

# ORGANIZATIONAL JUSTICE AND EMPLOYEE PERFORMANCE: EVIDENCE FROM HIGHER EDUCATION SECTOR IN PAKISTAN

<sup>1</sup>Nasir Mehmood; <sup>2</sup>Ungku Norulkamar Bt.  
Ungku Ahmad

<sup>1,2</sup> Faculty of Management  
Universiti Teknologi Malaysia (UTM)

## ABSTRACT

*This study aimed to examine the relationship between organizational justice and employee performance among university teachers in Pakistan. Organizational justice is explained as perceived fairness in terms of procedural justice, interpersonal justice and distributive justice at workplace. A sample of 309 academic staff in different universities is selected for survey and data is statistically tested by applying regression and correlation analysis. Results revealed that all three justice dimensions – procedural, interpersonal, and distributive justice – are significantly related to performance; however procedural justice is found to be a stronger predictor of performance. The findings provide a useful insight for academic managers for future policy making.*

**Keywords:** Organizational Justice, Employee Performance

## INTRODUCTION

The literature in recent era has considerably extended towards investigating new dimensions of organizational justice (Colquitt *et al.*, 2005) such as fairness in procedures (procedural justice), reward allocation (distributive justice) and interactive relationships (interpersonal justice). Past empirical studies determined a significantly positive relationship among

organizational justice and job performance (Leventhal, 1980; Cohan-Charash and Spector, 2001; Colquitt *et al.*, 2001). However, literature has focused more on conceptual basis of relationships among justice and other productive work behaviors like organizational citizenship behavior, rule compliance, cooperation, and reverence to authority [Lind, 2001; Moorman and Byrne, 2005; Tayler and Bladder, 2003; Tayler and Lind, 1992).

Organizational justice has been extensively researched in the industrial and business context in past literature. There has been a lesser efforts to investigate the justice phenomenon in public service sectors such as higher education. Thus this study intended to investigate the organizational justice as an influential factor in determining the academicians' outcomes in Pakistan universities.

Higher education sector in Pakistan is consistently growing and becoming competitive, especially in private sector as more universities are operating with an increasing pressure of quality of education to grapple with both National and International stakeholders (Pakistan Higher Education Commission (HEC), Annual Report 2012-13). According to an annual report published by Higher Education Commission (HEC) Pakistan 2012-13, quality assurance in higher education institutes in Pakistan has yet to embark on global standards through continuous development in academics and research. The higher education institutes in Pakistan require greater attention to develop effective HR policies and procedures, specifically relating to faculty, in order to achieve greater outcomes (Learning Innovation, HEC annual report 2012-13, p. 108). These HR practices can effectively promote fairness in procedures, decisions, interpersonal relationships, and reward allocation to accomplish desired objectives in terms of quality and performance.

## LITERATURE REVIEW

Organizational justice concerns employees' perception of fair treatment by an organization and its agents (Shalhoop, 2004). Various scholars have described organizational justice as a multi-dimensional construct with three distinct dimensions; distributive justice, procedural justice, and interactional justice (Cohen-Charash and Spector, 2001; Cropanzano *et al.*, 2001; Masterson *et al.*, 2000)

### Procedural Justice and Performance

Procedural justice includes employee's perception of organization's intent, mechanism and procedures used to determine his/her outcomes (Folger and Cropanzano, 1998) or more specifically it is the perceived fairness of the procedure used for making decisions (Folger and Greenber, 1985). Past research findings showed the relationship between performance and procedural justice and found that both are correlated with each other (Konovsky and Cropanzano, 1991; Lind *et al.*, 1990; Masterson *et al.*, 2000). Aryee *et al.* (2004) studied the impact of organizational politics and procedural justice on performance and found that environment effects both contextual and task performance. The meta-analysis by Cohen-Charash and Spector (2001) investigated the relationship between performance and organizational justice, found that work performance is more strongly predicted by procedural justice than distributive and interactional justice.

*H1: There is a relationship between procedural justice and employees' performance.*

### Interpersonal Justice and Performance

Interpersonal justice is described as the way employees are treated by their managers/supervisors at work (Bies and Moag, 1986). The extent to which flow of information and communication is open between managers and employees determines the employees' concerns about how well managers are listening

to their needs, being compassionate, and understanding towards them. Some researchers have linked the relationship between employees' performance and interactional justice with the social exchange theory (Cropanzano *et al.*, 2002; Masterson *et al.*, 2000). Employees' supervisor is the source behind interactional justice taken by employees as an outcome, which influences their outcome/input ratio. Therefore it is hypothesized that:

*H2: There is a relationship between interpersonal justice and employees' self-reported performance.*

### Distributive Justice and Performance

Distributive justice can simply be described as the allocation of resources (Homans, 1961). Other scholars argued that distributive justice represents employee perception of fairness in reward allocation by the organization (Folger and Cropanzano, 1998). Organizations may distribute outcome according to need, equity or contribution (Leventhal, 1976). In general, distributive justice aspect deals with the fairness in the process of rewards allocation for employees. Thus, employees are able to establish the extent of fairness of such distribution through comparison with others (Adams, 1965; Cropanzano and Greenberg, 1997; Campbell and Finch, 2004). Adams (1965) argued that individuals may alter quality and quantity of their work when they perceive ratio of their outcome/input is unfair. Adams and Freedman (1976) and Greenberg (1982) stated that decrease or increase in individual's performance and output depends on whether they are underpaid or overpaid. Thus it is hypothesized that:

*H3: There is a relationship between distributive justice and employees' employee performance.*

The literature review on the relationship between organizational justice and performance found that work performance is significantly affected by organizational justice. The present study further analyzed the

relationship between distributive, procedural, and interactional justice and employees' performance among faculty members teaching in universities of Pakistan.

**METHODOLOGY**

**Research Design**

This study was intended to investigate the relationship between dimensions of organizational justice and employees' performance (as shown in figure-1), therefore quantitative research design is more appropriate for developing a framework of present study.

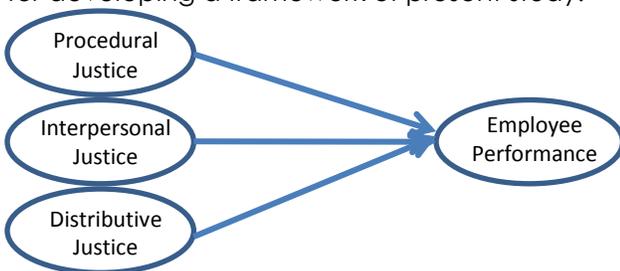


Figure-1 - Hypothesized Model

The present study is a cross sectional research and in order to achieve its purpose, surveys were carried out to collect information from respondents. Because, these are considered as the quick, easy, appropriate, and affordable method of data collection (Alreck and Settle, 2004).

**Data Collection and Instrumentation**

Data was collected from 8 different universities located in twin cities of Pakistan (Rawalpindi & Islamabad) through a personally administered survey where questionnaires were distributed among academic staff. A total of 309 out of 350 survey questionnaires were returned and found valid for further analysis which established a response rate of 88%. Simple convenient sampling approach was adopted to determine the sample size for this study.

Employee performance (dependent variable) measure was adopted from the work of Teseema and Soeters (2006) including 4 items

measured on a 5-point Likert scale ranging from 1- strongly disagree to 5-strongly agree. The performance survey included the employees' self-reported performance with respect to both, individual and organizational performance with comparison to others at similar level.

The measure for all three dimensions of organizational justice (independent variable) was adopted from the work of Colquitt *et al.*, (2001) and tested on a 5-point Likert scale ranging from 1- to a very small extent to 5- to a very large extent. Procedural justice measure contained 7 items reflecting respondent's perception of fairness regarding the procedures and decisions adopted to determine their outcomes. Interpersonal justice measure contained 4 items which ask respondents about their perceptions of fairness in interpersonal treatment received by the organization while communicating procedures and decisions. Distributive justice consisted of 5 items which reflected about respondent's perceptions of fairness in reward allocation.

**Data Analysis**

Reliability of the instrument was verified through commonly used technique of Cronbach's Alfa value. Cronbach's Alpha is considered as a better technique to measure reliability of the scale (Green *et al.*, 1988; Davis *et al.*, 1998; Hair *et al.*, 2006). Descriptive analysis were carried out to determine the central tendencies of all the variables used in this study. Pearson correlation coefficient was applied to carry out bivariate analysis which provided the strength of relationship between two variables. Furthermore, multiple regression analysis provided the amount of variance in dependent variable caused by a particular set of independent variables and it is denoted by R<sup>2</sup> known as coefficient of determination. The regression coefficient value (b) of each independent variable determined its effect on dependent variable.

## RESULTS

The scale used for this study has been testified as strongly reliable by the value of Cronbach Alfa ( $\alpha = 0.88$ ). The individual dimensions scale were also found within acceptable ranges of reliability (0.72 - 0.77) and considered fit for further analysis.

### Descriptive, Correlation, and Regression Analysis

Descriptive analyses usually indicate the central tendencies in calculated responses against variables. Mean values for interpersonal justice (3.0964) and distributive justice (3.5184) exhibited that the average responses lied between "to a small extent" and "to a large extent" except interpersonal justice (3.1327) which ranged from "to some extent" to "to a large extent". Descriptive values for employee performance (2.9893) were measured on 5-point Likert scale and ranged between disagree and somewhat agree with a considerable deviation. Descriptive statistics revealed that academic staff in Pakistani universities are moderately concerned about the procedures and decisions made concerning their outcomes, rewards, and interpersonal treatment.

Correlation statistics (refer to table-4.1) determined the association between two variables. The correlation values for procedural justice ( $r=0.61$ ), interpersonal justice (0.60), and distributive justice ( $r=0.63$ ) are positively correlated with employees' performance which show that all three of the organizational justice dimensions are significantly associated with employees' performance.

The regression values (refer to table 4.2) show the moderately strong relationship between all dimensions of organizational justice and employee performance. The value of  $R^2$  (0.463) shows that 46% variation in employee performance is due to explanatory variables (procedural, distributive, and interpersonal justice) which could explain that all three dimensions of organizational justice together are significant but moderate predictors of

employee's performance. The model used for this study was found fit as determined by the F value (87.704) and its significance indicated by P value (0.000). The coefficient or beta values indicated that the amount of variations in employees' performance caused by procedural justice (37%) showed relatively more significant than interpersonal justice (24%) and distributive justice (29%). This significance is also justified in t statistics and p values.

It can be fairly assumed based on these statistics that faculty members or academicians in higher education institutes of Pakistan are more concerned with process of managerial decision making when resources and outcomes are being determined for them. Managers and supervisors in universities, when taking decision regarding faculty's jobs and outcomes, must consider their concerns and should encourage participations in goals setting for them.

## DISCUSSIONS & ANALYSIS

The objective of this study was to investigate the relationship between organizational justice dimensions i.e. procedural justice, interpersonal justice, and distributive justice, and employee performance among academic staff in higher education sector of Pakistan. The results of this study indicated that all the justice dimensions are positively related to employees' performance endorsing the previous studies (Early and Lind, 1987; Konovsky and Cropanzano, 1991; Lind *et al.*, 1990; Masterson *et al.*, 2000).

Procedural justice can significantly contribute towards the overall performance of the teaching staff in universities. The findings of this study supported the notion that procedural justice is positively related to teacher's performance and such affect is produced by fairness of process and procedures when determining outcomes of employees (Shalhoop, 2004; Cropanzano *et al.*, 2001; Cohan-Charash and Spector, 2001). Although the task and contextual performance were not differentiated

in this study rather to consider performance as variable generally perceived by the employees. However it can further extend support to the notion of justice and both task and contextual performance (Campbell, 1990; Aryee *et al.*, 2004). Meta-analysis (Colquitt *et al.*, 2001) has also reported that procedural justice is a stronger predictor of performance than distributive and interpersonal aspects of justice. Based on the findings of this study, It can be fairly stated that, in general, academicians in higher education sector are strongly inclined to consider fairness in procedures and decisions involved to determine their outcomes and performance. Furthermore, the fairness also encompass the role of other stakeholders such as supervisors and managers being organizational representatives.

Interpersonal justice is also found positively related to performance of the academic staff in universities. Positive and fair interpersonal treatment can create quality in relationships and behaviors. Since the interpersonal justice advocates the fairness in communication and information involved in an interpersonal work relationship, thus the element of fairness is expected to regulate behaviors, mutual relationship (supervisor & subordinate), and treatment of academicians at workplace. These behaviors ultimately lead to greater performance in the form of employees output (Cohan-Charash and Spector, 2001; Masterson *et al.*, 2000). Persistence in fairness of treatment by managers and supervisors for managing interactivity will determine the sustainability, quality, and future direction of interpersonal relationship that will eventually be reflected in employees' outcomes (Rupp and Cropanzano, 2002). Interpersonal justice provides necessary input for establishing the leader-member exchange in terms of interpersonal relationships when fairness in manager's behaviors is perceived positively by the employees (Liden and Maslyn, 1998; Rupp and Cropanzano, 2002). Thus, the role of fair interpersonal communication between university management and academicians can bring a

positive change in behaviors which could eventually be translated into better performance.

Distributive justice is defined as perceived fairness in allocating resources and distributing rewards among employees. The present study concluded that distributive justice can play an important role to predict performance and positively related to the academicians' outcomes in Pakistani universities. The findings of this study provided support for past studies with similar empirical investigations. For example, Adams and Freedman, (1976), and Greenberg, (1982) explained that underpaid employees will reduce their input which will result in decreased output. This may create a situation where employees develop immediate reactions and perceptions. Equity theory (Adams, 1965) also explains the comparative nature of individuals judging their rewards against others which makes it difficult to satisfy everyone. However distributive justice as compared to procedural and interpersonal justice, showed a moderate predictor of performance. This has reflected that outcomes of academicians in higher education sector of Pakistan are more affected by procedural fairness and quality of interpersonal treatment rather in rewards allocated.

### Limitations & Future Recommendations

The present study is limited in scope as the respondents represented small population of a region in Pakistan. Therefore, future studies may develop a larger sample size from different geographic regions. It is also suggested that longitudinal studies should be conducted in near future to reflect whether changes over time alter the perceptions of academicians regarding fairness. Future studies may also include mediation or moderation role of different possible variable such as stress, organizational and supervisory support, work climate, and others as an attempt to develop a broader understanding of the concept particularly in the academic settings.

## CONCLUSION

This study investigated justice-performance relationship and found all three of the justice dimensions such as procedural, interpersonal, and distributive, are significantly related to employees' performance. However, procedural justice is found to be a stronger predictor of employees' performance. The findings of this study provides several insights to the administrators and managers of the universities in designing policies and procedures that will determine outcomes of the academic staff.

## REFERENCES

- Adams, S.J. and Freedman, S. (1976). *Equity theory revisited: comments and annotated bibliography*. In Berkowitz, L. and Walster, E. (Eds), *Advances in Experimental Social Psychology*, Vol. 9, Academic Press, New York, NY, pp. 43-90.
- Adams, S.J. (1965). *Inequity in social exchange*. In Berkowitz, L. (Ed.), *Advances in Experimental Social Psychology*, Vol. 2, Academic Press, New York, NY, pp. 267-99.
- Alreck, P. L., & Settle, R. B. (2004). *The survey research handbook*. Boston: McGraw-Hill/Irwin
- Aryee, S., Chen, Z.X. and Budhwar, P.S. (2004). Exchange fairness and employee performance: an examination of the relationship between organizational politics and procedural justice. *Organizational Behavior and Human Decision Processes*. Vol. 94, pp. 1-14.
- Bies, R. J. and Moag, J. F. (1986). *Interactional justice: Communication criteria of fairness*. In: Lewicki, R. J., Sheppard, B. H. and Bazerman, M. H. (Eds.): *Research on negotiations in organizations*, JAI Press, Greenwich, Vol. 1, pp. 43-55.
- Campbell, J.P. (1990). *Modeling the performance prediction problem in industrial and organizational psychology*. In Dunnette, M.D. and Hough, L.M. (Eds), *Handbook of Industrial and Organizational Psychology*, Consulting Psychologists Press, Palo Alto, CA, pp. 687-732.
- Campbell L, Finch E (2004). *Customer satisfaction and organizational Justice*. *Facilities* 22(7/8): 178-189.
- Cohen-Charash, Y. and Spector, P.E. (2001). The role of justice in organizations: a meta-analysis. *Organizational Behavior and Human Decision Processes*. Vol. 86, pp. 278-321.
- Colquitt, J. A., Greenberg, J., & Zapata-Phelan, C. P. (2005). What is organizational justice? A historical overview. In J. Greenberg & J. A. Colquitt (Eds.), *The handbook of organizational justice* (pp. 3-56). Mahwah, NJ: Erlbaum.
- Colquitt, J.A., Conlon, D.E., Wesson, M.J., Porter, C.O.L.H. and Ng, K.Y. (2001). Justice at the millennium: a meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*. Vol. 86, pp. 425-45.
- Cropanzano, R., & Greenberg, J. (1997). *Progress in organizational justice: Tunneling through the maze*. In C. L. Cooper & I. T. Robertson (Eds.), *International review of industrial and organizational psychology* (pp. 317-372). New York: Wiley.
- Cropanzano, R., Prehar, C.A. and Chen, P.Y. (2002). Using social exchange theory to distinguish procedural from interactional justice. *Group & Organization Management*. Vol. 27, pp. 324-51.
- Cropanzano, R., Rupp, D.E., Mohler, C.J. and Schminke, M. (2001). Three roads to organizational justice". *Research in Personnel and Human Resources Management*. Vol. 20, pp. 1-113.

Davis, D., J. Allen, and R. M. Cosenza (1988). Segmenting Local Residents by Their Attitudes, Interests, and Opinions Toward Tourism. *Journal of Travel Research* 27(2): 2-8.

Early, P.C. and Lind, E.A. (1987). Procedural justice and participation in task selection: the role of control in mediating justice judgments. *Journal of Personality and Social Psychology*. Vol. 52, pp. 1148-60.

Folger, R., & Cropanzano, R. (1998). *Organizational Justice and Human Resource Management*. Thousand Oaks, CA: Sage.

Folger, R., & Greenberg, J. (1985). *Procedural justice: An interpretive analysis of personnel systems*. In K. Rowland & G. Fen-is (Eds.), *Research in personnel and human resources management* (Vol. 3, pp. 141-183). Greenwich, CT: JAI Press.

Green D.E., Walkey F. H., McCormick I.A., & Taylor A.J.W., (1988). Development and Evaluation of the 21-item version of the Hopkins Symptoms checklist with New Zealand and United States respondents. *Australian Journal of Psychology*. 40, 61-70.

Greenberg, J. (1982). *Approaching equity and avoiding inequity in groups and organizations*. In Greenberg, J. and Cohen, R.L. (Eds), *Equity and Justice in Social Behavior*, Academic Press, New York, NY, pp. 389-435.

Hair, J., Black, W., Babin, B., Anderson, R., & Tatham, R. (2006). *Multivariate data analysis* (6th ed.). Uppersaddle River, N.J.: Pearson Prentice Hall.

Homans, G. C. (1961). *Social behaviour: Its elementary forms*. Routledge & Kegan Paul, London.

Konovsky, M.A. and Cropanzano, R. (1991). Perceived fairness of employee drug testing as a predictor of employee attitudes and job

performance. *Journal of Applied Psychology*. Vol. 76, pp. 698-707.

Leventhal, G. S. (1976). *Fairness in social relationships*. In: Thibaut, J. W., Spence, J. T. and Carson, R. C. (Eds.) *Contemporary topics in social psychology*, General Learning Press. Morristown, pp. 211-239.

Leventhal, G. S. (1980). What should be done with equity theory? New approaches to the study of fairness in social relationship. In K. J. Gergen, M. S. Greenberg, & R. H. Willis (Eds.) *Social exchange: Advances in theory and research* (pp. 27-55). New York: Plenum.

Liden, R.C. and Maslyn, J.M. (1998). Multi-dimensionality of leader-member exchange: an empirical assessment through scale development. *Journal of Management*. Vol. 24 No. 1, pp. 43-72.

Lind, E. A. (2001). Fairness heuristic theory: Justice Judgments as pivotal cognitions in organizational relations. In: Greenberg, J. and Cropanzano, R. (Eds.): *Advances in organizational justice*. Stanford University Press, Stanford, pp. 56-88.

Lind, E. A., Kanfer, R. and Earley, P.C. (1990). Voice, control, and procedural justice: instrumental and non-instrumental concerns in fairness judgments. *Journal of Personality and Social Psychology*. Vol. 59, pp. 952-9.

Masterson, S.S., Lewis, K., Goldman, B.M. and Taylor, M.S. (2000). Integrating justice and social exchange: the differing effects of fair procedures and treatment on work relationships. *Academy of Management Journal*. Vol. 43, pp. 738-48.

Moorman, R., & Byrne, Z. S. (2005). *What is the Role of Justice in Promoting Organizational Citizenship Behavior?* In J. Greenberg and J. A. Colquitt (Eds.), *Handbook of Organizational Justice: Fundamental Questions about Fairness in*

the Workplace (pp. 355-382). Mahwah, NJ: Lawrence Erlbaum Associates.

Rupp, D. E., & Cropanzano, R. 2002. The mediating effects of social exchange relationships in predicting workplace outcomes from multifoci organizational justice. *Organizational Behavior and Human Decision Processes*. 89: 925-946.

Shalhoop, J. H. (2004). Social-exchange as a mediator of the relationship between organizational justice and workplace outcomes. *ProQuest Information & Learning*.

Tessema, M. and Soeters, J. (2006). Challenges and prospects of HRM in developing countries:

testing the HRM-performance link in Eritrean civil service. *International Journal of Human Resource Management*. 17(1), 86-105.

Tyler, T. R. and Blader, S. L. (2003). The group engagement model: Procedural justice, social identity, and cooperative behavior. *Personality and Social Psychology Review*, 7, pp. 349-361.

Tyler, T. R. & Lind, E. A. (1992). A relational model of authority in groups. In M. Zanna (Ed.), *Advances in Experimental Social Psychology*, 25, 115-191. New York: Academic Press.

(Table-4.1)

Variables	Mean	Std.	Procedural	Interpersonal	Distributive
Procedural Justice	3.1327	.25584	(0.72)		
Interpersonal Justice	3.0964	.41703	.70**	(0.74)	
Distributive Justice	3.5184	.58026	.72**	.77**	(0.77)
Performance	2.98 93	.59564	.61**	.60**	.63**

Mean, Standard Deviation, Pearson Correlation and Reliability Statistics

(Table-4.2)

Model	R	R Square	Adjusted R	Std. Error of the	F Value	Sig.
1	.681	.463	.458	.35352	87.704	0.000

Predictors: (Constant), Distributive Justice, Procedural Justice, Interpersonal Justice

(Table-4.3)

Model	Unstandardized		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	.553	.184		3.004	.003
Procedural Justice	.370	.093	.259	4.000	.000
Interpersonal Justice	.242	.084	.199	2.853	.005
Distributive Justice	.297	.075	.291	4.043	.000