

# *Review of Literature*

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## **CHAPTER II**

### **REVIEW OF LITERATURE**

#### **2.1. INTRODUCTION**

The literature review chapter brings out of details review on the previous studies conducted on the research variables, organizational justice and job satisfaction. The purpose of this chapter is to investigate the existing literature review.

#### **2.2. STUDIES ON ORGANIZATIONAL JUSTICE (OJ)**

Organisational justice has been identified as one of the core values of an organisation. Equality and fairness of treatment are the two major concepts of organisational justice. Greenberg (1987) originally defined organisational justice and researchers have different types of organisational justice proposed. The first is the distributive justice which refers to the equal distribution of work-related pay benefits and monetary recognitions given to the employees. This type of justice is called as distributive justice and was considered very important as it has direct relationship with the performance appraisal. Second is the procedural justice which deals with the fairness in the treatment of policies and procedures including the unbiased treatment for all employees, consistency in following the rules and regulations of the organisations, procedures and standards of the organisation and most importantly the accuracy in the implementation of the policies. The third type of justice is the interactional justice which is most respected among the employees. This involves the fair treatment of employees and equal respect for their dignity in comparing with the other employees of the organisation. In the interactional justice, employee is mostly considered a relationship with their superiors than with their peers.

Organisational justice is one of the most important subjects of research in the industrial and organisational psychology (Greenberg, 1990). It refers to the consideration of moral behaviour and equality inside an organisation (Corpanzano and Greenberg, 1997). Organisational justice is an important respect in the management science because of its relationship with various other outcomes of the organisation such as organisational responsibility, citizenship behaviour, satisfaction of profession and operations (Colequitt, 2001). Studies also express the relationship between organisations decision making and

leadership style (Deluga, 1994). It is a basic expectation from the employees for the organisation to be fair enough in the distribution of salary and organisational resources. When there is injustice and non distribution of the resources or when the management ignore such expectations of the employees, there arises negative reactions and consequences among the employees.

### **Reviews on organisational justice**

Plateau and Socrates describes justice as a topic of philosophical research (Ryan, 1993). The word justice simply means righteousness. Many organisations consider justice into perspectives namely fairness of the outcomes and fairness with regard to the policies and procedures of the organisations which they called as distributive justice (Homans, 1961) and procedural justice (Thibaut and Walker, 1975) respectively. The concept of organisational justice has its origin from the equity theory (Homans, 1961). The theory proposed that people are continuously engaged in comparing the ratio of their inputs and outputs with the other individuals of the organisations. Their perceptions of justice are a major source of motivation for the individuals.

According to Loi et al., (2006), in the organisational context procedural justice is considered to be important in terms of social exchange where distributive justice is considered to be important with reference to the economic exchange. There is also other form of justice named as interactional justice (Skarlicki and Folger, 1997) which focuses on the quality of interpersonal relationship and the treatment of employees inside the organisation.

In 2007, Cropanzano et al. proposed that organisational justice is a form of glue that facilitates people to work together effectively. At the same time, he also said that injustice is a form of corrosive solvent which dissolves the bond within the community and it affects the individual also it is harmful to the organisation. He listed down three forms of inequity which can have immediate implication, which are

1. Our own equity (when an employee perceives that his own input of what he contributes to the organisation is more compared to the actual output of what he received from the organisation is less)

2. Comparison of inequity this is when an employee's input and output is balanced but compared to another employee in similar circumstances the employer feel it is unbalanced
3. Own-comparison equity this is when the employees input and output ratio is also unbalanced and also it is unbalanced when it is compared to the other employees, (Weick Dan Nettet, 1968).

The important concept to be remembered in the equity theory is that of the personal perception of employees (Altman et.al, 1985). An employee may be receiving a higher pay actually but he or she may think that he or she is worth even more the money he receives. Therefore, the important concept here is the balance of employees perception which will reduce employees tension in the workplace (Weller, 1995).

A study conducted by a Goodman and Friedman (1968) is in favour of the circular in that employees who are experiencing the increase inequity have high desire to prove their ability by increasing the output. Both in personal life and professional work - related issues justice is considered to be a major concern especially when decisions are made with limited resources that are available. Issues especially with reference to allocating monetary resources, proper recruitment of employees, policy formulation and the implications of policy which affect the people all require special attention in respect of justice (Colquitt et al., 2001).

A study conducted by Deluga, 1994 proposed that organisational justice has two different perspectives in terms of organisational psychology and social psychology.

Organisational psychology deals with the different factors of justice whereas in social psychology the major focus is studying about the various perception of justice and the influencing factors of justice which will affect their judgement.

### **Reviews related to distributive justice**

Distributive justice refers to the fairness of the evaluation received by the employee with reference to the work performed (Greenberg, 1986). It is concerned with the employees perceptions of the fairness of the distribution of resources among staff (Greenberg and Baron 2003). It is referred as to the perceived fairness of compensation the employee receives (Folger and Konovsky, 1989).

Study conducted by Dailey and Kirk (1992) employees normally find reasons to quit the organisation by conducting a detailed analysis on how all the organisation has unfairly distributed the rewards to the employees. In this case, distributive justice seems to play an important role for evaluating the employing organisation. It is very obvious that employees will be more attracted when they receive much more benefits in another organisation rather than in their current organisation (Lee et al., 2007).

Distributive justice was defined as, the individuals perception on whether the gains are distributed fairly. Individuals make judgements on the appropriateness of Justice by comparing their outcomes to their previous outcomes and to the outcomes of others" (Folger and Cropanzano, 1998).

Greenberg and Baron 2008 defines distributive justice as a form of organisational justice that focuses on people's believe that they have received fair amounts of value work related outcomes, for example payment, rewards and recognition by the organisation.

And et.al, (2003) conducted a study among two worker groups. One group consisted of employees from Singapore and the other group consisted of employees from a foreign country where Chinese employees are working in Singapore. Chinese employees recorded their feeling of distributive injustice. They were not paid according to their work when compared to the Singapore employees which resulted in the perception of distributive injustice among the employees. As a result of this Chinese employees recorded four levels of productivity and low satisfaction. If people feel their work environment and they are fair and there is a just distribution of resources and awards there will definitely be a better performance. This study showed that how employees are just and sensitive towards the fairness of distributive justice. There is also another example for distributive justice with reference to the world's fast food chain KFC. This company is actually not only famous for its chicken but also for the fair performance appraisal systems and distributive justice established for the employees. The management has formulated policies in such a way that there is distributive justice in practice and good performance of the employees are fairly rewarded (Greenberg and Baron 2008).

## **Reviews related to procedural justice**

The focus of many researchers shift towards procedural justice in 1980's (Schminke et al., 1997). It is an important source of social exchange (Loi et al., 2006). Procedural justice can be defined as employee's fairness in the equal distribution of procedures and policies of the organisation (Folger and Konovsky, 1989). Study conducted by Teprstra and Honoree, 2003 proposed that the fairness in the decision-making process of distributing equal compensation paid benefits to the employees is considered to be more important than the actual amount of monetary benefits given to the employees.

Procedural justice focus is on the evaluation of the procedures and policies which are actually used to determine the ratings of the employees (Greenberg, 1986). Cropanzano et al., (2007) has found that fairness in terms of procedures actually gives intellectual and emotional recognition to the employees. This in turn creates a great trust and involuntary cooperation inside the organisation promoting easier implementation of strategies formulated by the organisation.

Folger and Konovsky (1989), found that when employees were given an opportunity to express their feelings it was also found that there is greater level of perceived fairness and accuracy in their performance evaluation. This means that when employees perceives that all policies and procedures of the organisation are just, employees tend to show great a loyalty and more willingness to behave in the best of the organisations interest (Cropanzano et al., 2007). The study shows that employees get a feel that when things are happening in proper justice they will get a proper share from the company and the representatives of the company will also get an equal share from the company. This promotes them to contribute much more to the organisation (Loi et al., 2006).

According to the study conducted by Weiner (1982), when the experiences with regard to socialization such as societal or family and experience for the employees with your organisation increases this automatically develops a normative commitment among the employees. They develop a sense of obligation to the organisations which invoke a need of reciprocity (Meyer et al., 2002).

Folger and Cropanzano (1998), define procedural justice as "fairness issues concerning the methods, mechanism and processes employed to determine outcomes." Greenberg and Baron 2003, defines procedural justice as employees perception of the fairness of the procedures used to determine the outcomes they received. Greenberg and Colquitt (2003) define procedural justice which includes the following factors, the voice in making decisions, the consistency and stubbornness in the applications of policies and rules of the organisation, the clarity and accuracy in delivering and information to the employees, providing equal opportunities for all employees and also proper communication of equal opportunities for all employees and safeguards against bias.

Procedural justice has gained the greatest significance in the organisational psychology because employees were not only bothered about equal distribution of monetary benefits rewards and recognition among other employees but also there are much more concerned about the fairness in the procedural justice of the organisation (Greenberg and Baron, 2007). Procedural justice started gaining more importance because people in the case of procedural injustice not only felt that they did not consider their outcomes but they started rejecting the entire system followed in the organisation and disturbing the vibes of the organisation (Greenberg and Cropanzano, 2001).

### **Reviews related to interactional justice**

From the distributive justice and procedural justice researchers now started focusing on the interpersonal treatment of the employees inside the organisation which were termed as interactional justice (Ambrose et al., 2007). Interactional justice is often the communication between two people. It is a smooth transition of one to one transaction of information inside the organization. Since it is a none to one interaction, employees mostly expect this smooth relationship from their supervisor (Cropanzano et al., 2007). When the supervisor behaves very supportive and also earning a respectful dignity from his own subordinates this is a projection of interactional justice inside the organisation. This obviously have positive influence among other subordinates in the department towards their supervisor, also increasing the trust (Wat and Shaffer, 2005).

Greenberg (1990) has divided the interactional justice into two specific types which is the interpersonal justice and informational justice.

The interpersonal justice is concerned about treating people with politeness, dignity, equal respect among employees. Informational justice is the proper explanation of the management for the supervisor to his team in explaining what is expected out of the team and why is expected by the management in a certain fashion.

Cheng and Stockdale (2003) found that effective commitment was significantly predicted by a smooth relationship inside the group and personal importance among people. The results were related to international justice. Bies and Moag, 1986 has defined international justice as the quality of treatment employees receives from the supervisor for the decision maker of the organisation. They also quoted that interactional justice is an important characteristic for successful organisation as it is dealing with employee's perception on the fair treatment by the supervisors.

Greenberg and Baron 2003, define interpersonal justice as people's perception of the fairness in which they are treated by others. Aydin and Kepenekci (2008) ordered that interactional justice is actually a compliment to procedural justice. The results of their study proposed that decision making is very important for people who are going to be affected by the results of that decision making. Therefore, one who is making the decision should give proper respect to the employees, be truthful, be kind and also must be eligible enough to give reasonable explanation of his decisions and open two -way communication inside the organisation. This will promote smooth relationship between the supervisor and the subordinates.

According to Greenberg and Colquitt (2005), if an organisation decides to pay-off an employee the boss of an employee should be in a position to explain the reason for layoff of the leader should be able to handle the situation in a very careful and sensitive manner. Such behaviour of the boss should create a positive feeling in the mind of the leaving employee. He should consider the decision made by the boss or the management is fair and such behaviour will stop the company from wrongful termination. This explains the importance of interpersonal justice, the way the employer treats the organisation and also this will safeguard the necessary goodwill of the organisation. Greenberg (1990), reports that distributive and procedural justice was studied in relation with various other variable such as job satisfaction, recruitment systems, employee theft and organisational



commitment. Konovsky and Cropanzano, 1993, reports that procedural justice is studied in relation to various other variable such as trust, turnover, strategic decision making and job performance.

### **2.3. STUDIES ON JOB SATISFACTION (JS)**

In the economic concept, job satisfaction is one of the prominent research variable that attracted the wide attention in the field of management, social psychology, organisational behaviour, human resource management, positive psychology and practice in recent years. The research variable job satisfaction has a long history in the diversifying academic field. The definition of job satisfaction dates back to Fisher and Hanna in the year 1931. Churchill et al., (1974) defined job satisfaction as a constitutional concept containing the features of the job and job related environment. Many studies included job related environment where it actually means 5 aspects namely the supervisors, the job itself, the work, colleagues, the monetary benefits and the promotional opportunities.

Kallerberg (1977) define the job satisfaction as employee's attitude towards his or her job. Employee will balance his or her satisfaction levels and finally form an overall conclusion about whether the job is satisfying or not. Lussier (2005) defines job satisfaction as employee's overall attitude towards the work. In 1962, V room formulated 7 aspects of job satisfaction namely the compensation, the supervisor, the peer members, the working environment, the content of the job, promotional opportunities and the organisation itself. Study conducted by Smith et.al identified five aspects of job satisfaction namely compensation, job, the promotional opportunities, his supervisor and the peer members.

Hong Lu et al., (2019) conducted a detailed literature review on analysing the job satisfaction among hospital nurses. The job satisfaction levels of nurses where considered very important because of its impact on the turnover and the quality of patients care. The study analysed a total of 59 papers detailing the impact of job satisfaction upon sickness, absence, turnover intention as well as various influencing factors of job satisfaction such as nurse working shift, the leadership, job performance, organisational commitment, effort and reward style. Job satisfaction of the hospital nurses was closely related to the work environment, organisational commitment, professional commitment,

job stress, patient satisfaction, social capital, structural empowerment and the quality of their service to the patients. The study concluded that job satisfaction of nurses has a vast impact on the perceptions of care quality among the nursing workforce.

Timothy A. Judge et al., (2010) documented a meta-analysis of the literature analysing the relationship between performance and job satisfaction. The study included 92 independent samples and all the correlation squares are detailed out. The results showed that pay level was correlated .15 with job satisfaction and the point .23 with pay satisfaction.

Job satisfaction was studied in high regard because of its high impact and direct impact with the job performance. Therefore, there was greater research in organisational and social psychology literature (Judge, Bono, Thoresen & Patton, 2001). Many studies reported that individuals increase their productivity when there is an increase in their job satisfaction levels (Gruneberg, 1979; Herzberg, Mausner & Snyderman, 1959). This assumption was also supported by many other researchers in organisational psychology literature who believed that attitudes are connected with the behavioral consequences (Judge et al., 2001). They proposed that attitudes of the job will lead to behaviour inside the organisation and therefore high attitude or positive attitude will lead to positive behaviour thereby increasing higher performance on the job.

Indhumathi and Murugan (2013) conducted a study analysing the demographic variables and job satisfaction of software professionals working in Chennai city. They utilise the preidentified factors used by Soumya et al., 2011 and analyse the association between the demographic variables and job satisfaction. The study proved that there is an association between the variables and the researchers contributed for the need for organisational development in IT companies as their job satisfaction levels were low. Karl Pearson's correlation analysis was used to find the relationship between two variables. The results of the study showed that there is a strong correlation between the variables.

Schmiesing, Safrit & Gliem (2003) conducted a study to identify the perceptions of workers at the University of Ohio, two variables namely organisational justice and job satisfaction. The study consisted of 246 employees is working in University of Ohio.

The results of the study proved that there is a weak correlation between distributive justice and job satisfaction and there is a strong positive correlation between procedural justice and interactive justice towards job satisfaction of the employees.

Hasan Ali Al-Zu'bi (2010) conducted a study to analyse the relationship between organisational justice and job satisfaction. Organisational justice consisted of three dimensions namely procedural justice, distributive justice and interactive justice. The final data consisted of 229 employees working in IT companies in Jordan. The results of the study showed that there is a positive association between organisational justice and job satisfaction. Specifically, the major finding of the study indicated that there is a significant relationship between the age of the employees and their perception towards the organisational justice inside the organisation.

Kotraba (2003) reported a study which analyse the relationship between levels of justice inside the organisation with various other variables such as work stress and absenteeism.