



3rd Global Conference on Business and Social Science-2015, GCBSS-2015, 16-17 December
2015, Kuala Lumpur, Malaysia

Organizational Justice: A Conceptual Discussion

Tan Fee Yeap^{a,*}, Ab Aziz Yusof^a

^a*School of Business Management, Universiti Utara Malaysia, 06010 UUM Sintok, Kedah.*

Abstract

Organizational justice consists of three dimensions, namely, distributive, procedural and interactional justice. Organizational justice affects not only organizational performance, but to a large extent, also determines the economic wellbeing of an employee. Thus, organizational justice has a great impact on organizations, especially with regards to harmonizing the relationship between employer and employees. Treating employees unfairly can create negative attitude (e.g., refusal to follow instructions, sub-standard work performance, intentionally violating company rules and regulations, etc.) among employees towards management. Hence, several studies have been undertaken by past researchers to understand the issue of fairness in the workplace. Based on past studies, this paper aims to discuss the conceptualization of organizational justice.

© 2016 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the Organizing Committee of the 3rd GCBSS-2015

Keywords: Organizational justice; distributive justice; procedural justice; interactional justice; equity theory.

1. Introduction

Organizational justice can be defined as an employee's perception of the fairness of resource allocation in an organization (Greenberg, 1987). The synonym for 'fairness' is 'justice', which refers to management's decisions and actions that are morally right in accordance with ethical standards, religion and/or law. Justice in organizations can pertain to financial and non-financial rewards, such as fair pay and incentives, equal opportunities for promotion as well as performance evaluation procedures. Therefore, the term 'organizational justice' can refer to employees'

* Corresponding author. Tel.: +604-9287539; fax: +604-9287422.

E-mail address: feeyean@uum.edu.my

perception of the extent to which management's decisions and actions are fair. This perception, in turn, can influence employees' attitude towards management.

As an employee receives instructions from management and reacts to such decisions daily, his or her perceptions of those decisions as being fair or unfair, is very important because it can influence the employees' subsequent behavior (e.g., intention to resign, job satisfaction, job commitment and engagement) that can have a huge impact on the success of carrying out the tasks assigned to them. In essence, the perception of fairness is very important in an organization; how employees perceive justice would greatly affect organizational performance and success by creating greater trust between employer and employees, improving teamwork, increasing the level of employees' citizenship behavior and reducing conflict between employer and employees.

The principles of organizational justice are not difficult to apply. However, due to the unethical and intentional actions by certain individuals (e.g., immediate supervisor, head of department, etc.), some interventions (e.g., equal employment program) may not be well implemented in certain contexts. If such interventions are well implemented, it can make a significant contribution to promoting employees' satisfaction, commitment and engagement and preserving dignity and humanity.

In this paper, the conceptual definition of organizational justice is discussed, with an emphasis on its three core dimensions, namely procedural, distributive and interactional justice; the importance of organizational justice; and the impact that it can have in the workplace. Understanding the concept and influence of organizational justice can generate ideas for future researchers to study the best techniques to identify and eliminate elements of injustice at the workplace.

2. Adam's Equity Theory

According to Adam's Equity Theory (1963), when employees feel they are fairly treated, they are more likely to be motivated and such motivation will be transformed into positive work behavior and attitude. However, if an employee feels he or she is unfairly treated, he or she is more likely to feel demotivated and prone to display negative work behavior and attitude. An employee measures fairness by comparing the output (e.g., pay, recognition, personal development, satisfaction and security) that he or she receives with that received by other employees. In short, employees tend to compare themselves with other employees to determine if they are being treated fairly.

Employees may compare whether their contributions (e.g., time, effort and ability) match their rewards. However, it is not always possible for employees to have all their expectations met because the rewards are often determined by management and are therefore beyond the control of employees. Adam's Equity Theory indicates there are various factors (e.g., leadership style, development chances and availability of resources) that can affect an employee's perception of justice at the workplace. This theory therefore proposes that employees will be dissatisfied if their contributions are greater than the rewards. Employees' dissatisfaction is manifested through their low commitment level, increased absenteeism and sometimes, unruly behavior.

In order to reward all employees fairly, Human Resource (HR) Managers should act ethically and not allow their decisions to be influenced by their personal emotions. HR Managers should try to give employees the best possible rewards that they rightfully deserve, commensurate with the effort that they have exerted.

3. Dimensions of Organizational Justice

Organizational justice consists of three dimensions, namely procedural, distributive and interactional justice. Although these three types of justice are defined in different ways based on different managerial decisions, each one is interrelated with the other and constitutes the overall organizational fairness system (Ambrose & Arnaud, 2005; Ambrose & Schminke, 2007). In the absence of any one of them, it will be difficult to develop effective organizational justice. For example, to ensure equity in distribution of employees' benefits, the decision to allocate rewards should be supported by fair procedures and accurate information.

3.1. Distributive justice

Distributive justice is defined as the fairness associated with the decision related to the distribution of resources within an organization (Colquitt, 2001). As such, distributive justice pertains to the allocation of financial or non-

financial resources, such as giving bonus to an employee who has achieved some assigned organizational or performance targets. The resources distributed may be tangible (financial), for example, salary; or intangible (non-financial), such as praise. Distributive justice is perceived to be achieved when employees notice that their efforts and rewards are assessed equally. Based on the equity theory, the rule of equality and allocation based on need are two common approaches to distributive justice (Adams, 1963; Deutsch, 1975; Lerner, 1977; Sampson, 1975). If employers emphasize these two approaches when distributing resources, the issue of unequal or unfair distribution of resources can be eliminated.

3.2. Procedural justice

Procedural justice refers to employees' perception of the fairness of the management policies and procedures that regulate a process leading to decision outcomes (Colquitt, 2001). Procedural justice focuses on the process, i.e., the steps taken by the management to reach a just decision. Procedural issues, such as equal employment opportunities in manpower planning, fair disciplinary actions and reward system, and the trustworthiness of the decision-making authority, are important to enhance employees' perception of procedural justice. If the managerial processes and procedures are perceived to be fair, then employees will be more satisfied and more likely to form a positive attitude towards management's decisions, which indirectly can lead to less conflict between employer and employees.

3.3. Interactional justice

Interactional justice is defined as the just treatment that an employee receives as the result of managerial decisions (Colquitt, 2001). Specifically, interactional justice is the interpersonal transactions that employees encounter with figures in authority (Cropanzano et al., 2007). Interactional justice can be enhanced by providing the necessary information and explanation on the rationale for decisions made by management (Bies & Moag, 1986). Colquitt (2001) suggests that interactional justice consists of two elements of justice, i.e., interpersonal and informational justice. Interpersonal justice refers to perception of respect in one's treatment (i.e., are employees treated with courtesy and respect?); while, informational justice refers to perception of whether an employer is providing timely and adequate information and explanation (i.e., is management willing to share relevant information with employees?).

4. The Importance of Organizational Justice

4.1. Economic consideration

Employees need money to sustain their quality of life. Thus, the willingness of employees to remain with an organization is often due to the compensation received from their employer. If employees feel that they are being unfairly compensated, their intention to resign will increase and they will search for other employment opportunities. Therefore, a fair compensation distribution will affect employees' loyalty to their organization (i.e., to resign or stay). Generally, employees like an organization that is fair or just since justice allows them to make accurate predictions in terms of what can be expected. They will also be able to control with greater certainty the outcomes they will be likely to receive from their organization (Cropanzano et al., 2007). They do not need to worry about the security of their pay and rewards. A just compensation policy signals that neither employee nor group of employees is singled out, discriminated against or ill-treated. This means all employees are treated the same, i.e., they receive similar compensation based on their effort, abilities and contribution. This is the reason why employees want fairness because fairness, like justice, ensures their rights and future benefits are ascertained.

4.2. Social consideration

Employees wish to be valued by figures of authority in the organization. Just treatment signals that employees are not being exploited by the management. This means they are respected and looked upon favorably, not only by the management team, but also by their peers, co-workers and subordinates. They are also at less risk of mistreatment.

Fairness is important to create a sense of trust among employees towards the organization, which in turn, can nurture a harmonious relationship between employer and employees and indirectly lessen disputes over pay. If employers do not treat employees well (i.e., have a weak or unjust reward system), it merely implies that employers are intentionally harming employees' trust and loyalty. Thus, open communications between employees and employer regarding management level decisions is needed to lessen employees' misperception of the allocation of rewards (Milkovich & Newman, 2005).

4.3. Ethical consideration

Employers have the ethical obligation to provide equitable pay to employees. The Employment Act 1955 indicates that there is an implied obligation for an employer to offer an employee a compensation package (e.g., salary, allowances and benefits) that is compatible with his or her job demands (Ganapathy, 2002; Mumtaj & Harlida, 2003). It is the employers' obligation to pay their employees for their services and contributions in a fair and equitable manner. Therefore, employees are very mindful about fair salaries; they believe management decisions must be just and they should be fairly treated. When employees experience an event they believe is unethical (e.g., supervisor has manipulated the performance evaluation outcome), they are likely to feel they have been wronged and harbor intentions to retaliate. For instance, when employees realize their performance has been unjustly evaluated, their grievances may permeate to all members in their work group. If the organization fails to resolve their grievances, the organization may be liable under the Act due to their unethical and inappropriate actions.

5. The Impact of Organizational Justice

5.1. Builds trust

According to Mishra and Mishra (1994), trust refers to “*one party's willingness to be vulnerable to another party based on the belief that the latter party is competent, open, concerned and reliable*”. This means trust is the willingness to believe. Past researchers (Colquitt, 2001; Ruder, 2003; AL-Abrow et al., 2013) have found that procedural, distributive and interactional justice predicts employees' trust. This means if the procedure and decision to allocate resources are just (e.g., each employee is compensated based on his or her quantity and quality of work), employees will believe they are justly rewarded and show positive behavior (e.g., loyalty). When employees' trust is high, there is an open and participatory environment which encourages the increment of employees' loyalty. However, if employees find that they are unjustly treated (e.g., the supervisor has manipulated their performance evaluation results with the intention to limit promotion chances), their trust towards the management will decrease; they will become suspicious of management, engage in gossip, avoid taking responsibilities and will not support organizational goals. All this will lead to decreased employee loyalty and grievances will become widespread, which ultimately will lead to an antagonistic relationship between employers and employees.

5.2. Fosters employees' organizational citizenship behavior

According to Organ (1988), organizational citizenship behavior is the voluntary behavior of employees that are not specifically influenced by the organizational reward system, but nevertheless, support the functioning of the organization. Employees who possess organizational citizenship behavior are those who have high level of willingness to accept extra roles that may be related or unrelated to their job responsibilities, such as keeping the work environment clean and tidy, saving and protecting company's resources and assets, solving co-workers' problems, providing personal assistance to colleagues who need their help and working outside the normal working hours without complaining.

Several studies (e.g., Erturk, 2007; Mohammad Hadi et al., 2011; Oren et al., 2013) have found that if employees are justly treated by their employer, they are more likely to follow workplace rules and regulations and show extra commitment towards their job and organization. Employees will only reciprocate citizenship behavior if they receive fair and just treatment from the management. In other words, individuals will repay procedural, distributive and interactional justice with hard work. This type of reciprocated relationship has been empirically validated by

researchers, such as Mohammad Hadi et al. (2011), who found that organizational justice predicts university staff's citizenship behavior.

5.3. Improves job performance

The third impact of organizational justice is it can improve employees' performance at the workplace. Job performance refers to job output determined in terms of quantity or quality expected by a superior. Most of the time, job performance is determined by employees' motivation and their willingness to do the job. This motivation is influenced by the employee's perception of the rewards received from the employer. According to Moazzezi et al. (2014), organizational justice predicts employees' job performance. Their study shows that when an employer behaves ethically and justly towards employees, a good relationship is formed between them. This positive relationship can then motivate an employee to work and enhance his or her performance at work. Organizational justice is the 'ingredient' that encourages employers and employees to work together effectively. Without justice, employees may perceive they are unjustly treated since their efforts are not appreciated by the organization. Employees will only work hard if they believe that their hard work is compensated by reasonable rewards.

Suliman (2007) stated that when employees feel that they are receiving inequitable rewards, they might respond with dissatisfaction, which indirectly may influence their willingness to work hard. Hence, just management decisions play a significant role in the performance of employees. Unfair management decisions not only hinder employees from receiving the right rewards for their job performance, but also lead to low employees' motivation and commitment. Absence of equity in the compensation structure may affect employees' willingness to put extra effort to help the organization gain competitive advantage.

6. Conclusion

Organizational justice may benefit an organization in a number of ways, such as improving employees' trust and promoting citizenship behavior, job commitment and performance. More importantly, it encourages a positive reciprocal relationship between employer and employees that creates a conducive working environment, therefore enabling the organization to retain the best employees. Although organizational justice is associated with the ability of management to allocate resources fairly to all concerned in the organization, it still depends on the management skills of heads of departments in making just decisions. Thus, a key area for future research that should be focused on is to identify effective ways to manage and eliminate injustice in the workplace.

References

- Adams, J. S. (1963). Towards an understanding of inequity. *Journal of Abnormal and Social Psychology*, 67, 422-436.
- AL-Abr row, H. A., Ardakani, M. S., Harooni, A., and Moghaddam pour, H. (2013). The relationship between organizational trust and organizational justice components and their role in job involvement in education. *International Journal of Management Academy*, 1(1), 25-41.
- Ambrose, M. L., and Arnaud, A. (2005). Distributive and procedural justice: Construct distinctiveness, construct interdependence, and overall justice. In J. Greenberg, and J. Colquitt (Eds.), *The handbook of organizational justice* (pp. 59-84). New Jersey: Lawrence Erlbaum Associates, Mahwah.
- Ambrose, M. L., and Schminke, M. (2007). Examining justice climate: Issues of fit, simplicity, and content. In F. Dansereau, and F. J. Yammarino (Eds.), *Multi-level issues in organizations and time* (vol. 6, pp.397-413). Emerald Group Publishing Limited.
- Bies, R. J., and Moag, J. F. (1986). Interactional justice: Communication criteria of fairness. In R. J. Lewicki, B. H. Sheppard, and M. H. Bazerman (Eds.), *Research on negotiations in organizations* (pp. 43-55). Greenwich, CT: JAI Press.
- Colquitt, J. A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology*, 86, 386-400.
- Cropanzano, R., Bowen, D. E., and Gilliland, S. W. (2007). The management of organizational Justice. *Academy of Management Perspectives*, 21(4), 34-48.
- Deutsch, M. (1975). Equity, equality, and need: What determines which value will be used as the basis of distributive justice. *Journal of Social Issues*, 31, 137-149.
- Erturk, A. (2007). Increasing organizational citizenship behaviour of Turkish academicians: Mediating role of trust in supervisor on the relationship between organizational justice and citizenship behaviors. *Journal of Managerial Psychology*, 22(3), 257-270.
- Ganapathy, R. (2002). *Discipline at work: A guide for managers*. Kuala Lumpur: Business Bytes Network.
- Greenberg, J. (1987). A taxonomy of organizational justice theories. *Academy of Management Review*, 12, 9-22.

- Lerner, M. J. (1977). The justice motive: Some hypotheses as to its origin and forms. *Journal of Personality*, 66, 1-37.
- Milkovich, G. T., and Newman, J. M. (2005). *Compensation* (8th ed.). Boston: McGraw-Hill.
- Mishra, A. K., and Mishra, K. E. (1994). The role of mutual trust in effective downsizing strategies. *Human Resource Top Management Team Members*, 33(2), 261-279.
- Moazzezi, M., Sattari, S., and Bablan, A. Z. (2014). Relationship between organizational justice and job performance of Payamenoor Unibersity employees in Arabia Province. *Singaporean Journal of Business Economics, and Management Studies*, 2(6), 57-64.
- Mohammad Hadi, A., Seyed, S. N., and Farnoosh, A. (2011). The relationship between the organizational justice and organizational citizenship behaviour of the employees. *Middle-east Journal of Scientific Research*, 10(2), 141-148.
- Mumtaj, H., and Harlida, A. W. (2003). *Undang-undang pekerja untuk pengurus*. Pahang: PTS Publication.
- Oren, L., Tziner, A., Nahshon, Y., and Sharoni, G. (2013). Relations between OCBs, organizational justice, work motivation and self-efficacy. *Academy of Economic Studies*, 15(34), 505-517.
- Organ, D. W. (1988). *Organizational citizenship behavior: The good soldier syndrome*. Lexington, MA: Lexington Books.
- Ruder, G. J. (2003). *The relationship among organizational justice, trust, and role breadth self-efficacy*. Unpublished PhD thesis, Faculty of the Virginia Polytechnic Institute and State University.
- Sampson, E. E. (1975). On justice as equality. *Journal of Social Issues*, 31, 45–64.
- Suliman, A. M. T. (2007). Link between justice, satisfaction and performance in the workplace: a survey in the UAE and Arabic context. *Journal of Management Development*, 26(4), 294-311.