

# EMOTIONAL INTELLIGENCE, LEADER-MEMBER EXCHANGE, ORGANIZATIONAL JUSTICE, AND OUTCOME VARIABLES: A CONCEPTUAL MODEL

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The purpose of this study was to test a model of relations among emotional intelligence (EI), Leader-Member Exchange (LMX), organizational justice perceptions, and work-related attitudinal outcomes. The model postulated that EI is related positively to LMX. The LMX was postulated as positive predictor of both distributive and procedural justice. Organizational justice was posited as a positive predictor of job satisfaction and organizational commitment, but a negative predictor of turnover intentions. A total of 106 participants voluntarily participated in the study. Hypothesized relationships were examined using Partial Least Squares (PLS) Structural Equation Modeling. As predicted, EI was a positive predictor of LMX. LMX was a positive predictor of both distributive and procedural justice. Distributive justice was a positive predictor of job satisfaction and a negative predictor of turnover intentions. Finally, procedural justice was a positive predictor of both job satisfaction and organizational commitment and was a negative predictor of turnover intentions.

Salovey and Mayer (1990) were first to utilize the term "emotional intelligence" to represent the ability to deal with emotions. They drew on relevant evidence from previous intelligence and emotion research and presented the first comprehensive model of EI. Later, Mayer and Salovey refined their 1990's model as reflected in number of their publications (e.g., Mayer & Salovey, 1997; Mayer, Salovey, & Caruso, 2000). They conceived EI as an ability to process the information contained in emotions to determine the meaning of emotions and their connections to one another; and to use emotional information as the basis for thought and decision making.

Since the conceptualization of the EI concept by Salovey and Mayer (1990), a considerable amount of theoretical and empirical research has been done regarding its conceptualization, antecedents, and consequences (e.g., Bar-On, 1997; Carmeli, 2003; Daus & Ashkanasy, 2005; Goleman, 1995; Mayer & Salovey, 1997; Petrides & Furnham, 2001). However, despite this plethora of research, the EI literature still lacks considerable empirical support regarding links between EI and certain other variables, such as Leader-Member Exchange relationships (LMX) and organizational justice.

The basis of LMX is that "dyadic relationships and work roles are developed and negotiated over time through a series of exchanges...between leader and member" (Bauer & Green, 1996, p. 1539). Although in the literature considerable attention has been paid to its conceptualization, antecedents, and consequences, there is still little evidence of personal or interpersonal attributes being associated with LMX relationships (Phillips & Bedeian, 1994). Bernerth and Walker (2007) asserted that, "If our understanding of the LMX relationship and its formation are to advance, research is needed on the antecedents associated with the leader-member exchange process" (p. 613). In line with Bernerth and Walker's recommendation, this study empirically tests EI as one of the antecedents associated with the LMX process within organizational settings. To date, the link between EI and LMX has rarely been studied (with the exception of Karim, 2008).

In addition, while the role of LMX in employee attitudinal outcomes—like satisfaction with work (Vecchio & Gobdel, 1984), commitment (Duchon, Green, & Taber, 1986), and supervisory rating of job performance (Graen, Novak, & Sommerkamp, 1982)—is well established, the mechanism through which LMX predicts these work outcomes is little researched (Bhal & Ansari, 2007; Scandura, 1999).

Organizational justice involves the perceptions of organizational members regarding the fairness of their conditions of employment (Folger & Cropanzano, 1998). Meta-analytic studies conducted by Cohen-Charash and Spector (2001) and Colquitt, Conlon, Wesson, Porter, and Ng (2001) revealed a significant and positive association between LMX and organization justice perceptions. Also, these studies revealed that LMX and organizational justice perceptions share several common correlates (e.g., organizational commitment, organization citizenship behavior, turnover intentions, and job satisfaction). The field, however, lacks agreement and/or consistency with respect to theory building and empirical findings. For instance, some studies examined LMX as an antecedent of organizational justice perceptions (organizational justice mediating the relationship between LMX and outcome variables) (e.g, Alexander & Ruderman, 1987; Bhal, 2006; Bhal & Ansari, 2007; Hassan & Chandaran, 2005; Lee, 2000; Vecchio, Griffeth, & Hom, 1986), whereas others studied it as an outcome of organizational justice perceptions (LMX mediating the relationship between organizational justice perceptions and outcome variables) (e.g., Masterson, Lewis, Goldman, & Taylor, 2000; Murphy, Wayne, Liden, & Erdogan, 2003). Thus, "(still) there are conflicting and differing understandings of the relationship between LMX and justice relationship" (Sanchez & Byrne, 2004, p. 219). Research integrating organizational justice perceptions and LMX is timely and warranted.

The present study is a follow-up to the research on EI, LMX, organizational justice perceptions, and work-related outcomes and contributes to the existing literature in following ways. First, EI and its associations with LMX and organizational justice have not been explored and these relationships could have multiple effects on individuals in organizations. Therefore, the purpose of this paper is to fill this research void by synthesizing the existing literature on EI, LMX, and organizational justice and to advance a model that shows their impacts on various work-related outcomes. Linking EI, LMX, organizational justice, and workplace outcomes should significantly contribute to organizational theory and practice by offering new avenues for future research and practical applications for preventing turnover, as well as increasing job satisfaction and organizational commitment in the workplace. Second, since there are very few instances where both antecedents and outcomes of LMX have been examined in the same study, this study attempts to narrow this gap. Finally, the proposed model helps us to understand the individual difference variables that affect the process of LMX and organizational justice, to serve

as a guide for future research, and to suggest intervention strategies that could be used by practitioners seeking to prevent or alleviate turnover intentions and to improve levels of job satisfaction and organizational commitment among employees.

# **Conceptual Background and Hypotheses**

# **LMX**

LMX theory describes how leaders develop different exchange relationships over time with various subordinates of the same group. In addition, each leader-member relationship is a unique interpersonal relationship. LMX theory has its roots in Blau's (1964) social exchange theory and Graen's (1976) role making theory. Social exchange refers to the voluntary actions of individuals that are motivated by the returns they expect to bring from others (Blau), and role-making refers to the process of role augmentation for the voluntary actions of individuals that are motivated by anticipated mutually rewarding work relationships (Graen). Dienesch and Linden (1986) delineated how both social exchange and role making are involved in developing the leader-member relationship. According to them, a supervisor (during initial interactions) asks a subordinate to complete a task or duty by delegating him various resources and adequate responsibility. Those subordinates who perform well are perceived by the supervisor as more reliable and more trustworthy and in turn will be asked to perform more demanding roles.

Making reference to social exchange theory, Sanchez and Byrne (2004) asserted that accepting something of value from another person obligates the receiver to the giver. In order to fulfill this obligation and to continue the relationship development, the receiver eventually supplies something of equal or greater value in return. Since one member of the relationship offers benefits to another without any explicit guarantee of reciprocation, trust and fairness become fundamental attributes of the social exchange relationships, particularly in welldeveloped leadership relationships. In other words, LMX theory suggests that leaders develop different a quality of relationships with each of their members within the group setting. According to Linden and Graen (1980), high quality LMX is a characteristic of in-group, and low quality LMX is a characteristic of out-group. In-group is characterized by high trust, support, and information sharing. Due to these characteristics, in-group members make contributions that go beyond their formal job duties (Linden & Graen). On the other hand, outgroup is characterized by low trust, support, and information, due to which out-group members make little contribution beyond their formal job duties (Linden & Graen). The relationship between a leader and his/her subordinate(s) has been shown to be important for a variety of individual and organizational outcomes. For example, the quality of LMX influences organizational commitment (Kinicki & Vecchio 1994; Nystrom, 1990), job satisfaction (Scandura & Graen, 1984), and turnover (Ferris 1985).

#### EI and LMX

El involves the ability to accurately perceive, appraise, and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth (Mayer & Salovey, 1997). Most importantly for the discussion of LMX, subordinate El is vital for developing a leader-member dyad into a high quality exchange

relationship (Smith, 2006)—that is, more social and less economic, as proposed by Graen and Uhl-Bien (1995). According to Kram and Cherniss (2001), "an existing baseline of emotional intelligence is a prerequisite for taking advantage of developmental opportunities in both formal and emergent relationships. In the absence of these competencies many such opportunities are likely to go unnoticed or at best underutilized" (p. 270). They suggested that a number of EI competencies—such as Understanding Others, Developing Others, Leveraging Diversity, Communication, Conflict Management, Building Bonds, Collaboration, Emotional Self-Awareness, Accurate Self-Assessment, Self-Confidence, Self-Control, Trustworthiness, Commitment (to the relationship), Initiative, and Optimism—are essential for relationship development. The following section discusses the role of subordinates' EI abilities in developing high quality LMX relationships with special reference to Mayer and Salovey's (1997) model.

**Perception, appraisal, and expression of emotion.** People who are high in this ability are good at recognizing their own feelings and feelings of those with whom they are interacting. If an employee wishes to better understand himself and others, he must know how he feels and be able to label his feelings (Caruso & Myer, 2004, p. 40-41). Additionally, building trust and a strong bond with supervisors requires employees to be aware of the verbal and nonverbal messages they send to supervisors. For example, if an employee is calm and at ease but communicates a message that says something different about his emotional state, a supervisor may perceive him as a threat and could take action against the perceived threat (Caruso & Myer, p. 42-43). Identifying facial expressions and accurately expressing emotions is therefore a key to appropriate and successful interpersonal interactions and LMX development processes. Subordinates who are not skilled in identifying their own or others' emotions through subtle cues are likely to behave quite boorishly (whether intended or not) and thus may ruin their relationships with supervisors.

Emotional facilitation of thought. Emotions enhance and assist thinking (Caruso & Salovey, 2004). Emotionally intelligent employees are better able to prioritize thinking with the help of emotions, generate emotions as aid to judgment, and consider multiple points of view (Mayer & Salovey, 1997). Emotionally intelligent employees use their emotions to improve thinking processes and harness the power of positive moods. Because people in positive moods tend to be better at inductive problem solving (Caruso & Myer, 2004, p. 47-48), people high on this ability can easily swing their moods from negative to positive, which in turn enhances and assists their thought processes in a meaningful manner. This enables them to be more creative and more initiative. This ability contributes to the stage of role making in the LMX development process, wherein employees make an offer to engage in effort that goes beyond their formal employment contract. According to Caruso & Myer (p. 49-50), this mood-generating ability may also play an important role in empathy (feeling what other people feel). In order to relate genuinely to their supervisors, employees need to be able to understand their supervisors' feelings. Empathy allows subordinates to sense the emotions of their supervisors and to understand their perspective on various matters that lead them to develop a high quality LMX relationship (Smith, 2006).

Understanding and analyzing emotion. Emotionally intelligent employees are better able to analyze emotions by carefully examining the causes, key factors, and outcomes of emotions and by anticipating the probable emotional trends over time (Mayer & Salovy, 1997). Using this ability, emotionally intelligent employees make correct assumptions about their supervisors and can predict what their supervisors may feel (Caruso & Myer, 2004, p. 54-57). Understanding the causes of emotions enables an employee to judge the situation in appropriate

manner. If an employee understands the ebb and flow of supervisors' emotions, then he can predict perhaps with some accuracy how his supervisor will feel next if certain events unfold in certain ways (Caruso & Myer, p. 58-59). Since during the role making stage of LMX development the leader and member decide how each will behave in various situations and begin to define the nature of their dyadic relationship (Graen & Scandura, 1987), this EI ability enables a subordinate to predict the behavior of his supervisor and mold his behavior to the expectations of his supervisor.

Managing emotion. Employees with a strong ability to manage emotions are passionate, have good emotional self-control, tend to be even-tempered, think clearly when they are experiencing strong feelings, make decisions based on their hearts and their heads, and generally reflect on their emotions often (Baumeister, Heatherton, & Tice, 1994; Caruso & Myer, 2004). Managing emotions is a key element of quality, of social interaction, as indicated in a study conducted by Lopes et al. (2004). Subordinates who demonstrate this EI ability in their ongoing interaction with their supervisors are likely to perceive the LMX relationship as one of the high quality for two main reasons. First, the ability to manage emotions may influence employee's motivation and expectations for social interaction (Cunningham, 1988). Second, this may help them to effectively use their interaction strategies (Furr & Funder, 1998). Thus,

*Hypothesis 1*: EI is positively related to perceptions of LMX quality.

# **Organizational Justice**

Organizational justice involves the perceptions of organizational members regarding the fairness of their conditions of employment (Folger & Cropanzano, 1998). Over the past few decades various justice models have been proposed by researchers, but in general theorists have focused on two types of justice perceptions: distributive and procedural.

**Distributive justice.** The concept of distributive justice has its roots in Adams' (1965) equity theory. Adams proposed inequality as arising from an imbalance between inputs and outputs. According to Adams, in a social exchange process employees bring certain inputs to an organization (e.g., education, effort, experience) and in return expect certain outcomes, such as pay, promotion, and intrinsic satisfaction. Equity exists (people are satisfied) when the perceived inputs match outcomes. Conversely, if the outcomes received are perceived as unfair in relation to the inputs, then the individual is likely to experience distributive injustice (Cropanzano & Greenberg, 1997).

**Procedural justice.** Although notions of fairness in the 1960s and 1970s were dominated by distributive justice, scholars in that area occasionally alluded, at least in passing, to what later become known as procedural justice (Colquitt, Greenberg, & Zapata-Phelann, 2005). Leventhal (1980) criticized equity theory by asserting that it ignores the procedures that result in outcome distribution. He delineated six procedural rules that can be used to evaluate the procedural component of any decision. According to Leventhal, procedurally just systems require consistent application, freedom from bias, accuracy, correctability, representation of all parties concerned, and a basis on ethical standards.

# LMX and Organizational Justice

Several researchers have conceived justice as the outcome of LMX or as a mediator of the LMX-outcome relationship (e.g., Alexander & Ruderman, 1987; Bhal, 2006; Bhal & Ansari, 2007; Hassan & Chandaran, 2005; Lee, 2000; Vecchio et al., 1986,). In this nexus, subordinates who are members of a leader's in-group will perceive their leader as treating them more fairly and will be more trusting of their leader than members of the out-group (low LMX quality) (Podsakoff, McKenzie, Moorman, & Fetter, 1990).

According to Erdogan (2002),

In performance appraisal context employees tend to engage in comparisons. They compare their current ratings with ratings of other employees in their group. During this comparison, employees tend to observe with whom the leader has a high & low-quality relationships, and will link this LMX quality with positive outcomes such as performance ratings, autonomy or promotions. (p. 564)

Erdogan (2002) further argued that individuals may believe closeness between leaders and members will result in higher ratings for high LMX members because the leader may want to protect their high-quality exchanges with these members even when they realize that high LMX members are not performing at high levels. Moreover, if individuals believe that the leader forms high LMXs based on factors unrelated to work-performance, they are more likely to perceive lower levels of distributive justice in performance appraisals. The ratee will assume that low performers are going to be rewarded with high ratings because of their high LMX levels (Erdogan).

In addition, employees who are not part of the leader's in-group are likely to feel that they are not given as much opportunity and/or information as members of the in-group get. Hence, there is not only an unequal distribution of rewards but also of the opportunities to get the rewards by virtue of the subordinate's interactions with the leader (Bhal & Ansari, 2007). Thus,

Hypothesis 2a: LMX quality is positively related to distributive justice.

If leader maintains fairness in procedures, in-group and out-groups may peacefully coexist (Tyler, 1986) and his or her decisions will be accepted by all work groups (Tyler & Caine, 1981). In-group members (high LMX), due to their ability to participate in decisions and their higher quality relationships with the leader, are more likely to perceive the leader as following fair procedures and allowing decision influence (Scandura, Graen, & Novak, 1986).

Folger's (1986) referent cognition theory may provide a sound basis for LMX and procedural justice linkage. According to referent cognition theory, in a situation involving outcomes allocated by a decision maker, resentment is maximized when people believe they would have obtained better outcomes if the decision maker had used other procedures that should have been implemented. People perceive injustice by comparing their current thinking about the fairness of a situation to possible alternative outcomes that might have occurred. An individual's reactions to unfair treatment result not only from receiving poor outcomes, but also from associating unfavorable outcomes with someone else's action (Corpanzano & Folger, 1989, p. 293-294). Thus, behavior of supervisors affects subordinates' perceptions of fairness. Subordinates' perceptions of unfairness are maximized when they believe that they could have obtained better outcomes if a supervisor had used other procedures. Thus,

Hypothesis 2b: LMX quality is positively related to procedural justice.

# Organizational Justice, Job Satisfaction, Organizational Commitment, and Turnover Intention

In the literature, organizational justice has been linked to variety of individual and organizational outcomes. This proliferation of research attests to the importance of organizational justice within organizational settings.

Job satisfaction refers to an employee's affective or emotional response to his or her particular job (Cranny, Smith, & Stone, 1992). Pay and promotion represent job dimensions that are critical to job satisfaction (Locke, 1976, p. 1300). In this regard, unfair distribution (of pay and promotion) leads to distributive injustice and negatively affects job satisfaction. Since procedural and distributive justices are related (Folger & Cropanzano, 1998), and unfair process often generates unfair outcomes (Parker & Kohlmeyer III, 2005), perceptions about the allocation process of these outcomes will also impact job satisfaction. Various studies have documented the direct impact of both procedural and distributive justice perceptions (jointly and separately) on job satisfaction (e.g., Aryee, Budhwar, & Chen, 2002; Bhal & Ansari, 2007; Hassan & Chandaran, 2005; Lambert, 2003; Lambert, Hogan, & Griffin, 2007; Lee, 2000; Parker & Kohlmeyer III, 2005). Thus,

*Hypothesis 3a*: Distributive justice is positively related to job satisfaction. *Hypothesis 3b*: Procedural justice is positively related to job satisfaction.

Organizational commitment refers to an employee's loyalty to the organization, identification with the organization, and involvement in the organization (Mowday, Steers, & Porter, 1979). Several studies have demonstrated the importance of organizational justice perceptions as an antecedent to organizational commitment (e.g., Aryee et al., 2002; Bhal & Ansari, 2007; Hassan & Chandaran, 2005; Lambert, 2003; Lee, 2000; Lambert et al., 2007). Thus,

*Hypothesis 4a:* Distributive justice is positively related to organizational commitment. *Hypothesis 4b:* Procedural justice is positively related to organizational commitment.

Turnover intention is defined as thinking of quitting, intention to search for new employment, and intention to quit (Miller, Katerberg, & Hullin, 1979). Organizational justice perceptions may significantly diminish employees' withdrawal intentions. If equity prevails within organizations and if employees perceive procedures fairly employed in the allocation of resources, they will feel high levels of identification with the organization and will be less likely to develop withdrawal or turnover intentions. Several studies have demonstrated the importance of organizational justice perceptions as an antecedent to turnover intentions (e.g., Aryee et al., 2002; Dailey & Kirk, 1992; Hassan & Chandaran, 2005; Konovsky & Cropanzano, 1991; Lee, 2000). Thus,

*Hypothesis 5a*: Distributive justice is negatively related to turnover intentions. *Hypothesis 5b*: Procedural justice is negatively related to turnover intentions.

## **Methods**

# **Participants**

Data was collected from employees of six public sector organizations situated in Quetta, Pakistan. Of the 400 questionnaires distributed, 106 usable questionnaires were returned, resulting in a return rate of 26.5%. The age range was 22-63 years (M = 35.7 years, SD = 12.5). 70.5% of respondents were male and 62% had obtained Master's degree. Administration of the questionnaires was carried out by post-graduate students who acted as research assistants.

#### Measures

**Distributive justice.** A five-item scale developed by Niehoff and Moorman (1993) was used to measure distributive justice. This scale assesses the fairness of different work outcomes, including pay level, workload, and job responsibilities. Niehoff and Moorman (1993) reported Cronbach *alpha* of .76 for this scale. Sample items include: "My work schedule is fair," and "I feel that my job responsibilities are fair."

**Procedural justice.** A six-item scale developed by Niehoff and Moorman (1993) reflecting the presence of formal procedures for making decisions was used to measure procedural justice. The items of this scale are designed to tap formal procedural perceptions. This scale measures the degree to which job decisions include mechanisms that ensure the gathering of accurate and unbiased information, employee voice, and an appraisal process. Sample items in the scale include: "All job decisions are applied consistently across all affected employees," and "Employees are allowed to challenge or appeal job decisions." The scale has been used widely in the literature (e.g., Aryee et al., 2002; Lee, 2000).

**Organizational commitment.** A three-item abbreviated version of Mowday et al.'s (1979) scale was used to measure organizational commitment. Sample items in the scale include: "I am proud to tell others I am part of this organization," and "I feel that my values and the organization's values are very similar." The response scale is a seven point Likert-type scale ranging from one (strongly disagree) to seven (strongly agree).

**Turnover intentions.** A three-item scale developed by Tsui, Pearce, Porter, and Tripoli (1997) was used to measure turnover intentions. This three item scale corresponds to the intent-to-stay idea. The higher values in the scale (negatively phrased) correspond with leaving the organization and lower values correspond with intent-to-stay. Sample items in the scale include: "I am likely to leave this organization within the next 12 months," and "I would probably change job if offered a bit more money." Tsui et al. (1997) reported an alpha value of .83 for this scale.

**Emotional intelligence.** Wong and Law Emotional Intelligence Scale (WLEIS: Wong & Law, 2002) is a self-report scale based on Salovey and Mayer's model (1997) assessing individuals' knowledge about their emotional abilities. Specifically, the WLEIS is a measure of beliefs concerning self-emotional appraisal (ability to understand one's deep emotions and be able to express these emotions naturally), others' emotional appraisal (ability to perceive and understand the emotions of other people), regulation of emotion (ability to regulate one's own emotions), and use of emotion (ability to make use of one's emotions by directing them toward constructive activities and personal performance). The response scale is a seven point Likert-type scale ranging from one (strongly disagree) to seven (strongly agree).

LMX. LMX was measured with a seven-item measure (LMX7) developed by Scandura and Graen (1984). Results from the meta-analysis of LMX literature by Gerstner and Day (1997) have shown that LMX has the soundest psychometric properties of all LMX instruments. Sample items in the scale include: "My supervisor recognizes my potential," and "Supervisor understands my job problems and needs." The response scale is a seven point Likert-type scale ranging from one (Strongly disagree) to seven (strongly agree).

**Job satisfaction.** Job satisfaction was measured using five items from Brayfield and Rothe (1951) later adopted by Lambert et al. (2007). This scale is a global, rather than a facet, measure of job satisfaction. For studies like the current one, global measure of job satisfaction is preferred over faceted measures because it measures a broader domain of a person's satisfaction with his or her overall job rather than specific facets, such as pay, co-workers, etc. (Lambert et al.). Sample items in the scale include: "Most days I am enthusiastic about my work," and "I find real enjoyment in my work." The reliability of the scale has been established in the previous studies (Aryee et al., 2002; Lambert et al.).

# **Analysis**

Inspection of skewness and kurtosis statistics revealed non normality for most of the items. Furthermore, Mardia's (1970) coefficient of multivariate kurtosis provided by AMOS (Arbuckle, 2006) indicated that the assumption of multivariate normality was not tenable. Based on these results, the *Partial Least Squares* (PLS) path modeling algorithm was used. Like covariance based structural equation modeling (CBSEM), PLS is a latent variable modeling technique that incorporates multiple dependent constructs and explicitly recognizes measurement error. However, PLS is far less restrictive in its distributional assumptions and sample size restrictions as compared to covariance-based structural equation modeling. Furthermore, whereas maximum likelihood models are based on assumptions of a specific joint multivariate distribution and independence of the observations (independently and identically distributed, i.e., iid), PLS does not impose such requirements on data. PLS applies to situations where knowledge about distribution of the latent variables is limited and requires the estimates to be more closely tied to the data compared to covariance based structure analysis (Fornell & Cha, 1994). Moreover, the application of PLS requires a minimum sample size that is (a) ten times the number of items comprising the most formative constructs, or (b) ten times the largest number of structural paths directed at a particular construct in the inner path model (Barclay, Higgins, & Thompson, 1995). With a sample size of 106 in this study, these requirements were met. Specifically, SmartPLS (Ringle, Wende, & Will, 2005) was employed, which allowed for estimating both measurement model and structural model simultaneously.

In line with Henseler, Ringle, and Sinkovics's (2009) recommendations, the PLS model was analyzed and interpreted in two stages: the measurement model and the structural model. The measurement model describes the relationship between manifest variables (observed items) and latent variables. The measurement model is tested by assessing the validity and reliability of the items and constructs in the model. This ensures that only reliable and valid construct measures are used before assessing the nature of relationships in the overall model. In PLS, individual item reliability is assessed by examining the loadings of respective items on their respective latent construct (Hulland, 1999). Higher loadings imply that there is more shared variance between the construct and its measures than error variance, whereas low loadings add very little to the explanatory power of the model while attenuating the estimates of the

parameters linking constructs (Hulland). Composite reliability ( $\rho_c$ ) (Werts, Linn, & Joreskog, 1974) and Cronbach's *alpha* (1951) were used to assess the reliability of scales. Composite reliability is preferred over Cronbach's alpha because it offers a better estimate of variance shared by the respected indicators and because it uses the item loadings obtained within the nomological network (Hair, Anderson, Tatham, & Black, 2006). For assessing the convergent validity of constructs, Fornell and Larcker's (1981) average variance extracted (AVE) criterion was employed. An AVE value greater than 0.50 indicates that a latent variable is able to explain more than half of the variance of its indicators on average (Henseler et al., 2009). Discriminant validity of measurement model was tested through Fornell and Larcker's AVE test. Evidence of discriminant validity occurs when the square root of the variance extracted estimation exceeds the correlations between the factors making each pair (Fornell & Larcker). Each latent variable shares more variance with its own block of indicators than with another latent variable, representing a different block of indicators.

Structural model specifies relationships between latent constructs. The structural model is tested by estimating the paths between the constructs, which are an indicator of the model's predictive ability. The nonparametric bootstrapping procedure (Chin, 1998) using 1000 subsamples was performed to evaluate the statistical significance of each path coefficient and to provide confidence intervals for all parameter estimates. Goodness-of-fit (GoF) (Tenenhaus, Esposito Vinzi, Chatelin, & Lauro, 2005) was employed to judge the overall fit of the model. GoF, which is the geometric mean of the average communality (outer measurement model) and the average  $R^2$  of endogenous latent variables, represents an index for validating the PLS model globally, as looking for a compromise between the performance of the measurement and the structural model, respectively. GoF is normed between 0 and 1, where a higher value represents better path model estimations.

#### Results

#### **Measurement Model**

The factor loadings from the final PLS measurement models are reported in Table 1. All items loaded significantly (> .50) on their respective factors which was an indication of indicator reliability. Composite reliability ( $\rho_c$ ) (Werts, Linn, & Joreskog, 1974) and Cronbach's alpha (1951) values for all scales exceeded the minimum threshold level of .70, thus indicating the reliability of all scales used in this study. Results revealed that the variance extracted for all factors exceeded the minimum threshold value of .50 which was an indication of convergent validity of all scales. Fornell and Larcker's (1982) test for discriminant validity revealed relatively high variances extracted for each factor compared to the inter-scale correlations, which was an indication of discriminant validity of all constructs (Table 2).

Table 1
Item Loadings, Scale Reliability, and Convergent Validity

Block	Loadings	t values <sup>a</sup>	Cronbach's Alpha	Composite Reliability <sup>b</sup>	AVE <sup>c</sup>
$EI^{d}$					
SEA	0.82	14.52	.88	.92	.74
OEA	0.92	57.58			
UOE	0.91	40.28			

Table 1
Item Loadings, Scale Reliability, and Convergent Validity

Block	Loadings	t values <sup>a</sup>	Cronbach's Alpha	Composite Reliability <sup>b</sup>	AVE
ROE	0.78	12.18	•	<u> </u>	
LMX					
LMX_1	0.86	26.87	.89	.91	.65
LMX_2	0.80	14.55			
LMX_3	0.84	24.42			
LMX_4	0.67	9.81			
LMX_6	0.80	20.98			
LMX_7	0.85	29.47			
DJ					
DJ_1	0.63	6.16	.74	.83	.56
DJ_3	0.68	5.91			
DJ_4	0.83	14.10			
DJ_5	0.84	34.34			
PJ					
PJ_2	0.78	18.93	.86	.90	.65
PJ_3	0.88	42.15			
PJ_4	0.91	52.42			
PJ_5	0.84	31.65			
PJ_6	0.55	5.30			
JS					
JS_1	0.61	7.24	.75	.83	.56
JS_3	0.61	4.76			
JS_4	0.87	27.08			
JS_5	0.84	19.01			
OC _					
OC_1	0.82	27.57	.88	.90	.51
$OC_2$	0.82	20.98			
$OC_3$	0.65	9.53			
$OC_4$	0.63	9.29			
$\overline{OC_5}$	0.55	6.74			
OC_6	0.74	14.14			
OC_7	0.69	8.98			
OC_8	0.73	11.02			
OC_9	0.75	15.41			
TI					
TI_1	0.83	15.16	.81	.88	.72
	0.85	19.78			
TI_3	0.86	30.37			

*Note* : EI = Emotional Intelligence; LMX = Leader-Member-Exchange ; DJ = Distributive justice ; PJ = Procedural justice ; OC = Organizational commitment ; TI = Turnover intentions.

<sup>&</sup>lt;sup>a</sup>t values are calculated through a bootstrapping routine with 106 cases and 1000 samples. All t values are significant at .001 level (two-tailed).

<sup>&</sup>lt;sup>b</sup> Composite factor reliability =  $(\Sigma \text{Li})^2 / [(\Sigma \text{Li})^2 + \Sigma \text{var}(\text{Ei})]$ . Where Li is the standardized factor loading for a given factor, var(Ei) = 1- Li<sup>2</sup> is the measurement error or the error variance associated with the individual indicator variable(s) for that given factor (Fornell & Larcker, 1981).

Table 2
Inter-Factor Correlations and Discriminant Validity

	DJ	EI	JS	LMX	OC	PJ	TI
DJ	$0.75^{a}$						
EI	0.34	0.86					
JS	0.60	0.26	0.74				
LMX	0.50	0.65	0.37	0.81			
OC	0.34	0.67	0.47	0.75	0.71		
РJ	0.53	0.31	0.50	0.66	0.56	0.80	
TI	-0.49	-0.59	-0.65	-0.58	-0.65	-0.51	0.85

Note. All correlations are significant at .01 level (2-tailed)

#### Structural Model

As hypothesized, EI was significantly and positively related to LMX ( $\beta$  = 0.65, t = 10.49, p < 0.001) and accounted for a substantial amount of variance in LMX ( $R^2$  = .43). LMX was significantly and positively related to both distributive justice ( $\beta$  = 0.50, t = 6.09, p < 0.001) and procedural justice ( $\beta$  = 0.66, t = 13.06, p < 0.001). LMX explained substantial amounts of variance of distributive justice ( $R^2$  = .25) and procedural justice ( $R^2$  = .44). Distributive justice had a direct positive impact on job satisfaction ( $\beta$  = 0.46, t = 5.04, p < 0.001) and a negative direct impact on turnover intentions ( $\beta$  = -0.31, t = 3.01, p < 0.01). However, the direct effect of distributive justice on organizational commitment failed to reach significance ( $\beta$  = 0.06, t = 0.56, p > 0.05). Procedural justice had a direct positive impact on job satisfaction, ( $\beta$  = 0.25, t = 2.60, p < 0.01), organizational commitment ( $\beta$  = 0.53, t = 7.38, p < 0.001), and significant negative impact on turnover intentions ( $\beta$  = -0.34, t = 3.51, p < 0.001). Additionally, the results showed that the structural model explained 41.4 percent of variance in job satisfaction, 32.7 percent of variance in the organizational commitment, and 33.2 percent of variance in turnover intentions (see Figure 1).

The value of  $R^2$  may be decomposed in terms of the multiple regression coefficients and correlations between the dependent variable and the explanatory ones (Tenanhaus et al., 2005). This decomposition allows understanding the contribution of each explanatory variable to the prediction of the dependent one. For this model, procedural justice was the most important of the two variables in the prediction of organizational commitment, contributing to 93.09 percent of the  $R^2$ . On the other hand, distributive justice accounted for only 6.81 percent (far less than procedural justice). Distributive justice accounted for largest amount of variance in job satisfaction, 68.39 percent, as compared to procedural justice accounting for 31.61 percent. Lastly, for the variable turnover intentions distributive justice and procedural justice accounted for 47.01 percent and 52.94 percent, respectively (see Table 3). The goodness-of-fit (GoF) (Tenanhaus et al.) index for the PLS model was 0.48, which indicated an acceptable data-model fit.

 $<sup>^{</sup>c}$  AVE =  $\Sigma$ Li<sup>2</sup> / ( $\Sigma$ Li<sup>2</sup> +  $\Sigma$ var(Ei)), where Li is the standardized factor loading for a given factor, var(Ei) = 1 - Li<sup>2</sup> is the measurement error or the error variance associated with the individual indicator variable(s) for that given factor (Fornell & Larcker, 1981).

<sup>&</sup>lt;sup>d</sup> Second order construct.

<sup>&</sup>lt;sup>a</sup>Square root of AVE

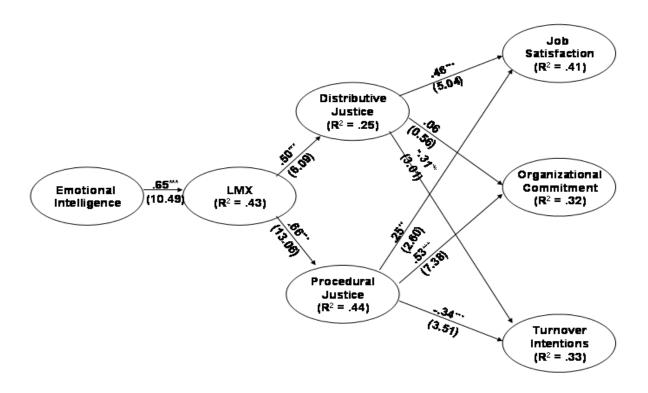


Figure 1. PLS path analytic model. Bootstrapped t-values are listed in brackets below path coefficients. (\*\* $^*$ p < .01, two tailed. \*\*\* $^*$ p < .001, two tailed)

Table 3
Statistical Explanation of Job Satisfaction, Organizational Commitment, and Turnover Intentions

	Correlation	$\beta_{i}$	$R^2_{PART}^{a}$	$R^2\%$
Job satisfaction				
Distributive Justice	0,605	0,468	0,276	68.39
Procedural Justice	0,507	0,258	0,125	31.61
Organizational Commitment				
Distributive Justice	0,348	0,064	0,022	6.81
Procedural Justice	0,569	0,535	0,304	93.09
Turnover intentions				
Distributive Justice	-0,497	-0,314	0,156	47.01
Procedural Justice	-0,511	-0,344	0,175	52.94

<sup>&</sup>lt;sup>a</sup> correlation x β<sub>i</sub>

# **Discussion and Conclusion**

This study examined the relationships amongst EI, LMX, organizational justice, and attitudinal outcome variables in a comprehensive model. The results of the study revealed that

subordinate EI is a positive predictor of leader-member exchange quality perceived by subordinates (H1). In other words, if an employee is emotionally intelligent, the quality of LMX relationships will be high. This result confirmed the proposition made by Smith (2006) that subordinate's EI is one of the potential predictor of high quality LMX relationships. Thus, emotionally intelligent people are more likely to be able to maneuver through the stages of the exchange relationship well to eventually move into an in-group relationship with the supervisor. Thus, the ability to accurately identify emotions (in self and others), to appropriately use emotions, to understand emotions, and to successfully manage emotions leads to the development of high quality relationships. It is worth noting that the current study only investigated the relationship between subordinate EI and LMX quality and not between supervisor EI and LMX quality. According to Smith (2006), both leaders' and subordinates' EI impact the quality of LMX relationships. Hence, one productive avenue for future research is to explore the roles of both leader EI and subordinate EI in the development of high quality relationships.

In line with previous studies (e.g., Hassan & Chandaran, 2005; Lee, 2000; Podsakoff & Mackenzie, 1993), the results of this study revealed that LMX is a positive predictor of distributive justice (H2a). Employees link LMX quality with outcomes such as performance ratings, autonomy, or promotions (Erdogan, 2002) and will form justice perceptions keeping in mind distribution of these outcomes. In other words, if an employee perceives that his/her relationship with his/her supervisor is of high quality, then outcomes being allocated (by supervisor or organization) will be perceived as just.

Furthermore, an individual's reaction to unfair treatment results not only from receiving poor outcomes, but also from associating unfavorable outcomes with someone else's actions (Corpanzano & Folger, 1989, p. 293-294). In this regard, in-group members are more likely to perceive the supervisor following fair procedures due to their high ability to participate in decision making and their high quality relationships with the supervisor (Scandura et al., 1986). In other words, if an employee perceives a high level of quality in exchange in the supervisor-subordinate relationship, the employee also perceives a high level of procedural justice (H2b).

The results of this study supported the contention that organizational justice remains a salient dimension of the work environment, shaping employee perceptions of job satisfaction, organizational commitment, and turnover intentions (H3, H4, & H5). Overall, the influence of organizational justice was consistent across three work outcome variables. Distributive justice had a direct impact on job satisfaction (H3a). This result was consistent with the results of previous studies (Aryee et al., 2005; Bhal & Ansari, 2007; Deconinck & Bachmann, 2005; Lee, 2000). People tend to be more satisfied with outcomes they perceive to be fair than with those they perceive to be unfair. Results suggest that when employees perceive they are treated fairly in the amount of rewards allocated (distributive justice), they are more satisfied with their jobs. Perceptions of injustice occur when a negative outcome arises. An employee will perceive distributive injustice if another employee is receiving a larger outcome when other employee's job does not require as much responsibility and effort (DeConinck & Bachmann, 2005).

This study's finding that procedural justice is an important predictor of job satisfaction (H3b) was also consistent with previous studies (Aryee et al., 2005; Deconinck & Bachmann, 2005; Lambert et al., 2007; Lee, 2000). Increased perceptions of procedural justice help in incorporating positive feelings among workers toward their jobs. Moreover, employees are more accepting of decisions that result from fair procedures than with decisions that result from unfair processes. According to Lambert et al., (2007), "When an employee feels that he or she has been

betrayed via an unfair organizational processes or outcome, it is hard for the employee to feel that his or her job is satisfying." Contrary to hypothesized relationship, distributive justice did not significantly influence organizational commitment (H4a).

Two plausible explanations could be attributed to this unexpected result. First, Lee (2000) did not test the direct relationship between distributive justice and organizational commitment. Instead, he examined whether distributive justice significantly predicted job satisfaction, which in turn significantly predicted organizational commitment. Thus, we can infer that distributive justice does not directly influence organizational commitment; rather, it does so through job satisfaction. Second, research linking the two types of justice perceptions (distributive and procedural) with employee attitudinal outcome variables has shown that, between these two, procedural justice is more important in predicting organizational commitment (Sweeney & McFarlin, 1993). Martin and Bennett (1996) asserted that it is possible that an employee is dissatisfied with the current outcomes which he receives (distributive injustice) but even then remains committed to the organization if he views the procedures as fair (procedural justice) in allocating those outcomes (p. 89). So, in line with Martin & Bennett's assertion, results indicated that procedural justice was significant predictor of organizational commitment (H4b).

These results correspond with findings reported by earlier researchers (Aryee et al., 2002; Bhal & Ansari, 2007; Hassan & Chandaran, 2005; Lambert et al., 2007). This demonstrates that managers and organizations need to pay attention not only to the rewards, but also to the processes though which these rewards are determined and distributed. Results revealed that organizational justice perceptions were negatively related to turnover intentions (H5). This result was also in line with previous studies (Ansari, Hang & Aafaqi, 2007; Aryee et al.; Lee, 2000; Parker & Kohlmeyer, 2005). In other words, if an employee perceives distributive and procedural justice within the organizational setting, he is less likely to quit the organization. The results relating to turnover may be particularly important for managing organizations given the high cost of recruiting and training. As we know retention of current employees is less costly then attracting new employees, managers should pay special attention to formation of justice perceptions among employees.

# **Implications**

What can organizations do to increase the perception of organizational justice among employees? First, organizations must endeavor to allocate rewards as consistently as possible across individuals and also communicate to employees that the consistency principle is important to the organization and is integrated into the allocation decision making process (Parker & Kohlmeyer, 2005). This means application of similar procedures to all potential recipients of rewards and giving special advantage to none. Second, performance evaluations should be conducted and they must be perceived as fair by all employees. Organizations need to provide a thorough explanation for how and why an evaluation was reached and should provide all employees a voice in the evaluation process (DeConinck & Bachmann, 2005). Third, allocative procedures must reflect the basic concerns, values, and outlooks of all stakeholders impacted by allocation decision. Fourth, transparency and neutrality should prevail in decision making processes. Last, it is suggested that a participative style of management should be adopted, which would give opportunities to employees to participate in the decision making and allocative procedures. This would ultimately enhance the procedural justice perceptions within the organization and among middle level mangers.

This study's results show that EI through LMX can promote positive attitudes among employees. Thus, it has become increasingly vital for modern organizations to learn how to enhance the EI of employees in order to achieve maximum business results. In brief, if LMX quality does indeed predict organizational justice perceptions as indicated by the results, the organization can benefit by encouraging an environment that fosters the development of high-quality LMX relationships between leaders and subordinates. In this regard, incorporation of EI criteria into selection and training and development could serve to ameliorate the LMX quality (Smith, 2006), leading ultimately to positive justice perceptions.

#### Limitations

The findings of this study are subject to several limitations that are common in this type of research. First, the results are specific to only six organizations in one geographical area and may or may not be generalizeable to other organizations and other areas. Second, the crosssectional data precludes any inference of causality. The direction of causality (in cross-sectional studies) cannot be established and will have to be examined using longitudinal data (Aryee et al., 2002). Moreover, since LMX and EI are developmental in nature (Ansari et al., 2007, Goleman, 1995), only future longitudinal investigations can uncover the stage at which employees develop job satisfaction, organizational commitment, or turnover intentions. Third, since most of the respondents in sample were males (70.5%), this constrains the generalizability of findings to women. Gender plays an important role in moderating the various relationships in our model. Fourth, all respondents were full-time employees and these findings may not be applicable to part-time employees. Fifth, this study used a trait (self report) measure of EI. Though prior studies reported good reliability and evidence of validity, it would be useful to conduct a study comparing results of this study with those employing other ability measures of EI, such as MSCEIT. Sixth, this study tested the role of organizational justice as a mediator between LMXattitudinal outcome relationships, but LMX also mediates the organizational justice-attitudinal outcome relationships (Pillai, Scandura, & Williams, 1999). Thus, future studies should test the model where LMX serves as mediation between organizational justice perceptions and attitudinal outcome variables of job satisfaction, organizational commitment, and turnover intentions. Seventh, research suggests that both leaders (LMX-L) and members (LMX-M) approach and perceive the exchange relationship differently (Paglis & Green, 2002). Thus as already suggested by Smith (2006), future research should investigate the relationship of EI with both LMX-L and LMX-M. Additionally, in current study only members' EI was measured through self report. Since both subordinate's EI and leader's EI impact the quality of LMX (Smith, 2006), future research should investigate the impact of leader's EI on LMX quality. Eighth, in this study global measure of LMX was employed, and since LMX is a multidimensional construct (Liden & Maslyn, 1998) future research should investigate the relationship of sub dimensions of LMX with EI and organizational justice perceptions. In addition, while testing the LMX-attitudinal outcomes relationship, other forms of organizational justice perceptions—that is, interactional and informational—should be incorporated as a mediating variable along with distributive and procedural justice. Lastly, this study only explored the relationship of organizational justice perceptions with three outcome variables: job satisfaction, organizational commitment, and turnover intentions. Future studies should also explore the impact of organizational justice perceptions on other attitudes and behaviors, such as life satisfaction, absenteeism, objective performance, and counterproductive behaviors.

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