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## Due Process for Non-Union Employees: The Influence of System Characteristics on Fairness Perceptions

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## Abstract

This paper examines fairness perceptions associated with non-union complaint systems. Collaborating with seven CAHRS sponsors, we analyzed data collected from 450 non-union, non-management employees. We find that non-union complaint systems that are regarded as credible, accessible and safe (i.e., no retaliation) influence perceptions of fairness which, in turn, influence the likelihood to use the system. Implications are drawn for practice and research.

## Keywords

due process, union, employ, fairness, benefit, organization, labor, system

## Disciplines

Human Resources Management

## Comments

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## WORKING PAPER SERIES

# Due Process for Non-Union Employees: The Influence of System Characteristics on Fairness Perceptions

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Working Paper 95 - 22



**DUE PROCESS FOR NON-UNION EMPLOYEES:  
THE INFLUENCE OF SYSTEM CHARACTERISTICS ON FAIRNESS  
PERCEPTIONS**

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Running head: Due process & fairness

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This paper has not undergone formal review or approval of the faculty of the ILR School. It is intended to make results of research, conferences, and projects available to others interested in human resource management in preliminary form to encourage discussion and suggestions.

**DUE PROCESS FOR NON-UNION EMPLOYEES:  
THE INFLUENCE OF SYSTEM CHARACTERISTICS ON FAIRNESS PERCEPTIONS**

This paper examines fairness perceptions associated with non-union complaint systems. Collaborating with seven CAHRS sponsors, we analyzed data collected from 450 non-union, non-management employees. We find that non-union complaint systems that are regarded as credible, accessible and safe (i.e., no retaliation) influence perceptions of fairness which, in turn, influence the likelihood to use the system. Implications are drawn for practice and research.

This research was supported by a grant from the Center for Advanced Human Resource Studies at Cornell University.

One of the greatest benefits of having a partnership between our sponsor companies and the Center for Advanced Human Resource Studies (CAHRS) is the ability to find mutually interesting and relevant issues to collaboratively study. One such issue is that of due process, or complaint systems, in non-union environments.

While we were developing a new graduate course in non-union employee relations, we developed an interest in non-union complaint systems. We conducted an informal study of twenty CAHRS sponsors focusing on due process systems in their organizations. Specifically, we were interested in any type of formalized due process system. Forty-five percent of the twenty companies (n=9) had a formal system in place to handle complaints. This number was about what we expected, given that approximately half of large and medium sized organizations have these systems (Delaney, Lewin & Ichniowski, 1989). Seven of the twenty organizations agreed to collaborate with us in a study of perceptions of due process, fairness and the use of such systems. Of these seven organizations, five already had non-union complaint systems in place.

Individual rights and due process in the workplace have been receiving considerable attention in the human resources literature. Organizations are increasingly grappling with difficult employee rights issues such as employment-at-will, free speech, whistle-blowing, privacy, and due process (Black et al, 1988; Blancero, 1992a; Bohlander & White, 1988; Ewing, 1989; Leap, 1988; McCabe, 1988; Osigweh, 1989; Peterson, 1992, 1994; Peterson & Lewin, 1990; Stone & Kotch, 1989). Contributing reasons include changing demographics and employees' increased awareness of their rights at work (Ewing, 1984; Westin & Fellu, 1988).

Simultaneously, the issue of strategy has taken hold. Organizations are increasingly thinking in terms of compensation strategies (Milkovich, 1988), selection/recruitment strategies (Olian & Rynes, 1984; Rynes & Barber, 1990) employee relations strategies (Dyer & Blancero, 1989), and even comprehensive human resource strategies (Dyer & Holder, 1988). Despite broad strategic statements, however, policies and programs must be implemented. This is where the issues of employee rights and due process converge.

An internally consistent and fair set of human resource policies is not enough to insure the protection of employee rights. Human resource policies cover various issues, e.g., a "drug free workplace" policy, a "promotion from within" policy and a due process policy. Clearly, policies may be perceived as outdated or unfair. Moreover, the managers who implement these policies are not infallible. Whether due to a lack of training or to personal biases, programs and practices are not always administered in the intended way. Therefore, an effective due process procedure is an integral and necessary feature of a successful human resource strategy.

Due process, or grievance systems, are available to virtually all unionized employees as part of their collective bargaining agreement. They are less well-established among non-union employees (Westin & Feliu, 1988) and so this is where the challenge still lies. Due process systems, as described by Ewing (1989:4) are "... effective mechanisms and procedures for ensuring equity and justice among employees ... " Specifically, for this study, due process systems are any formalized complaint systems.

This paper focuses on non-union complaint systems in seven large CAHRS organizations. Using a combined sample of 450 non-unionized, non-management employees from these seven companies, we explore perceptions of complaint systems with regards to accessibility, credibility, safety, fairness and likelihood to use such a system.

### **Management initiated due process procedures**

There are many case studies of non-union or (management initiated) complaint systems (NUCS) focusing on characteristics that lead to desired outcomes (Ewing, 1989; McCabe, 1988; Westin & Feliu, 1988). Generally, these outcomes are categorized as either efficiency or equity. While the most sought after outcomes seem to be efficiency oriented (e.g., reduced absenteeism and turnover, reduced litigation, union avoidance, and enhanced productivity), the means to these outcomes are through equity outcomes such as increased employee satisfaction and commitment. Ewing comments on this linkage as follows (1989:4):

It is difficult to foretell what the effect [of due process procedures] on American productivity and competitiveness will be. We know that efficiency cannot be isolated and managed apart from the quality of life in an organization. It can only be said that managers in companies with procedures to ensure employee justice have gut feelings that the work environment is better, and the organization more competitive, as a result.

Several characteristics of NUCS are hypothesized to lead to equity -- or fairness -- outcomes. These include the availability of expert resources to aid employees in processing their grievances (Westin & Feliu, 1988); the level of input employees have into the process (McCabe, 1988; Westin & Feliu, 1988); the impartiality, or degree of independence from management, of the person (or persons) making the actual decision (Aram & Salipante, 1981; Ewing, 1989; Rowe & Baker, 1984; Westin & Feliu, 1988); the actual outcome or decision (i.e., who "wins") (Boroff, 1991; Ewing, 1989; Westin & Feliu, 1988); the timeliness and speed of the process (Aram & Salipante, 1981; Ewing, 1989; Westin & Feliu, 1988); the consistency with which complaints are resolved (Aram & Salipante, 1981; Balfour, 1984; Ewing, 1989; McCabe, 1988; Rowe & Baker, 1984; Stratton, 1988; Westin & Feliu, 1988); the degree of top and line

management support the process has (Ewing, 1989; Westin & Feliu, 1988); and the extent to which the process fits the organizational culture (McCabe, 1988; Westin & Feliu, 1988).

This study examines the influence of several of these characteristics on the perceived fairness of NUCS. We chose characteristics that are most commonly found in organizations and that are relatively simple to change. Based on the preceding literature and our practical guidelines, the following characteristics were chosen: availability of expert resources to assist the employee with the complaint process; the amount of employee input during the process; composition of the complaint panel; and the favorableness of the outcome, or decision, to the employee. Additionally, whether or not a full explanation was provided to the employee about the final decision was examined. Specifically, the composition of the complaint panel focused on the level of independence the complaint panel had from management.

The case study literature, which is quite comprehensive, rarely discusses how a NUCS decision is explained. We found that to be quite puzzling, considering the detailed case studies that have been conducted (McCabe, 1988). It was included here, however, because a review of the literature on interpersonal communication (Bies, 1987; Bies & Moag, 1986; Greenberg, 1990), suggested that this variable is often an important determinant of fairness perceptions. Some very meaningful research has been conducted that examines explanations. Greenberg (1990) studies explanations and found that an inadequate explanation led to increased employee theft. In a practical manner, it is obvious that employees desire explanations regarding decisions that affect their work lives.

**H1** Employee assistance, employee input, decision making independence, outcome, and an explanation, will contribute positively to the perceived fairness of NUCS.

This first hypothesis gets at whether the characteristics mentioned are ones that influence employees with regards to their perceptions of fairness.

Some authors have collapsed these myriad characteristics into three basic categories: accessibility, credibility and safety (Aram & Salipante, 1981; Rowe & Baker, 1984). Accessibility pertains to the ease of use of the system. Credibility refers to the integrity of the system and the extent to which it is perceived to produce fair results. Safety relates to a lack of reprisal or retaliation against employees who use the system. Research to date has not provided empirical evidence to support which of these three categories is most important, nor has any research explored which NUCS characteristics lead to these categories.

**H2** Perceptions of accessibility, credibility and safety will contribute positively to perceived fairness of NUCS.



Accessibility, the ease of how the system works, may be influenced by several activities. Some are very straightforward and we did not explore them. For example, having a complaint form that is simple to fill out, or having a telephone "hotline" to call for help would more than likely not be disputed as affecting accessibility. While we expected all of the characteristics to affect accessibility, we hypothesize that employee assistance and whether or not there is an explanation would have the strongest effects. Clearly, if there is assistance offered in putting together a complaint, it would lead to a more accessible system.

Knowledge of explanations offered will likely affect this concept as well. If employees know that explanations are provided it may lend itself to a less threatening and thus, more accessible system.

- H3** Employee assistance and an explanation will affect the rating of accessibility of NUCS the most strongly, although employee input, decision making independence, and the outcome will also contribute positively to this rating.

Credibility of a system may be based on the history of the NUCS in place. Absent that information, it is logical that the outcome of any given complaint incident would strongly affect its credibility. A system would also be perceived as credible based on the level of input allowed to employees, as well as the composition of the decision making panel. We expected that a decision maker who is perceived as independent from management (e.g., an outside arbitrator) would increase the perception of credibility (Ewing, 1989; McCabe, 1988). Once again, we would also expect the presence of an explanation and employee assistance to increase the credibility of a NUCS.

- H4** The outcome of a decision, the amount of employee input, and the level of decision-making independence, will affect the rating of the credibility of the NUCS most strongly. However, both the presence of an explanation and employee assistance, will also contribute positively to the rating of the credibility of NUCS.

Safety of a NUCS system is a critical issue. Certainly, if employees feel that they may be retaliated against for using (or winning) the system, they are unlikely to consider it fair, or to use the system. The composition of the decision making panel is most likely to strongly affect perceptions of safety. As well, the outcome would also affect the perception of safety.

- H5** The composition of the decision making panel (decision making independence) and the outcome of the complaint will contribute positively to the rating of the safety of NUCS, (i.e., will decrease the rating of the "likelihood of retaliation").

If employees perceive NUCS as accessible, credible and safe, and, in turn, fair (Ewing, 1989; Westin & Feliu, 1988), they may be more likely to use these systems.

**H6** Perceived fairness will contribute positively to the rating of the propensity to use NUCS.

Finally, to fully test our model, we need to test for a mediating effect. As suggested, we are expecting the perceived accessibility, credibility and reprisal to affect perceptions of fairness. The perception of fairness, in turn, will affect the likelihood of whether or not one decides to use a non-union complaint system. Figure One illustrates these relationships.

**H7** Fairness perceptions will mediate the relationship between the aggregated system characteristics (credibility, accessibility, and safety) and the likelihood to use the system.

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**Figure 1:** Perceptions of System Characteristics, Fairness, and the Likelihood to use the NUCS



### Methodology

A policy-capturing questionnaire, consisting of sixty-four scenarios was used to examine these relationships. Each scenario described a hypothetical NUCS incident, including the 6 characteristics discussed earlier.<sup>1</sup> There are sixty-four descriptions of scenarios because every possible combination of characteristics was created. Thus, because we used dichotomous variables, we multiplied  $2 \times 2 \times 2 \times 2 \times 2 \times 2$ , or  $2^6$  to arrive at the sum of sixty-four. Policy capturing is a rigorous design that allows us to examine every possible combination of variables (in this case, characteristics) and to examine how they affect the issue that is being studied. As indicated, the data were provided by seven CAHRS sponsors and were a combined sample of 450 non-union, non-management employees. (A total of 890 questionnaires were sent; the response rate was 51 %.)

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<sup>1</sup> A full copy of the questionnaire is available upon request to the first author.

The sixty-four scenarios, or descriptions, were divided into eight groups to make them more manageable for employees to answer.<sup>2</sup> Each employee received a group of eight descriptions, resulting in 3600 observations (8 X 450). Each description describes a situation where a non-union, non-management employee takes his/her discharge to the final stage of a NUCS where a decision is rendered by a panel of decision makers. An example of a scenario is found in the appendix.

### **Manipulated Independent Variables: Characteristics of NUCS**

**Employee Assistance.** This variable is a dichotomous variable, with employee assistance either available or not available. In a given scenario, the employee was either aided by a human resources specialist who helped him/her organize and present the complaint or, alternatively, left to traverse the process on his or her own. Where assistance was provided, it was done so regardless of the level of input, described below.

**Employee input.** The scenarios had either of two levels of input: low or high. In the low level of input condition, the employee was only given the opportunity to provide his/her complaint in writing at the beginning of the process. There was no opportunity to present witnesses or refute opposing claims. In the high level of input condition the employee was given the opportunity to present his/her case in person to the deciding panel, to provide witnesses, and to rebut any arguments made by his/her supervisor at the hearing. This level provides repeated opportunities for input. At either level, the amount of input for the employee's supervisor (the hypothetical employee in the description) was identical to that of the employee making the complaint.

**Decision Making Independence.** Employees were presented with one of two levels of decision making independence from management, either (1) complete independence in the form of a panel of outside, independent arbitrators or (2) no independence from management in the form of a panel consisting of top managers. Independence from management means that the panel is able to make a decision about a complaint without consulting with, or having to answer to, management. The objective was to contrast a situation where the decision was completely out of management's hands (as is the case with most union grievance procedures) with one where management retained the final say (as is characteristic of most non-union grievance procedures).

**Outcome.** All NUCS result in an outcome. These scenarios involved discharged employees, and the panel either upheld the discharge or overturned it. These were intended to represent unfavorable and favorable outcomes, respectively, from the employee's point of view.

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<sup>2</sup> The sixty-four descriptions were broken into eight groups using matrix algebra. Each group of eight was as independent as possible. Analysis revealed that there were no significant differences in responses between different groups.

**Explanation.** Once again, this is a dichotomous variable. The employee was either provided with an explanation for the final decision and was given the chance to have any questions answered or provided only with the final decision and refused any explanation or opportunity to ask questions.

**Offense.** The scenarios involved two types of offenses, either drug use on company time or theft of company property. Both offenses were worded as "accused of" to present the subjects with scenarios that were realistic, but neutral with respect to actual guilt. Since these variables have not been studied before in the context of NUCS, no a priori hypotheses were developed.

Other characteristics were held constant for all scenarios, including: organization size, type of complaint (discharge), timeliness and speed of the process, management support for the system, permanence of the system, and coverage of the system. Additional information collected from the respondents included: age, gender, education, position, extent of supervisory experience (if any), tenure with their organizations, and exposure to a formal complaint system (either union or non-union).

### **Dependent Variables**

At the end of each scenario respondents were asked to rate the NUCS described on several 7-point scales. Relevant to this study are the ratings of overall fairness, accessibility, credibility, safety (the absence of retaliation or reprisal) and the propensity to use the NUCS. For all scales, 1 is low and 7 is high, except for safety which was worded in terms of retaliation and therefore, reverse coded.<sup>3</sup>

## **Results**

### **Respondent Profile**

Respondents ranged in age from 19 to 66, with a mean age of 37. Women comprised 54% of the sample. The majority of the respondents (73%) were in professional positions, such as senior accountant, financial analyst, attorney and chemist; 17% were clerical employees; and the remaining 10% were either supervisory, blue collar, or "other". Respondents ranged in years employed at their current company from less than one year to 31 years, with 46% of respondents having less than five years tenure. Fifty-three percent had supervisory experience; of these, most (68%) had five years or less of such experience. And, 51 % of respondents reported having worked for an organization with a formalized complaint system.

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<sup>3</sup> Additional data were collected that focused on three dimensions of fairness: distributive, procedural and interactional. These fairness dimensions explore perceptions of outcomes, processes, and interpersonal treatment, respectively. While these results are not discussed here, they are reported in CAHRS Working Paper #92-42 (Blancero, 1992).

As discussed earlier, five of the seven companies had a NUCS in place. Interestingly enough, while eighty-two percent of employees who responded worked in companies that had NUCS, only fifty-one percent were aware of those systems. For all of the results discussed in this paper, there were only slight differences among the seven companies. The results were virtually the same; the same characteristics affected the issues in the same way. Each company received a detailed report that reviewed the specific results (in aggregate form) from their employees as well as a comparison to the full sample.

The data were analyzed using ordinary least squares regression equations. Regression allows us to determine which characteristics of NUCS influence the perceptions in question (i.e., accessibility, credibility, safety, fairness, likelihood to use) and also allow us to make judgments as to which characteristic is most important. We used standardized beta coefficients, which allow us to compare the effects of the various characteristics on the different perceptions regardless of the response range. The nature of the offense was not significant in any of the equations and will not be reported on. Also, all of the personal characteristics -- i.e., age, tenure, education, supervisory experience, job position, and exposure to a complaint system -- were consistently insignificant (both statistically and practically) and will not be discussed further.

Table 1 illustrates the means, standard deviations and correlations for the studied variables.

**Table 1:** Means, Standard Deviations, and Correlations for Studied Variables<sup>a,b</sup>

	Mean	Standard Deviation	1	2	3	4	5
1. Fairness	4.28	1.5		.69	.48	-.17	.47
2. Credibility	4.04	1.3			.58	-.14	.61
3. Accessibility	4.43	1.6				-.12	.60
4. Safety <sup>c</sup>	3.56						-.12
5. Likelihood to use NUCS	3.91	1.7					

<sup>a</sup> All correlations are statistically significant at .0001

<sup>b</sup> n=3540 for all variables

<sup>c</sup> Safety was worded as "retaliation" and therefore negatively correlated.

Treating overall fairness as the dependent variable, all of the system characteristics were significant, as shown in Table 2, supporting Hypothesis 1. The most influential characteristic was the provision of an explanation for the decision. This was followed, in order, by employee input, decision making independence, nature of the outcome, and finally,

employee assistance. The overall model was statistically significant and the adjusted  $R^2$  is .35, indicating that these characteristics explain 35% of the rating of fairness.

**Table 2:** Summary of OLS Regression for Fairness (beta weights and T-statistics) ( n = 3570 )

Characteristic	Betas	T-statistic
Explanation	.3835***	27.38
Employee input	.2935***	20.61
Decision making independence	.2585***	18.55
Outcome	.1685***	12.06
Employee assistance	.1614***	11.19

Adjusted  $R^2$  =.3545

F-value =393.07\*\*\*

\*\*\* = significant at the .0001 level

It is interesting to note that the decision making panel's level of independence from management had less effect than either the explanation or the employee input variable. A major difference between unionized and non-unionized complaint systems is that NUCS rarely have outside arbitrators as the final decision maker, and this is considered by many to be an important issue in fairness perceptions.

**Table 3:** Summary of OLS Regression for Fairness (beta weights and T-statistics) ( n = 3570 )

Characteristic	Betas	T-statistic
Credible	.6043***	42.17
Accessible	.1280***	8.96
Reprisal	-.0578***	4.72

Adjusted  $R^2$  =.4890

F-value =1139.63\*\*\*

\*\*\* = significant at the .0001 level

The regression results presented in Table 3 provide support for Hypothesis 2. Indeed, ratings of accessibility, credibility, and safety explain more of the variance (approximately 49%) of the fairness rating than do the individual system characteristics shown in Table 2. It must be

remembered, however, that the nature of the questionnaire makes it likely that method variance accounts for some of this explained variance. In other words, because all of the perceptions analyzed here are self-reported by employees at one point in time, it could be that they are not differentiating among ratings (e.g., credibility and fairness). However, these perceptions appear distinct from another as suggested by their correlations with other variables (not reviewed in this paper).

The perceived credibility, or reputation, of the NUCS influences fairness most heavily. Ease of use, or accessibility, also significantly influences perceptions of fairness, but at a much lower level. So does the perceived safety of the system; likelihood of retaliation or reprisal has a negative impact as expected, but the beta coefficient is surprisingly low.

Hypothesis 3 is also supported, as the regression results in Table 4 illustrate. All the manipulated independent variables significantly influence accessibility, in the following order: employee assistance, explanation, employee input, outcome, and decision making independence. This makes logical sense; if an employee is provided assistance throughout the complaint process, and is also provided with a full explanation of the decision, he/she will perceive the NUCS as easy to use, or accessible. Although all the variables are significant, the adjusted  $R^2$  is only .09.

**Table 4:** Summary of OLS Regression for Accessibility, Credibility, and Reprisal (beta weights and T-statistics) ( n = 3570 )

Characteristic	Accessibility	Credibility	Reprisal
Employee assistance	.1670*** (9.578)	.1138*** (7.324)	-.0282ns (1.837)
Employee input	.1289*** (7.661)	.2065*** (13.158)	-.0171ns (.798)
Decision making independence	.0973*** (6.316)	.1990*** (12.807)	-.1257*** (7.128)
Outcome	.1272*** (7.559)	.2144*** (13.601)	-.0650*** (3.686)
Explanation	.1503*** (8.929)	.2580*** (18.965)	-.0583*** (3.316)
Adjusted $R^2$	.09	.23	.02
F-value	70.03***	198.78***	19.59***

\*\*\* = significant at the .0001 level

ns = not significant

Hypothesis 4 is partially supported (also illustrated in Table 4). These results indicate that system credibility is enhanced by the manipulated independent variables in the following

order: explanation, outcome, employee input, decision-making independence, and then, employee assistance. This suggests that if characteristics of a NUCS include a provision for an explanation of the decision, and if the system has a reputation for deciding, in at least some cases, in favor of employees, then employees will consider it to be a credible system. And, if the NUCS provides an opportunity for employee input, outside arbitration, and assistance throughout the complaint process, it also positively influences the credibility rating. The explained variance of the credibility rating by these variables is approximately 23%. We hypothesized that the explanation would have an affect on credibility, but we did not expect the explanation to have such a strong effect.

The rating of the likelihood of retaliation was negatively influenced by all the manipulated independent variables, thus Hypothesis 5 is supported. Table 4 also has the regression results for this hypothesis. Decision making independence had the most influence on the reprisal rating, followed by outcome, and then the explanation. This indicates that respondents think that retaliation is more likely with managers as decision makers. Also, when an employee "wins", the rating of the likelihood of reprisal is higher. And, if an explanation is refused, the system is considered less safe. Coefficients for employee input and employee assistance were not significant. Although many of the hypothesized relationships are statistically significant, with an adjusted  $R^2$  of only 2 percent, the results lack practical significance.

Regression results (not shown) confirm Hypothesis 6, that fairness perceptions also influence the rating of the propensity to use the system ( $\beta = .4847$ ;  $P < .0001$ ;  $R^2 = .24$ ). This suggests that if an employee perceives the NUCS to be fair, he/she will be more likely to use the system.

To test our model, as hypothesized in hypothesis 7 and illustrated in Figure 1, we needed to establish fairness as a mediator between the aggregated system characteristics (credibility, accessibility and safety) and the likelihood to use NUCS. See Table 5 for these results. Mediation suggests that, while credibility, accessibility and safety influence employees' perceptions to use a NUCS, these characteristics influence it through employees' perceptions of fairness. To establish mediation (Baron & Kenny, 1986) three separate regression equations must be run (see Table 5). The beta weights in the third equation must be less than in the second, and the mediator (fairness) must have a positive effect on the propensity to use the NUCS (the dependent variable). This suggests that credibility, accessibility and safety are perceived together to affect perceptions of fairness which, in turn, affect the propensity to use the NUCs.



**Table 5:** Summary of OLS Regression for Establishing Fairness as a Mediator Between Aggregated System Characteristics and Likelihood to Use NUCS

	Dependent Variable	Independent Variable	Beta Weight	Adjusted R <sup>2</sup>	F-value
1 <sup>st</sup> equation	Fairness	Credibility Accessibility Reprisal (Safety)	.6043*** .1280*** -.0578***	.49	1139.627***
2 <sup>nd</sup> equation	Likelihood to use NUCS	Credibility Accessibility Reprisal (Safety)	.4435*** .3994*** .0001 ns	.46	842.035***
3 <sup>rd</sup> equation	Likelihood to use NUCS	Credibility Accessibility Reprisal (Safety) Fairness	.4191*** .3904*** .0022 ns .0722***	.49	632.747***

\*\*\* = significant at the .0001 level    ns = not significant

However, while technically this mediator hypothesis is supported, we must note that the beta weights in the third equation are quite close to those in the second equation. Therefore, while fairness may act as a mediator, it is clear that accessibility, credibility and safety directly affect the propensity to use a NUCS. Thus our model (and hypothesis 7) is partially supported.

### Conclusions and Implications

There were several interesting findings from this study. One is that, in judging the fairness of a complaint incident, employees look beyond the outcome (i.e., who "won" or "lost") to the nature of the process that was followed and to the explanation (if any) that was provided. In other words, outcome was consistently less important than system characteristics. However, a key component was missing -- information on guilt or innocence. This information could not be provided because it would not allow for the testing of subjects' "perceptions" if they were provided with "facts". Employees don't generally have this information, and are usually observers of a NUCS, rather than participants. Therefore, it suggests that if employees have no information on guilt or innocence, they will rely on system characteristics when rating fairness.

Along these same lines, given that employees are often observers of NUCS, rather than "filers" this data collection method was appropriate. Employees had the opportunity to receive information regarding a NUCS and, not unlike in their own organizations, make decisions about its efficacy. Note that many employees were not even aware of the NUCS in their own organizations. One strong recommendation that we have for organizations is to fully

communicate the specifics of their NUCS system to ensure that employees are aware of it. Perceptions are often formulated on observation and employees can't observe what they do not know about.

A surprising finding is that decision making independence ranks only third in influence over fairness perceptions, behind an explanation of the final decision and the opportunity for employee input. Several authors argue that the decision maker needs to be independent from management to be perceived as fair by employees (Aram & Salipante, 1981; Ewing, 1989; Rowe & Baker, 1984; Westin & Feliu, 1988), however, this study strongly suggests that while independence is a factor, it is not the only one, and certainly not the strongest one. It is possible, however, that this is a function of the sample. Note that approximately three-quarters of the sample consists of white-collar, professional employees. These employees may have more trust in management than blue collar employees, for example. This is an area that should be pursued in future research on NUCS.

Another factor speculated by many authors (Aram & Salipante, 1981; Rowe & Baker, 1984; Ewing, 1989) as a critical factor influencing the perceived fairness of a NUCS is safety. However, this study found that the likelihood of retaliation was not strongly influenced by the manipulated variables. More importantly, however, is that the fear of reprisal variable had only a weak influence on the overall fairness rating (although statistically significant). This is not to suggest that safety is unimportant, only that the subjects in this study were not influenced by this variable. This result may also be a function of the sample, as discussed above.

This study used only a limited number of variables, due to the design. In addition to this design weakness, this study at times failed to explain much of the variance in ratings. Several personal characteristics were collected, none of which had any influence. Future research should further investigate several variables used in this study, and include others that were not used. For example, providing an additional outcome level, such as suspension, or for the explanation variable, providing an explanation, but not allowing questions, would provide further insight into their impact on fairness perceptions. And, additional variables, such as the authority of the decision maker (changing policies rather than ruling on mis-implemented ones); cost (if arbitration, does the employee contribute to the fee?); and the ability to choose members who sit on the panel, may provide more insight.

Clearly, additional collaboration is necessary. It would be beneficial to study actual complaints, and subsequent outcomes and processes, of employees who are employed by CAHRS organizations. More probing analysis of specific processes and outcomes is necessary.

The present study provided us with an excellent framework to probe further into these critical issues.

Another study done collaboratively with one of our sponsors and CAHRS researchers (see the Ruiz-Quintanilla & Blancero paper in this issue) studies similar issues from another perspective. That study examines perceptions of fairness, satisfaction and turnover as related to perceptions of, and experience with, an actual complaint system. These two studies are excellent examples of how different methodologies can be used to study a similar issue.

This study has implications for practice, by suggesting that no one system is most fair, or best. The characteristics that impacted fairness ratings are ones that can be built into any type of NUCS. The outcome of a complaint cannot be planned in advance; however, by designing into NUCS characteristics that were examined in this paper, overall fairness of NUCS can be influenced. In addition, how a system is administered and how a NUCS fits into a larger employee relations or human resources strategy may be more important than the type of system chosen. And, as discussed in this paper, if it is designed fairly, it may lead to other outcomes, both "equity" outcomes such as increased employee morale, satisfaction, or commitment, and "efficiency" outcomes such as reduced turnover, increased productivity, reduced litigation, union avoidance, and, ultimately, increased competitiveness.

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## **Appendix**

### Example of a NUCS description used in study

In this division, all complaints are heard by a management panel, consisting of three top managers of the Division. Andrew, the employee with the complaint, was accused of theft of company property. He submitted his complaint on the form provided by the Panel. An employee relations specialist assisted Andrew in organizing, preparing, and writing his complaint. Andrew's supervisor also submitted her statement on a similar form.

The Panel reached a decision based on the materials submitted. Within the designated time frame, the panel's representative, Susan, called Andrew to her office to tell him the decision: The Panel overturned the discharge and he was reinstated to his job. Andrew asked Susan what had persuaded the Panel that he should not have been fired. Susan told Andrew that it was the Division's policy to allow her to decide how much information to provide, on a case-by-case basis. She said that in Andrew's case that she would answer any questions he had, and gave Andrew a full explanation.

This description had:

(1) an outcome favorable to the employee; (2) a low level of employee input, (3) presence of employee assistance, (4) no independence from management by the decision maker, and (5) an explanation for the employee.