The Effect of Perceived Organizational Justice on Employees Trust

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Abstract
The purpose of this study is to investigate the Effect of Perceived Organizational Justice on Employee Trust: among faculty staff of AWKUM. To empirically look into these relationships a sample of 173 faculty members has been taken for analysis. The model has been evaluated through regression analysis. Studies in Pakistan in this regard are very scarce. This study is aimed at addressing this research gap. Empirical results of the research indicated that distributive justice, procedural justice, interactional justice and organizational justice of employees in the university. The findings support the previous findings in subject relationships. The results provide guidelines and significant implications to help policy makers to better understand and critically look into the level and intensity of these interventions. Furthermore, the study helps in enriching the current body of knowledge on role of these interventions in developing countries like Pakistan. Future studies should examine other antecedents like organizational citizenship behavior, fairness perception, and perceived organizational support to have a holistic approach to the issue of employees’ trust. Replication of the study in other settings is also recommended.

Key words: Organizational Justice, Employee, Justice, Trust.

1. Study Background
In the current competitive world, organizations are constantly seeking new ways to maximize the performance of their employees. In modern human resource literatures, the employees are considered as organization's architects; securing this invaluable asset needs the implementation of stimulating maintenance systems. Concerning deeply the
improvement in employee trust and confidence, the organization should provide an attractive work environment; so that the employees align themselves with organization goals and values. They should be ensured that the organization cares for the employees’ mental demands and supports its human workforce in having an effective performance. Deep concerning spirituality as a new facet of management results in intensify employees’ efficiency, innovation, intuitive capabilities, harmony, and organizational allegiance (Neck & Milliman, 1999, Garcia & Zamor 2003).

The theory of the equality is also recognized as the theory of justice because it emphasized more on the equal distribution of the earnings among the people so as to achieve the high level of motivation. Adam's theory of the equality (1965) focuses on individuals always evaluates themselves in the context of the society and in comparison, with others. Majority of the organizational justice researches have been conducted in US (Greenberg 2001a; Begley, lee, Fang, &Li, 2002; McDowall & Fletcher, 2004). However, few studies have been conducted in Asian context e.g. Ng (2001) and Loi et al. (2006). This means that the phenomenon should be tested in other cultures (McFarlin and Sweeney, 2001). Greenberg (2001b) declared that conducting Cross-cultural studies in the field of organizational justice will develop new approaches into the phenomenon of justice and also theory will be generally tested to develop better theories in future. Skarlicki (2001 p. 292) argues that: “by assuming that our current understanding of workplace fairness is universal, we overlook the deep cultural differences that can exist between people of different nations”. Therefore, another main reason behind conducting the present study is to determine how four factor model of organizational justice influences the civil servants’ overall fairness perceptions of performance appraisal system in the Pakistani culture? This study will determine the level perceived fairness in civil servants of performance appraisal system and effects of four factors of justice i.e. distributive, procedural, informational and interpersonal justice perception on fairness perceptions of appraisal system.

AWKUM is an independent body which is functioning in education sector and run by the provincial government of Khyber Pakhtunkhwa, Pakistan. Other than that, there are observations of AWKUM University employees that they are not being treated equally. The management shows discrimination regarding promotions and allocation rewards. As Pakistan is an under developed country and there is required to be investigated in the ground of human resource practices and organizational behavior for the betterment of organizations’ performance as well as employees’ satisfaction. Ultimately the organization justice influence employee trust among employees. Some studies are available in this context but it is not sufficient particularly public-sector universities. The study has been conducted for analyzing and investigating the perceptions of employees’ about equally treatment in their organizations whether equally treatment influences University employee’s trust.

2. Literature Review

2.1. Employee Trust

Gilbert and Tonge (1998) define the employee trust as “the employee feeling of confidence and patronage, and the belief that the employer honors his commitments and is completely frank and honest with the employee.” Trust is a motivational factor; however, its loss can act as a destructive power that paralyses the work force.
Maintaining trust in any organization is one of the managers’ and employees’ duties. If mutual trust is lost, much energy is spent on politics rather than the main task. Trust is also the main factor in creating social investment in organization. Trust derives from honesty, integrity, and competency; not from covertness (Mirsepasi, P 67-88). To increase the employee trust and confidence, the organization should provide an attractive work environment; so that the employees align themselves with organization goals and values. They should be ensured that the organization cares for the employees’ mental demands and supports its human workforce in having an effective performance. Therefore, with the help of literature we can say that organizational justice will have direct effect on organizational citizenship behavior while trust is mediating between these two variables. According to conceptual model of research, main hypothesis is that there is a significant relationship between organizational justice and employee trust in AWKUM.

2.2. Organizational Justice (OJ)

Justice is a topic of philosophical research from the age of Plato and Socrates (Ryan, 1993). The word justice means “oughtness” or “righteousness”. Justice in the organizations mostly focused on two perspectives, fairness of results and fairness of techniques is used to determine that outcomes and these perceptive were called as Distributive justice (Price & Mueller 1986) and Procedural justice respectively (Leventhal, Karuza, & Fry, 1980). A study was conducted by Ang, Dyne, & Begley, (2003) on two workers groups (one group consisted on workers of Singapore and other was foreign group i.e. (Chinese employees working in Singapore) regarding their feeling about distributive justice. Foreign workers were not paid fairly according to their work so they showed higher levels of distributive injustice and their productivity reduced because they received less and as a result they produced less. This study showed that how much people were keenly sensitive to the fair and just distribution of resources and rewards. If people feel that their work assignments and rewards to them are fair, they will show more satisfaction to their work.

The organizational justice has positive impact on employee trust. The employees that find their organization unbiased and fair in processes, distribution and information system, they are more inclined to show employee trust which are helpful in progress of an organization. It is proved by the researchers when employees perceive their outcomes and rewards to be fair as compared to those employees who considered their rewards and outcomes as unfair so that employees are more satisfied than other one (Aslam & Sadaqat 2011).

2.2.1. Procedural Justice

Employees are not only concerned in fair results but also concerned in fair process for the determination of their results. Research on procedural justice was started in 1970s by Thibaut and Walker (1975). Procedural justice can be seen as addition of equity theory in perspective of allocation process (Deutsch, 1975; Leventhal, 1976).The focus of Folger’s (1977), research was shifted from reaction of people on injustice outcomes to the reaction of people on injustice procedures. Procedural justice has great significance in the organization because according to Greenberg and Beron (2008) fairness did not mean that employees were only interested in fair outcomes (distributive justice) but they also interested in fair processes used in the determination of their outcomes (i.e., procedural justice). It was key concern of every organization to maintain
procedural justice as a regular practice because decisions based on unfair practices were not accepted by employees.

2.2.2. Distributive Justice

Historically, Distributive justice had been the topic of interest of social psychologists (Steiner & Rolland, 2006). As the name implies distributive justice means fairness in the distribution of rewards and benefits. Different researchers defined this dimension of organizational justice differently. Distributive justice can be defined that the individual’s opinion on Whether the Gains they earned are Distributed Fairly. Individuals comparing their outcome to their previous outcomes or to the outcomes of the others by make judgments on the appropriateness of justice distribution (Folger & Cropanzano, 1998). According to the Greenberg and Baron (2008, p.46) distributive justice means “the form of organizational justice that emphases on people views that they have received fair amounts of Valued Work-Related outcomes (e.g. pay, recognition, etc.)”. The impact of different extents of organizational justice on employee trust is a widely researched topic and explains the importance of organizational justice in an organization (Viswesvaran & Ones, 2002).

2.2.3. Interactional Justice

Research on interactional justice, that is also considered as part of procedural justice, was started by Bies and Moag (1986) and Tyler and Baron (1990). Interactional justice is an important characteristic of successful organizations; it means that employees perceive that they are treated fairly by their supervisors. Quality of treatment received from the supervisor or decision maker is considered as interactional justice (Bies & Moag, 1986). Interactional justice is also related to proper performance of formal decision-making process. This type of organizational justice is defined as: “Interpersonal justice means people’s perceptions of the fairness of the manner in which they are treated by others (typically, authority figures)” (Greenberg & Beron, 2008, p. 48). According to Greenberg and Colquitt (2005), if boss of an employee explained the situation and reason of layoff of that employee in a careful and sensitive manner, then it resulted in positive feeling in mind of leaving employee, considered that layoff as fair and would not sue that company for wrongful termination. So it explain the importance of interpersonal justice, the way you are treated in the organization by others (authority figures) as it is very necessary for the goodwill of the company.

3. Research Methodology

3.1. Sample and Sampling Procedure

In this study the probability sampling procedure is used for choosing the sample from targeted population. The Stratified Sampling procedure is used for dividing the population into stratum from BPS 16 to 22 respectively. The first three stratums from BPS/TTS 22, 21 and 20 has been taken as whole because they are less in number. While for the rest of population the sample size for each stratum has been identified, so the Simple Random Sampling (SRS) strategy is employed where the first value was taken randomly, while the rest of value is taken systematically mean every 2nd number of total populations. In case of non-availability of the employee next in number of order is contacted.
3.2. Research Design and Approach

The present research is a quantitative research, design to determine the relationship among the independent variables organizational justice and dependent variable employee trust. This study purpose is an empirical analysis to see the effects of organizational justice on employee in the AWKUM environment. The mediating role of the employee trust was also analyzed. Close-ended and standard questionnaire was developed for quantitative data. Moreover, a formal survey instrument was used and appearance mean print of the questionnaire was in good quality paper.

4. Results

4.1. Descriptive Statistics

For this research the means and standard deviations for various variables correspond which also used by Aryee, Budhwar and Chen (2002). Descriptive statistics shows positive trend in case of all the variables. Organization justice, Distributive justice, procedural justice, interactional justice, employee trust have the highest mean and the lowest standard deviation which show greater strength. It means that all the respondent answers relatively near to each other.

Table 1: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributive Justice</td>
<td>173</td>
<td>3.62</td>
<td>.71</td>
</tr>
<tr>
<td>Procedural Justice</td>
<td>173</td>
<td>3.00</td>
<td>.83</td>
</tr>
<tr>
<td>Interactional Justice</td>
<td>173</td>
<td>2.91</td>
<td>.85</td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>173</td>
<td>3.18</td>
<td>.65</td>
</tr>
<tr>
<td>Employee Trust</td>
<td>173</td>
<td>3.41</td>
<td>.71</td>
</tr>
</tbody>
</table>

4.2. Correlation Analysis

A correlation analysis was used to examine the relationships between distributive justice, procedural justice, interactional justice, organizational justice, and employee trust. The three types of organizational justice had significant positive correlation. Similarly, procedural justice was correlated with distributive justice ($r=.40, p<.01$), interactional justice was correlated with distributive justice ($r=.48, p<.01$) and with procedural justice ($r=.56, p<.01$). Perceptions of organizational justice has whole had positive correlation with Employee Trust ($r=.25, p<.01$). The result shows that there were no statistically negative correlations were found between the variables.
**Table 2: Correlation**

<table>
<thead>
<tr>
<th>Pearson coefficient</th>
<th>DJ</th>
<th>PJ</th>
<th>IJ</th>
<th>OJ</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributive Justice</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procedural Justice</td>
<td>.400**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interactional Justice</td>
<td>.485**</td>
<td>.566**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>.848**</td>
<td>.882**</td>
<td>.857**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Employee Trust</td>
<td>.437**</td>
<td>.467**</td>
<td>.639**</td>
<td>.639**</td>
<td>1</td>
</tr>
</tbody>
</table>

**P < 0.01,  * P < 0.05**

4.3. Regression Analysis

It is concluded from correlation analysis that all variables are correlated. It is an important part of the research to analyze and understanding of the impact/effect of the dependent and independent variable. The analysis identified the direct effect of organization justice and employee trust. Main variable was directly tested. Similarly three dimension of the organizational justice were test for effect directly with dependent variable employee trust. For this purpose, the regression analysis were investigated to test the direct and indirect effects and to test hypotheses.

Organization Justice Effect on Employee Trust

**Table 3: The direct effect of OJ on Employee Trust**

<table>
<thead>
<tr>
<th>OJ</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.257**</td>
<td>.066 .061</td>
<td>.001</td>
<td></td>
</tr>
</tbody>
</table>

**P < 0.01,  * P < 0.05**

As observed from the above table No.9, \( R^2 = .066, P<0.01 \) which explaining 6.6% variance in employee trust and also significant. The regression analysis shows that OJ has positive effect on employee trust.

**Table 4: The effect on Employee Trust**

<table>
<thead>
<tr>
<th>DJ &amp; Trust</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.428**</td>
<td>.183 .173</td>
<td>.138</td>
<td>29.407</td>
</tr>
</tbody>
</table>

**P < 0.01,  * P < 0.05**

The table 11 shows that distributive justice has highly significant and positive effect on employee trust. Coefficient of determination is 42% where DJ impact on employee is \( R^2 = .18, P<0.01 \) which 18%. The result shows that in all three type of justice the distributive justice has highly positive effect on Employee Trust.
The table shows that procedural justice is highly significant and has highly positive effect on employee trust. The result revealed that the coefficient of determination is .376, which is 37% whereas (R²=.14, P<0.01) which is 14%. It declares that the procedural justice has more positive effect on trust.

**Table 6: Interactional Effect on Employee Trust**

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Change Statistics</th>
<th>F Change</th>
<th>Sig. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>IJ &amp; Trust</td>
<td>.386**</td>
<td>.149</td>
<td>.139</td>
<td>.123</td>
</tr>
</tbody>
</table>

**P < 0.01,  * P < 0.05**

The above analysis table 13, shows that Interactional justice have significant and positive effect on employee trust, the coefficient of determination is .386 which is 38.6%, where (R²=.14, P<0.01) which 14%.

4.4. Summary of Hypothesis Acceptance/Rejection

The acceptance or rejections of the hypothesis for this study were as follows:

<table>
<thead>
<tr>
<th>H. No.</th>
<th>Claims/Propositions</th>
<th>Test</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Positive relationship between Organizational Justice and Employee Trust</td>
<td>Correlation Regression</td>
<td>H₁ is Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Positive relationship between Procedural Justice and Employee Trust</td>
<td>Correlation Regression</td>
<td>H₂ is Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Positive relationship between Distributional Justice and Employee Trust</td>
<td>Correlation Regression</td>
<td>H₃ is Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>Positive relationship between Interactional Justice and Employee Trust</td>
<td>Correlation Regression</td>
<td>H₄ is Accepted</td>
</tr>
</tbody>
</table>

5. Discussion and summary of findings

This research was conducted to determine the relationship among OJ & Employee Trust. The data was collected from the employees of the AWKUM. The analysis showed association between three type of organization justice (Procedural, Distributive & Interactional), and employee trust. The variables have a positive and significant relationship with each other. The results of this study clearly show that OJ has both direct and indirect effect, on employee trust. Our findings provide evidence that when employees believe that the employment processes are just, their trust in the organization increases and they are more likely to be engaged in pro-active citizenship behavior. Specifically, employees were more likely to report organizational citizenship...
behavior when they felt that organizational procedures were more consistent, correct, and representative ((Harel & Tzafrir, 1999). This study shows the regression analysis from table 9 to 13, where the result revealed that OJ has direct impact on employee trust. While investigating directly employee trust has a significant role with OJ, and OJ has positive impact on employee trust. Among three type of justice the distributive justice have more positive impact on employee trust; however other two justices were also positive impact on employee trust. So hence H1, H2, H3 and H4 were accepted. However the result shows OJ have positive impact on employee trust.

5.1. Recommendation

On the basis of the analysis of this study the following recommendation were made.

- Employees are main assets for every organization so the university management should make their employees believe that they are valuable for the university.
- As result indicates that employee trust is main variable for the promoting the employees’ citizenship behavior, so the management should take steps and make efforts to install such an environment in which employee trust should developed on the university as well management.
- It is also important that employees should be encouraged to known themselves as main resources for the organization. For this purpose university should support an atmosphere, which encourage employees to be more cooperative, efficient and helpful.
- Effective reward system should be developed to coup the employees trust and their loyalty with the organization, mean that such a reward system should consider for individual in result it will show the ultra-role behaviour.
- Such a system should be developed to evaluate the existing system of procedure and to develop a procedure system which is based on justice.
- It is also important to develop proper information system by which they improve procedural justice.

5.2. Limitations

The limitation for this study as follow:

- The sample was collected only from BPS 16 and above only which is the major limitation for the study and sample from employees below BPS 16 were not taken which we cannot generalized it.
- The demographic variables like age, gender, education, marital status, qualification and job experience were not taken into consideration moreover the sample was selected through random sampling.
- The data is only collected through questionnaire and no interview and discussion is made.
- The major problem of the research was to collect the questionnaire because nobody was willing to fill it and continues efforts made on it which takes more time in data collection.
- The results of this study must be interpreted with some caution. The more items an instrument has, the greater the likelihood that the content domain has been covered, thereby reducing the likelihood of measurement error (Cascio, 1991).
Furthermore, these results provide additional support for several other researches from different countries.

Future research should attempt to collect data with time lags between predictor and outcome measures, to enable longitudinal analysis.

This study is only limited to AWKUM.

5.3. Conclusion
In conclusion, the results of the current study demonstrate that OJ directly affects employee trust. These findings are of conceptual and practical significance. They enhance our understanding of the employees extra role behavior, extend our knowledge about the universal approach of organizational justice and employee trust, offer management and university an indication of managerial activities that will enhance employees extra role behavior, and present an opportunity for future research.

References


