The Impact of Organizational Justice on Employee Performance in Public Sector Organization of Pakistan

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Abstract

The purpose of this study was to analyze the impact of organizational justice on employee performance in public sector organization of Pakistan. A survey questionnaire was adopted to collect information from approximately 120 employees of Pakistan Railways. Out of total 120 questionnaires distributed, 110 were collected with 2 filled improperly thus; approximate response rate was about 92%. It is expected that findings of this research will be useful not only for the organizations and their employees but also for future research scholars. The results are expected to provide an insight in to the impact of organizational justice on employee performance in public sector organizations of Pakistan, which would benefit the organizations, their managers, employees and in particular HR department.

Keywords: Organizational justice; Distributive justice; Procedural justice; Interactional justice and employee performance

Introduction

The existence of organizational justice is a critical issue for the success of an organization. It has a direct link with the performance of its employees. Organizational justice has been defined as “the fairness of work place” [1]. Similarly Organizational justice means “the ways in which employees determine if they have been fairly treated in their jobs and the ways in which these determinants influence other job related issues” [2].

Organizational Justice has been seen as an important variable that plays major role in improving the performance of employees of an organization. Because different studies have shown, if employees are not treated fairly it results in reduced output from the employees as a natural response to the unfair treatment. Organizational justice has been viewed to enhance overall commitment too [3].

The concept of justice is seen to be associated with the concept of equity theory, based on which this study has been developed. Organizational justice has been further divided into three main dimensions namely distributive justice, procedural justice and interactional justice. Distributive justice means the perceived fairness of results and outcomes along with how the decisions are undertaken at the end of appraisal process [4]. Secondly, procedural justice, that means fairness of procedures with respect to the processes and methods adopted to reach to the point of how these results have been achieved as well as what ways and procedures have been adopted to reach the final decisions. Similarly, procedural justice describes the fairness of procedures used in the allocation process [5]. Procedural justice also reflects the degree of fairness in the procedures adopted to determine how individuals are treated and how respective benefits are given. Thirdly, interactional justice relates with how people interact and communicate with one another [6]. Interactional justice also refers to the quality and fairness of inter personal treatment during enactment of Organizational decisions and procedures. It also highlights the human aspects of interaction expressed in respect, politeness, honesty, dignity. Justice plays an exceptional role as a binding force in reducing opportunism and enhancing relationships between individuals.

When we discuss the employee’s performance it has been mainly divided into in-role performance and extra-role performance. In-role performance means how an employee performs his/her specific job requirements/assignments as per their official contract [7]. On the other hand, extra-role performance means the performance outside the basic job requirements and needs an individual’s will and wish to perform [8]. The link between performance and justice has a long history and both have been found to be closely related. Different researchers have found that all the three dimensions of organizational justice are extremely important in getting an improved performance from the employees of an organization. These three dimensions of organizational justice have got a multiplicative influence on employee’s performance.

A variety of literature is available on the subject of organizational justice and employee performance in private sector organizations. However, public sector has got relatively lesser attention particularly in Pakistan a lot is still required to be done in this regard. An effort is being made through this study to analyze the impact of organizational justice on employee performance in public sector organization of Pakistan. It is hoped that based on the findings of this study recommendations will be given for individuals, organizations to improve upon their weak areas and open doors for future research.

Research Background

The subject of research has come under discussion from different perspectives by a number of researchers in various sectors like manufacturing, banking, and educational sector etc. However, a limited research exists on public sector organizations. Particularly, in a developing country like Pakistan, where a large number of public sector organizations are playing a pivotal role in development of the country in different capacities, organizational justice being the cornerstone of any organization’s success needs further insights. This will help...
us to reach to viable conclusions for future guidance. The existence of organizational justice or otherwise has its bearing on the performance of its employees, because the individual performance of each and every member of the organization leads towards overall performance of the organization to achieve its goals. Keeping this background in view this study was planned to have further insights with respect to the impact of organizational justice on employee performance in public sector organizations of Pakistan so as to reach to viable conclusions for future guidance.

Problem statement

The research was conducted keeping in view the public sector organization’s need in Pakistan, in addition to the overall achievement of organizational goals the performance of every employee counts irrespective of their type of job and individual designations. Organizations need to develop such a system where conclusive environment is provided to its employees within the existing resources to get better employee performance. Organizational justice means that distribution of pay, rewards and other benefits needs to be fair along with other resources to ensure distributive justice. Similarly, the procedures used in the organization are such that they are applied across the organization equally without any biasness among the employees. The interactions between individuals also need to be professionally conducted rather than personal likings or disliking. However, having said is easy then it is being done in the organization fairly across the board. This aspect of justice needs further research to explore its various affects.

Research objective

The outcomes of the study are aimed at achieving two specific objectives:

a. To determine the impact of organizational justice on employee performance in Public Sector Organizations of Pakistan.

b. To determine the impact of distributive, procedural and interactional justice on employee performance in Public Sector Organizations of Pakistan.

Research questions

This research aims at finding the solutions of two research questions which are representing the central theme of research.

Q1. Does organizational justice have positive and significant impact on the performance of employees?

Q2. Does distributive, procedural and interactional justice have positive and significant impact on the performance of employees?

Significance of research

The study is expected to have a great deal of significance for organizations, individual employees, and managerial staff and research scholars. Organizations can look into the weak areas of their HR departments based on research findings. They can improve the distribution of various resources, pays, rewards and other related benefits along with improving their procedures to enhance their employee performance. Individual employee can also get guidance to enhance their performance towards achievement of organizational goals. Managerial staff can get guidance to further improve their ways of dealing with employees fairly. Research scholars can be facilitated to carry out research on related aspects of the study in future.

Literature Review

Organizational Justice is in fact how employees perceive fairness and their reaction to the results while working in their organizations. Organizational justice has been the area of study of research scholars in organizations with variables like employee performance, job satisfaction, trust, commitment, organizational citizenship behavior [9]. Researchers have concluded that organizational justice can result into benefits for both organization and its employees. Literature on organizational justice has grown many a times in the last quarter of the century [10]. Organizational justice has been named as the study of fairness at work. It has also been defined as “The in depth knowledge/examination of fairness in organizations” [11].

Organizational justice has been further divided into three main dimensions namely distributive justice, procedural justice and interactional justice [12]. Organizational justice has been seen to enhance individual and group level results of employees in their organizations. Similarly, organizational justice has been observed to affect job satisfaction of employees of an organization, extra role behaviors, citizenship behavior [13]. Its various dimensions have been under study in different fields with the strength of relationship between different dimensions varying in each field. Moorman pointed out that good perception of employees for different types of organizational justice result into better citizenship behaviors. Moorman and Niehoff [14] also highlighted that if employees perceive unfairness then they balance it out by decreasing their outputs.

Organizational justice and attitudes towards workers are gaining increased attention these days and new meanings are becoming more important [15]. Initially the concept of organizational justice was related with rewards and punishments only in the organizations. Thereafter, rules and processes were added and then human relations and interactions were also included. Historically, justice and its implementation has been seen to be one of the basic needs of human kind, as it provide perfect platform for existence of a human society. Different researchers also highlighted that sense of justice directly affects employee’s displacement, job satisfaction and their trust/distrust in their organizations and the superiors [16]. Moorman defines organizational justice as the process in which employees understand whether they have been treated justly and fairly or otherwise and how these determinants affect their work related issues. Greenberg explained the term organizational justice as the fairness that is being considered by employees in the organization. Distributive justice means how end results and outcomes are understood along with how the final decisions are undertaken once appraisal process ends. Secondly procedural justice means fairness of procedures with respect to the processes and methods adopted to reach to the point of how these outcomes have been reached. Thirdly, Interactional justice means how people interact and communicate with one another.

Researchers have also studied the relationship of organizational justice perception and work attitudes of employees [17]. Similarly, a number of studies have examined justice at the individual level. Mostly the literature finds that all the three dimensions are important in getting better performance from employees. Colquitt et al. studied organizational justice and employee’s satisfaction as a result of performance appraisal. They concluded that procedural, distributive and interactional justice is associated with different sections of performance appraisal. Various studies have shown that employee’s actions and behaviors are affected too much by how they perceive the fairness of treatment by their organizations. Based on such perception
they decide whether to trust their senior management with respect to decision making [18].

When we have a look on employee's performance, it has been mainly divided into in-role performance and extra-role performance. In-role performance means how an employee performs his/her specific job requirements/assignments as per their official contract. On the other hand, extra-role performance means the performance outside the basic job requirements and needs an individual will and wish to perform. The link between performance and justice has a long history and both have been found to be closely related. Different researchers have found that all the three dimensions of organizational justice are extremely important in getting an improved performance from the employees of an organization. These three dimensions of organizational justice have got a multiplicative influence on employee's performance. An organization that is performing well means its individual employees are overall contributing to its success one by one. That is why it has been concluded that for an organization's long term success it depends on individual employee performance [19].

Theoretical Background

The research is based on equity theory which states that how people are treated in their organizations from justice view point. According to this theory, individuals compare their inputs, outputs and the outcomes received against the same results provided to their co-workers. In an organization, a number of individuals work in various sections, performing almost similar activities during their routine work. They usually work in shape of groups and teams. The job done by one individual is seen by the other closely. They are aware of who knows what and who has performed how much. Now, knowing the overall job done by others versus the benefits he/she gets are easily comparable if the type of job done is same/similar. If they view that the ratio of their inputs and outputs and the benefits given to them are similar to their coworker, it gives them satisfaction. However, if they view that a person, with lesser ratio is getting more benefits then it has a negative effect on his/her job satisfaction and their state/degree of morale. In this situation it is expected that it will lead towards lower performance.

Research Methodology

The research has been conducted on Pakistan Railway, a public sector organization of Pakistan, with the aim to study the impact of organizational justice on employee performance. A quantitative approach was adopted for the study. The response rate of individuals was as under Table 1.

Instrument development

Organizational justice (IV): Organizational justice (IV) measure has been adopted from the work of Niehoff and Moorman and measured organizational justice by a 16 item questionnaire, on a 5-point liker scale where a value of 1 corresponds to "strongly disagree" and a value of 5 corresponds to "strongly agree" the respondents were asked about different dimensions of organizational justice such as distributive, procedural and interactional justice with questions like my work schedule is fair?, Overall rewards I receive here for my performance are fair?, Job decisions are made in an unbiased manner? All job decisions applied consistently across all affected etc.

Employee performance (DV): Employee Performance measure has been obtained from the work of containing 7 items measured through 5-point Likert scale where a value of 1 relates with "strongly disagree" and 5 relates with "strongly agree" (Figure 1).

Research hypothesis:

H1: Organizational justice has positive and significant impact on employee performance.

H2: Distributive Justice has positive and significant impact on employee performance.

H3: Procedural justice has positive and significant impact on employee performance.

H4: Interactional justice has positive and significant impact on employee performance.

Research design: The purpose of present study was to analyze the impact of organizational justice on employee performance in public sector organizations of Pakistan. Pakistan Railway was chosen as the public sector organization having approximately a population of 5000 employees (services section) serving in this setup across Pakistan. Survey technique was used by distributing questionnaires among the population of the study. The data was collected at one point in time being cross sectional study. A sample of 120 was taken from this organization. Convenient sampling technique was adopted. The information given by the respondents was kept strictly confidential. SPSS 20 was used for data analysis.

Analysis findings and results: The bench mark for overall satisfactory reliability is Cronbach’s alpha 0.6 and above as shown in Table 2. In this model the overall value of Cronbach’s alpha for the complete model is 0.668 which is satisfactory.

Demographical information: There were 110 respondents of the study out of which approx 92.6% were male and 7.4% were female. This represent the notion that male are the most affected by organizational justice. The major age group of the respondents was from 30-39 years. Most of the respondents were matric and above. Permanent, contractual and temporary employees were all covered. The respondents included grade 1 to 18.

The above Table 3 shows the intensities of different variables of 110 respondents.

Correlation analysis: Pearson correlation was used to measure the association between variables Table 4. Distributive Justice has significant and positive correlation with minimum of (r=0.113) with interactional justice. Similarly procedural justice had positive correlation with all other variable with maximum of (r=0.718) with organizational justice. Interactional justice was also positively correlated with other variables having a maximum correlation with (r=0.374) with organizational justice. Organizational justice was also strongly and positively correlated with all other variable with maximum correlation (r=0.718) with procedural justice. However, employee performance was positively correlated with all other variable less procedural justice (r=-0.17) (Table 5).

<table>
<thead>
<tr>
<th>Organization</th>
<th>Questionnaires distributed</th>
<th>Questionnaires not received</th>
<th>Questionnaires collected</th>
<th>Rejected</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan Railways</td>
<td>120</td>
<td>10</td>
<td>110</td>
<td>2</td>
<td>91.66%</td>
</tr>
</tbody>
</table>

Table 1: Response rate.
The regression analysis shows how much one variable impacts the other along with its direction of impact. In the current study, organizational justice with its three dimensions was independent variable whereas the dependent variable was employee performance.

Initially, the impact of overall organizational justice on employee performance was measured. The value of $R^2$ 0.426 shows that this model explains 42.6% impact of organizational justice on employee performance and remaining is explained by other variables. F Value shows that the model is significant, and the p value is <0.05 which shows that there is a significant relationship between the variables, hence $H_1$ is accepted. The value of beta coefficient of organizational justice is 0.259, which means that every unit increase in organizational justice will result in 0.259 unit increase in employee performance.

Secondly, the impact of distributive justice on employee performance was measured. The value of $R^2$ 0.208 shows that this model explains 20.8% impact of distributive justice on employee performance and remaining is explained by other variables. F Value shows that the model is significant, and the p value is <0.05 which shows that there is a significant relationship between the variables, hence $H_2$ is accepted. The value of beta coefficient of distributive justice is 0.456, which means that every unit increase in distributive justice will result in 0.456 unit increase in employee performance.

Thirdly, the impact of procedural justice on employee performance was measured. The value of $R^2$ 0.0001 which shows that this model explains only 0.01% impact of procedural justice on employee performance and remaining is explained by other variables. F Value shows that the model is significant, and the p value is <0.05 which shows that there is a significant relationship between the variables, hence $H_3$ is accepted. The value of beta coefficient of procedural justice is 0.456, which means that every unit increase in procedural justice will result in 0.456 unit increase in employee performance.
is just 0.059 with p value 0.808 which means that it is insignificant and does not explain the fitness of the model. The value of beta coefficient is also negative therefore, H3 was rejected.

Fourthly, the impact of interactional justice on employee performance was measured. The value of $R^2$ 0.409 shows that this model explains 40.9% impact of interactional justice on employee performance and remaining is explained by other variables. F Value shows that the model is significant, and the p value is <0.05 which shows that there is a significant relationship between the variables, hence H4 is accepted. The value of beta coefficient of interactional justice is 0.64, which means that every unit increase in interactional justice will result in 0.64 unit increase in employee performance (Table 6).

### Discussion

During this research an effort was made to obtain answers to two research questions as under:

**Q1. Does organizational justice have positive and significant impact on the performance of employees?**

**Q2. Does distributive, procedural and interactional justice have positive and significant impact on the performance of employees?**

A total of four hypotheses were tested during the study. Firstly, does organizational justice has positive and significant impact on employee performance. The results of the study were significantly in favor of this hypothesis, resultantly the hypothesis was accepted. These results were supported by early research results like Organizational justice has been seen to enhance individual and group level performance of employees in their organizations [20]. Secondly, does distributive justice has positive and significant impact on employee performance. This hypothesis was also accepted having positive and significant results. Previous research’s also supported the results that distributive justice has significant and positive impact on employee performance. Thirdly, does procedural justice has positive and significant impact on employee performance [21,22]. This hypothesis was not accepted as its results were seen to be negatively associated and insignificant too. In previous researchers its results were seen to be affecting employee performance both positively and negatively from organization to organization. In public sector organizations mostly procedures are adopted without any formal input from employees that is why it was seen to be negatively associated with employee performance. Furthermore, once procedures are in place it takes years to be amended which certainly demotivates the employees. Fourthly, does interactional justice has positive and significant impact on employee performance. This hypothesis was also accepted as it had positive and significant results. Previous research’s also supported these results as interactional justice impacts employees’ performance [23-27].

### Managerial implications

Managerial implications of this study are listed below;

Managers at different level in organizations need to understand the importance of organizational justice for enhancing the performance of their employees; various dimensions of organizational justice have got different degree of impact on employee performance which needs attention of managerial. Distribution of task responsibilities job performance appraisals and rewards should be done purely on the merit ensuring fairness so that every employee gets fair distribution of task and is appraised accordingly. Procedures in organizations must be fair, transparent and clearly known to every member, Better transparency and fairness of procedures will lead to better comprehension by employees and ultimately leading better results. Interactions of managers with their employees must be based on professional norms no personal likings or disliking should be done to avoid biasness in there interaction with employees. Managers should understand the relationship of organizational justice and job satisfaction with employee performance minutely because enhanced employee performance leads to better and competitive organizations.
Limitations and Future Research Directions

The data was collected from only services section of Pakistan Railways which needs further expansion in its operational as well as production department. The study has big size of population and it was quite difficult to address whole population and collect data from representative sample. The data collected is typically of Pakistan’s context. It is suggested that the scope of the study be further expanded by conducting comparative study among different public/private sectors of Pakistan.

References