

PERCEIVED JUSTICE IN APPRAISALS &
COMPENSATION SYSTEMS: A STUDY OF THE
SOFTWARE PROFESSIONALS IN INDIA

by

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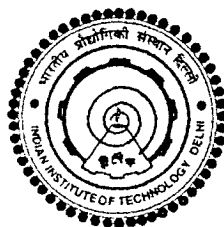
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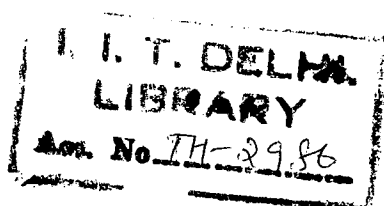
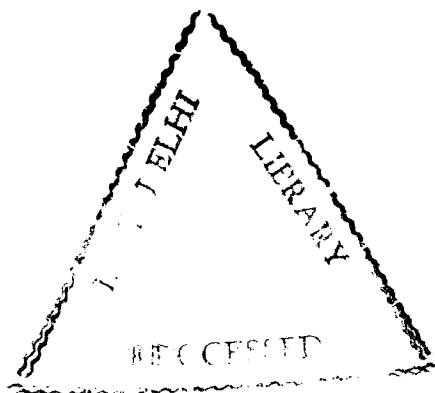
Doctor of Philosophy

to the



INDIAN INSTITUTE OF TECHNOLOGY, DELHI

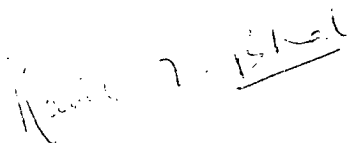
JULY 2003



CERTIFICATE

The thesis entitled “*Perceived Justice in Appraisals & Compensation Systems: A Study of the Software Professionals in India*”, being submitted by Ms Namrata Gulati to the Indian Institute of Technology, Delhi, for the award of the degree of Doctor of Philosophy (Ph.D.), is a record of *bona fide* research work carried out by her. She has worked under my supervision, and has fulfilled the requirements for the submission of this thesis, which has attained the standard required for a Ph.D. degree of the Institute. The results presented in this thesis have not been submitted elsewhere for the award of any degree or diploma.

Date: 23 July 2003



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ACKNOWLEDGEMENTS

I sincerely acknowledge the guidance of my research supervisor Dr. (Ms) Kanika T. Bhal, Department of Management Studies (DMS), in carrying out this research project which is now culminating in the form of a Doctoral dissertation. I am particularly thankful to her for her personal involvement in my research, valuable time which she spared for me and the flexibility & independence she gave me.

I am indebted to the student research committee, which was assigned the task of supervising formulation and implementation of plan for this research project. My special thanks are due to Prof Sushil and Dr. Amulya Khurana. I am thankful to Prof. Rajat Baisya (Head of the Department, Management Studies Department), Prof. Vinayshil Gautam, Prof. D. K. Banwet, Prof. P.K Jain, Prof. S.S. Yadav, Dr. S.K. Jain, Dr. Kiran Momaya, Dr. M.P. Gupta, Er. Harish Choudhary and Dr. Ravi Shankar, at the, Department of Management Studies for their valuable suggestions and encouragement from time to time. I am also thankful to all the faculty members of DMS for their support. I also take this opportunity to express my feelings of gratitude to all my teachers past and present.

I will be failing in my duty if I do not put my earnest feelings of thankfulness to the executives of the various software organizations covered in the present study who spared time from their busy schedule and agreed to share the needed information to bring the research in the present form.

My special thanks are extended to my fellow research scholars including Dinesh Bharule, Kirti Jain, Meenakshi Choudhary, Nivedita Debnath, Shipra Singh and Uday Bhaskar for their help and support from time to time.

I also appreciate the help and co-operation extended to me by the office staff of DMS including, Mr. Jacob, Mr. Bose, Mr. Narang, Mr. Dalchand, Mr. Prem Singh and Mr. Harsh.

Last but not the least; I would like to express my gratitude to my family members for their encouragement, support and blessings at all times. My parents (Col & Mrs. Gulati), my husband Rajeev and my little son Dhruv deserve a special mention here for their loving support, cooperation, adjustments, tolerance and for sharing my anxieties in my trying times.

Namrata Gulati
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JULY 2003

NEW DELHI

Abstract

Fairness and Justice appear to be soft issues, but their value needs to be understood by the managers of knowledge-based organizations. The software organizations consist of trained professionals and specialist employees who are knowledge workers. This sort of talent pool is in a constant state of change. From the characteristics of the software industry and knowledge workers arise a number of questions that a firm must answer before designing its recruitment, selection and retention and its HRM strategy. HR in the software industry needs to embrace customized strategies to sustain stability, develop people and improve productivity. Besides the design of systems, what becomes crucial is to understand what employees perceive as fair or unfair treatment in terms of the – pay, processes and people related issues. The HR systems like appraisals and reward have got to be socially valid and acceptable to the people, as the perceptions of employees about these affect their work related attitudes.

The purpose of this study was to conceptualize and test a model that ascertains the impact of individual, contextual and organizational factors on justice perceptions and the effects of these perceptions on work-related attitudes and behavior of the software professionals in India. It is proposed that the various individual factors- demographic and personality (*Gunas*, locus of control, Emotional Quotient, Ethical Frameworks and Justice Orientations) , contextual factors (voice, quality of interpersonal relationships, leadership style and organizational factors (climate) in the workplace influence the employees' justice perceptions. These, in turn, influence employees' work-related attitudes and behavior. Specifically, models are developed (for direct, interaction and mediation

relationships) and tested which includes the individual, contextual and organizational factors as antecedents to the construct of employees' justice perceptions and satisfaction, organizational commitment, and organization citizenship behavior as consequences of employees' justice perceptions. A series of FGD's were conducted with the software professionals, so as to identify the issues related to them. Based on the FGd results and literature review, the models were formulated.

310 software professionals (from 30 software organizations) constituted the study sample. The methodology for the study was questionnaire based, most of the instruments used were standardized tools. Factor analysis and reliability tests of the tools were conducted. We also conducted a comparative study of a public and private organization to assess the justice perceptions vis-à-vis the actual appraisal systems.

The results indicated that there was no significant difference between age groups and gender for preference for a particular kind of justice. None of the personality factors predicted distributive justice. Locus of Control and religious (*moksha*) framework were the best predictors for procedural Justice. Locus of control was the best predictor for interactional justice. For the contextual factors voice was the strongest predictor for distributive justice and voice and perceived justice were the best predictors for procedural and interactional justice. Also, we explored the mediation of voice for climate –justice relationship and voice mediated the relationship partially for interactional justice. An exploration into the person –environment interaction to predict justice was done and

interestingly, the variables like (*Sattwa*, Equity, NT Style , Affect dimension) which did not predict justice independently, predicted it through interactions.

Related to the outcomes, results showed that for Pay Satisfaction distributive justice and interactional justice were the best predictors . For distal outcomes, procedural justice was the best predictor for extrinsic satisfaction and distributive and procedural justice for intrinsic satisfaction. Interactional justice was the best predictor for commitment and OCB (loyalty). Interactional and distributive justice was the best predictor for OCB (Participation) and there was positive relationship between Interactional Justice and OCB (Participation) and inverse relationship between Distributive Justice and OCB (Participation). Results for the interaction showed that distributive and procedural justice interacted to predict intrinsic as well as extrinsic satisfaction. Distributive justice interacted with interactional justice to predict extrinsic satisfaction, intrinsic satisfaction and OCB (participation). Also procedural and interactional justice interacted to predict commitment. Also, the three way interactions between distributive, procedural and interactional Justice predicted extrinsic satisfaction and intrinsic satisfaction.

This study can guide the professional community to understand the dynamics of organizational justice and organizational outcomes in a better manner. They can focus on key dimensions and manipulate these variables to cultivate the right kind of climate that breeds high justice perceptions for their organization. Indirectly, it will be helpful in improving the performance of the organization.

The implications of our study highlight the issues of open and supportive climate, the importance of fair and impartial treatment, good interpersonal behavior and healthy team relations with the leaders, as crucial factors influencing the perceptions of the employees. Implications for top management, project managers and HR managers are discussed, followed by the implications for researchers, that will be helpful for conducting future research in this area.

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