

IMPACT OF ORGANIZATIONAL JUSTICE AND JOB SATISFACTION: A CASE STUDY OF BANKING INDUSTRY

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Abstract

In the workplace, justice and equality are important factors in the performance of employees. A variety of aspects of the work are linked to the practises and procedures that are used to increase productive capacity. Because of this, employee satisfaction depends on the quality of the job performed in accordance with the principles of procedural justice and distributive justice. Research conducted in the banks and examined the application of the working practices of the procedural and distributive justice. Three Banks examined for this study these are National Bank of Pakistan (NBP), Habib Bank Limited (HBL) and United Bank Limited (UBL). The sample size from HBL is 27 respondents, UBL examined with 18 respondents and NBP with 42 respondents. The responses from these Banks proved with final outcomes that HBL employees are found satisfactory from the working environment in relation with procedural and distributive justice. UBL employee's procedural justice not influencing the employee's satisfaction while the roles of procedural and distributive justices are important for employee's satisfaction in NBP. Therefore, procedural and distributive justices-based practices are important for the satisfaction of the employees well of these Banks.

Keywords: *Organizational justice, job satisfaction, Industries, Banking system.*

1.1 Introduction

Business organizations usually have planning towards their operational goals and objectives and have many resources to face

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different challenges that are whether certain or uncertain. The challenges thus, are managed in an efficient way. The resources with an organization are of different forms i.e., some of them are called as strategic resources i.e., Human Resources (HR). The strategic resources require vigorous approaches for their management. To provide learning oriented and opportunistic tasks, it is extremely necessary to bring in use the role of justice. Justice is something that ensures the practices on merit base and necessitates the employees and employer their deserving (Kuzuhara& Zachary 2005). If there is injustice in the organization, then the organization may face different problem that could be raised due the employees, and also leads to the dissatisfaction of employees. The dissatisfied employees then may involve in behaviors such as counter-productivity, which involves different un-ethical activities like sabotage of equipment, destructive rumors, poor service and theft (Spector, 1997).

In another study conducted by (Frese, M., 1985 and Spector 1997), it is found that when workers are dissatisfied, they are found disturbed physically and face problem like sleeplessness, apprehension, lassitude, depression and tension etc. O'Driscoll & Beehr, (1994), reported that dissatisfied employees also have complains regarding rigidity in joints and muscles. Thus, in this case the high turnover for the organization is very difficult. Organizations usually spend a lot of money on attraction and selection of new employees as well as on their training and induction (Staw, 1980). Staff dissatisfaction, low morale, and the expensive expense of new training are all factors that contribute to high employee turnover (Des & Shaw, 2001).

This study is based on finding out the effect of organization justice on employee satisfaction. There is no enough evidence found in the past assessing the effect of justice on job satisfaction of employee in banking industry, which is the main reason of conduction of this study. Furthermore, this study analyzed two forms of justice i.e., both distribute and procedural justice and their impact on employee satisfaction is shown.

2. Literature Review

2.1. Organizational Justice

"Organizational justice" has been defined by Cropanzano and Greenberg (1997) in their study as "the equitable distribution of rewards within an organization" and "the observation of the objective activities of organization's that are accountable" (1997). It has been stated that "distributive justice" refers to the degree to which rewards are allocated fairly, while "procedural justice" refers to how those impacted by

decision-making about allocation perceive it to have been done in a fair manner (Konovsky& Folger 1989, Greenberg, 1990).

Employee work satisfaction has been described by Lathan and Locke (1976) as a good or happy state of mind that arises from the examination of one's employment experience. According to most of the research studies, both distributive justice and procedural justice are strong determinants of employee work satisfaction (1992). Employee work satisfaction was shown to be influenced by procedural and distributive justice in a study titled "Distributive and procedural justice as determinants of satisfaction with personal and organizational results." In their research, Masterson, et al., (2000), showed that employee satisfaction was positively connected with interactional, procedural, and distributive fairness.

The same research by Griffeth 1995 (2000) indicated a favorable correlation between employee retention and job satisfaction and the presence of justice in the workplace. This means that in order to achieve an organization's objectives with greater efficiency and effectiveness, fairness must be implemented throughout.

2.2. Distributive Justice

Studying employees in social contexts based on the notion of equity, Adam (1965) discovered that they were promoted to work in the corporation as a result of these practices, which are based on justice. Organizational justice has been shown in several studies to motivate people to work harder in order to get the greatest outcomes and to contribute effectively and efficiently.

In a similar vein, Zachary and Kuzuhara (2005) did a study to show that procedural and distributive justices function well in organizations to improve the performance of such organizations. Distributive are effective at enhancing the mutual results of workers and generating a proactive and constructive work environment for the uplift. A key finding of the study was that the qualities that contribute to employee performance improvement may be found in practices involving distributive and procedural justices used by employers. As a result, the importance of distributive justice is confirmed (Kuzuhara& Zachary 2005).

Distributional and procedural justice have a positive effect on employee happiness; a similar effect may be seen in a company that adheres to the principles of organisational justice. Thus, the organization's fairness is reflected in the employees' equitable allocation of labor and activities, as well as their compensation and duties (Tang & Sarsfield Baldwin 1996). Distributional justice's impact on employee

happiness has been studied by Holbrook (2002), who discovered that it has an emotional and influencing effect in a specific company organization. Distributive justice has been demonstrated to be a motivating factor for workers in the form of employee satisfaction.

2.3. Procedural Justice

Procedural justice is characterized by Hong and Kaur (2008) as procedures based on fairness, logical reasons, and equality, according to their research. As a result, all workers get the benefits they need and deserve, and there are no barriers to advancement. As a result, procedural justice-based operations ensure that all employees are treated fairly and equally. According to a Kim et al (2005) research, there was a favorable association between employee satisfaction and perceptions of employees, employee motivation, and procedural fairness. All actions and processes are watched in short intervals of time for the viewpoint of responsibility, resulting in a sense of belonging and empowerment among the personnel.

According to Huffman and Cain (2001), fair and equity-based approaches in processes programmes linked to workers' evaluations, career development, incentives management, and other important choices impact employee satisfaction (Huffman and Cain, 2001). Procedural justice, according to a research by Krehbiel and Cropanzano (2000), ensures that business activities are performed in a way that is consistent with the rule of law. As a result, firms founded on these principles adopt successful strategies that benefit their personnel. Procedural justice is characterised by Hong and Kaur (2008) as procedures based on fairness, logical reasons, and equality, according to their research. As a result, all workers get the benefits they need and deserve, and there are no barriers to advancement. As a result, procedural justice-based operations ensure that all employees are treated fairly and equally. According to a Kim et al (2005) research, there was a favourable association between employee satisfaction and perceptions of employees, employee motivation, and procedural fairness. All actions and processes are watched in short intervals of time for the viewpoint of responsibility, resulting in a sense of belonging and empowerment among the personnel.

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2.4. Job satisfaction

Employees' work satisfaction is seen as an intangible element that may either be expressed or experienced via emotional reactions. In other arguments, it cruxes on the inner appearance and attitude of distinct employee with esteem to a job. For example, a worker satisfaction is high level if the job delivers predictable emotional or physiological wants. Though, satisfaction is supposed to be little if the job ensures not achieve the emotional or physiological wants (Cook, 2008). It was exposed from the dispositional perception that measuring personal behaviors can stretch clear sign in the prediction of job satisfaction. Nature reflects how personal appearances can affect the degree of job satisfaction and specific hereditary greasepaint has been recognized as an influence (Asghar, 2014).

The common consensus is that a person's attitude toward their work determines their level of job satisfaction. To put it another way, work satisfaction is an emotional reaction to many aspects of a person's profession. Negative attitudes are held by people who are unsatisfied with their jobs, and positive attitudes are held by those who are pleased. Locke's definition is used by Luthans (1985). When one's employment or work experience is viewed positively, one has a favorable emotional response. Employees' perceptions of their work's ability to meet their needs are a key factor in determining their level of job satisfaction. The reintegration of emotion caused by a person's impression of the fulfilment of his needs in connection to his work and the surrounding environment is another definition of job satisfaction (Saiyaden,1993). Job satisfaction, according to Organ and Hammer (1991), is the result of a complex interplay of cognitive, emotional, and behavioral inclinations. The common consensus is that a person's attitude toward their work determines their level of job satisfaction. To put it another way, work satisfaction is an emotional reaction to many aspects of a person's profession. Negative attitudes are held by people who are unsatisfied with their jobs, and positive attitudes are held by those who are pleased. Locke's definition is used by Luthans (1985). When one's employment or work experience is viewed positively, one has a favorable emotional response. Employees' perceptions of their work's ability to meet their needs are a key factor in determining their level of job satisfaction. The reintegration of emotion caused by a person's impression of the fulfilment of his needs in connection to his work and the surrounding environment is another definition of job satisfaction (Saiyaden,1993). Job satisfaction, according to Organ and Hammer (1991), is the result of a complex interplay of cognitive, emotional, and behavioral inclinations.

2.5. Hypothesis

H1: *There is significant impact of distributive justice employee job satisfaction.*

H2: *There is significant impact of procedural justice employee job satisfaction.*

3. Research Methodology

3.1. Population of The Study

Population of the study is said to be that whole or lot from which the sample is selected. For this study in order to find out the impact of organizational justice i.e., both procedural and distributive on employee satisfaction. Three Banks named as National Bank of Pakistan(NBP), Habib Bank Limited(HBL) and United Bank Limited(UBL) were selected. The data was collected from the employees working there.

3.2. Sample Size of Study

The sample of the study includes respondents Banks. The sample size of the study consists of 87 respondents, which are distributed according to the Banks as follow in Table 3.1:

Table 3.1 Distribution of Respondents

S. No	Banks	No. of Respondents	%age
1	HBL	27	31.03448
2	NBP	42	48.27
3	UBL	18	20.69

3.3. Instrument

For this research, the instrument used to collect data is questionnaire. The questionnaire is composed of different questions regarding distributive justice, procedural justice and job satisfaction developed by Hassan Ali-Zu'bi, 2010.

4. Results

4.1. Descriptive Statistics

Below are the descriptive statistics of this study. In descriptive analysis, case processing summary are shown and cross tabulation of age and designation is done and of age and designation are also mentioned.

Table 4.1

Cases		UBL		NBP		Total	
HBL		N	Percent	N	Percent	N	Percent
27.00	31.00%	18.00	20.70%	42.00	48.30%	87.00	100.00%
27.00	31.00%	18.00	20.70%	42.00	48.30%	87.00	100.00%
27.00	31.00%	18.00	20.70%	42.00	48.30%	87.00	100.00%
27.00	31.00%	18.00	20.70%	42.00	48.30%	87.00	100.00%

The table above shows the descriptive results of the number of respondents belongs to each Bank and their percentages are also shown. It is found that the total respondents belong to HBL are about 27 which is about 31% of the total sample, about 18 which are 20.70% of the total sample size belongs to UBL, while about 42 which are 48.30% of the total sample size belongs to NBP. These respondents were asked about the justices like procedural and distribute in their organizations and their satisfaction level from these justices.

4.2. Correlation Analysis

Table 4.2 Pearson Correlations Table for HBL

		Procedural Justice	Distributive Justice	Job Satisfaction
Procedural Justice	Correlation	1.0	0.5660**	0.5650**
	Sig. (2-tailed)		0.0020	0.0020
Distributive Justice	Correlation	0.5660**	1.0	0.6100**
	Sig. (2-tailed)	0.0020		0.0010
Job Satisfaction	Correlation	0.5650**	0.6100**	1.0
	Sig. (2-tailed)	0.0020	0.0010	

** .Correlation is significant at the 0.01 level (2-tailed).

The above table shows the results of correlation between the variables of the study for HBL. It is found that distributive justice has a positive correlation with procedural justice which is 0.566 with a significant value of 0.002, which means that the correlation is positive and significant. The correlation with job satisfaction is also high i.e., 0.610 and is also highly significant i.e., the significance value is 0.001.

Table 4.3 Pearson Correlations for UBL

	Procedural Justice	Distributive Justice	Job Satisfaction
Correlation	1.0	0.3320	0.4650*
Sig. (2-tailed)		0.1780	0.0520
Correlation	0.3320	1.0	0.2840
Sig. (2-tailed)	0.1780		0.2530
Correlation	0.4650	0.2840	1.0
Sig. (2-tailed)	0.0520	0.2530	

The above table shows the results of correlation between the variables of the study for UBL. It is found that procedural justice has a positive correlation with distributive justice which is 0.332 with a significant value of 0.178, which means that the correlation non-significant. The correlation with job satisfaction is 0.465, which is a weak one and is also non-significant i.e., the significance value is 0.052.

Table 4.4 Pearson Correlations for NBP

	Procedural Justice	Distributive Justice	Job Satisfaction
Correlation	1.0	0.4300**	0.3370*
Sig. (2-tailed)		0.0040	0.0290
Correlation	0.4300**	1.0	0.3660*
Sig. (2-tailed)	0.0040		0.0170
Correlation	0.3370*	0.3660*	1.0
Sig. (2-tailed)	0.0290	0.0170	

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The above table shows the results of correlation between the variables of the study for NBP. It is found that procedural justice has a positive correlation with distributive justice which is 0.430 with a significant value of 0.004, which means that the correlation is significant. The

correlation of procedural justice with job satisfaction is 0.337, which is a weak one and is significant i.e., the significance value is 0.029.

4.3. Regression Analysis

Table 4.5

Regression Analysis

Model	Coefficients			F-test			R-Square			t-test			Sig.			
	HBL	UBL	NBP	HBL	UBL	NBP	HBL	UBL	NBP	HBL	UBL	NBP	HBL	UBL	NBP	
1	(Constant)	1.42	1.57	1.81						2.73	1.72	4.80	.011	.106	.000	
	Procedural Justice	.245	.368	.133	9.54	2.30	4.091	.666	.235	.173	1.75	1.73	1.36	.093	.103	.180
	Distributive Justice	.430	.163	.209						2.30	.611	1.68	.030	.551	.101	

Dependent Variable: Employees Job Satisfaction

In order to understand the influence of an independent variable on a dependent variable, regression analysis is necessary. The first bank's coefficient was determined to be 0.245 units of positive change in employee job satisfaction for each unit of procedural fairness. One unit of distributive justice resulted in a change of 0.430 units in the dependent variable with significant f-tests. Statistically, H0 is acceptable, whereas H1 is acceptable in terms of distributive fairness. For procedural justice, the second regression coefficient was found to have a positive unit effect of 0.368, whereas for distributive justice, the t-test found in support of the null hypothesis, while the unit impact of 0.163 was determined to be negligible in UBL. It is discovered in NBP that one unit of procedural justice impacts workers' job satisfaction with unit 0.133, yet the t-test result is towards null hypothesis but negligible value. A single unit of distributive justice in NBP has been shown to have a 0.209-unit positive effect on workers' job satisfaction, which is the final coefficient value. On the basis of these data, it has been decided that the null hypothesis is correct since the t-test was compatible with it. There was a 66.6 percent variance in the dependent variable of employee job satisfaction in the HBL, a 23.5% variance in the UBL, and a 17-point variance in employee satisfaction in NBP. As a result of the F-test, HBL and NBP fared better than UBL in the model summary. Employee work satisfaction seems to be significantly influenced by at least one of the independent variables, as seen by the high f values.

5. Discussion and Conclusion

5.1 Discussion of The Study

Practices regarding human resource in the companies that provides services to their customers are extremely crucial for productive capacities building and wealth. Therefore, such practices, rules and regulations must be defined in a proper way. There are many practices that are based on merit and related to wealth for the organizations in service sector, therefore, banks are researched for the practices based on equity or justice in the form of distributive and procedural justice. Justice is an essential element for the commitment to work and to be fair in the organization in order to excel personal support at work and the operations. The practices based on distributive justice promotes the results of an organization in the form of work distribution, time, remunerations in the form of both financial and non-financial rewards and delegation of authority, therefore, such practices are affiliating towards the aims of an organization. This current study was aimed to find out the application of distributive and procedural justices. The analysis is done in two parts i.e., descriptive and inferential statistics. In descriptive analysis, the responses are divided in working experience in years and age groups. According to the employees of HBL, there is positive and meaningful relationship between employee satisfaction and organizational justice, which proves that working practices in HBL the workers are found satisfied from the practices of HBL regarding distributive and procedural justice. The responses of employees regarding practices of procedural justice from UBL were found non-significant, while the employees of UBL were found to have significant responses regarding the practices regarding distributive justices. The results of NBP showed that there is positive and significant impact of organizational justice on employee satisfaction. Therefore, as a Bank, the employees of NBP were found satisfied regarding the practices of distributive and procedural justices. The results of this research were found alike with that of the research done by Sweeney and McFarlin, (1992); Griffeth, et. al., (2000); Masterson, et. Al., (2000); Spangenberg & Theron, (2001); Fletcher, (2001); Beugre, (2002) and Locke, et. Al., (2004) in HBL and NBP while not justified in UBL for distributive justice towards employee's satisfaction.

5.2. Conclusion

It is concluded from the above results and discussion portion that the employees of HBL indicated that there is a positive and significant relationship of employee satisfaction with organizational justice (distributive and procedural). Similarly, the employees of NBP also indicated that there is positive relationship between the said variables, while the results were found non-significant for distributive justice in

UBL. It means that the employees at UBL are not satisfied from the practices relating to distributive justice.

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