

Impact of Organizational Justice on Organizational Effectiveness

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Abstract

The study of Organizational Justice has received great attention from the researchers and it has become frequently topic in the field of industrial-organizational psychology. But, little research has tested the fundamental assumption that organizational justice improves the effectiveness of organizations. This paper examines that Organizational Justice improves the effectiveness of organizations by increasing job satisfaction and organizational commitment. First, several theoretical explanations why Organizational Justice (OJ) may improve organizational effectiveness are provided. Second, by distinguishing among the two forms of Organizational Justice (Distributive and Procedural Justice). Then few existing studies applying to organizational effectiveness contexts are summarized for supporting the relationship. This research paper enhances the understanding of Organizational Justice of the employees in organizations. Finally, the implications of these findings are discussed.

Keywords: Organizational effectiveness, Employees, Perception of Fairness, Behavior, Job Satisfaction.

1. Introduction

In an organization human resources find a key position in the priorities agenda of all concerns. Irrespective of the sales volume, the budget or the manufacturing processes the central element which performs the work and gives its final shape is the human resources. An employee at any position has some definite role to play according to the job. The employee provides his services to the organization accordingly and delivers result. But in unison it is very important to understand that an employee is not a machine which can be programmed to be error free. The performance level of an employee is governed by many factors but organizational justice is one of the important factors in the effective functioning of employees (Greenberg, 1990). Greenberg (1987) suggested that employees are concerned about matters of justice and this justice influence job attitudes like job satisfaction, organizational commitment and organizational citizenship behavior. In essence, Moorman (1991) who support the value of organizational justice is that if people believe they are treated fairly, they will be more likely to hold positive attitude about their work, their work outcomes and their supervisors. As evidence for the relationship among procedural, distributive and interactional justice and a variety of organizational variables studied by Alexander and ruderman (1987), Folger & Konovsky (1989), Fryxell and Gordon (1989). In recent review of theories of organizational justice, several researchers predicted that, perception of justice may also promote effectiveness in organization by influencing an individual employee's job satisfaction and organizational commitment level.

1.1 Organizational Justice

Justice is one goal which is considered by human beings in ethical, political and social dimensions over the years. Justice is among the most important conceptions which are explained in political and social subjects. According to Plato, social organization which is civilization symbol will not exist without justice. Justice is the center of attention of all humanistic affairs, because people are sensitive to how it is behaved towards justice, deeply. In management, observing and making justice is one of the most important jobs of every

manager and every human in each condition. When justice exists, all the works are done correctly, but employee have to get their rights illegally if the justice does not exist. In fact, organizational justice is a kind of fulfillment in all activities, behaviors and tendencies of organizational individuals. Organizational justice is a basis for tactical thinking and value management and is also basis of all organizational values and principles.

Organizational justice was developed by west scholars as one of the social justice dimensions in 1970s and now is one of the new subjects related to organizational studies. Abraham Mazlo is one of the most outstanding psychologists in the field of motivation, who set a sequence of human needs. Though, in his sequence justice is not important, he was aware of its importance and was informed of injustice consequences. According to Tasdan, organizational justice is related to staff perceptions of work fair. In fact, he uses this phrase to explain and to analyze the role of fair at work place. Researchers have conceptualized organizational justice mainly into two types: distributional and procedural justice (Moorman, 1991). Distributive justice refers to the perceived fairness of the distribution of final outcomes (e.g. pay raises, promotions, and selection for further studies/training) in an organization. Procedural justice refers to the perceived fairness with which allocation decisions regarding the distribution of outcomes are made in an organization.

1.1.1 Distributive Justice

Distributive justice assumes the fair distribution of organizational resources. It determines employees' perceptions about payment, promotion and similar results. According to Homans (1961), distributive justice is related specifically to the results of decisions on distribution. Approaches to distributive justice are primarily related to structural causes. Structural causes are rules and environmental contexts in the decision making process. Distributive justice is not related to very specific cases, although it is connected to resource allocation and the results of resource allocation. Distributive justice is related to the perception held by an employee after comparing his/her results with those of others. Organ (1988) stated that "distributive justice is arguments on status, seniority, production, effort, needs and determination of payment". In his explanation, Organ suggested three rules of distribution. These rules are justice, equity and needs which can also be seen as dimensions of distributive justice.

1.1.2 Procedural Justice

Procedural justice is the perception of justice in the decision-making process. This kind of justice is based on the perception that the reasons for the decisions taken by the management are justified. The concept of procedural justice hinges on an individual's assessment about rightness or wrongness of procedures and methods in decision making relevant to him or others.

Procedural justice is the perception of equity regarding rules and regulations applied in the process of rewarding or punishing. Employees who have a sense of equity regarding the method tend to perceive distribution of rewards and punishments as fair. Procedural justice is related to equity in procedures applied in organizations and organizational procedures in decision-making. These procedures generally include promotions; performance assessment, rewards and sharing other organizational opportunities the criteria used for making decisions regarding organizational practices are related to this type of justice.

2. Organizational Justice (OJ) and Organizational Effectiveness

It is commonly believed that employees are the most important asset of an organization. This is because the long-term viability and effectiveness of any organization critically depends on the skills, expertise, competencies and proactive behaviors which include perception of justice (Organizational Justice) of employees towards its management as well as organization. Organizational justice describes an individual's perception of fairness within organizational settings. The organizational justice literature

proposes that employee perceptions about fairness in organizational procedures, outcomes, and interpersonal exchanges may influence their work-related attitudes and behaviors, and how they react to the performance of organizational activities (Greenberg and Tyler, 1987). Thus we expect not only organizational justice to influence organizational effectiveness, but also organizational justice to moderate the relationship between the human factor and organizational effectiveness. In the Critical review, Researchers found that although over 160 studies have been reported on Organizational Justice (OJ), only five of them analyzed the impact of OJ on Organizational Effectiveness (Cunha and Rego, 2008). In several studies from past decades, it is found that there is a positive relationship between OJ and Organizational effectiveness. For example- Fryxell and Gordon (1989) studied that there is positive relationship between Job Satisfaction and OJ, and satisfied employees always show higher performance. In another study Lowe and Vodanovich (1995) examined the affect of OJ dimensions on the satisfaction and organizational commitment of employees. In general, it has been argued that organizational Justice may enhance organizational performance by lubricating the social machinery of Organization. Table 1 summarizes some of the ways in which this may happen.

The general findings on organizational justice shows that while distributive justice is more strongly related to personnel outcomes, procedural justice is more strongly related to organizational outcomes (Lind & Tyler, 1988). Employees are more likely to alter their behavior towards an organizational effectiveness if they believe that the organization is fair or unfair in the allocation of resources as well as rewards rather than when they believe that a decision outcome is fair or unfair. Thus perceptions of unfairness and fairness therefore generate behaviors and attitudes that may have detrimental effects on organizational effectiveness. Social exchange theory and the norm of reciprocity asserts that employee perform both their in-role and extra role activities to reciprocate fair treatment they receive from organizational leaders by making the effort to improve the effectiveness of the organization (Fryxell and Gordan, 1989). Thus, when employees perceive that the procedures used to determine rewards are fair and consistent across the employee population, it suggests to the employees that the organization values their welfare, and that will lead them to demonstrate behaviors helpful to the achievement of the organization's tactical goals and objectives. When employees perceive an organization to be fair, they may react positively to the organization and would be more willing to exercise their qualities to improve the organization's effectiveness and performance. On the other hand, when employees view an organization to be unfair in the way it treats them, they are more likely to react negatively and exhibit behaviors and attitudes such as shirking, absenteeism, bribery, corruption, etc. Thus, employees may exhibit strong It has been shown that individuals' perception of "justice from and relationships with organizations are associated with outcomes relevant to the organization".

3. Evidence of the Impact of OJs on Organizational Effectiveness

Very few studies in which OJ (Organizational Justice) contribute to the effectiveness of organization has been tested empirically. There is not even a single study which shows the relationship between OJ and organizational effectiveness. Table 2 shows the summary of results across studies, in which relationship between Organizational Justice dimensions (Procedural and Distributive Justice) and other variables like Job satisfaction, organizational commitment, normative commitment, management satisfaction and overall satisfaction have been studied. These variables have indirect and direct relationship with organizational effectiveness (Ruderman, 1987; Fryxell & Gordon, 1989; Folger & Konovsky, 1989; McFarlin & Sweeney, 1992; Lowe & Vodaanovice, 1995).

In the first study, Fryxell and Gordan (1989) examined the relation between management satisfactions and organizational justice of three different samples. In first sample, Respondents included member and nonmembers of five public-sector unions' members. The second sample was comprised of members of a private-sector, industrial union, and the third sample was comprised of member and nonmembers of a public-sector union representing employees. Authors used satisfaction with management as criteria as predictors of perception of justice in organization. Table 2 reports the regression coefficient of this model

for the three samples. Result shows that overall satisfaction with a job had greater effects in predicting satisfaction with management. In both cases (PJ & DJ) there is a strong relationship between OJ and Job satisfaction. In the second study, McFarlin & Sweeney (1992) examined the 675 employees of Midwestern

banks from USA that how procedural and distributive justice effects the personnel (job satisfaction) and organizational outcomes (organizational commitment). Study found that Distributive Justice was more important predictor of organizational outcome (organizational commitment) as compared to procedural justice and for personnel outcome (Job satisfaction) reverse was true. However, procedural and distributive justice also interacted in predicting organizational outcomes. In the third study, Moorman, Niehoff and Organ (1993) measured the relative contribution of perceptions of procedural justice towards predicting Job satisfaction controlling for the effects of OCB and organizational commitment of 1500 employees in a national cable television company. Results indicated support for the relationship between procedural justice and organizational commitment.

In the final study, Lowe and Vodanovich (1995) examined the effect of distributive and procedural factors on the satisfaction and organizational commitment of university administrative and support personnel (N=138) were examined. As in table, result showed that distributive justice was stronger predictor of satisfaction and commitment than were aspects of procedural justice. So, it can be concluded that the relative importance of distributive and procedural justice may vary across time or may be employees using an inductive process in assessing organizational outcomes but it has been proved from past studies that both the variables affect organizational effectiveness, sometimes procedural justice matters more and in others issues distributive justice. So Organizational Justice makes a foundation for employees to think better for their organizations.

4. Limitation and Direction for Future Research

Employees usually give different preference for giving different perception of justice for organizations. The result raises important questions about how OCB and OJ are measured. This study examined the facets of work place justice as predictor of organizational effectiveness. Despite the contribution by various past studies, this study has some limitation. One of the most basic limitation of the present study is that most of the studies reviewed are based upon cross sectional, self reported data. This reliance precludes us from making strong statements about our results. Second limitation of the study is that, possibly more effective organizations' employees are more positive while describing Organizational Justice. A related explanation is the halo effect. Another limitation of the study is that all studies employees' attitude and job definitions were assessed through self reports, which creates the potential for common method bias.

Obvious sources for future researches are those questions that remain unanswered in present research. Although there are doubtlessly many of these, too many to identify here, we select the few questions that seem first targets for future research into impact of Organizational Justice on organizational effectiveness. First suggestion arises due to imbalance of the studies on the present topic. Very few studies are present which shows the relation between OJ and organizational effectiveness because greater concern has been paid to the antecedents of the justice than to the consequences. So, research should be done on these aspects, besides this second direction for future research would be to employ longitudinal designs to investigate these effects in the present study. Unfortunately, circumstances limited the present study to cross-sectional design. Third direction for future would be to determine whether personnel and organizational outcomes other than present here in study will give same pattern of results for procedural and distributive justice. These are all interesting possibilities that should be investigated in future.

5. Conclusion

It is commonly believed that employees are the most important asset of an organization. This is because the long-term viability and effectiveness of any organization critically depends on the skills, expertise, competencies and proactive behaviors which include perception of justice (Organizational Justice). Greenberg (1987) suggested that effective organizations depend on employees' performance which is directly affected by individual job satisfaction at workplace and their commitment towards organization. The results of present study suggest that the use of fair treatment and fair procedures may be a key antecedent to promoting organizational effectiveness. Fairness invokes moral obligation that go beyond affective response. And this study's results show the same. So, Organizations should encourage their managers to support

workplace fairness. By discussing the implications of decisions with employees and treating them fairly, one can increase the justice level of organizational high that enriches the performance potential of a department or organization.

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Table 1 : Summary of Reasons why Organizational Justice might influence Organizational effectiveness

Reasons why OJ influence Org.

Examples

Effectiveness.

<p>1.OJ may enhance employee satisfied in terms of productivity rewards (Distributive Justice) employees help each other and environment more suitable more</p>	<p>-Employee may feel more pay, promotion, and satisfied make org. productive.</p>
<p>2.OJ may enhance managerial employees Productivity led to less crisis mgmt.</p>	<p>-Fair and Open procedures for procedural Justice)</p>
<p>3.OJ may enhance procedures can attract Organizational environment also help in retaining environment better performance of Org.</p>	<p>-Healthy and sporting other good employees and them. -Better</p>
<p>4. OJ may enhance team Spirit supervisors (Interactional And Coordination enhance coordination and among employees.</p>	<p>-Unbiased behavior of Justice) which will Team spirit</p>
<p>5.OJ may enhance and interactional justice Organizational performance give better Performance.</p>	<p>-Distributive, Procedural helps the organization to</p>

satisfied and committed employee
 -More job
 greater productivity of organization.
 Lead to

Table 2: Summary of Results across Studies

Niehoff Vodaanovice(1995) Description	Fryxell & Lowe & Gordan (1989)			McFarlin & Sweeney (1992)		Moorman, & Organ (1993)	
	S1	S2	S3	JS	OC	AC	
CC (Job Satisfaction)		OS	NC				
Procedural	.52**	.16**	.62**	.18***	.34***	.50**	.09*
.48***	.53**						
Justice							
Distributive	.15*	.30**	.22*	.30***	.23***	--	--
.80**	.63**						
Justice							

Here S1, S2, S3 stand for sample 1, 2 and 3, JS= Job Satisfaction, OC= Organizational commitment, AC= Affective commitment, CC= Continuance commitment, OS= Overall satisfaction, NC= Normative Commitment, *p<.05 **p < .001 ***p < .0001

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