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## NEO-TRADITIONALISM AND ORGANIZATIONAL BEHAVIOR

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### ABSTRACT

Procedural justice is placed within a larger theoretical context developed from theories of comparative institutions. In a sample of Lithuanian and American electronics companies it was found that: (a) Employees in the "neo-traditional" political economy perceived their organizations as less meritocratic than did their peers in the "modern" political economy. (b) The relationship between political economy and employee perceptions of procedural justice was mediated by the organizations' use of meritocratic practices. (c) Procedural justice was associated with employee organizational commitment and coworker trust, controlling for political economy.

### INTRODUCTION

Organizational behavior has developed into a particularly non-contextual applied social science. When explanations for organizational behavior phenomena have been sought within any context larger than a particular employer, they usually have consisted of either an atheoretical description of different human resources practices in different countries or a study of links between national and ethnic cultures and the values and preferences of individual employees. These works have provided valuable documentation of differences in culture and organizational practices across nations; yet they have offered little explanation of how processes at the societal level may be linked to organizational behavior. Therefore, we wish to add to the insights gained from cross-cultural research by drawing on selected comparative institutions frameworks to show how political economies may be connected with employee attitudes through certain organizational practices that they may foster.

#### Procedural Justice and Modernism

Much of the research in the area of procedural justice has focused on aspects of rules and policies that may be antecedents of fairness perceptions. The ability to provide input into the decision making process (termed "voice") has been the most widely investigated procedural characteristic (e.g., Folger, 1977; Thibaut & Walker, 1975). Examples of other important features of procedures that have been investigated as precursors to fairness perceptions include such elements as bias suppression, consistency, and correctability (cf. Leventhal, 1980).

Many of the organizational factors that have been linked to employee perceptions of procedural justice (e.g., voice, bias

suppression) also have been used by a number of scholars (cf. Coleman, 1993; Jacoby, 1985) as surrogates for an ideal organizational form that Weber (1947) referred to as "bureaucracy." Bureaucracy is a kind of social organization intended to enforce a merit-based, rule-governed, universalistic order that is effective when the scale of interdependent activity becomes too large for particularistic social control alone (Coleman, 1993; Weber, 1947; Zucker, 1986).

Yet, the extent to which bureaucracy itself can be realized in a society is partially the result of the interplay among a set of forces that here we call political economy. Political economy is a broad term referring to the study of the interaction between government and economic behavior. Our focus is on authority structures (e.g., traditional, bureaucratic) that may be fostered by a political economy and on the resultant organizational practices that stem from the authority systems. Good examples of how traditional authority structures affect organizational practices can be found in communist countries. Walder (1986) described what he called the "neo-traditionalism" of the workplace in the People's Republic of China. He suggested that all communist states rely on neo-traditionalism, a system characterized by *"dependence, deference, and particularism... in contrast with the more familiar modern forms of industrial authority that are notable for their relative impersonality and anonymity... and the relatively tight bureaucratic restriction of personal discretion of immediate supervisors"* (p. 10). Despite these organizations' apparent bureaucratic formalism (characterized by hierarchy, paperwork, written rules), particularism was a necessary practice for communist political control.

Because we are reporting the reactions of employees in a political economy just emerging from communism, we shall use Walder's (1986) term "neo-traditionalist" to characterize the particularistic and vertically dependent form of social organization we expected to find there. The comparison country is one of the wealthiest developed-world economies, with businesses among the earliest to adopt bureaucratic organizational forms. Thus, Coleman's (1993) term "modern" would be the closest parallel to "neo-traditionalist." While scholarship on modernism and traditionalism has a long history, and the distinction noted here is widely accepted in social science, we do not know whether these differences are reflected in employees' perceptions of the extent to which their organizations are more or less meritocratic. Therefore:

H1: Employees of organizations embedded in a neo-traditionalist political economy will report that their organization is less meritocratic than will employees of organizations in a modern political economy.

Political economy is proposed to impact procedural justice indirectly via its effect on the organization's use of meritocratic practices. Procedures that have been shown to foster fairness perceptions place constraints on the arbitrary use of managerial power. An organization's management is more likely to agree to limit its own power in situations where employees have access to countervailing political mechanisms, as is the case in more modern polities. In fact, Jacoby (1985) described the evolution of professional personnel policies and the specialists who developed and enforced them as an attempt by management to preempt worker protective legislation and trade union organizing in the United States. This suggests the following hypothesis:

H2: The positive effect of a more modern political economy on employees' reports of procedural justice will be mediated by the organizations' relatively greater use of meritocratic practices.

### Reactions to Perceived Procedural Justice

In this study, we were able to test two expected outcomes of perceived procedural justice: organizational commitment and trust in coworkers. Empirical research in modern societies has found a positive relationship between procedural justice and organizational commitment (e.g., Folger & Konovsky, 1989). We predict that this relationship will hold for employees of organizations embedded in polities where particularism and clientelism are the norm, since such employees are expected to value an opportunity to escape from arbitrary treatment and to receive the social respect that fair procedures imply.

H3: The greater the perception of procedural justice, the greater the employees' organizational commitment, even after controlling for political economy.

Further, we predict that perceptions of procedural fairness will be positively related to one's trust in coworkers. In systems dominated by neo-traditional authority relations, it is typically difficult for peers to know where they stand with one another. A person can never be sure that coworkers won't seek to ingratiate themselves with the powerful by denouncing or informing on their colleagues (Pearce, 1991; Walder, 1986). Following Zucker (1986), we argue that procedures viewed as just can provide an institutional basis for trust among employees. Clear rules establish common expectations about how rewards and sanctions are to be distributed. In this way, they reduce the potential for arbitrary attacks among organizational members allowing them to more readily form trusting relationships.

H4: The greater employees' perceptions of procedural justice, the greater employees' trust in coworkers, even after controlling for political economy.

## METHOD

*Sample.* The sample consists of (non-executive) managerial and professional employees in five large electronics manufacturing organizations. All were considered "high technology" in their markets and employed large research and engineering staffs to maintain their preeminent technological positions. One of the five was in Lithuania. Lithuania was classified as a neo-traditional economy at the time of data collection (1993) based on the writings of Walder (1986) and on interviews conducted with the organization's management by one of this paper's authors. The other four electronics companies were American offices of large international electronics firms (all American-owned but with world-wide operations and sales). These were classified as operating in a modern political economy at the time of data collection in 1992. The sample size for the Lithuanian company was 690 with a response rate of 77%. There were a total of 914 respondents in the four American companies. Response rates ranged from 58% to 82%.

*Measures.* All data used for these tests were taken from anonymous questionnaires. All questionnaire items were constructed first in English then translated into Lithuanian by Dr. Arunas Kuras and finally back translated into English by a professional translator (Brislin, 1986) to insure they retained their meaning. When these Lithuanian-language items were factor analyzed, all items loaded on the same scales as their English-language counterparts. All measures are five-point Likert-type scales with 1 = strongly disagree to 5 = strongly agree. The Organizational Commitment scale is the short form of Mowday, Steers and Porter's (1979) scale (interitem reliability coefficient  $\alpha = .81$ ). The scale assessing trust in coworkers has been used by Pearce et al. (1994) ( $\alpha = .87$ ). The meritocratic practices scale was developed in a large study of human resources practices reported in Pearce and Tsui (1994). This particular scale was selected as representative of the larger concept of meritocratic practices, because the performance-based rewarding of individuals is a fundamental feature of meritocracy ( $\alpha = .81$ ). The procedural justice scale consists of a compilation of items based on the work of Folger and Konovsky (1989), Lind and Tyler (1988), and Thibaut and Walker (1975) ( $\alpha = .91$ ).

## RESULTS

Hypothesis 1 proposed that employees in the neo-traditional political economy will perceive their organizations to be less meritocratic than will employees in the modern political economy. The results reported in Table 1 support this hypothesis. Hypothesis 2 posited that the influence of

political economy on employees' reports of procedural justice would be mediated by the companies' use of meritocratic personnel practices. Despite a significant direct relationship between political economy and procedural justice ( $r = .27, p < .01$ ), Table 1 shows that when the meritocratic practices variable is added to the regression equation, the beta for procedural justice becomes nonsignificant. Hypothesis 3 stated that procedural justice would be associated with employee organizational commitment, even after controlling for differences in the employees' different political economies. Hypothesis 4 posited that procedural justice would be associated with greater trust in coworkers, after controlling for political economy. The results presented in Table 2 support both of these hypotheses.

### DISCUSSION

The results of the hypothesis testing support the argument that meritocratic procedures are a feature of modern political economies and that the relationship between political economy and employee perceptions of procedural justice is mediated by the organization's use of meritocratic practices.

Further, this study suggests that employees react positively to just procedures, whether or not they have had much previous experience them. However, before discussing the implications of this research further, the limitations of this study should be considered. It is never possible to be completely confident that all relevant causal variables have been controlled when phenomena are linked at such disparate levels of analysis. Therefore, we point out that while these data were consistent with the arguments the results should be interpreted with caution.

With this cautions in mind, our results do indicate that placing organizational practices into a larger explanatory context can provide new insights. For example, this study suggests that certain human resources programs (for example, formal grievance procedures) implemented in organizations that are embedded within political economies which foster neo-traditional authority relations may not be very effective. In organizations dominated by patron-clientelism, such programs are likely to be expropriated as a vehicle for displaying loyalty to the "patron." This study also extends our understanding of procedural justice.

**Table 1.**  
**Regressions Testing the Context of Perceived Procedural Justice**

	Meritocratic Practices				Procedural Justice			
	b	s.e. <sub>b</sub>	b	t	b	s.e. <sub>b</sub>	b	t
Political Economy <sup>a</sup>	.85	.04	.46	19.64**	.38	.04	.27	8.89**
F	385.63**							
df	(1,1465)							
R <sup>2</sup>	.21							
Political Economy				.07	.04	.05		1.68
Meritocratic Practices				.36	.02	.47		15.40**
F					166.59**			
df					(2,1033)			
R <sup>2</sup>					.24			

\*\*  $p \leq .01$

<sup>a</sup>neo-traditional = 0; modern = 1



**Table 2.**  
**Regressions Testing Reactions to Procedural Justice in Two Different Political Economies**

	Organizational Commitment				Trust in Coworkers			
	b	s.e. <sub>b</sub>	b	t	b	s.e. <sub>b</sub>	b	t
Political Economy <sup>a</sup>	.55	.04	.37	14.60**	.31	.05	.20	6.57*
Procedural Justice	.43	.03	.42	16.49**	.27	.03	.25	8.28*
F	329.43**				75.61**			
df	(2,1029)				(2,1041)			
R <sup>2</sup>	.39				.13			

\*\* p ≤ .01

<sup>a</sup> neo-traditional = 0; modern = 1

When we draw on societal-level studies, such as work by the sociologist Walder (1986), the relationship between perceived injustice and peer distrust becomes clearer. Particularistic vertical relations often foster rivalries among coworkers for the favor of the powerful, and such rivalries operate to impede the formation of trust relationships among peers.

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