

**FAIRNESS OF HUMAN RESOURCE MANAGEMENT
PRACTICES, LEADER-MEMBER EXCHANGE,
AND INTENTION TO QUIT**

Mahfooz A. Ansari
Daisy Kee Mui Hung
Rehana Aafaqi

Abstract

We examined the impact of perceived fairness of human resource management (HRM) practices and quality of leader-member exchange (LMX) on the intention to quit the organization. In addition to the unique (negative) contribution of fairness of HRM practices and LMX, we hypothesized their interaction to predicting intention to quit. Two hundred twenty-four managers from nine diverse multinational, manufacturing companies in northern-Malaysia, voluntarily participated in the study. While certain interaction effects were significant, hypotheses for direct effects received substantial support. Key implications of the survey findings both for theory and for practice are discussed, and directions for future research are suggested.

The authors are affiliated with School of Management, University Science, Malaysia.

INTRODUCTION

Human resource management (HRM) has been considered a critical factor that affects employees' intentions to leave, amount of job satisfaction, and level of organizational commitment (Lee & Heard, 2000). It is, therefore, essential to understand how individuals perceive the fairness of various organizational practices that might impact their attitudes and behaviors (Dailey & Kirk, 1992). The quality of leader-member exchange (LMX) relationship is another factor that has been considered fundamental to employee attitudes and behavior (Jablin, 1979; Napier & Ferris, 1993). The present research is an attempt at integrating two separate constructs - fairness of HRM practices and LMX - in predicting intention to quit the organization.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Fairness of HRM Practices

In recent years, researchers have shown their keen interest in understanding the link between the perceived fairness of HRM practices and various attitudes and behavior. HRM refers to the policies, practices, and systems that influence employees' behaviors, attitudes, and performance (Noe, Hollenbeck, Gerhart, & Wright, 2000). Effective HRM practices relate to company performance by contributing to employee satisfaction and productivity (Delaney & Huselid, 1996). HRM functions, therefore, are now being recognized as a central business concern.

Research on the fairness of HRM practices has often been conducted under organizational justice framework. Organizational justice - defined as the perceived fairness of the treatment received from organizations - is important as a basic requirement for the effective functioning of organizations (Greenberg, 1989, 1990). A good number of studies have been conducted to explain the importance of reward allocation. For example, Lawler (1989) notes that the distribution of organizational rewards such as pay, promotion, status, and performance evaluations has tremendous impact on job satisfaction, quality of work life, and organizational commitment. Greenberg (1990) reports that employees are less likely to steal in response to pay cuts when these appear to be the result of fair procedures than unfair procedures. Thus, in contrast to distributive justice, procedural justice focuses on the fairness of

the manner in which the decision-making process is conducted (Folger & Konovsky, 1989). Procedural justice has been conceptualized as the perceived fairness of a process that culminates in an event, decision, or action (Sheppard, Lewicki, & Minton, 1992). Individuals care a great deal about the fairness of procedures and are more concerned with the human interaction process - the procedure - than the actual outcome of the interaction (Lind & Tyler, 1988). Hence, the individual's perception of the fairness of the procedure - procedural justice - is more important than the equity of the outcome of the process (Greenberg, 1986, 1990; Lind & Tyler, 1988; Sheppard, Lewicki, & Minton, 1992). In the organizational context, the perceived fairness of the process has been shown to be distinctly separate from the outcome of the process. In other words, people draw separate conclusions between the fairness of the process and the actual outcome of that process (Singh & Widing, 1990). Procedural fairness might be used as the basis by which people establish larger relationship with their employers, enhancing their loyalty toward the organization (Tyler & Lind, 1992). Several studies supported the proposition that fairness perception of organizational practices positively correlates with organizational commitment (Folger & Konovsky, 1989; Martin & Bennett, 1996; McFarlin & Sweeney, 1992; Sweeney & McFarlin, 1993; Tyler, 1991) and negatively correlates with intentions to quit (Dailey & Kirk, 1992).

Thus, the first objective of this research is to examine the impact of the perceived fairness of HRM practices on the intention to quit. An employee's perception of fairness in an organization is based on his or her belief regarding the fairness of procedures used to determine outcomes (procedural justice) as well as on what those outcomes are (equity theory). Based on the studies reviewed above, we offer the following hypothesis:

H1: *Fairness perception of various HRM practices negatively affects the intention to quit the organization*

Leader-Member Exchange

The second objective of the present research is to examine the role of leader-member exchange on the intention to quit the organization. Leader-member exchange (LMX) is defined as the interpersonal relationship between a leader and his or her subordinates (Graen, 1976). Research on the relationship between leaders and members conducted

for almost three decades clearly demonstrates the increasing need for organizations to learn how to build mutual subordinates-supervisor interpersonal trust and support relations in order to achieve maximum business results (Bhal & Ansari, 2000; Graen & Uhl-Bien, 1995; Liden, Sparrowe, & Wayne, 1997). The LMX theory states that a leader uses varying styles to deal with individual subordinates. Stated differently, leaders develop different types of unique relationship or exchange with different subordinates (Bhal & Ansari, 2000; Dansereau, Graen, & Haga, 1975; Graen & Cashman, 1975; Graen, Novak, & Sommerkamp, 1982; Graen & Scandura, 1987; Liden & Graen, 1980). The relationship is based on social exchange, whereby each must offer something the other party deems valuable and each party must see the exchange as reasonably equitable or fair (Graen & Scandura, 1987).

Several studies have been conducted to examine the relationship between LMX and organizational outcomes (see such reviews as those of Bhal & Ansari, 2000; Liden et al., 1997). Researches have shown that LMX has significant associations with many important outcomes - for example, organizational commitment (Duchon, Green, & Taber, 1986; Green, Anderson, & Shivers, 1996; Kinicki & Vecchio, 1994; Nystrom, 1990), satisfaction with supervision (Green et al., 1996; Liden & Graen, 1980; Schriesheim & Gardiner, 1992), supervisory ratings of job performance (Duarte, Goodson, & Klich, 1993, 1994; Graen, Novak, & Sommerkamp, 1982), satisfaction with work (Vecchio & Gobdel, 1984), and frequency of promotions (Wakabayashi, Graen, Graen, & Graen, 1988).

On the other hand, research relating the quality of LMX and actual turnover is not consistent across studies. For example, some researchers (e.g., Dansereau *et al.*, 1975; Ferris, 1985; Graen & Ginsburgh, 1977) have found a significant negative relationship, but others (e.g., Vecchio, 1985; Vecchio, Griffeth, & Hom, 1986) have found a non-significant relationship. However, the few studies that are available on the relationship between LMX and turnover intentions are consistently negative (Bhal & Ansari, 2000; Major, Kozlowski, Chao, & Gardner, 1995; Sparrowe, 1994, Vecchio & Gobdel, 1984). Based on the aforementioned studies, the following hypothesis is in order:

H2: *The quality of leader-member exchange negatively affects the intention to quit the organization*

Differential treatment of subordinates by supervisors and the perception of fairness also have important consequences both for individuals and members of a work-group (Sheppard & Lewicki, 1987; Yukl, 1998). The perception of procedural fairness of subordinates is considered one of several possible outcomes of a negotiated process of role-making that involve leaders and subordinates during the early phases of their working relationship (Wayne & Ferris, 1990). Recent research efforts have noted the potential importance of differentiated levels of exchange with respect to subordinates' attitude formation, and have called for research to determine if such differential treatment might affect perception of fairness and various organizational outcomes (Cobb & Frey, 1991; Forret & Turban, 1994).

In the relative paucity of research findings connecting fairness perception and quality of LMX on intention to stay or quit, we make no definite hypothesis. However, we expect that the two together will significantly contribute to the variance in intention to quit. Thus we conjecture:

H3: Intention to quit is a function of the interaction between fairness perception of HRM practices and the quality of leader-member exchange.

METHOD

Sample and Procedure

Four hundred fifty lower-to-middle level managers, randomly drawn from manufacturing organizations in northern States of Malaysia, were contacted to participate in the study. Out of which, 224 managers voluntarily responded to our survey questionnaire (a response rate of almost 50%). The sampled managers came from nine multinational companies. The companies were diverse in respects of nationality and products (see Table 1). They were primarily dealing in semiconductor, medical products, and automobile components. The respondents were mostly in the age range of 25 to 35 years ($M = 29.62$; $SD = 5.18$), and over half of them were male (55%). Their average tenure was 3.71 years ($SD = 3.11$ years), and they had been with their current immediate superior for an average of 2.38 years ($SD = 1.82$ years). A detailed demographic account can be looked up in Table 2.

Table 1 : Profile of Sampled Companies

Company No.	Country of Origin	Products
1.	Germany	Medical products (e.g., Glucose plastic bags)
2.	US	Semiconductor (e.g., CPU, microprocessor)
3.	Malaysia	Semiconductor (e.g., CPU, microprocessor)
4.	US	Automotive Components
5.	US	Semiconductor (e.g., CPU, microprocessor)
6.	Hong Kong	Semiconductor (e.g., CPU, microprocessor)
7.	US	Automotive Components
8.	US	Semiconductor (e.g., CPU, microprocessor)
9.	German	Automotive Components

Table 2: Frequency Count and Percentage Distribution of Respondents on Demographics

Demographics	N	Percentage
<u>Age (years)</u>		
30 or less	155	69.2
31-40	60	26.9
Over 41	7	2.9
<u>Gender</u>		
Male	122	54.5
Female	102	45.5
<u>Job Category</u>		
Clerical	22	9.8
Lower Level	140	62.5
Middle Level	36	16.1
Top Level	6	2.7
<u>Tenure (years)</u>		
Under 2	46	20.5
2-5	141	62.9
6-10	27	12.0
Over 10	9	3.8

Note: Because of missing responses, N and percentage do not add up to 224 and 100, respectively.

Data were collected by means of a printed questionnaire. The questionnaire accompanied a personally signed letter stating the objective of the study and an assurance of complete anonymity of individual responses.

Measures

Perceived Fairness of HRM Practices

To assess the perceived fairness of HRM practices, we specifically developed a scale consisting of 30 single-statement items. The items captured six HRM content areas (Noe *et al.*, 2000): recruiting and selection (attract and choose potential employees); training and development (teach employees how to perform their job and prepare them for the future); compensation (reward employees); promotion (provide opportunities to a higher level); performance management (evaluate their performance); and employee relations (create a positive working environment). Following the law of parsimony we wrote five items for each content area.

We did the content validation of the instrument, primarily through the process of expert judgment, in two phases. To begin with, the authors did a thorough review of the scale (HRM practices) items. During this review process, we dropped or altered several initially proposed items. During this process, we also added additional items, thus holding still a total of 30 items. At the second phase, we quantified the degree of the content validity by using content-validation ratio (Lawshe, 1985; Noe *et al.*, 2000). We randomly chose the School of Management faculty and MBA students ($N = 15$) to act as judges in the process. We provided the judges with the list of content areas and construct definitions, and thereafter we asked them to review and categorize each item in terms of whether it is "essential" to the construct the sub-scale assesses. We calculated content-validation ratio (CVR) from the formula:

$$CVR = (n_e - N/2) / N/2$$

where, n_e is the number of judges who rate the item "essential" and N is the number of judges. The required level of CVR that is needed to reach the statistical significance (with $N = 15$ judges) is .49 (Lawshe, 1985; Noe *et al.*, 2000). The computed CVR ranged between .73 and 1.00 that exceeded far beyond the recommended level except for two items: items 13 and 30. Item 30 was retained because it fell only slightly

short of the recommended ratio (CVR = .47), while item 13 that had a CVR of .12 was re-phrased.

Thus, the final scale contained 30 items. We asked the respondents to indicate, on a 7-point scale (1 = strongly disagree; 7 = strongly agree), the degree of their agreement or disagreement with each statement. To test the partial construct validity of the scale, we ran exploratory factor analysis. That is, we submitted the responses to the 30-item scale to a varimax rotated principal components analysis. The analysis constrained to four interpretable factors that met the criterion of eigenvalue greater than 1.0, explaining a total of 60.14% of the variance. For the most part the items loaded rather cleanly; all extracted items had factor loadings greater than .50. Table 3 presents the factor structure and the factor loadings obtained. Factor 1 contained 9 items - combining 5 items of employee relations and 4 items of compensation - and was named "Fairness in Employees relations and Compensation." Factor 2 was composed of 5 items - 2 performance management items and 3 promotion items - and was labeled as "Fairness in Performance Management and Promotion." Factor 3 was composed of 4 items. The common thread across them was objectivity in the evaluation process. Hence we named it "Objectivity." Factor 4 contained only 2 items concerning the fairness in training matters. Thus, Factor 4 was labeled as "Fairness in Training." Table 5 contains descriptive statistics, scale characteristics, and interrelationships among the factors. As is evident, the four factors documented fairly high internal consistency reliability - the coefficients alpha ranged between .80 and .89. The factors were only weakly intercorrelated (average $r^2 = .10$), thus suggesting almost 90% of non-overlapping variances among the factors (see Table 5).

Leader-Member Exchange (LMX)

We employed a 12-items LMX scale (Liden & Maslyn, 1998) to assess the quality of exchange between the participating managers and their immediate superior. The scale consisted of four dimensions, each with three items: contribution, loyalty, affect, and professional respect. We asked the respondents to indicate, on a 7-point scale (1 = strongly disagree; 7 = strongly agree), the degree of their agreement or disagreement with each statement regarding their interaction with the immediate superior. Liden and Maslyn (1998), by means of a series of exploratory and confirmatory factor analysis, have shown the soundness of the 12-item measure with clean dimensionality.

**Table 3 : Rotated Factors and Factor Loadings of Fairness
of HRM Practices Measures**

Items	Factors			
	I	II	III	IV
I. <u>Employees Relations and Compensation</u>				
01. People enjoy the working environment of this organization	<u>.57</u>	.06	-.07	.16
07. Health policy of this organization is adequate	<u>.67</u>	-.00	-.06	.32
08. Compensation administration in this organization is fair	<u>.69</u>	.12	.07	.38
13. Employees relations are considered good in this organization	<u>.78</u>	.12	-.02	-.13
14. Pay structure in this organization is equitable	<u>.63</u>	.08	.25	.16
19. Working environment of this organization is conducive	<u>.71</u>	.08	.09	-.00
20. The profit-sharing plan of this organization is equitable	<u>.73</u>	.07	.09	.14
25. The organization has reasonable safety policy for the employees	<u>.69</u>	.02	.06	.12
26. Employees are generally happy with the benefits scheme of this organization	<u>.82</u>	.02	.03	.15
II. <u>Performance Management and Promotion</u>				
04. There is favoritism in performance evaluation in this organization (R)	-.03	<u>.67</u>	.12	.05
12. Management follows a "pick-and-choose" policy for promotion (R)	-.01	<u>.72</u>	.27	.10
18. Only certain individuals are entertained for promotional opportunities (R)	-.04	<u>.83</u>	.20	.06
22. Yearly assessment depends upon the kind of relationship employees have with their supervisor, not the work they perform (R)	.07	<u>.77</u>	.25	-.05
30. Promotion in this organization largely depends upon what kind of relationship one has with the top management (R)	-.00	<u>.82</u>	.29	.05
III. <u>Objectivity</u>				
16. The organization follows objective performance evaluation criteria	.18	.37	<u>.72</u>	.01
17. The organization has unbiased selection process	.20	.15	<u>.66</u>	.06
24. Promotional opportunities are objectively spelt out in this organization	-.01	.15	<u>.79</u>	.06
28. In this organization, every aspect of performance is evaluated objectively	.24	.25	<u>.63</u>	-.15
IV. <u>Training</u>				
03. People are satisfied with the training opportunities of this organization	.32	.05	.08	<u>.78</u>
09. Training and development policy in this organization is fair	.41	.14	.03	<u>.78</u>
Eigenvalue	9.69	5.22	1.76	1.36
Percentage of Variance	32.31	17.41	5.88	4.54

Note: N = 224; Items are grouped for presentation purposes; the scale contained items in random order; underlined loadings indicate the inclusion of that item in the factor; R = reverse coded item.

In view of this, we undertook a varimax rotated (forced) principal components analysis, and found the identical four dimensions—although the two factors fell short of the required eigenvalue. Taken together, the four factors explained a total of 80.48% of the variance. Factor analysis results are contained in Table 4. As can be seen in Table 5, the coefficients alpha of the LMX scale ranged from .80 to .92. These reliability coefficients are comparable to the ones reported by Liden and Maslyn (1998). As expected, the factors were moderately interrelated (average $r^2 = .40$).

Intention to Quit

We used a 5-item scale (Wayne, Shore, & Liden, 1997) to tap the intention to quit the organization. Wayne et al. used three items from the work of Landau and Hammer (1986): “I am actively looking for a job outside this organization,” “As soon as I can find a better job, I’ll leave this organization,” and “I am seriously thinking about quitting my job.” They took one item from Nadler, Jenkins, Cammann, and Lawler (1975): “I often think about quitting my job at this organization.” And, they added a fifth item to the scale: “I think I will be working at this organization five years from now.” We asked the respondents to indicate, on a 7-point scale (1 = strongly disagree; 7 = strongly agree), the degree of their agreement or disagreement with each statement. Our varimax rotated principal components analysis disclosed a single factor solution, with factor loadings of .79, .85, .72, .85, and .88 (eigenvalue = 3.36; percentage of variance = 67.12). The estimated coefficient alpha was found to be .88.

Personal Data

We used a series of single-statement items to assess the respondents’ demographics such as age, sex, job level, length of service, etc.

RESULTS

We tested the hypothesized relationships by means of a four-step hierarchical multiple regression analysis. To begin with, at the first step, we entered the control variables (age and tenure). At the second and the third steps, we entered the four factors of fairness perception of HRM practices and the four factors of LMX quality, respectively. At the last step, we entered the 16 interactions. A summary of regression analysis is displayed in Table 6.

Table 4 : Rotated Factors and Item Loadings of LMX Measures

Items	Factors			
	I	II	III	IV
<u>Professional Respect</u>				
04. I am impressed with my supervisor's knowledge of his job	<u>.85</u>	.26	.23	.21
07. I admire my supervisor's professional skills	<u>.79</u>	.32	.27	.21
09. I respect my supervisor's knowledge of and competence on the job	<u>.81</u>	.22	.30	.20
<u>Loyalty</u>				
02. My supervisor would come to my defense if I were "attacked" by others	.28	<u>.78</u>	.19	.19
05. My supervisor defends my work, actions to a superior even without complete knowledge of the issue	.24	<u>.83</u>	.21	.17
12. My supervisor would defend me to others in the organization if I make an honest mistake	.26	<u>.66</u>	.41	.26
<u>Affect</u>				
03. My supervisor is a lot of fun to work with	.44	.34	<u>.62</u>	.24
08. My supervisor is the kind of person that one would like to have as a friend	.27	.26	<u>.83</u>	.21
11. I like my supervisor very much as a person	.37	.31	<u>.74</u>	.32
<u>Contribution</u>				
01. I am willing to apply extra efforts beyond those normally required, to meet my supervisor's work goals	.12	.11	.21	<u>.82</u>
06. I do not mind working my hardest for my supervisor	.23	.19	.39	<u>.70</u>
10. I do work for my supervisor that goes beyond what is specified in my job description	.21	.24	.06	<u>.79</u>
Eigenvalue	7.08	1.11	0.82	.66
Percentage of Variance	58.96	9.22	6.80	5.50

Note : N = 224; Items are grouped for presentation purposes; the scale contained items in random order; underlined loadings indicate the inclusion of that item in the factor.

Table 5 : Descriptive Statistics, Cronbach's Coefficients Alpha, and Zero-order Correlations of All Study Variables

Factor	1	2	3	4	5	6	7	8	9
<u>Fairness of HRM Practices</u>									
1. HRM 1	.89**								
2. HRM 2	.13*	.89**							
3. HRM 3	.29**	.55**	.80**						
4. HRM 4	.59**	.16*	.19**	.82**					
<u>Leader-member Exchange (LMX)</u>									
5. LMX-P	.52**	.15*	.29**	.33**	.92**				
6. LMX-L	.42**	.11	.32**	.31**	.67**	.84**			
7. LMX-A	.51**	.10	.24**	.41**	.74**	.71**	.91**		
8. LMX-C	.35**	.01	.07	.21**	.55**	.55**	.64**	.80**	
9. Intent	-.60**	-.13*	-.22**	-.50**	-.51**	-.46**	-.56**	-.48**	.88**
<u>M</u>	4.83	3.69	3.89	4.72	4.68	4.32	4.54	4.97	3.21
<u>SD</u>	.95	1.26	1.02	1.31	1.30	1.19	1.23	1.09	1.37
No. of Items	9	5	4	2	3	3	3	3	5

Note : $N = 224$; * $p < .05$; ** $p < .01$; Diagonal entries indicate Cronbach's coefficients alpha; HRM-1 = Employees relations & compensation; HRM-2 = Performance management & promotion; HRM-3 = Objectivity; HRM-4 = Training; LMX-P = Professional respect; LMX-L = Loyalty; LMX-A = Affect; LMX-C = Contribution; Intent = Intention to quit.

As is evident, control variables (age and tenure) did not significantly predict the intention to quit. Fairness perception of HRM practices and LMX together explained a total of about 50% of the variance in turnover intentions- about 39% of the variance alone was due to fairness perception of HRM practices. Specifically, the two fairness dimensions- fairness in employee relations and compensation and fairness in training - were negatively associated with intention to quit. Similarly, the two LMX dimensions - professional respect and contribution - had significant negative impact on turnover intentions. Thus, hypotheses 2 and 3 receive substantial support from the data.

Overall interaction effect was also significant, thus adding about 8% of the variance in turnover intentions. Out of 16, three regression coefficients were significant in the hypothesized direction. The first interaction suggested that managers with high quality LMX (on professional respect dimension) had the lowest intention to quit if they perceived employee relations and compensation systems of the organization fair.

Table 6 : Summary of Hierarchical Multiple Regression Analysis for Intention to Quit

Step	Variables entered	R ²	Beta
1	<u>Control variables</u>	.01	
	Age		-.09
	Tenure		.09
2	<u>Fairness of HRM Practices</u>	.40***	
	Employee relations and compensation (A)		-.29***
	Performance management and promotion (B)		-.07
	Objectivity (C)		-.05
	Training (D)		-.19**
3	<u>LMX</u>	.50***	
	Professional respect (E)		-.23*
	Loyalty (F)		-.01
	Affect (G)		-.02
	Contribution (H)		-.17*
4	<u>Interaction</u>	.58***	
	A x E		-.34*
	A x F		-.01
	A x G		.20
	A x H		-.04
	B x E		.20*
	B x F		-.10
	B x G		-.17
	B x H		.18*
	C x E		.11
	C x F		-.00
	C x G		.07
	C x H		-.04
	D x E		-.08
	D x F		.11
	D x G		.01
	D x H		-.02

Note : N = 224; *p < .05, **p < .01, ***p < .001.

The converse was true with low-LMX quality of managers and their low fairness perception of HRM practices. Professional respect dimension of LMX also interacted significantly with fairness dimension of performance management and promotion in predicting turnover intentions. The analysis indicated that the low-low quadrant had the highest score on the intention to quit, but the intention to quit was the lowest with

the high LMX-low fairness quadrant. The third significant interaction (contribution dimension of LMX and fairness dimension of performance management and promotion) had the identical trend—with low-low quadrant displaying the highest score on turnover intentions. Thus the third hypothesis also receives partial support from the data.

DISCUSSION

Relatively little is known about the impact of human resource management (HRM) practices on employee attitudes and behavior. Empirical research linking quality of leader-member exchange (LMX) and turnover (intentions) is available, but it is equivocal. Thus we hypothesized the negative impact of fairness perception of HRM practices and LMX on turnover intentions (H1 and H2). We also conjectured a possibility of the interaction of the two—HRM practices and LMX—on turnover intentions (H3). For the most part the hypotheses received moderate to substantial support from the data.

Our findings indicate that fairness perception of HRM practices has strong negative impact on the intention to quit the organization. More specifically, when employees perceive the company practices (such as employee relations, compensation, and training) as fair, they are less likely to quit the organization. Although regression coefficients do not reach the significance level, other practices (like performance management and promotion) also seem to have the similar trend. Overall, these findings uphold previous research findings (such as those of Folger & Konovsky, 1989; McFarlin & Sweeney, 1992; Sweeney & McFarlin, 1993; Tyler, 1991) where a clear link between procedural fairness and organizational commitment has been observed.

Findings pertaining to the relationship between LMX and turnover intentions are all in the expected direction, thus supporting previous research (Bhal & Ansari, 2000; Major *et al.*, 1995; Sparrowe, 1994, Vecchio & Gobdel, 1984), that two dimensions of LMX - contribution and professional respect - negatively predict turnover intentions.

Although the interaction effects are not overly large, they support previous assertions. Previous organizational analysts (e.g., Sheppard & Lewicki, 1987; Yukl, 1998) have

posited the impact of differential treatment of subordinates by supervisors and perception of fairness on the important consequences for individual employees. The perception of procedural fairness is considered an important outcome of a negotiation process of role-making that involves leaders and subordinates during the early phases of their working relationship (Wayne & Ferris, 1990). Recent research efforts (such as those by Cobb & Frey, 1991; Forret & Turban, 1994) have acknowledged the potential importance of differentiated levels of exchange with respect to subordinates' attitude formation, and have called for research to determine if such differential treatment might affect perception of fairness and various organizational outcomes.

Future research could benefit from identifying the major limitations of this study. First, our data are correlational in nature. As such we cannot make a tall claim about causality. Future research should systematically manipulate the two sets of independent variables - HRM practices and quality of LMX - and observe their main and interaction effects on various attitudes and behavior. Only then can we claim a definite causality. A second limitation is that our data are cross-sectional. Since both of the predictors - fairness perception and quality of LMX - employed in the study are developmental in nature; only future longitudinal investigations can uncover the stage at which employees intend to quit the organization. An additional limitation is limited statistical power owing to the relatively small sample from manufacturing sectors only. Future research should extend the research sites with a large sample. Yet, the relatively strong effects that we observed seem to provide evidence for robust relationships of turnover intentions with fairness perception of HRM practices and LMX.

A data limitation aside, the present research does have some obvious implications for theory, practice, and research. From a theoretical perspective, we provided an integration of the two separate bodies of literature - HRM practices and LMX quality - and presented their interaction effects. Practically, our findings indicate that if HRM practices are perceived to be unfair and LMX quality is poor, the employees are most likely to quit the organization. But our findings also suggest that, with high quality LMX, employees are less likely to quit even if they perceive HRM practices as unfair. Thus management should pay special attention to the aspects of consistency and fairness in all HRM practices. In conclusion, company management must be seen to be practicing fairly. Fair practice is certainly important but to look fair is even more important.

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