

# Understanding Organizational Justice through the lens of corporate management experiences.

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## ABSTRACT

Justice is accepted as an essential requirement for effective management and administration of work organizations since ages and is considered as the core of any progressive organizational image building. Organizational Justice being multidimensional concept is strongly related to trust, work performance, job satisfaction, turnover intentions, organizational commitment, innovative work behavior, organizational citizenship behavior, to name few. Numerous researches have been conducted worldwide to prove the significance of organizational justice as a major parameter in the area of ethics. Halbusi (2019) did a study to investigate the significant impact of ethical leadership and organizational justice on ethical behavior. Orando and Isabirye (2019) assessed the role of organizational justice on ethics and integrity for improving workplace productivity. Similarly, Rupp (2015) established the significant connect between Organizational Justice, Behavioral Ethics, and Corporate Social Responsibility.

Aligned to the above, the objective of this research paper was to understand the role of Organizational Justice as a transformational business practice during new normal based on corporate management experiences. The excerpts of four eminent management professionals on the role of organizational justice and ethics were considered to support the research review analysis. Findings verifies the inevitable role of justice in various facets of organizational functioning for practicing managers. Therefore, the need of the hour is to facilitate a good life for employees so that they can be best and do their best at the workplaces.

**Key Words: Organizational Justice, Job satisfaction, Organizational Commitment, Innovative Work behavior**

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## I. Introduction

Justice is known as notion to be ethically right on the basis of morals, spiritual, fairness, equity, or decree. It is a key domain and point of concern for both organizations and employees. Organizational justice is employee's perceptions of fairness at the workplace. The concept focuses on how employees review the behaviour of the organization and its impact on them. (Greenberg, 1987).

The earliest idea of organizational justice was derived from equity theory of Adams (1963,1975). It proposed that people compare the ratios of their own apparent work outcomes to their own work inputs with the corresponding ratios of their colleagues. Therefore, it was established that organizational contribution can be altered. Input is the time, effort and output in the form of rewards, like promotion, pay, recognition, equipment, or any other resources that assist employees in job related tasks or which sustain their overall well-being. If the ratios are equal, people in the organization are expected to have sense of equity and feeling of contentment. But, if the ratios are unequal, employees may have the feeling of injustice. As a result, they would try to change the situation to create a new balance. For instance, they may choose to lessen their input-output comparison or in reverse situation increase their input.

Organizational Justice is also deeply embedded in social exchange theory, which treats social life as a series of sequential transactions between two or more colleagues. In these dealings, resources are substituted through a process of reciprocity. When employees perceive fair treatment from the organization and its establishments, they may demonstrate commitment, sense of belongingness in reciprocity. It also plays a significant role in business cost economies as it provides a way to assess the satisfaction of disputant persons and provide a means of governance machinery to resolve their differences and pull attention towards the sensitivity of procedural, distributive interactional justice in exchange of it. (Hosted & Folger, 2004). However, if organizational justice is high employees are more motivated and willing to show organizational citizenship behaviour.

Zub'I, (2010) did a research to establish the association between age of employees and their perception of organizational justice. No significant relationship was found between the gender, education and organizational justice. The sense of justice has a robust impact on workers' behaviour and attitudes. For example, perceived fairness encourages organizational commitment, effective job performance, and enhanced organizational citizenship behaviour. It also helps to lessen many of the unpleasant effects of dysfunctional work environments.

Also, apparent fairness decreases workplace stress, malicious retaliation, employee withdrawal, and sabotage at the work place.

According to Sharma and Kumra, (2020) Organizational justice is linked positively with employees' level of stress. Previous studies have also shown that perception of employees, their level of stress, actions, emotions, feelings are all interlinked. Uneven distribution of resources and unethical behaviour impacts the level of stress among a workforce. It has been reported that ethical practices particularly in health sector are very vital for all stakeholders in term of workplace stress. It is a known fact that health experts work under great burden and they are already having elevated level of stress. So, it is very important for organizations to practice ethical climate in order to control adverse outcomes of stress.

Further, in order to maintain the justice system within the work set up management should keep their personal biases and politics out of the organizations and employees should be treated fairly without discrimination, leading to no favouritism, nepotism cynicism and cronyism (Judge & Colquitt, 2004; Mughal, 2020). If organizations and management firmly adhere and implement ethical practices not only it will enhance the reputation of the organizations in the eyes of employees, but they will also feel proud to be part of such organization. Other correlates of organizational justice are job satisfaction, turnover intentions, organizational commitment, innovative work behaviour, organizational citizenship behaviour as well as work performance.

### **Forms of Organizational Justice: -**

Organizational justice consists of three main forms – Distributive, Procedural, and Interactional. They are as follows: -

#### **i). Distributive Justice**

It occurs when employees believe that outcomes are equitable (Colquitt et al., 2013). These outcomes are either tangible, such as pay, or intangible, such as positive feedback, praise. When employees believe that they are being paid or treated equally, then this results in distributive justice.

Distributive justice denotes the perceived fairness of the outcomes as received by an employee. According to Lawler these outcomes, such as compensation, promotion, position, performance assessments, and job occupancy has positive impact on job satisfaction, quality of work life, and organizational effectiveness. Similarly, Adam was of opinion that distributive justice is all about the outcomes instead of the absolute level of the outcomes. When an outcome is perceived to be unfair, it can affect individual's emotion (For example, anger, happiness, pride, or guilt), cognitions (For example cognitively distort inputs and outcomes) as well as their behaviour (For example performance or withdrawal).

#### **ii). Procedural Justice**

It focuses on the fairness of the decision-making or process that leads to final outcomes. Employees perceive procedural justice when they feel they can **voice** their opinion regarding the process. They also believe that procedures are fair when they are consistent, accurate, ethical, and impartial.

Here procedural elements are within a social system that regulates allocation of resources. It is considered to exist when procedures embody certain types of normatively accepted principles. Specifically, the fairness of the procedures shall meet the following criteria: the extent to which they suppress bias, create consistent allocations, rely on accurate information, are correctable, represent the concerns of all the recipients, and are based on the prevailing moral and ethical standards.

In the setting of organizations, procedural justice is considered as the root of social exchange. It has a significant impact on employees' cognitive, affective, and behavioural reactions toward the organization. Cropanzano et al. (2002) suggested that procedural justice is more likely associated with trust in higher management and organizational commitment. Similarly, Kim and Park (2017) stated that procedural justice positively influences employee's work engagement, knowledge sharing and innovative work behaviour. Procedural justice can facilitate employees to accept the change of values and objectives of organization and also adapt themselves to pressures of external change. Furthermore, certain findings suggested that the process of allocating rewards is more important than the result.

#### **iii). Interactional justice**

It focuses on the way in which an individual is treated when decisions are made. When individuals feel they are being treated fairly and when employers provide explanations for decisions and treat employees with dignity, respect, and sensitivity interactional justice exists (Colquitt et al., 2013).

In 1987, interactional justice was not part of the organizational justice, but later Greenberg (1990) and Cropanzano and Greenberg (1997) added interactional justice as a determinant of organizational justice. They divided interactional justice into informational justice and interpersonal justice. First one is related to use of correct information and second with interpersonal relationship. For example, respect, credibility, dignity etc. According to Royet al., (2012) interactional justice is more dominant and prominent facet because components of it are more active in daily routine at work place as compared to distributive and procedural justice. When employees perceived low level of interactional justice it will come out with negative outcomes among employees, like stress, depression, anxiety etc. Interpersonal justice focuses on the way in which organizations treat employees, with an emphasis on respect and courtesy.

Informational justice focuses on whether employers provide adequate explanations to employees with an emphasis on timeliness, specificity, and truthfulness (Colquitt, 2011).

### **Organizational Leaders of eminence & their viewpoint on ethical Corporate Governance**

Excerpts from four top management professional support the fact that for ethical corporate governance organizational justice need to be there as it enhances not only the quality of work environment but of employees who feel a sense of belongingness.

In one of the interviews conducted by ET NOW in the year 2019, Mr. Narayan Murthy emphasized that values are very significant in all aspect of life as they are the ones which make us sleep well. Values give us a clear principle and without it there is no purpose in doing anything and it won't be worthwhile. Therefore, in different areas be it research, corporate world or education, honesty and good values are considered to be most important.

Mr. Ratan Tata in one of his interviews emphasized the role of ethical leadership and also the role of empathy in overcoming challenges. Also, that ethically and morally companies have responsibility towards the employees who are either laid off or retrenched. In order to survive and grow a company has to be sensitive. Business is successful and has long-term growth when it has an ethical journey. Rightly pointed out by Pollock (2014) that ethics and profits, are essential for any business

Mr. Azim Premji, chairman of Wipro, has also talked about capacity building and its role in promotion of ethical behavior in organizations and that how essential it is for growth and survival of the company. Compliance by organizations are not a tick-box activity but need to be infused in ethical practices and reflect in day to day affairs of the company. The real threat to business is usually from within when there are poor ethical standards and lack of integrity impacting entire economies and industries

Google CEO Sundar Pichai also agrees that it is imperative to imbibe ethics in the day to day functioning of an organization. Google provides a positive work environment and empowers employees in their work domain. This automatically generates a sense of being ethical to an organization which is thoughtful of its work engagement, development and overall wellbeing.

Likewise, various other known organizational leaders have expressed that the reason their organization is excelling is the due to ethical practices they follow at all level of its functioning.

### **Objectives of the study: -**

1. To examine the role of Organizational Justice as a transformational business practice during post COVID new normal era based on corporate management experiences.
2. To analyze ethics-based practices of work organizations.

### **II. Literature Reviews**

Out of several researches some prominent ones which highlights the role of organizational justice are as follows-

Shawabkeh & AL-Lozi(2019) in their research identified the role of Organizational justice in business organizations and its theoretical perspective. According to them it is a known fact that humans are social being and since an employee spends majority of time at the workplace therefore there is an essential need that organizations must create environments in which the employee can interact socially and according to the

researchers apart from other features social facet is a crucial driver for perception of justice in an organization. In total it signifies the role of interaction justice which is one of the important type of organizational justice.

Pan et al., (2017) in their study confirmed as to how positive organizational behavior is a consequence of justice perception in organizations. According to Luthans (2002) Positive organizational behavior (POB) is the study and solicitation of positively oriented human resource strengths and psychological dimensions that can be measured, developed, and effectively managed for performance enhancement in today's workplace. Not only it helps in the advancement of organizational functioning but also individual and organizational performance. Role of POB can be incorporated in the new approach by organizations for transforming their overall perspective from being production centric to employee centric.

Beduk, Unsacar & Eryesil (2016) established the role of organizational justice and corporate reputation in a manufacturing set up. According to Fombrun and Riel (2004), there are six constituents of corporate reputation. They are leadership, social responsibility, financial performance, corporate environment, product-service and emotional attraction. Emotional attraction is employee's truthfulness, loyalty and good behaviors. In this viewpoint, establishment of justice in an organization may affect the reputation of the organization internally and externally through from its employees and their perceptions. Emotional attraction includes these statements; having a good feeling about the organization, growing, regarding and believing the organization.

Another study was done by Shaharruddin et al., (2016) in order to assess whether organizational really matter in this time of cut throat competition. There is a growing concern among the researchers and corporate practitioners regarding employee's attitudes as they may have tendency of bringing negative outcomes to themselves and also organizations. The research started with a question but came up with conclusive answer that organizational justice is one of the most significant facet to overcome organizational cynicism. Additionally, procedural justice was found to be the robust organizational justice dimension that adversely related with organizational cynicism.

Rahman et al., (2016) emphasized that Organizational justice (OJ) is an important contributor for commitment of employees towards their organization. Only two-dimensions that is distributive and procedural justice were focused in this study. The research study was cross sectional in design. Findings prove that distributive and procedural justice have positive effects on the dependent variable (organizational commitment) and in order to enhance the same in any organization, fairness in procedure and distribution to exist and especially in new normal times it is key for any business to transform from ordinary to unique and successful.

Hosmer & Kiewitz (2005) explored the role of Organizational Justice as a behavioral science concept with critical implications for business ethics and stakeholder theory. The authors recommend that these concepts can be useful to all stakeholders, rather than just to the current employees of the firm. The objective of fairness by the managers can be related to subjective perceptions of fairness by the stakeholders that will result in the chronological series of attitudinal, behavioral and numerical changes that will lead to performance improvements. Thus justice has many fold impact and in to seen as not only useful for employees but for all stake holders

### III. Key Findings and Discussion

The primary aim of this paper is to assess the role of Organization Justice as transformational business practice during post COVID new normal era. Business transformation in first place is considered as an important step in incorporating the changes needed to deliver the best. With the revolution in the global market, change is seen as a fresh breeze for enhancing the work quality. In today's time, clients choose to do business with organizations that are able to provide them with a personalized, hassle-free, and complete involvement which is only possible through change in the existing and traditional business practices to a more ethics-based practice.

Business transformation isn't easy as it appears therefore the role of organizational justice is significant. Not only it enhances the level of motivation, sense of belongingness but also promotes positive behavior which is important for growth and development of any business. It has also been reported that the role of interactional justice, which refers to treating employees with dignity, respect, and sensitivity (Colquitt et al., 2013) is extremely crucial when planning for business transformation.

The secondary objective is to analyze ethics-based practices of work organizations. On the basis of review of literature, it has been found that the importance of ethical governance which refers to the way in which companies are governed. For this the support of employee is essential and which can only be established

through perception of justice within the work organization. This will lead to the goal of producing sustainable long-term value creation, positive brand image and centrality of power in corporate governance,

Role of ethics in business management has also been supported by leaders of eminence by analyzing their interviews. Therefore, the role of ethical practices by organizations will pave way for its growth and success and there is no replacement for the same.

#### **IV. Managerial Implications and Future directions**

The analysis of current research review can be seen as follows: -

- Procedural justice which is one form of organizational justice has been found to have strong link with outcomes like organizational citizenship behavior, commitment, and trust. If it can be applied at all levels of organizational functioning it will lead to a better performance evaluation and increasing number of affirmative action programs towards the betterment of employees. In the year 2013, Mr. N R Narayana Murthy mentioned in one of his talks that he prefers affirmative action over reservation to provide the best of opportunities.
- Fairness in organizational policies regarding family-leave procedures, layoff rules, compensation decisions, conflict resolution procedures, to name few would be beneficial for the organization in the long run and in the creation of happy and productive workers. Further effective job behaviors and positive work attitudes are also seen when there is fairness. Employer employee partnership is strengthened as a result of this.
- Where distributive justice and procedural justice are practiced it will automatically bring about an improved level of commitment and loyalty without fear. Reduced commitment of employees and counterproductive work behavior is known to have detrimental effect on the growth of employees and organizations. This practice based on the principles of organizational justice will bring about positive transformations.
- Experience of justice within an organization will add on to the knowledge of ethical and moral functioning which will automatically curb unethical behaviour. Interestingly, it has been found that numerous corporate scandals have led to growing interest in understanding the sources of influence of unethical behavior. When people lack ethical behavior, they set out to fulfill their own self-interest above the interests of others which may pose serious problems for organizations. For example, theft, sabotage, bullying, lying, moral harassment.
- Ethics-based management practice may lead to the development of ethical climate at the workplace (Victor and Cullen (1988) which is essential for the growth of any organization. Many consider Organizations as tribes. Just like tribes have set their own norms, values, culture, language, way of celebration, success stories etc. similarly, organizations have their own values, culture, and way of doing work. The creation of ethical climate will help in ethical decision making.
- If organizations include ethics-based model for managing workplaces, it will automatically lower the level of stress, anxiety, frustration and depression among their talented and hardworking employees so that they may be retained for the longer period of time. Virtuous practices will help in the retention of the talented and hardworking workforce.
- It has been validated by many research that fairness raises moral obligation that go beyond emotional response. Organizations can then encourage their managers to support workplace fairness. So, discussing the implications of decisions with employees and giving them fair treatment can enhance the justice level among employees. It is a known fact that ethics is never out of practice and is core of management. Managers make decisions on a daily basis that affect entire organizations which also have consequences (positive or negative) for the business as a whole, including employees, clientele and the community at large.
- Justice enhances self-esteem and the same has been supported by Rice et al., (2020). They did research on organizational justice and its effect on employee's self-esteem. Social cognitive theory was used as a reference to suggest that supervisors' perceptions of overall organizational justice drop down to influence employees' organization-based self-esteem.

Therefore, in future and times to come if fairness in the form of HR policies is incorporated it has the ability to enhance job satisfaction of individuals. Ozel & Bayraktar(2017) tried to measure effect of organizational justice on job satisfaction. Job satisfaction levels of employees are affected either positively or negatively. Employees whose job satisfaction levels are positive will be motivated by their work and add worth to their organization. In today's competitive and

professional environment distributive justice, interactional justice and personal time are positively related to job satisfaction. Employees are willing to do more work and exhibit higher levels of performance when they believe they are treated fairly.

## V. Summary and Conclusion

It is a known fact that employees are the most important asset of an organization. Long-term feasibility and efficiency of any organization critically depends on the expertise, knowledge, capabilities and proactive behaviors and above all perception of justice by employees. In event of unethical practices that is injustice, it will result in frustration, anxiety, depression and stress among employees. Further high level of absenteeism, stress and low performance. Therefore, it is imperative for management to implement ethical practices and provide justice while distributing resources and benefits. Procedure for making decision should be same for all employees, furthermore, management must keep good interpersonal relationship. In ethics-based practice, the integrity quotient of the company also decides the ability of an organization, its continued employment and professional development.

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