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Models for Leading with Organizational Justice: Equitable Management of the Human Resource in Diverse Environments

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Abstract: A framework for organizational justice can be used to understand how individuals within organizations respond to a variety of human resource practices and also can be used prescriptively in designing the procedures and enactment of such human resource practices. This study assesses the impact of organizational justice on job performance and job satisfaction of unskilled expatriate employees in the Arabian Gulf region. The paper investigates the impact of demographic variables such as nationality of workers and multicultural factors on organizational justice. Organizational justice measures developed by Niehoff and Moorman (1993) were utilized to test their impact on job performance and job satisfaction. The paper further explores various organizational models in order to identify the most suitable model for organizational justice in the region.

Keywords: Organization, Justice, Human Resource, Diversity, Multiculturalism

Introduction

GREENBERG (1990) REFERS to organizational justice as the just and fair manner in which organizations treat their employees. Organizational justice is generally considered to encompass three different components (McDowall and Fletcher, 2004); distributive justice, procedural justice and interactional justice (Figure 1). The treatment of justice is descriptive in orienta-

tion – focusing on people’s perceptions of what constitutes fairness. When the term justice is used, it generally refers to an individual’s perceptions, one’s evaluations as to the appropriateness of a given outcome or process and consequently it is inherently subjective. The principles of justice outlined in this paper can be applied in order to understand the consequences of any human resource practice in relation to equitable treatment of unskilled employees.

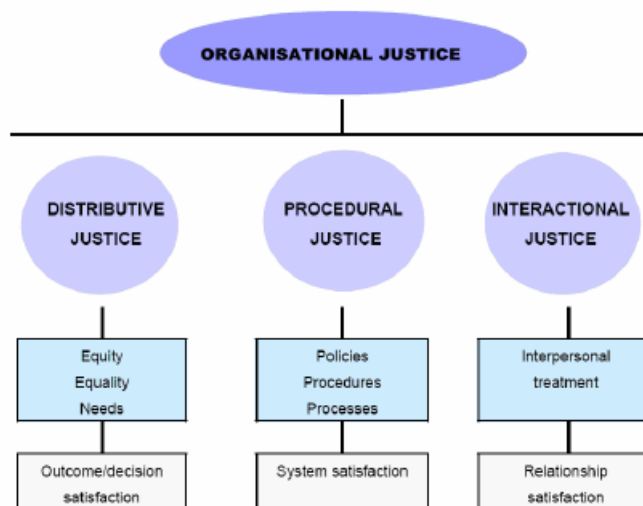


Figure 1: Organizational Justice (Greenberg, 1990)

Distributive Justice

Distributive justice refers to the concerns expressed by employees with regards to the distribution of resources and outcomes (Greenberg, 1990; Cropanzano

and Folger, 1989). It is the individual within the organization who determines the fairness of the distribution through comparison with others. The employee is concerned about the equity aspect of justice. For example, are work loads, work schedules, salary



levels, bonuses, promotions and housing allowances equitable.

Distributive justice theories focus on the content or outcomes of a decision – that is, on the fairness of the ends achieved. These theories make predictions about how people will react to the outcomes of allocation decisions. For example, performance appraisal that results in some rating, pay review that results in a pay rise, or a selection interview that results in a hiring decision. Outcomes can be negative as well as positive – whose contract to terminate as a result of cutbacks. In looking at outcomes, some people get more and others get less and how individuals evaluate these outcomes is referred to as distributive justice. The origins of distributive justice can be traced to Adam's Equity Theory (Adams, 1965). This theory incorporated the idea of social comparison. The basic proposition of the theory is that when individuals work for an organization, they present certain inputs (ability, effort, performance) and, based on what they put in, people expect to get something out, which Adams expressed as a ratio of outcomes to inputs. In determining whether this ratio is fair, individuals compare their ratio to a similar other (e.g. a co-worker or the organization). People are motivated to avoid the tension that results from states whereby the ratio of one's own outcomes compared to one's inputs is unequal to that of the 'comparison other'.

There are two major components to the theory. Firstly, determinants of perceived equity are the factors which influence the degree to which people feel they are being equitably treated. Secondly, methods for restoring inequity which are the kinds of activities which individuals might be motivated to engage in to restore feelings of equity.

People are constantly engaging in making two types of comparison. First, people compare the inputs they make in their job to the outcomes they receive from their job and the organization. Inputs include education, training, experience, effort, etc. Outcomes include pay, promotion, praise, recognition or feelings of personal accomplishment. The second comparison involves comparing the ratio of outcomes to inputs in comparison to someone else. Equity Theory does not specify who the comparison other is; it need not be a person the individual knows and it might even be the organization (comparing what they give to employees to what they get from employees).

According to Equity Theory, people do not merely compare their own outcomes to inputs and feel satisfied if these are perceived to be in balance with one another. Rather, they compare their own outcomes to inputs and then compare this ratio to the corresponding ratio of the comparison other. It is the second comparison that determines whether or not people feel equitably treated.

The theory argues that people will feel inequitably treated and hence motivated to engage in activities aimed at restoring perceived equity when they feel their ratio of outcomes to inputs is less than that of a comparison other, and they feel their ratio of outcomes to inputs is greater than that of the comparison other.

Procedural Justice

Procedural justice is the perceived fairness of procedures which are used to determine outcome decisions (Folger and Konovsky, 1989). These procedures should be consistent, bias free, take into account the concerns of all parties and be morally acceptable (Leventhal, 1980). Here, the employee is concerned about whether the decision process is fair and the process used to determine the outcome was just. It is mainly concerned with the fairness of the means that an organization uses to determine outcomes.

Empirical research confirms the distinction between distributive and procedural justice and they may be evaluated independently of each other. The distinction is not purely a conceptual one invented by theorists but arises in how people think about justice – people themselves make a distinction between issues relating to distributive justice and procedural justice.

In organizations, substantial evidence has demonstrated that procedurally fair treatment makes individuals more accepting of a variety of organizational practices. For example, Greenberg (1995) found that smokers more strongly accepted a smoking ban when they believed it was introduced following fair procedures rather than following unfair procedures. Employees reacted less negatively to a pay freeze when the pay freeze was implemented in a procedurally fair fashion than when it was implemented in an unfair fashion. When people make evaluations about procedures, they seem to be sensitive to two distinct focal determinants; structural and social.

These are the formal procedures by which decisions are made. Leventhal (1980) identified six general procedural justice rules. Procedures are deemed fair if they demonstrate consistency, suppress bias, have accurate information, contains some provision for correcting bad decisions, are representative and follow moral and ethical standards.

Interactional Justice

Interactional justice relates to the fairness of interpersonal communication relating to organizational procedures (McDowall and Fletcher, 2004). It is concerned with how the information was communicated and whether the individuals affected by a decision

were treated in a courteous and civil manner and with respect and dignity (Bies and Moag, 1986).

Colquitt (2001) divides interactional justice into two components: interpersonal (which encompasses respect and propriety) and informational (which encompasses truthfulness and justification).

Models of Organizational Justice

Fischer and Smith (2004) studied performance and seniority-based allocation criteria in the UK and Germany. Allocations based on work performance and seniority were perceived to be fair. Work performance accounted for about 11 per cent of the variance in justice perceptions. Lee (2000) explored the relationships between organizational justice, job satisfaction, organizational commitment and turnover intentions. The results indicated that distributive justice and procedural justice have direct positive influence on job satisfaction. He concluded that distributive justice plays a more vital role in employees' work-related outcomes than procedural justice and that the impact of interpersonal working relationships on employees' justice perceptions is significant. Thus, the quality of interpersonal working relationships promotes employees' perceptions of fairness.

Stark et al. (2000) studied downsizing and layoff survivors in the USA and implications for cross cultural study. They reported that while there was some evidence that survivor perceptions of procedural justice might influence job satisfaction, the presence of a strong interaction effect between negative effect and perception of psychological contract violation makes it difficult to accurately assess such a contribution.

Robinson (2004) investigated the role of organizational justice in predicting four organizational outcome variables, namely, job satisfaction, organizational commitment, motivation, and performance. As hypothesized, the four components of organizational justice were significant predictors of the four organizational outcome variables. Distributive justice accounted for the most variance in job satisfaction, while procedural justice accounted for the most variance in organizational commitment, motivation and performance.

Aryee *et al* (2004) examined the relationship between organizational politics and procedural justice and their influence on exchange fairness and employee performance. Results revealed that procedural justice but not organizational politics to be related to task performance and the contextual performance dimensions of interpersonal facilitation and job dedication.

Cohen and Spector (2001) meta-analysed the role of justice in organizations. They found similar relations among all justice types and satisfaction. The study also reported that job performance and counter

productive work behaviors, considered to be outcomes of perceived justice, were mainly related to procedural justice. Since most satisfaction measures were similarly related to all justice types, They concluded that to maintain employees' satisfaction, managers should take care that distributions, procedures and interactions would all be equitable.

Tang and Sarsfield-Baldwin (1996) attempted to identify the major components of distributive and procedural justice and how they are related to some organizational variables. They identified five factors of procedural justice: fairness, two-way communication, trust in supervisor, clarity of expectations and understanding of the performance appraisal process. Distributive justice was found to be a one-dimensional variable. They found distributive justice to be significantly related to satisfaction with pay, promotion and the performance appraisal. Furthermore, different aspects of procedural justice were found to be related to satisfaction with supervision, self reported performance appraisal rating and performance appraisal.

They argued that both distributive and procedural justice were important in predicting employees' subsequent personal satisfaction and commitment to the organization. Using organizational justice analysis, Tang and Fuller (1995) tested job satisfaction in joint venture hotels in China. Unlike interactional justice, both procedural justice and performance-based distributive justice were found to be predictive of job satisfaction.

Methodology and Analysis

The organizational justice measures developed by Niehoff and Moorman (1993) were used to test their impact on job performance of unskilled workers in the United Arab Emirates (UAE) using a qualitative approach. Descriptive statistics and inter-correlational analysis was used to examine the data. The basis of the research questions were descriptive cum exploratory.

The population of this study consisted of unskilled workers employed in the UAE, comprising construction company laborers, domestic workers, cargo & freight forwarders and facilities management contractors.

A total of 400 questionnaires were distributed in English, Hindi and Tamil languages. 192 questionnaires were used representing a 48 per cent response rate. The general demographics derived were that 58 per cent of the respondents were expatriates from the Indian subcontinent; 84 per cent of the respondents were male; 69 per cent were less than or equal to 30 years old; and 82 per cent had some form of financial debt or liability.

Data was divided into three groups by employee type; employees in western organizations; employees in Arab organizations; and employees in organizations having their roots in the Indian subcontinent.

Over 58% were nationals of the Indian subcontinent and nearly 47% per cent of employees worked for companies from Indian subcontinent. The expatriate group in the sample consisted of Arab nationals, predominantly from Syria, Egypt, Sudan, Yemen and Jordan; South Asians mainly from India, Pakistan, Bangladesh, Sri Lanka and Afghanistan; and Far Eastern mainly from Indonesia and the Philippines. Data collection was carried out over a period of six months.

The Impact of Distributive Justice on the Job Satisfaction of Unskilled Workers

The analysis of the survey revealed that the majority of employees have grievances towards their organizations. Some of the major highlights of the findings revealed that around 70 % of employees felt that their work schedule is not fair; almost 75% of workers felt that their level of pay is not fair; nearly 65% of the workers consider their workload not fair; over 65% of workers believed that the rewards they received for their work were not fair and; nearly 55% of employees felt that their job responsibilities were not fair.

The Impact of Procedural Justice on the Job Satisfaction of Unskilled Workers

The mean analysis of the responses indicate that the majority of job decisions made by the employer were biased. Furthermore, the employer's demonstrated that they had little interest in finding out employee concerns before a job decision was made. When making job decisions, the employer rarely clarified the job decisions and did not provide any additional information when requested by the employee. Most

of the job decisions were applied inconsistently and employees were not allowed to challenge or appeal job decisions made by the manager.

The Impact of Interactional Justice on the Job Satisfaction of Unskilled Workers

The analysis of the survey revealed that majority of employees have cause for distress. Prevalently, workers felt that when decisions were made about their job, the manager did not treat them with kindness, consideration, respect or dignity. They further felt the manager was insensitive to their personal needs, untruthful, showed little or no concern for the rights of an employee, did not discuss the implications of job decisions with them, did not offer adequate justification for decisions made, offered explanations that made no sense and did not explain any decision clearly.

Conclusion

This study has explored earlier researches in the field of organizational justice. A number of studies have been conducted linking organizational outcomes to organizational justice, job satisfaction (McFarlin and Sweeney, 1992), commitment (Folger and Konovsky, 1989), organizational citizenship behavior (Morman, 1991) and performance (Alder and Tompkins, 1997) in an environment of skilled workers. No such research has been conducted amongst unskilled workers in the past.

Given the findings reported in this study it can be argued that organizations and employers in the Middle East need to understand the significant role that justice plays in influencing employees' behavior and work outcomes. They further need to continuously ask questions such as whether or not the outcome of decision was fair, especially if the organization is undergoing change, downsizing or restructuring.

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