justifiable reasons why managers may be challenged in fully embracing credible leadership behaviors (Whitener, Brodt, Korsgaard, & Werner, 1998). Managers will vary in their individualized propensity to trust employees, which has a decisive impact on an individual’s ability to be credible. Managers with a high propensity to be trustworthy for example will expect his or her employees to reciprocate. Managers will vary in self-efficacy. Low self-efficacy will cause managers to question their competence and ability to inspire and be forward-looking. At a very basic level, managers will vary in terms of their personal values. Personal values have a profound effect on how managers perceive and embrace credible behaviors. As an example self-transcendent values (i.e., understanding, appreciation, concern for the welfare of others, keeping promises, integrity) are aligned with credible behavior; whereas, self-enhancement values focus more on individual achievement, self-gratification, hedonism, and power (Whitener et al., 1998). Managers may perceive inability to control or influence the mandates directed by upper management. Consequently, instead of engaging employees in dialogue, due to their frustration they respond by retreating and only communicating what is absolutely necessary. The aforementioned reasons are representative of

some of the realistic constraints that organizations and managers face when considering credible leadership.

In spite of these constraints and challenges, the research findings of this study and others, provide compelling reasons why managers must be fully knowledgeable of their role and impact in helping employees understand the value they bring to the organization and translating this value into organizational success. According to Moorman (1991), managers are “probably the most effective and compelling communicator of an employee’s value” (p.852). Leaders are also said to be major sources and influencers of the perceptions employees hold regarding organizational justice (Van Knippenberg, De Cremer, & Van Knippenberg, 2007).

Clearly, managers and organizations have choices to make. Less managerial responsibility and accountability may continue to result in employee perceptions of breach, violation, and injustice, which are associated with negative employee attitudes, decreased manager satisfaction, decreased organizational citizenship behaviors, and deviant work behaviors. While in the short-run these results can be ignored, over the long-term organizations will be negatively impacted. When managers and others responsible for developing and promoting future leaders are held responsible and accountable for embracing the virtues of credible leadership, organizations may be on their way to replacing, little-by-little, indifference and/or outright negative employee attitudes with renewed interest and enthusiasm. While employees have a role and bear responsibility for the quality relationships and fulfilling their part of the psychological contract, leaders must bear the responsibility of taking the first steps towards high-quality employee-manager relationships.

### **Limitations of the Study**

The data were collected through the use of employee online questionnaires (i.e. self-reports) with volunteer respondents (see Appendix G). Therefore one limitation of the study may be due to the common method variance or systematic bias. This limitation could be resolved in future research by conducting longitudinal studies and collecting data with multiple methods. While this study had minority representation, study participants were overwhelmingly Caucasian males. For future studies, researchers may want to identify subject organizations that have high female and minority representation.

Another limitation of this study is that the present sample appears to be somewhat skewed to older workers. The median age of the respondents was 46 years. More specifically, 69% of the participants that responded to the question on age were 40-59 years old. The demographic results could be quite by chance or reflective of concerns younger respondents may have had about completing the questionnaire. In future research endeavors it would be important to monitor this during the data collection phase and attempt more targeted communication to address concerns, if similar patterns began to develop.

The results of this study are not necessarily generalizable. The results are reflective of the participants in the subject organization and the organizational context in which they work. However, it appears reasonable to suggest that this information may be relevant in other organizational settings. Numerous organizations are comprised of hierarchical relationships wherein employees are subject to and influenced by managerial behaviors and decisions. Consequently, employees regardless of the type of organization they work in attribute managerial actions to psychological contract fulfillment or breach, and develop associated perceptions of managerial fairness. Therefore, the results of this study conceivably have relevance in organizational settings comprised of leaders and followers.

### **Recommendations for Future Research**

This research was successful in exploring and surfacing the relationship credibility has with psychological contract violation, and interpersonal and informational justice. However, a further examination of credibility and breach is warranted. Psychological contract literature has established that the quality of employee-manager relationships influence employees' cognitive assessments of contract breach (Morrison & Robinson, 1997). Future examinations of credibility and breach may benefit from the use of a composite breach instrument, rather than the global breach instrument used in this study. A composite breach measurement that delineates managerial and organizational topics (e.g., salary, promotions, training, career advancement, etc.) may help generate employees' cognitive awareness of contract breach (Kickul, Lester, & Belgio, 2004; Zhao, Wayne, Glibkowski, & Bravo, 2007).

Research involving the major variables of this study, and workplace behaviors and attitudes, procedural justice, fairness equity theory, and impression management is advanced for

consideration as possible future research topics. Credibility and interactional justice have been shown to decrease employee perceptions of managerial violation; therefore, it would appear reasonable to examine as a next step, the effects of credibility, interactional justice, and psychological contract on positive workplace behaviors and attitudes be examined. Based on related research findings, it is likely that organizational citizenship behaviors, organizational commitment, and job satisfaction are factors that influence employee perceptions of managers as credible and fair (Kickul, Lester, & Finkl, 2002; Morrison & Robinson, 1997; Robinson & Morrison, 2000).

In addition to interactional justice, future researchers may consider examining credibility and procedural justice. The decision to omit procedural justice was based on studies that identified procedural justice as a construct that measured perceptions of procedural processes from a more system-wide (organization) perspective (Colquitt, 2001; Masterson, Lewis, Goldman, & Taylor, 2000). In view of respondents' focus on upper management and the organization, examining procedural justice with credibility and the other variables of interest may conceivably capture perceptions that extended beyond the direct manager. Additionally, the work of Van Knippenberg, De Cremer, & Van Knippenber (2007) demonstrated that procedural perspectives are relevant in a leadership context. They determined that leader procedural fairness predicted leadership effectiveness in conjunction with follower cooperation.

Fairness heuristic theory and credibility offer a fertile ground for future research. Organizational justice researchers are currently exploring fairness heuristics to explain the pre-formation, formation, and post-formation of fairness judgments (Van den Bos, Lind, & Wilke, 2001). Van den Bos et al. established that employees utilize fairness information as a heuristic substitute to make decisions about whether authority figures can be relied upon. Fairness heuristics is an emerging concept in organizational justice; an investigation of this theory, credibility, and psychological contract may further inform scholars seeking a continued exploration into employee-manager relationships, fairness, and contract fulfillment.

The last recommendation involves the concepts of impression management, credibility, psychological contract, and interactional justice. According to Bolino, Kacmar, Turnley, and Gilstrap (2008) impression management is concerned with an individual's efforts to create, maintain, protect, or otherwise alter their image. Based on the examination of impression

management and leader behaviors, Greenberg (1988) determined that some leaders engage in impression management behaviors to give the appearance of “acting” fair rather than being fair (Greenberg, 1988). Bolino et al. indicated that some managers provide explanations and excuses as a form of impression management, rather than for purposes of engaging in quality communication. A comparison of employees’ perceptions of managers demonstrating impression behaviors and credible managers, on fairness and contract breach and violation would be important for establishing the real value and benefit of credible leadership.

### **Final Thoughts**

The behaviors and attitudes of managers or direct leaders have consistently been found to be an antecedent or contributing factor in shaping employee perceptions about the workplace and the employment relationship. Various studies have considered leadership in relation to justice, or leadership in relation to psychological contract breach and violation. Relatively few have undertaken an examination of leadership, breach and violation, and justice. This study confirmed that credible leadership is related to favorable, even high quality relationships between managers and employees. High quality employee-manager relationships are critical for maintaining and enhancing psychological contracts. The results of the study confirmed this to the extent that employees’ perceptions of credible leaders were related to lower perceptions of violation. The examination of credibility with informational and interpersonal justice contributed to organizational justice and leadership literature. The examination of credibility’s relationship with both interactional dimensions may be a first, and the research findings helped to emphasize the importance of relating justice perceptions to managerial actions. Also, this study helped to underscore that quality communication and accuracy increases not only perceptions of justice, but fulfills communication promises white-collar workers hold managers’ accountable for fulfilling. The research results also affirm that interpersonal interactions between employees and managers should foster mutual dignity and respect; thus allowing all employees to feel interpersonally valued and contributing towards a good faith social exchange.

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## APPENDIX A

### LETTER OF PERMISSION FOR USE OF CREDIBILITY MEASUREMENT

**Nicole A. Johnson**

**From:** Jim Kouzes [jim@kouzes.com]

**Sent:** Thursday, March 06, 2008 9:14 PM

**To:** Nicole A. Johnson

**Subject:** LETTER OF PERMISSION FOR USE OF CREDIBILITY MEASUREMENT

Nicole,

Please find attached a scanned copy of the signed letter of permission. If you need the original mailed to you, please let me know. Otherwise, please accept this electronic copy as our letter of permission. Of course, the terms and conditions that we sent to you previously also apply. Thanks again for your interest in our work, and we wish you all the best with your dissertation.

Love 'em and lead  
'em, *Jim*

Jim Kouzes

Author & Lecturer

The Leadership Challenge®

117 Casa Vieja Place

Orinda, CA 94563

Office: 925-254-8699

Fax: 925-254-6606

Mobile: 408-832-3119

New Primary Email: jim@kouzes.com

Secondary Email: jim@kouzesposner.com

Web site: [www.leadershipchallenge.com](http://www.leadershipchallenge.com)

## APPENDIX A CONTINUED

Nicole A, Johnson 2 Barlow  
House Court Stafford VA 22554-  
7684

February 13,2008

Dear Dr. Posner and Mr. Kouzes:

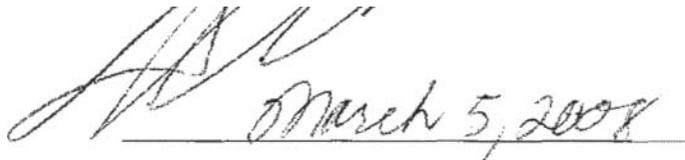
This letter is a follow-up to an email I sent you on February 13, 2008, I am completing a doctoral dissertation at Virginia Tech University entitled "The Effects of Leadership Credibility on Psychological Contract Breach and Social Accounts."

Based on its availability, I am requesting permission to use the credibility instrument that was referenced in your seminal work entitled "Credibility: How Leaders Gain and Lose It, Why People Demand It." After carefully researching the literature, I believe this instrument may be the most appropriate measure for leadership credibility.

The requested permission extends to any future revisions and editions of my dissertation, including non-exclusive world rights in all languages, and to the prospective publication of my dissertation by UMI Company. These rights will in no way restrict republication of the material in any other form by you or by others authorized by you. Your signing of this letter will also confirm you own the copyright to the above-described material.

If these arrangements meet with your approval, please sign below and return to me in the enclosed return envelope.

### PERMISSION FOR THE USE REQUESTED ABOVE:

  
  
March 5, 2008

**Date:**

Thank you in advance for your assistance and favorable response to this request. Sincerely,

Nicole A. Johnson

## **APPENDIX B**

### **Robinson and Morrison's Psychological Contract Measure (2000)**

#### **MANAGER-RELATED PSYCHOLOGICAL CONTRACT BREACH**

1. Almost all promises made by my manager during recruitment have been kept so far.
2. I feel that my manager has come through in fulfilling the promises made to me when I was hired.
3. So far my manager has done an excellent job of fulfilling her or his promises to me.
4. I have not received everything promised to me in exchange for my contributions.
5. My manager has broken many of his or her promises to me even though I've upheld my side of the deal.

#### **MANAGER-RELATED PSYCHOLOGICAL CONTRACT VIOLATION**

1. I feel a great deal of anger toward my manager.
2. I feel betrayed by my manager.
3. I feel that my manager has violated the contract between us.
4. I feel extremely frustrated by how I have been treated by my manager.

#### **ORGANIZATION-RELATED PSYCHOLOGICAL CONTRACT BREACH**

1. Almost all promises made by employer during recruitment have been kept so far.
2. I feel that my employer has come through in fulfilling the promises made to me when I was hired.
3. So far my employer has done an excellent job of fulfilling its promises to me.
4. I have not received everything promised to me in exchange for my contributions.
5. My employer has broken many of its promises to me even though I've upheld my side of the deal.

#### **ORGANIZATION-RELATED PSYCHOLOGICAL CONTRACT VIOLATION**

1. I feel a great deal of anger toward my organization.
2. I feel betrayed by my organization.
3. I feel that my organization has violated the contract between us.
4. I feel extremely frustrated by how I have been treated by my organization.

#### **Scoring Instructions**

5 = Strongly Agree to 1 = Strongly Disagree *with*

3 = Neutral *and* NA = Not Applicable

## **APPENDIX C**

### **Colquitt's (2001) Justice Measure Scale**

#### **INTERPERSONAL JUSTICE**

1. Has he/she treated you in a polite manner?
2. Has he/she treated you with dignity?
3. Has he/she treated you with respect?
4. Has he/she refrained from improper remarks or comments?

#### **INFORMATIONAL JUSTICE**

1. Has he/she been candid in his/her communications with you?
2. Has he/she explained the procedures thoroughly?
3. Were his/her explanations regarding the procedures reasonable?
4. Has he/she communicated details in a timely manner?
5. Has he/she seemed to tailor his/her communications to individuals' specific needs?

#### **Scoring Instructions**

4 = To a large extent *to* 1 = To a small extent

5 = Not applicable

## APPENDIX D

# Virginia Tech

### MEMORANDUM

TO: Marcie Boucouvalas  
Nicole Johnson

FROM: Carmen Green

SUBJECT: IRB Exempt Approval: "An Examination of the Relational Aspects of Leadership Credibility, Procedural and Interactional Justice, and Psychological Contract Breach and Violation", IRB # 08-637

I have reviewed your request to the IRB for exemption for the above referenced project. The research falls within the exempt status. Approval is granted effective as of October 23, 2008.

As an investigator of human subjects, your responsibilities include the following:

1. Report promptly proposed changes in the research protocol. The proposed changes must not be initiated without IRB review and approval, except where necessary to eliminate apparent immediate hazards to the subjects.
2. Report promptly to the IRB any injuries or other unanticipated or adverse events involving risks or harms to human research subjects or others.

## APPENDIX E

October 25, 2008

To: **Research Participants**

### Invitation to Participate

I am a doctoral candidate attending Virginia Polytechnic Institute and State University, (Virginia Tech), Falls Church, VA campus. My dissertation study involves the challenges managers and employees face in sustaining meaningful and mutually beneficial employment relationships. The \_\_\_\_\_, like many other organizations, has faced numerous organizational changes that have impacted employee-manager employment relationships. The \_\_\_\_\_ ever changing environment has made it an ideal organization for engaging in academic research. My particular research involves collecting data on employees' perceptions regarding their leaders' credibility, managerial fairness, and promises. This is an extremely important topic for academicians and practitioners interested in improving organizational environments and employee-manager relationships. Based on the potential benefits that may be derived from performing research in this area, I submitted a request to conduct an academic study within the \_\_\_\_\_. The \_\_\_\_\_ department and the \_\_\_\_\_ have given me approval to conduct this study.

**You are being asked to participate in this study because you are an employee of the \_\_\_\_\_.** I am asking you to complete my online questionnaire hosted on the website SurveyMonkey©.Com. The completion of this questionnaire is strictly on a voluntary basis and your responses are anonymous. The completion of this questionnaire should take **approximately 15 minutes of your time.** After receiving this invitation to participate, a follow-up email reminding participants to complete the questionnaire will be sent four days later. After the reminder email, no other communication will be initiated.

The data collection effort will be supervised by a Virginia Tech professor. With support and oversight from the professor, the data collected from the questionnaire will be analyzed, summarized, and reported in a dissertation; no information will be provided in the dissertation that identifies the organization under study. The questionnaire data **will not** be accessible to or provided to the organization.

With your assistance we hope to learn more about the nature of employee-manager relationships. Based on the results of this research, academicians and other researchers, human resource development specialists, and managers within organizations may gain a better understanding of the factors that promote or detract from maintaining high-quality employee-manager relationships. At the conclusion of this research effort, a report highlighting general trends and findings from summarized data will be provided to your organization to increase organizational awareness.

To access the questionnaire please click on the link below or copy and paste it to your favorite browser:

[https://www.surveymonkey.com/s.aspx?sm=97Elo3XMFDY6XolymyXWlA\\_3d\\_3d](https://www.surveymonkey.com/s.aspx?sm=97Elo3XMFDY6XolymyXWlA_3d_3d)

This questionnaire, which will take approximately 15 or 20 minutes to complete, will be accessible 24/7 until November 7, 2008 Midnight Eastern Standard Time. Please remember your completion is on a voluntary basis. IF you are unable to complete the questionnaire once you have started, you may return at any time to the questionnaire to complete up until the aforementioned cut-off date and time. If you have any questions or experience problems please contact najohnson@uspis.gov.

**Thank you very much for your time and anticipated willingness to participate in this worthwhile research effort.**

Sincerely,

Nicole A. Johnson

Doctoral Candidate, Adult Learning and Human Resource Development Program

Virginia Tech University

[nijohns7@vt.edu](mailto:nijohns7@vt.edu)

XXX-XXX-XXXX

And

Marcie Boucouvalas, Ph.D.

Professor

Adult Learning and Human Resource Development

Virginia Tech

[marcie@vt.edu](mailto:marcie@vt.edu)

703.538.8469

## APPENDIX F

### Participants' Open-Ended Comments

#### Manager-Related Positive Comments

- “My current supervisor is a nice person - I feel being nice helps when it comes to people following your directions and the second best quality he possesses is he’s smart - it’s a pleasure working for someone who possesses these very important humanistic/managerial qualities.”
- “My manager creates a work environment that encourages employees to do their best.”
- “My direct supervisor has done a great job in considering the turbulent times of the organization. The organization needs more managers like him.”
- “My XXX leader is outstanding and I really enjoy working for the XXX. I hope the organization continues and I am able to retire from the XXX.”
- “This supervisor has brought out the best in his employees and has had a very positive effect on us all. Also with him the job has not been all that negative.”
- “I have been very fortunate to have some excellent direct supervisors during my 18 years with the XXX. I had a few that were not good role models, but overall I have been pleased with my managers.”
- “My current manager is a genuine anomaly. In 25 years I’ve had less than 5 managers of such high caliber and a dozen managers for whom no respect could be garnered, largely due to their lack of a healthy self-image, and their character did not have desirable attributes one would want to emulate.”
- “I have exceptional managers, XXX and XXX. You could probably get less favorable comments from employees with other managers.”
- “My manager had the insight to hire me even though my XXX was not clear. He read between the lines and was able to know that I would work out for him.”
- “My direct manager is GREAT!”
- “I love what I do and who I work for and that includes my manager and my supervisor and the people that I work with.”

#### Negative Comments Relating to Honesty

*Honesty characterized as trustworthy, ethical, and principled (Kouzes & Posner, 2003).*

#### Manager-Related (Honesty)

- “My manager is very weak and makes lots of promises but never follows through. It does not cause resentment- just disappointment and I realize I must make my own cases and not worry about it.”
- “Truthful consistent communication is lacking....”

- “I am not angry at the organization now but disappointed that managers do not appear to stand up for what they believe.”
- “I would like to say that my current XXX is 100% better manager than the previous ones. However some of the hostility and frustration is from the prior management. I also think that some of the current managers are making decisions based on fear that was instilled by the old/prior management. I think our organization needs a lot of positive influence to encourage employee to trust the management.”
- “Truthful consistent communication is lacking; managers tell you they have an open door policy, however if you feel you need to go to them, they will shoot you back down to your immediate supervisor and won't talk to you; then if you say something they don't agree with, they will not forget, you feel retaliation is coming sooner or later; everyone is not treated fairly, if you are liked it's a good thing, if not, then that's another story.”

### **Upper/Management Organization-Related (Honesty)**

- “Management has absolutely no credibility in this organization: I don't trust half of the XXX leaders or anyone above that grade. The concept of open communications in the XXX is a farce. I am continually astounded at who is promoted. Inept managers are rewarded and allowed to continually repeat the same mistakes.”
- “They rarely promote people who are leaders or take leadership seriously.”
- “I'm sorry that most of our executives and ‘leaders’ failed to recognize a greater need above their own and elected to ‘hunker down’ during this past period of discord and ‘hell fire’.”
- “Upper management violations of trust, integrity, fairness.”
- “The XXX is top heavy and management makes positive decisions directly to benefit upper management.”
- “Leadership intimidation or fear of retaliation.”
- “The management of this organization cares very little about the people who do the actual work. The managers are arrogant, self-centered, narcissistic, and incompetent group of people in any organization known to man. Nothing is based on merit. Good performers are not rewarded. Bad performers are not corrected. We need new management!”
- “The XXX was once considered the best law enforcement XXX in the federal government. I once believed that myself. I have since changed my ideas about this XXX as we have a growing number of supervisors that are self serving and distrustful.”
- “The senior executive management has no integrity and is hypocritical.”
- “Many believe the XXX for the past two years has been engaged in lies, deceit, misuse of official capacity, squandering XXX, etc, all the while telling field agents to cut back on spending, eroding our dignity and changing us from a law enforcement XXX to a corporate XXX.”
- “Management at higher level is failing in communicating with the field. At times, they seem untruthful.”
- “Distrust of supervisors amongst upper management.”
- “There seems to be little adaptation to a newer generation of workers. Recently, within the last three years, there has also been an overall lack of communication and sometimes, what appeared to be outright lies. This lack of communication has led many to distrust management, and trust is difficult to build once torn down.”

- “Upper local management lacks trust in employees leading to severe micro-management. Also, uses ‘bully’ management style. Has created hostile work environment.”
- “These comments reflect upper management and not immediate supervision. Unethical, self-serving managers have corrupted this once exemplary organization.”
- “I think our organization need a lot of positive influence to encourage employee to trust the management.”
- “The organization forces employees to work in fear that if they voice an opinion, there will be consequences. A sincere desire to manage people is not present here, just an ego for status.”
- “The agency is not being completely honest in their communications.”
- “The organization has lied to me and its members. I have performed in outstanding manner for the organization providing national recognition without any compensation.”
- “I miss the integrity the organization had when I was hired and hate the entitlement attitude of many.”
- “Upfront, honest communication is rare. It's like everything is a secret. You are asked sometimes for your opinion - but it never seems to matter. The decisions seem to be already made regardless. Chain of command is emphasized but not followed.”
- “We are all at the mercy of the people who have power and control over us. Therefore, I hope that this doesn't come back on me.”
- “Your response pretty much goes to the whole environment that has been created...surveys are sent, but people don't believe they are based in sincerity, and so they (we) fear that if they raise real issues they will get hammered for having done so. Surveys come out, and people do not respond at all, or do not respond truthfully, because they worry about whether they will be "found out" for having told the truth about what is really felt in the field. For you to say the XXX and XXX are ‘really’ interested in the results and can make a statement by the results only insults peoples' intelligence as to the reality in the agency. Is HQ really that far removed from what is really felt/sensed/believed in the field? What is probably the worst offense is that HQ/higher level managers keep touting "communication" while really wanting (it seems) to only give lip service to that whole "communication" buzz word, and not really being interested in what the agency as a whole (interpret that "the field") feels/senses/believes. From my own perspective, and based on what I've heard from **many** other inspectors, "communication" is not wanted/accepted.. From what I've gathered from others, and in my opinion, the whole "communication" goal is a joke. HQ does not really seem interested in communication...but rather in labeling and propaganda. The whole communication genre that has and is being touted is only an insult to the fields' intelligence. We ain't [sic] stupid. We just don't feel like there's anywhere to go with our ‘communications.’ It's a great travesty because the IS does a great job of hiring people with great minds. But then, once those minds are brought in they are stifled by a ‘non-communicative’ environment, wherein peoples' ideas and voices are only acceptable if they comply with what ‘we're looking for.’ It is often felt amongst field personnel that if a person wants to move up in the agency, they must compromise their morals, ethics, etc. to fit the company mold in order to be considered for advancement. And I'm not someone who wanted to move up...this is just what I've observed and heard from others in the agency. And I'm not talking about whiners who don't want to work to get ahead. I'm talking about moral and principled people who want to do the right thing for the right reasons, hard working folks who feel the ‘ladder’ process is corrupt, and who sublimate their abilities to not have to

compromise their integrity. You would think that a XXX would want to promote integrity and leadership when combined into one package/person. We should take a hard look at what we are assessing in our promotion processes. What a shame. We could be constantly improving on what is already a stellar product/workforce/agency. But, we ain't [sic] really interested in that...apparently."

### **Negative Comments Related to Competence**

*Competence characterized as: (a) technical – knowledge of processes, methods, techniques; (b) interpersonal – ability to understand feelings, attitudes, motives of others, and communicate clearly and persuasively; (c) conceptual – good judgment, analytical, logical thinking and reasoning, and creativity (Yukl, 1994).*

#### **Manager-Related (Competence)**

- “Manager still uses the command-and-control leadership technique. Level of trust has been undermined, which is driving his inability to be an effective leader.
- “I believe all current and perspective XXX managers should be required to attend training programs geared towards relationships between manager and subordinates.”
- “I think it is important for our agency to be aware of how supervisors treat subordinates. Working for someone that lacks leadership skills is discouraging.”
- “A critical component that management lacks is leadership.”
- “My direct manager is completely incompetent and not equipped to be a leader. The only problem I have with higher management is that they do nothing about it.”
- “These responses are about the Manager, not the immediate supervisor because the manager micro manages and the overturns supervisors recommendations.”
- “The so-called management in XXX is the worst trainwreck in the history of the XX, they have created a hostile and unsafe work environment and people hate to come to work. Nothing is tolerated by the employees and if you say or do anything, you are dealt with immediately either by a change in assignment, ‘detail’, or some other type of retaliation. There is NO communication in this XXX and upper ‘management’ is constantly making new rules, called ‘local policy’ never mind that ‘local policy’ might be against a written national Policy (i.e. being forced to work a core 10 hour work day). There are too many problems in this XXX to list in this small spot. We need help in this division. Real help, not posturing by people from Washington who come down here and say they are going to do something and then do not. Please send help.”
- “My manager does not connect well with the females on the team. We feel we are treated differently.”
- “I believe my Manager needs more training in diversity and working with females. He tends to focus more on the men on my team and listens to what a couple of them say all the time, rather than letting the others participate in the decision making of the team.”
- “My manager and his bosses all the way up the line are not good listeners. Important changes that are made without seeking input from persons who could offer valuable input.”
- “Communication is the key to an effective manager/subordinate relationship. I cannot understand why a senior manager has not had direct communication with his subordinate since he promoted the individual.”

- “My supervisor is inarticulate and has no people skills. I've had a lot of supervisors in the XXX, he is one of the worst. I feel betrayed due to the XXX reorganization. It ruined my life and my family's life.”
- “Managers that have had complaints filed against them should be looked at more closely.”
- "In comparing this organization to past organizations I have worked for low level management, my direct manager, is completely incompetent and not equipped to be a leader. The only problem I have with higher management is that they do nothing about it. Overall I think the organization can and will be a great place to work."
- “Supervisor is off-site, demeaning, authoritative.”
- “Manager can't make decisions. Takes credit for others work.”
- “The quality of XXX managers, in my opinion, is very poor.”
- “If my boss isn't in the mood to listen, he doesn't seem to retain anything I say. Over the years I've learned how to judge his moods better and know when I can bring up subjects and when I am just going to be brushed aside.”
- “XXX is by far the worse manager I've have had in my career. I can't think of one positive thing to say about him or his performance as XXX. XXX lacks all the fundamental skills necessary to be a leader.”
- “Local managers are fine, headquarters hasn't a clue.”

### **Upper Management / Organization-Related (Competence)**

- “Managers in the higher levels were promoted because they were yes men/women. Anyone with an opposite view point was not promoted or demoted. These weak managers promoted inexperienced younger managers and now we are stuck with poor managers for a long time to come.”
- “I think it is important for our agency to be aware of how supervisors treat subordinates. Working for someone that lacks leadership skills is discouraging. My supervisor has a very high opinion of himself and he hopes to rise higher. I do not want to continue working for him.”
- “Upper management often makes drastic organizational changes without considering how those changes impact employees' lives only to revert back to the way things were when new leadership is in power.”
- “I have no issues with my immediate manager, however the organization has inhibited his ability to manage and fulfill conditions and expectations.”
- “Supervisors here don't have enough influence to matter. Dissatisfaction is highest at upper levels of management, where mistakes/incompetence has mattered most.”
- “In 16 years of public service, I have never seen so many bad managers as I do in the XXX. They rarely promote people who are leaders or take leadership seriously. It is hard for me to judge my current supervisor, not having worked for him for very long. The problems with managers start at the very top of the XXX and filter down. I think the questions regarding promises made by the organization were unnecessary, I was only promised a job. I feel betrayed by my organization based on the move away from true federal law enforcement work, not by anything that has been personally done to me.”
- “Why are people promoted when they lack even a small level of social skills or job experience or even basic computer skills? The end result is a very uncomfortable and physically dangerous work place! There is no 180 degree evaluation, no one to tell, no

accountability for any level of management. Every private industry uses the 180 degree model for evaluations, no one asks the field, so the abuses continue. I have a Master's degree in MANAGEMENT, so believe me, I know. I used to be so proud to work here, but with a supervisor who can't deal with (sometimes dangerous) people in a public service career, a career is something you are lucky to survive. May God protect us all...."

- "My manager's been great, organizational decisions at top levels are where I object and disagree."
- "Great manager at work level. Organization has strayed from our role as law enforcement XXX and that is frustrating to those who signed up to do federal law enforcement. Upper management has turned us into corporate XXX. While there is a need to give back to the XXX organization, we must never forget that we are a federal law enforcement agency."
- I have been very fortunate to have some excellent direct supervisors during my 18 years with the XXX. I had a few that were not good role models, but overall I have been pleased with my managers. My comments relative to anger and frustration with the organization are directed at upper management levels for the following reasons: 1) I perceive that management seldom receives, validates and acts upon suggestions and feedback from field personnel; 2) programs are often driven with a 'one size fits all' mind-set. I am also very frustrated that the XXX is carrying the support of the XXX company philosophy to the extreme, at the expense of protecting the general public from XXX. Most of all, I think the majority of personnel are discouraged from expressing 'dissenting' opinions, but rather reiterate the 'party line' to their direct reports. Finally, I know there are a lot of credible, hard-working employees who are passionate about doing a good job. We cannot afford to keep losing them in droves."
- "Headquarters always undermines and micromanages, creating discord among employees."
- "Communication with this organization is the worst of three law enforcement agencies I have worked for. We are continually told 'don't worry about it, there is nothing you can do about it anyway'. Morale is the lowest I have seen in 6 years. People are jumping ship in droves and I know for a fact many more are looking for jobs as the insecurity in this organization builds. Upper management threatens the pay and hours of XXX when they feel it is appropriate. Upper management has lost touch with the field."
- "Overall morale is down in our agency and steps should be taken to reinforce pride and job satisfaction."
- "There is a disconnect between the field and Headquarters. Had the questions centered around HQ, the answers would have been vastly different."
- "This organization is not good at developing employees and providing opportunities for personal and professional growth. It also is not fair in following its rules and regulations regarding promotions of best qualified. The organization tends to change as the leadership changes and do not match trends of national statistics for minorities."
- "The XXX is horrible when it comes to communication within our agency. That is the main reason I feel betrayed by my agency because the average person has no clue what is going on."
- "My organization is in a downward spiral; victim of its own desire to promote those less experienced in an effort to meet quotas. The inexperience provided by those in high level positions cause knee jerk reactions to critical situations that promote lack of confidence in senior management."
- "Upper management does not communicate with the field very effectively."

- “I am frustrated by the quality of upper management and the direction of the XXX. For the first time in my career, I find it difficult to remain positive and mentor newer employees. I have even recommended to some that they seek employment elsewhere.”
- “The XXX management is very different now than when I joined the agency in 2001. The good old boys system promoted people based on who they know rather than qualified candidates. Now, we have a whole bunch of unqualified managers who are more involved in office politics than focusing on the goals to move the agency forward. It is really sad to see.”
- “While my supervisor is a very decent person, the people in this organization above XXX leader LEAVE MUCH TO BE DESIRED! There is currently a management style which micromanages and promotes ""yes men"". We have very few ""leaders"" at the top of this agency.”
- “I think the questions regarding 'promises' made by the organization were unnecessary, I was only promised a job. I feel betrayed by my organization based on the move away from true federal law enforcement work, not by anything that has been personally done to me.”
- “Upper management is the problem; from HQ to the local offices. I am not angry at the organization.”
- “The problems with managers start at the very top of the XXX and filter down.”
- “It is important to note that while my immediate supervisor (manager) is wonderful to work with, much of my dissatisfaction with the agency is a reflection of the higher level management and with the agency as a whole. It seems the first line of management truly wants its people to succeed and have a positive work experience but this seems to lose priority as people advance to higher levels of management that are removed from daily supervision/interaction with workers.”
- “We are an organization lacking true leadership.”
- “I have no issues with my direct supervisor. It is management above her level which I have problems.”
- “Upper management (XXX and above) should try to remain as objective as possible rather than immediately siding with front line supervisors.”
- “Highest levels of management are unable to hear from the field as those efforts are thwarted by XXX level review. I am a very senior XXX and I am deeply disappointed with the lack of professionalized approach to this mission.”
- “My manager is fantastic. The organization does not appear to have a solid leader or have a good identity. There seems to be a large discrepancy of what needs to be done and how things are done between the employee/line-manager and the upper organization.”
- “As a second generation XXX, I am extremely disappointed and frustrated with the actions of the XXX. This agency seems to care nothing about its employees, rather taking care of those at the top.”
- “I would not want to be a manager in this organization. I see little reward for managers and tons of headaches. Today's society of constant law suits has managers spending all their time filling out paperwork to ensure we cover our butts. If managers were allowed to ‘lead’ rather than keep their fingers in leaks of the dam we might be able to move further along.”
- “In my opinion, I believe the organization does not value diversity, education or true commitment from its employees.”
- “Very very angry at current XXX state of affairs.”
- “The concept of open communications in the XXX is a farce.”

- “The most frustrating part of this job is when the organization has made promises that are key to being successful and they fail to follow through on the promises. The biggest mistakes have not been made by my supervisor, but by those two or more management levels above him/her. Program changes that were to be rolled out two or more years ago still have not been rolled out. Essential training designed for my position was offered to others who are unqualified to use it. However, I have been rewarded for my own initiative, recognized in front of my peers, and have been made to feel as though I am a valuable contributor.”
- “Gender bias and glass ceilings appear alive and well in the XXX.”
- "The direction the agency is going and the way the staff has been treated has led me and others to consider employment outside of the XXX and XXX in general. We are in a position to lose very good, dedicated hard working professionals.”
- “There is no excuse for the treatment received from this company. You have no value to this company.”
- “Organization needs to focus on where we bring value. Need a leader/voice for agency. We need some consistency in the agency.”
- “I am dismayed at the current status of the organization especially in regards to when I first joined the organization. I feel my position as well as my colleagues has diminished significantly in the last 3 years. The status and respect I once felt while performing my basic functions gave me great pride. Now I feel mechanical in my approach to the profession and look forward to the day I can retire.”
- I took a look at your survey and you are missing the boat. It is not the team leader or recruiter who creates the problems. It is higher level management usually at XXX levels that causes the problems and promises to be broken, making management look stupid. I just wanted to say that even though this is just a study, it does address one of the biggest problems we have in our service, the fact that there is NO evaluation of managers by the people who know them best. It has been this way at least as long as I have been in, two decades. So even though it may not change anything, THANK YOU for asking. I have had both the best and the worst supervisor(s) imaginable during my tenure, and no one in a position of authority would ever know the difference, simply because they never asked. People know how they should behave, and some manage to do that only in front of their manager, but can act completely different with their subordinates, especially in the domiciles where there is no local oversight. As long as there is no polling of the subordinates, there will not be accountability for those who would take advantage. And as long as they require subordinates to go through the supervisor to report anything to a higher level, the supervisor's poor behavior will never be discovered. This squelches any whistle blowing, therefore making change or accountability impossible. I am very glad you sent this email, but if we had a voice and accountability for those at higher levels, you wouldn't have to put out a message for those concerned about the information being ‘traced back to individuals’, because there would be a forum for information and improvements would be encouraged. Those supervisors would get training or admonishments, which ever was appropriate, and the field would feel empowered. Everyone ‘wins’.”

## General Comments

- Overall I think the organization can and will be a great place to work."
- "You have told me this is completely confidential and I have believed you."
- "Please do not share this data with org. Thank you."
- "The fill in the blank questions could identify the participant."
- "An observation that I'm sure hasn't escaped your notice, but the fact that folks are worried about the 'safe' and 'anonymous' factors (and those concerns are prevalent) should be quite telling in and of itself."
- "During my era of hiring, I wasn't aware of any contracts or obligations made binding or non-binding except the oath that I took."
- "Implied contracts were made many years ago under different times/very dif. mgrs. and the realities of the organization now and what it can do in regards to employees is also very different than in past years. Understanding that is different than agreeing, or liking it, however, which is why I selected neutral on a number of the questions."
- "The majority of managers in this organization have not worked in private industry, and may not have any idea of the benefits they enjoy in comparison. All things considered, this is a great place to work at."
- "There should have been questions about my opinion of upper level managers and the direction of the agency. Some of the questions should have addressed confidence or optimism in the agency or its future. Terms like 'anger' towards the agency didn't accurately reflect how I feel about issues affecting the agency."
- "Change is needed."
- "Three managers in one year, thus hard to fill out questions."
- "The agency has undergone unprecedented changes in the past two - three years."
- "The questionnaire lacks questions regarding communications with the organization. Communication with a direct manager may be different from what is perceived from the organization."
- "Treating people with respect & dignity is the most important part of all relationships."
- "In addition to contracts, I would have liked to have seen something about workplace environment and trust with the organization."
- "Questions as written are specific to only your current direct manager (or permanent) manager and thus can be misleading or unrepresentative of other managers."

## APPENDIX G – Online Questionnaire

### 1. Leadership Credibility

#### INSTRUCTIONS

Following are descriptive statements about various leadership behaviors and actions. Please read each statement carefully, then rate your manager in terms of the extent to which you think the statement is descriptive of him or her.

The term "manager" refers to the individual who provides you daily direction and support and typically is responsible for evaluating your performance.

In selecting an answer, please be realistic and answer in terms of how the person typically behaves.

#### My Manager:

	Not At All	Somewhat	Often	Very Much	N/A
1. Communicates a clear philosophy about how to run the organization.	<input type="radio"/>				

Question Number 1 is a sample of the 42 items participants were asked to respond to regarding leadership credibility.

The Leadership Credibility Index instrument is copyright protected and the proprietary information of James M. Kouzes and Barry Z. Posner.

If interested in obtaining information about the credibility instrument, please contact John Wiley and Son publishing company.

## 2. Employee and Manager Promises

### INSTRUCTIONS

Employees and their managers develop contracts. Within a workplace context, the term "contract" refers to a belief that you and your manager form and maintain "promises or obligations" that are reciprocal and part of the employment relationship.

The term "manager" refers to the individual who provides you daily direction and support and typically is responsible for evaluating your performance.

Please remember the reference to contract does not refer to a legal binding document.

**Please respond to the questions below in terms of what you believe your "manager" has promised or is "obligated" to provide.**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	N/A
1. Almost all the promises made by my manager during recruitment have been kept so far.	<input type="radio"/>					
2. I feel that my manager has come through in fulfilling the promises made to me when I was hired.	<input type="radio"/>					
3. So far my manager has done an excellent job of fulfilling her or his promises to me.	<input type="radio"/>					
4. I have not received everything promised to me in exchange for my contributions.	<input type="radio"/>					
5. My manager has broken many of his or her promises to me even though I've upheld my side of the deal.	<input type="radio"/>					
6. I feel a great deal of anger toward my manager.	<input type="radio"/>					
7. I feel betrayed by my manager.	<input type="radio"/>					
8. I feel that my manager has violated the contract between us.	<input type="radio"/>					
9. I feel extremely frustrated by how I have been treated by my manager.	<input type="radio"/>					

### 3. Managerial Fairness

#### INSTRUCTIONS

Think about a recent or important situation on your job that involved your "manager" making decision(s) and/or implementing procedures that had an impact on you.

Questions 1-9 refer to the manager's behavior or treatment as she or he made decision(s) and/or implemented procedures.

#### Concerning your "Manager" to what extent:

	To A Small Extent			To A Large Extent		N/A
1. Has he or she treated you in a polite manner?	<input type="radio"/>					
2. Has he or she treated you with dignity?	<input type="radio"/>					
3. Has he or she treated you with respect?	<input type="radio"/>					
4. Has he or she refrained from improper remarks or comments?	<input type="radio"/>					
5. Has he or she been candid in his/her communications with you?	<input type="radio"/>					
6. Has she or he explained the procedures thoroughly?	<input type="radio"/>					
7. Were her or his explanations regarding the procedures reasonable?	<input type="radio"/>					
8. Has she or he communicated details in a timely manner?	<input type="radio"/>					
9. Has she or he seemed to tailor her/his communications to individuals' specific needs?	<input type="radio"/>					

## 4. Employee and Organization Promises

### INSTRUCTIONS

The previous sections asked you to respond to questions related to your manager. This section is now concerned with the "organization as a whole." Employees and their organization develop contracts. Within a workplace context, the term "contract" refers to a belief that you and your organization form and maintain "promises or obligations" that are reciprocal and part of the employment relationship.

Please remember the reference to contract does not refer to a legal binding document.

**Please respond to the questions below in terms of what you believe your "organization" has promised or is "obligated" to provide.**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	N/A
1. Almost all the promises made by my organization during recruitment have been kept so far.	<input type="radio"/>					
2. I feel that my organization has come through in fulfilling the promises made to me when I was hired.	<input type="radio"/>					
3. So far my organization has done an excellent job of fulfilling promises to me.	<input type="radio"/>					
4. I have not received everything promised to me in exchange for my contributions.	<input type="radio"/>					
5. My organization has broken many promises to me even though I've upheld my side of the deal.	<input type="radio"/>					
6. I feel a great deal of anger toward my organization.	<input type="radio"/>					
7. I feel betrayed by my organization.	<input type="radio"/>					
8. I feel that my organization has violated the contract between us.	<input type="radio"/>					
9. I feel extremely frustrated by how I have been treated by my organization.	<input type="radio"/>					

## 5. Demographic Information

### INSTRUCTIONS

The demographic information provided by research participants is a very important part of the questionnaire. Sometimes demographic data can help to illuminate study findings and results.

PLEASE REMEMBER responses to the questions below are strictly on a voluntary basis AND as a reminder, ALL information provided is anonymous.

#### 1. What is your gender?

Male

Female

#### 2. In what year were you born?

#### 3. Are you of Hispanic or Latino background?

Yes

No

#### 4. With which race do you most identify?

African-American

Asian/Pacific Islander

Caucasian

Native American, Aleut, or Aboriginal Peoples

Multi-racial

Other

#### 5. What is the highest level of formal education that you have obtained?

High School or equivalent

Some college

Vocational/Technical School

2 year college degree (Associates)

4 year college degree (BA, BS, etc.)

Master's degree

Doctoral degree

Professional degree (JD, MD)

#### 7. Which job category best matches your current position?

**(Select only one category)**

Clerical/Administrative/Program or Project Management

Law Enforcement

Supervisor/Manager/Executive Law Enforcement

Supervisor/Manager/Executive Non-Law Enforcement

#### 8. How many years have you worked for your current organization?

#### 9. How long have you worked for a federal or public sector organization?

#### 10. How long have you worked for your current supervisor/manager?

Are there any comments that you would like to make that have not been discussed?