Economics, Law and Policy
ISSN 2576-2060 (Print) ISSN 2576-2052 (Online)
Vol. 7, No. 1, 2024
www.scholink.org/ojs/index.php/elp

Original Paper

Supervisory Justice, Trust in Supervisors and Employee Creativity: The Mediating Role of Self-Efficacy

Xudong Deng[1], Yuan Zheng[1] & Yuanshi Jin[1*]

[1] Beijing Institute of Technology (Zhuhai), Guangdong, Zhuhai, China

[*] Jin Yuanshi, E-mail: kaylajin031@163.com

Received: April 15, 2024 Accepted: May 29, 2024 Online Published: June 4, 2024

doi:10.22158/elp.v7n1p145 URL: http://dx.doi.org/10.22158/elp.v7n1p145

Abstract

This study examines the relationship between supervisory impartiality, trust in supervisors, and employee creativity within financial enterprises. These factors significantly influence employee morale and efficiency. Our research aims to provide actionable recommendations for optimizing enterprise management through theoretical insights. We first investigate the impact of supervisory justice on employees' trust in their superiors, finding that fair supervision enhances trust, which in turn boosts employees' confidence and efficiency at work. Employee creativity is crucial for achieving organizational goals; fostering creativity can lead to more efficient business operations and improved management practices. A key focus of our research is the mediating role of self-efficacy, defined as an employee's belief in their ability to successfully complete tasks. We explore how self-efficacy bridges the gap between supervisory impartiality, trust in supervisors, and employee creativity. Our findings suggest that a just work environment provided by supervisors enhances employees' self-efficacy, resulting in greater confidence and a willingness to engage in creative work. In summary, this study explores these relationships within financial firms. By understanding these dynamics, companies can create a fair work environment, enhancing employee satisfaction and efficiency. We recommend that enterprise managers foster a just supervisory environment to boost employees' self-efficacy and support the achievement of corporate goals.

Keywords

supervisory justice, trust in supervisors, employee creativity, self-efficacy

1. Introduction

The relationship between supervisory justice, employees' trust in supervisors, and employee creativity has garnered significant attention from scholars. Additionally, the mediating role of self-efficacy in this dynamic is a crucial area of study. Supervisory justice involves supervisors providing a fair and just work environment. When employees perceive their work environment as just, their trust in supervisors is enhanced, which subsequently improves their creativity at work. Self-efficacy, acting as a mediator, boosts employees' confidence to complete tasks effectively, ultimately enhancing corporate performance.

Corporate performance is closely tied to individual employee performance, which can be categorized into in-role and out-of-role performance. In-role performance refers to tasks completed as per the enterprise's arrangements, while out-of-role performance involves tasks initiated by employees beyond their assigned duties. Employee self-efficacy, the belief in one's ability to successfully complete tasks, plays a critical role in both types of performance.

Generally, a fair supervisory system is likely to increase employees' trust in their supervisors and enhance their creativity. Positive feedback from supervisors further bolsters employees' self-efficacy. This study aims to examine the impact of supervisory justice on employees' trust in supervisors and their creativity, with a focus on the mediating role of self-efficacy within financial firms. By exploring how supervisory justice influences the relationship between employees and supervisors, we seek to provide insights for improving overall firm performance.

2. Theoretical Background

Supervisor Justice means that the supervisors treat subordinates with fairness and respect. Supervisory justice mainly has the following characteristics and behaviors: A fair supervisor actively listens to their subordinates, encourages open dialogue, and values their input and perspectives. They create a safe and inclusive environment where everyone feels comfortable expressing their opinions and concerns. They will also provide timely and constructive feedback to help subordinates improve their performance. They focus on specific behaviors and outcomes, offering guidance and support to facilitate growth and development. In addition, a fair supervisor communicates expectations, goals, and feedback clearly and effectively to their subordinates. They ensure that instructions, policies, and decisions are transparent and easily understood by everyone， which is defined as supervisory informational justice (INJ). It is defined as the extent to which supervisor provides adequate explanations to the sub-ordinates about various decisions at the workplace (Greenberg, 1993).

Employee creativity refers to the ability of individuals within an organization to generate new and innovative ideas, solutions, and approaches in their work. It involves the generation, application, and implementation of novel and valuable ideas that contribute to the organization's goals and objectives. By harnessing employee creativity, organizations can drive innovation, adapt to change, and gain a competitive edge in the marketplace.

Self-efficacy, which refers to individuals' beliefs in their own capabilities to organize and execute the courses of action required to produce given attainments, employees with higher self-efficacy are more likely to believe in their ability to generate and implement creative ideas, leading to higher levels of creative performance. Self-efficacy influences the choices people make, the effort they put forth, and how long they persist in the face of difficulties. Moreover, self-efficacy is not static; it can be developed through mastery experiences, vicarious experiences (observing others), social persuasion, and interpretation of physiological states. As a key determinant of motivation and behavior, self-efficacy plays a crucial role in shaping individuals' lives and their ability to achieve success and well-being.

3. Development Status

In this thesis, we mainly discuss the relationship between the three by analyzing the current situation of the financial industry. The main reason for choosing the financial industry as the object of analysis is that the industry is a service industry, in which supervisors and employees are more relevant, which makes it more convenient for us to explore the complex relationship among the three. Goldman Sachs, a global financial giant, exemplifies the relationship between supervisory justice, trust in supervisors, employee creativity, and self-efficacy in practice.

Previous research consistently demonstrates the significant impact of supervisory justice on various employee outcomes, including job satisfaction, organizational commitment, and performance (Colquitt, 2001; Greenberg, 1993). Goldman Sachs has made it a priority to build a fair and equitable culture among its employees. The company has stringent ethical guidelines and conduct standards to ensure that both management and employees are treated fairly. Performance evaluations and promotion mechanisms at Goldman Sachs are perceived as transparent and fair, based on objective criteria and meritocracy principles. These authentic leadership characterized by integrity, commitment to core values, objectivity in making decisions and relational transparency were found to promote employee trust (Hassan & Ahmed, 2011). Goldman's managers also demonstrate professionalism and leadership, employees trust their leaders to take appropriate actions to ensure the success of the organization and their well-being. Just as Colquitt (2001) said, by emphasizing distributive justice, procedural justice, interpersonal justice and information justice, it puts forward a comprehensive framework for understanding supervisory justice. Studies have found that these dimensions influence employees' perceptions of fairness and trust in their supervisors.

Supervisory justice can not only enhance employees' trust in leaders, but also increase their sense of self-efficacy. Self-efficacy, defined as an individual's belief in their capability to perform specific tasks, has been identified as a crucial mediator in the relationship between contextual factors and employee outcomes (Bandura, 1977). The "contextual factors" refers to supervisory impartiality, and the "employee outcome" refers to employee creativity. Previous studies have concluded that unlike domain- and creativity-relevant skills that also may facilitate one's creativity, intrinsic motivation is more variable and subject to the influence of one's work environment (Amabile, 1988; Amabile, 1996). After the completion of each task, the leadership of Goldman Sachs gives fair and reasonable feedback and evaluation to every employee, helps them understand their own advantages and room for improvement, enhances their confidence to better complete the next job, and increases their sense of self-efficacy. In addition, the fair management style of Goldman Sachs also provides fair opportunities and resources to every employee. In such a workplace environment of equality and healthy competition, employees' sense of self-efficacy has been further improved. Finally, it is worth noting that the leadership inspires confidence and self-efficacy in employees by demonstrating fair, honest and upright behavior and values. When employees have a sufficient sense of self-efficacy, their potential creativity is stimulated. This is because when they believe they can do a job well, they have enthusiasm and motivation for their work. This passion drives them to think constantly, resulting in a constant stream of new creations.

4. The Relationship between Supervisory Justice, Trust in Supervisor and Employee Creativity

4.1 Supervisory Justice Tend to Improve the Trust in Supervisor of Employees

Social exchange theory posits that individuals engage in social interactions based on the expectation of reciprocity and fairness. When supervisors treat employees fairly—by providing clear procedures, respectful communication, and equitable resource allocation—employees perceive this as a positive exchange. In return, they develop trust in their supervisors (Chernyak-Hai & Rabenu, 2018).

Supervisory justice encompasses aspects such as procedural fairness (fair decision-making processes), interpersonal fairness (respectful treatment), and informational fairness (transparent communication), all of which align with the principles of social exchange theory. When employees experience fair treatment, they are more likely to trust their supervisors (Iqbal, 2018).

Trust is a fundamental component of high-quality leader-employee relationships. When supervisors exhibit fairness, consistency, and transparency, employees perceive them as trustworthy, fostering trust (Yu, Zlatev & Berg, 2021). Supervisory justice directly influences the quality of the leader-employee relationship. Employees who perceive their supervisors as just and ethical are more likely to trust them, leading to stronger bonds and increased cooperation (Cai & Zheng, 2023).

4.2 Trust in Supervisor Indicates a Positive Effect on Self-Efficacy of Employees

Self-efficacy refers to an individual's belief in their ability to accomplish specific tasks. Employees who are confident in their capabilities are motivated to overcome obstacles they encounter at work. Self-efficacy is a key factor influencing behavior, motivation, and social adjustment. Employees with a high sense of self-efficacy are more likely to believe in their success and are therefore more willing to take on challenges and innovate (Bandura, 1977).

In today's dynamic work environment, employees face numerous social demands and challenges, such as building relationships, presenting work to colleagues or leaders, participating in various social activities, and seeking help from others (Fan, Litchfield, & Islam, 2013). Trust in supervisors enhances employees' self-efficacy in financial firms, and verbal persuasion by leaders further strengthens this trust. Verbal persuasion involves leaders providing realistic and motivating encouragement, which helps employees believe in their ability to perform tasks effectively. Unrealistic or overly flamboyant persuasion can be counterproductive (Bandura, 1977).

When employees fully trust their leaders, their belief in their ability to complete tasks significantly increases. Additionally, professionals in the financial sector often learn new strategies and skills by observing the behavior and outcomes of their peers. This type of observational learning is crucial for financial innovation and decision-making processes.

4.3 Self-efficacy Leads to an Apparent Improvement in the Creative Self-Concept of Employees

Self-efficacy positively impacts employees' innovative behavior. Employees with high self-efficacy are more inclined to engage in innovative activities, enhancing their creative self-concept (Slåtten, 2014). Self-efficacy is a well-known predictor of creative ability and performance. It not only forecasts creative performance but also extends beyond the predictive role of occupational self-efficacy.

Research shows that individuals confident in their ability to succeed in a particular area (i.e., those with high self-efficacy) tend to perform better on creative tasks. This effect surpasses confidence in one's ability to perform job-specific tasks. In other words, self-efficacy predicts not only how well a person will perform in their routine work but also how they will perform in new situations requiring creative thinking and problem-solving. This is because self-efficacy involves a belief in one's abilities, motivating individuals to explore new approaches and innovative solutions.

4.4 How Self-Efficacy Mediates between Supervisory Justice, Trust in Supervisors and Employee Creativity

Self-efficacy serves as a mediating variable for the effects of supervisory justice and trust in supervisors on employee creativity. When employees perceive fair supervision and develop trust in their supervisors, their self-efficacy increases, which in turn stimulates their creativity (Zhang & Zhou, 2014).

Feedback-seeking behavior is a significant predictor of employee creativity. Positive feedback from supervisors enhances employees' trust in their supervisors. Self-efficacy influences employees' creativity by affecting their feedback-seeking behavior, which subsequently impacts their creativity. This indicates that self-efficacy mediates the relationship between supervisory fairness, trust in supervisors, and employee creativity (Chen & Zhang, 2017).

Therefore, self-efficacy mediates the relationship between supervisory justice, trust in supervisors, and employee creativity. Employees working in environments characterized by supervisory justice and trust are more likely to experience increased self-efficacy. This heightened self-efficacy boosts their confidence in accomplishing tasks and contributes to achieving organizational goals.

5. Implication and Recommendation

Supervisory justice refers to the fairness and impartiality exhibited by regulators or supervisors within financial enterprises towards the management under their purview. This encompasses actions taken by regulators in formulating and enforcing rules, policies, as well as addressing instances of non-compliance. Such fairness should be demonstrated through consistency, transparency, and equitable treatment of all stakeholders, ensuring the reasonableness and fairness of regulatory actions to uphold market stability and credibility. In the management of financial firms, regulatory justice is relevant and necessary to maintain integrity, transparency and fairness.

The interaction between supervisors and subordinates can significantly influence the attitudes and behaviors of both parties and produce reciprocal information. When supervisors treat all of their employees fairly and transparently, employees with high justice perceptions feel that they are treated with respect and esteem (interpersonal justice) (Bies & Moag, 1986) and are provided with explanations or clarifications (informational justice) (Shapiro, Buttner, & Barry, 1994). Upon receiving these signals, subordinates will develop the perception that the supervisor has fulfilled his/her moral obligation in treating them with fairness and respect, thereby creating an obligation for the subordinate to reciprocate. This stimulates the subjective initiative of employees, improves their enthusiasm for work, and the energy for work further stimulates their potential creativity. Not only that, but supervisory impartiality also increases employees' confidence in their own abilities because they feel they are being treated fairly in the organization and that their efforts and contributions will be fairly evaluated and rewarded. Moreover, strict regulation has discouraged unethical behavior and financial misconduct within companies. Transparent regulation also promotes a stable financial environment and reduces the risk of market disruptions or crises.

Certainly, in addition to the impact on internal staff, fair regulatory oversight instills confidence among investors and stakeholders, ensuring their interests are protected. Fair supervision makes investors believe that their funds are protected and the market operates on a fair basis. Through the supervision and intervention of supervisors to their subordinates, the emergence of misconduct and systemic risks can be prevented, thus reducing the possibility of instability in the financial market and protecting the interests of investors.

To enhance regulatory justice in financial institutions, we propose the following recommendations:

Firstly, it is crucial for financial firms to establish well-defined guidelines and regulations that outline the criteria by which supervisors should evaluate employees' conduct. These guidelines and regulations should prioritize principles such as fairness, transparency, and consistency to ensure that supervisors' assessments remain uninfluenced by personal biases or other improper factors.

Secondly, it is imperative to provide comprehensive training programs for supervisors on the significance of impartiality and how to effectively conduct fair evaluations. This training should encompass ethical knowledge, conflict resolution skills, as well as identification and management of cognitive biases.

Additionally, financial companies ought to foster a transparent work environment where employees can comprehend the decision-making processes and standards upheld by their supervisors. It also makes employees feel respect and trust in each other and increases their sense of self-efficacy.

Simultaneously, an effective accountability system must be established to hold supervisors responsible for their actions and decisions while providing them with necessary reviews and feedback.

Most importantly, fostering a culture of diversity and inclusion is essential in mitigating bias and discrimination while enhancing fairness between supervisors and employees. Financial firms need to take proactive measures ensuring equitable treatment for all employees irrespective of race, gender, sexual orientation religion or any other identity characteristics. Managers should also ensure that all employees are treated fairly in terms of opportunities and treatment, without favoritism or discrimination against anyone, which also helps to improve employees’ self-efficacy.

Absolutely sure, effective communication between superiors and subordinates plays a pivotal role in establishing an efficient supervision mechanism along with constructive feedback channels aimed at monitoring supervisor behavior & decision-making whilst offering timely guidance when needed. This approach will help rectify inappropriate behavior, reinforce impartiality’s importance, and improve supervisor impartiality towards employees. At the same time, communication between superiors and subordinates also includes supervisors providing timely feedback and support to employees, helping employees develop skills and overcome difficulties, so as to enhance their self-efficacy.

6. Conclusion

In this study, we investigated the effects of supervisory justice on employee trust and creativity, with a particular focus on the mediating role of self-efficacy. Our results suggest that supervisory justice significantly enhances employees’ trust in their leaders, which in turn positively influences their creativity. Additionally, self-efficacy plays a crucial mediating role in this process; employees with higher self-efficacy are more confident in their ability to complete their tasks and, consequently, exhibit greater creativity.

We concentrated on the financial industry, analyzing how supervisory justice impacts employee trust and creativity and highlighting the mediating role of self-efficacy. Our findings underscore the importance of supervisory justice in today’s fast-paced financial enterprises. It not only strengthens employees’ trust in their leaders but also stimulates their creativity by enhancing their self-efficacy.

The study demonstrates that financial enterprises can boost employee self-efficacy by ensuring fair supervision, thereby fostering greater creativity and contributing to the achievement of the company’s business goals. These findings are particularly relevant for the financial industry, suggesting that creating a just and supportive work environment can lead to more innovative and productive employees.

Future research could explore the implementation of these approaches in different sectors within the financial industry to maximize employee self-efficacy and creativity. Such studies could provide further insights into optimizing supervisory practices to enhance overall organizational performance.

Reference

Akram, A., Kamran, M., Iqbal, M. S., Habibah, U., & Ishaq, M. A. (2018). The impact of supervisory justice and perceived supervisor support on organizational citizenship behavior and commitment to supervisor: the mediating role of trust. *Cogent Business & Management*, *5*(1). https://doi.org/10.1080/23311975.2018.1493902

Amabile, T. M. (1988). A model of creativity and innovation in organizations. In B. M. Staw, & L. L. Cummings (Eds.), *Research in organizational behavior: An annual series of analytical essays and critical reviews* (Vol. 10, pp. 123-167). JAI Press.

Amabile, T. M. (1996). *Creativity in context: Update to the social psychology of creativity*. Boulder, CO: Westview Press.

Bandura, A. (1977). Self-efficacy: Toward a unifying theory of behavioral change. *Psychological Review*, *84*(2), 191-215. https://doi.org/10.1037/0033-295X.84.2.191

Bies, R. J., & Moag, J. S. (1986). Interactional justice: Communication criteria of fairness. In R. J. Lewicki, B. H. Sheppard, & M. H. Bazerman (Eds.), *Research on negotiations in organizations* (Vol. 1, pp. 43-55). JAI Press.

Cai, J., Zheng, L., Zhuang, F., Yang, S., & Wang, Z. (2023). Trust in supervisor and employee creativity: The mediating role of information sharing. *Psychological Reports*. https://doi.org/10.1177/00332941231191716

Chen, Y., & Zhang, L. (2017). Can leader "humility" spark employee "proactivity"? The mediating role of psychological empowerment. *Leadership & Organization Development Journal*, *38*(5), 794-808.

Chernyak-Hai, L., & Rabenu, E. (2018). The new era workplace relationships: Is social exchange theory still relevant? *Industrial and Organizational Psychology: Perspectives on Science and Practice*, *11*(3), 456-481. https://doi.org/10.1017/iop.2018.5

Colquitt, J. A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology*, *86*(3), 386-400. https://doi.org/10.1037/0021-9010.86.3.386

Fan, J., Litchfield, R. C., Islam, S., Weiner, B., Alexander, M., Liu, C., & Kulviwat, S. (2013). Workplace social self-efficacy: Concept, measure, and initial validity evidence. *Journal of Career Assessment*, *21*(1), 29-48. https://doi.org/10.1177/1069072712454702

Greenberg, J. (1993). The social side of fairness: Interpersonal and informational classes of organizational justice. In R. Cropanzano (Ed.), *Justice in the workplace: Approaching fairness in human resource management* (pp. 79-103). Lawrence Erlbaum Associates, Inc.

Hassan, S., & Ahmed, S. (2011). Authentic leadership and employee trust. *International Journal of Business and Social Science*, *2*(24), 22-29.

Shapiro, D. L., Buttner, E. H., & Barry, B. (1994). Explanations: What factors enhance their perceived adequacy? *Organizational Behavior and Human Decision Processes*, *58*(3), 346-368. https://doi.org/10.1006/obhd.1994.1041

Slatten, T., Lien, G., & Mutonyi, B. R. (2014). Promoting organizational vision integration among hospital employees. *BMC Health Services Research*, *22*(1), 1-15. https://doi.org/10.1186/s12913-021-07430-z

Su, W., Yuan, S., & Qi, Q. (2022). Different Effects of Supervisor Positive and Negative Feedback on Subordinate In-Role and Extra-Role Performance: The Moderating Role of Regulatory Focus. *Frontiers in Psychology*, 12. https://doi.org/10.3389/fpsyg.2021.757687

Yu, A., Zlatev, J., & Berg, J. (2021). Emotional acknowledgment: How verbalizing others' emotions fosters trust. *Organizational Behavior and Human Decision Processes*, *164*, 116-135. https://doi.org/10.1016/j.obhdp.2021.02.002

Zhang, X., & Zhou, J. (2014). Empowering leadership, uncertainty avoidance, trust, and employee creativity: Interaction effects and a mediating mechanism. *Organizational Behavior and Human Decision Processes*, *124*(2), 150-164. https://doi.org/10.1016/j.obhdp.2014.02.002