

**DIRECT AND MODERATED EFFECTS OF JUSTICE  
DIMENSIONALITY ON ORGANIZATIONAL OUTCOMES  
A STUDY OF TELECOM SECTOR, PAKISTAN**

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By

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## RESEARCH COMPLETION CERTIFICATE

It is certified that the research work contained in the thesis “**Direct And Moderated Effects Of Justice Dimensionality On Organizational Outcomes**” has been conducted under my supervision to my satisfaction by Ms. Shahida Jahangir Niazi , ID# 060292003, of MS Management program .

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## **DEDICATION**

I dedicate this dissertation to my family, especially...

To my father for instilling the importance of hard work and higher education;

To my mother for her endless love and prayers;

To my elder brother and Momina for their support and encouragement;

## ABSTRACT

No one can refuse or deny the importance of justice whether it is experienced in societies or in organizational systems. The term Justice has been of great interest and discussed in philosophy, theology and political science throughout the history but its ultimate goal is to keep harmony and peace by maximizing of welfare across all interrelated individuals. Researchers have argued that organizational justice always affect in stimulating or shaping employees' behaviors or attitudes towards organizations and their immediate supervisors. This can either be positive or negative depending upon the experiences of the employees in absence or presence of justice perceptions. The primary focus of the current study is to investigate the direct relationship of justice dimensions with different employees' behaviors and attitudes at workplaces in the Pakistani context. This study has included one employees' behavior and two attitudes (OCBI, job satisfaction, & affective commitment respectively) as moderators based on their correlation with specific justice dimensions (distributive justice, procedural justice, and interactional justice) as found in two recent Meta analytic studies conducted in the area of organizational justice. Each moderator has strong correlation with one specific justice dimension than other two dimensions. The second purpose of the study is to find out how employees' attitudes and behavior (job satisfaction, affective commitment and OCBI) moderate the relationship between organizational justice dimensions and workplace outcomes (performance and turnover intentions). Data was gathered from 350 employees of Telecom sector of Pakistan by administering self-reported questionnaires. Total eight hypotheses were proposed in the current study. Five hypotheses were regarding exploring main affects on the outcomes and three were regarding to explore the moderated

effects of justice dimensions on outcomes. All hypotheses got empirical support from the data except first hypothesis which got partial support. The findings showed that job satisfaction, affective commitment and OCBI moderated the relationship between justice dimensions and workplace outcomes. This study explored the importance of fairness perceptions in understanding the development of employees' behaviors and attitudes and how these behaviors and attitudes affect employees' job performance and turnover intentions at workplace ultimately.

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Last, but certainly not least, I would like to take this opportunity to thank to all those involve in making this paper a reality.

## DECLARATION

I Shahida Jahangir Niazi ID # 06292003 Session Spring 2006, hereby certify that this thesis is being submitted in partial fulfillment of the requirements for the MS degree in *Management Sciences*.

This thesis is my original work, and the data/material presented herein has not been used for the acquisition of any other degree from any institution.

The Similarity Index is below permissibly limit.

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Date: \_\_\_\_\_

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Supervisor's Signature

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## ABBREVIATIONS

|      |  |
|------|--|
| OJ   | Organizational justice   |
| DJ   | Distributive justice   |
| IJ   | Interactional justice  |
| PJ   | Procedural justice   |
| JS   | Job satisfaction   |
| OJ   | Organizational commitment  |
| OCBI | Organizational citizenship behaviors directed beneficial to Individual |
| SPSS | Statistical Package for the Social Sciences                            |

## CHAPTER 1

### INTRODUCTION

The role of organizational justice perceptions in maneuvering employees' behaviors and attitudes at workplace; to affect work performance and withdrawal behaviors in either way; is inevitable and of great concern for today's business organizations.

Organizational justice research has gained immense popularity for more than two decades; generally the main focus of research has been on differentiating the unique effects of justice dimensions on various workplace outcomes. The notion of organizational justice has been introduced in organizations with emergence of equity theory. The effect of justice on organizational functioning and productivity is inevitable and has been realized for long (Greenberg, 1987, 1990b).

Justice is required to keep harmony and peace by maximization of welfare across all interrelated individuals. Rawls (1971) identified justice as the first virtue of social organization. He also emphasized that the unjust laws or institutions must be either abolished or reformed even they are working efficiently and well organized. Organizational justice is as important to an organization as social justice is essential for society's wellbeing and interest. Fairness is considered as one of the fundamental bases of cooperative action in organization. Justice or fairness is one of the core values of an organization and human life (Kanovsky, 2000). According to Collins and Porras (1996), core values are an organization's

crucial and enduring guiding principles which play an important role in organizational and employee development.

Likewise fairness in business organizations deals with the issues of legitimacy, procedures, and elucidation of decision outcomes. For instance, when an individual perceives an outcome or result to be fair or unfair, it influences his emotions e.g., experience of resentment, pleasure, arrogance, regret, satisfaction, dissatisfaction (Weiss, Suckow & Croponzano, 1999), cognitions e.g. cognitively deform efforts and outcomes of one's own self and others (Adams, 1965; Austin & Walster, 1974; Walster, Walster & Berschied, 1978) and finally affects their behaviors such as performance, turnover or absenteeism.

Although many researchers have proven the relation of justice as an antecedents with different key personal and organizational variables in the field of organizational behaviors as outcomes such as satisfaction (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Yee Ng 2001; Folger & Konovsky, 1989; McFarlin & Sweeney 1992), affective commitment (Konovsky, Folger & Cropanzano, 1987; Folger & Konovsky, 1989; Martin & Bennet, 1996; Mossholder, Bennet, Kemery & Wesolowski, 1998a), OCB (Moorman, 1991; Moorman, Balkely & Niehoff, 1998; Williams, Pitre and Zainuba ;2002), performance (Adams, 1965; Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Greenberg, 1990b; Walster, Walster & Berscheid, 1978), stress (Judge & Colquitt, 2000) and many other variables. Moreover most studies have explored the direct link of organizational fairness with the organizational and personal variables and few studies have explored the moderated or mediated effects of fairness perceptions on outcome variables (Judge, & Colquitt, 2000;

Moorman, Blakely & Niehoff, 1998). Researchers have recommended that scholars would contribute well in area of justice by examining its moderating or moderated effects on antecedent and outcome variables in organizational settings (Cropanzano, Byrne, Bobocel & Rupp, 2001).

Both meta analytic studies of organizational justice have advocated the idea of exploring the role of moderators in justice-outcome relationships. It has been noticed that the explanatory power of moderator variables is highly robust (Cohen-Charash & Spector; 2001). Other meta analytic study by Colquitt et.al (2001) has also strongly suggested the presence of important moderators between justice-outcomes by finding the more than a third of a variation in meta-analytic correlations between justice dimensions and outcomes.

In the current study, job satisfaction, affective commitment and organizational citizenship behavior have been selected as moderators on the basis of their distinguished and significant correlation with justice dimensions.

The present study has been conducted to examine the moderating effects of job satisfaction, affective commitment and organizational citizenship behavior on relationship of justice with workplace outcomes; performance and turnover intention. These moderators have been selected on basis of their unique and distinguished relationships with justice dimension as it has been already explored in recently conducted the two Meta analyses. According to the Meta analyses, job satisfaction is strongly predicted by distributive justice than two justice dimensions. Similarly procedural justice predicts affective commitment more strongly than

two justice dimensions; and OCBI is strongly predicted by interaction justice other than two justice dimensions. Therefore, in this study, job satisfaction moderates the relationship between distributive justice and outcomes, affective commitment moderates the relationship between procedural justice and outcomes, and OCBI moderates the relationship between interactional justice and outcomes. Surprisingly, to the best of my knowledge, there is a little research which focuses on the moderated effects of fairness perceptions on organizational outcomes such as performance and turnover intentions in presence of employees' attitudes job satisfaction, affective commitment and behavior OCBI (variables) as moderators. This study has been carried out to fill this gap in the literature.

This study has also investigated direct relationship of justice dimension with moderators and outcomes as well. The relationship among moderators and outcomes has also been explored in the current study.

### **1.1 Problem Discussion**

Justice is very crucial and complex phenomenon that shapes human behaviors and attitudes by influencing their perceptions in the social context. Likewise, in business organizations, individual employees' behaviors and attitudes do not shape at once rather these are exhibited or formed after perceiving fairness or justice in terms of what they receive, how decision outcomes are made and how they are treated or behaved while implementing decision outcomes. In turn, these perceptions lead employees towards work performance in case of justice or withdrawal behaviors (turnover intentions and absenteeism) in case of injustice. This study argues that moderated fairness perceptions would have strong effects on

organizational outcomes such as performance and turnover intentions rather than its direct influence.

Consistent with the available empirical studies in the area of justice, it is found that satisfaction is strongly predicted by distributive justice perceptions than procedural justice perceptions and interactional justice perceptions (Colquitt et.al; 2001, Folger & Konovsky, 1989). Likewise commitment is predicted by procedural justice perceptions (Cohen-Charash & Spector, 2001; Martin & Bennet, 1996; Mossholder , Bennet, & Martin, 1998b) and OCBI is predicted by interactional justice perceptions (Moorman , Balkely & Niehoff, 1998; Williams et al., 2002) but to some extent , procedural justice perceptions and interactional justice overlap in their effects in predicting different organizational behaviors and attitudes.

In this study, based on the prior empirical and theoretical researches, two employees' attitudes (satisfaction, affective commitment) and one behavior related measure (OCBI) have been included as moderators for three dimensions of justice(distributive justice, procedural justice & interactional justice) respectively because it is evident from previous studies that three dimensions of justice are distinguishable from each other and have different consequences or predict same variables differently (Colquitt et al., 2001).

## **1.2 Objectives of the Study**

**This study has contributed in the area of organizational justice by determining:**

1. To what extent are Justice perceptions related employees' performance
2. To what extent are Justice perceptions related employees' turnover intentions

3. To what extent is distributive justice perceptions associated with employees' job satisfaction
4. To what extent is procedural justice perceptions associated with employees' affective commitment
5. To what extent is interactional justice perceptions associated with employees' OCBI

**The present study has addressed in the area of organizational justice by seeking followings:**

1. To what extent job satisfaction moderates the relationship between distributive justice perceptions and employees' performance
2. To what extent affective commitment moderates the relationship between procedural justice perceptions and employees' performance
3. To what extent OCBI moderates the relationship between interactional justice perceptions and employees' performance

### **1.3 Significance of the Study**

Further empirical studies in area of organizational justice could be helpful and valuable for organizations and its management to understand the risks attached with the consequences of treating employees unfairly. The consequences of treating employees unfairly could affect employees' trust, job satisfaction (Begley, Lee, & Hui, 2006) and other employees' behaviors and attitudes in a negative manner. The present research is carried out to improve our understanding of organizational justice and is valuable contribution in the organizational behavior literature.

The telecom sector may be benefitted from the results of this study in several theoretical and managerial ways. The claims of unfairness may be assuage by exactly identifying and addressing employees' perceptions of organizational justice (Othman, 2008).

Firstly, this research is expected to augment our indulgent of the consequences of organizational justice by studying the impact of fairness perceptions on important subordinates' behavioral (OCBI, performance & turnover intentions) and attitudinal (job satisfaction, affective commitment) work-related outcomes in Pakistani perspective specifically regarding telecom sector. Moreover, these workplace resultant variables are very indispensable to telecommunication companies because of their major connection to employees' turnover and performance.

Secondly, Greenberg (1990) narrates that huge research in area of organizational justice either employs fairness perception as an antecedent or as a consequent variable for predicting a various attitudinal outcomes. Therefore there is need to conduct justice research, focusing behavioral outcomes as well. The current study includes OCBI, performance and turnover intentions as an indicator of workplace behaviors.

Thirdly, many studies have been conducted in contrived laboratory settings in the area of organizational justice which are distant from the institutional background (Barling & Phillips, 1992; Greenberg, 1983, 1987a; Skitka, 1992). Thus, according to Greenberg (1987a), the result validity of these studies may be questioned. Therefore, to eliminate this issue, the

present study is supposed to be conducted in non contrived organizational settings to authenticate and generalize the result of the study.

Fourthly, today's business organizations are more concerned about employees' behaviors and attitudes to maintain their productivity and increase profitability than ever before. Thus, employees are center of organizational attention. Greenberg (1990a) identifies organizational justice as an important and fundamental prerequisite for the organizations' efficient working. All this entails the need of research regarding how employees observe both their organizational and immediate supervisors' characteristics. Nevertheless, a little theoretical or empirical research evidence have been found in the telecom sector of Pakistan concerning the direct and moderating effects of organizational justice by including three different moderators for three different justice dimensions, which may influence employees' attitudes and behaviors strongly. Hence, this present research is expected to extend the justice literature by exploring direct and moderated effects of fairness on employees' personal outcomes (performance & turnover intentions) in presence of job satisfaction, affective commitment and OCBI as moderators.

Finally, the present study would definitely provide in-depth insight to the telecommunication organizations and its managers that how to handle workforce using fairness perceptions to induce positive behavioral and attitudinal reactions in them. This study would also help organizations and its management to retain precious workers by enlarging their commitment, enhancing OCBI and satisfaction with their tasks, and lessen turnover intentions. In turn, all

these would improve the quality of work which results in higher employees' performance, elevated customers' satisfaction, and increased organizational productivity ultimately.

#### **1.4 Organization of the Study**

The first chapter has studied that how much fairness perceptions are important in shaping and molding employees' behaviors and attitudes towards organizations and their immediate supervisors. In this chapter, research topic had been introduced by discussing the background of the study. After that the problem discussion was presented which was follow by objectives of the study. The significance of the study was presented at the end.

In the chapter 2, the literature relevant to organizational justice is reviewed with reference to three dimensions of justice. The associations among constructs are examined. The previous research findings related to this study are also explored to advocate the theoretical framework and hypothesis of this study. The justifications are made for taking three different moderators for three different justice dimensions. This chapter is ended up by presenting the theoretical framework..

In the chapter 3, a detailed discussion of the research design is provided by discussing methodology and analysis used for testing the proposed hypothesis of the study.

In the chapter 4, the results of the statistical analyses are discussed which are conducted to analyze the hypotheses proposed in the study. The findings of the study relating to the hypotheses are highlighted in this chapter.

In the chapter 5, the implication of the study for future research and its limitations are discussed. The conclusion of the study is also presented in this section.