



## WORKPLACE JUSTICE AND ORGANIZATIONAL PERFORMANCE: A CONCEPTUAL REVIEW

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**Abstract:** Workplace justice is considered as a laudable consideration of effective functioning and success of the firm. Consequently, fairness perception is an important determinant in resultant organizational context such as productivity and organizational citizenship behavior. In this study, extant literature was reviewed to investigate the extent of the relationship between workplace justice and organizational performance. The study findings indicated that fairness, equality and justice practiced by management of organization improve worker commitment and lead to productivity and performance. Deriving from these findings, the researcher concludes that workplace justice is a laudable predictor of business performance through the mediating influence of procedural, distributive and interactive justice at work. It is therefore recommended that top echelon management should have the right corporate governance and institutional management structure to support fairness, equality and justice in all the firm's activities at work.

**Keywords:** Workplace justice, Distributive Justice, Organizational performance, Procedural Justice

### 1.0 INTRODUCTION

Organizations are made up of people who are involved in one form of activities or another. Management must operate the organization to the fairness of all. The policies and programme of the organization at work should be made and implemented to the fairness of all in the workplace (Stoner, Gilbert & Freeman, 2013). Hence, top echelon management should enact policies and procedures that should be fair to members of the organization. Equality and justice implementation will enhance the attachment of organizational members and lead to workplace performance (Hashem, 2015). Thus, members of the organization will be committed to their jobs if justice is promoted by top echelon management at all levels of the firm's activities (Jenatabadi, 2013).

The construct organizational justice connotes the role of fairness as it directly relates to the workplace. Organizational

justice is concerned with the ways in which employees determine if they have been treated fairly in their working environment and the ways in which those determinants influence other work related activities (Vuuren, Dhurup & Joubert, 2016). Hence, fairness at work is important and should be driven through both procedural justice and distributive justice systems (Rauf, 2014). Again, justice affects all employees and strikes a chord with anyone who has experienced unfairness. This is evidenced by the low level of predictive relationships of all the justice systems.

Justice is a core factor in establishing and maintaining a stable organization. It is presently one of the main research subjects in the field of organizational behaviour and human resources. Organizational justice is the member's view of being treated fairly. It is utilized as indicators of states of mind and conduct inside the working environment. In the literature, we have three



types of organizational justice; distributive justice, procedural justice and interpersonal justice (Cojuharenco & Patient, 2013; Muller, 2011). Organizational justice is a laudable construct which makes people at work to assess how the organization and its management is fair to them (Krishnan, Koe, Ahmed & Yunus, 2018).

Measuring the performance of an organization has always been an interest to management of an organization. When an organization is able to meet its set goals and objectives, such an organization is said to have performed (Hashem, 2015). Thus, in meeting the objectives of the firm, there are certain indicators of performance which fall within the ambit of the corporate objectives. These indicators are financial and non-financial indicators. The financial indicators of performance are profitability, return on investment, return on equity, P/E ratio, etc. The non-financial indicators are sales growth, market share, customer satisfaction, customer retention, employee satisfaction, shareholders satisfaction etc (Stoner, Gilbert & Freeman, 2013; Kotler & Armstrong, 2013; Kotler & Keller, 2012).

Organizational justice has emerged as one of the most important concepts in management research. As a result, many studies have been dedicated to highlighting its impact on employee perceptions and workplace expectations, primarily focused upon delineating the role of fairness and its impact on employee commitment, attitudes, and behaviors (Agarwal, 2014). Understanding this relationship is particularly important in the context of developing economy. Nigeria provides an interesting context, for at least two reasons. First, there is dearth of research on organizational justice, and employee turnover within Nigeria context . Second, with an unstable and rapidly transitioning economic growth, employees are being urged to put in extra-long hours at work; causing work-life balance and health problems (Lauber & Rossler, 2007).

## **2.0 LITERATURE REVIEW**

### **Theoretical Background**

#### **Social Information Processing Theory**

Social Information Processing theory asserts that employee attitudes and behaviors are the results of active interaction with each other, which creates a sense of managerial practices and

events in their workplace (Salancik & Pfeffer, 1978). Indeed, in a laboratory experiment examining how justice climates form, Roberson (2006) found that members of the same work unit share their experiences and information about why certain procedures are used to distribute outcomes and exchange interpretations of fairness-related events. As a result, this collective sense-making process leads to the convergence of justice perceptions within the work unit (Li & Cropanzano, 2009; Naumann & Bennett, 2000). In the following section we discuss the conceptual meaning of organizational/workplace justice.

#### **Organizational Justice**

The concept organizational justice is concerned with the way workers determine how they are treated at work. It connotes the role of fairness as it is related to the firm and how employees measure how they are treated fairly in the organization (Vuuuren, Dhuruo & Joubert, 2016). Work place fairness is imperative and should be driven through procedural, distributive and interpersonal justice systems (Rauf, 2014). Organizational justice is currently one of the main research disciplines in the field of human resources and organizational behaviour (Cojuharenco & Patient, 2013). According to Krishnan *et al* (2018), organizational justice could be defined as members' view of being treated fairly in the workplace. Company justice is utilized as indicator of states of mind and conduct inside the environment.

Business organizations or institutions are assumed to be basically transaction companies where exchanges of financial payment for the job performance of employees are the basis of operations. People are rewarded for work performance on the job. In doing this, most times merit and fair judgment in the equitable distribution of remuneration or pay is sometimes ineffective at work (Ajala, 2015; Pfeffer & Sutton, 2006). Employees usually carryout personal evolution about the ethical and moral standing of managerial conduct in bringing about fairness in workplace activities including remuneration or pay and take decision whether to be engaged or exist the workplace (Cropanzano, Bowen & Gilliland, 2007). The implication is that the administration of fairness in the organization demands that management should be fair enough in dispensing equitable justice in all its activities.



The extent to which workplace procedures and processes is fair enough influence the attitudes and behaviour of workers which will affect the productivity of the organization. Thus, organizational justice that is objective will improve commitment of workers and bring about workplace success (Tabibnia, Satpute & Lieberman, 2008). Hence, workers in all organizations are naturally attentive to the justice of workplace activities and this justice system affects their commitment and productivity.

Workplace justice is considered as a laudable consideration of effective functioning and success of the firm. “Fairness perception holds an important position in the decisions and processes as per human resource aspect such as pay, benefits and other compensation facets” (Thurston & McNall, 2010). The top echelon management should ensure that fairness is put in place in all the company’s activities in order to drive worker commitment and productivity. Organizational justice is an important construct and treatment factor or predictor of successful companies. The performance of a firm is largely dependent on the justice system of the workplace. The next section discusses the construct of performance.

#### **Organizational Performance**

Business or organizational performance construct is one of the ways management of an organization measure the success of the activities at the workplace (Stoner, Gilbert & Freeman, 2013). A performing organization add positive contributions and benefits to all stakeholders; employees, management, shareholders; employees, management, shareholders, customers, suppliers and distributors, the community, government and the publics. Organizational performance measurement and evaluation is one of the most important criteria for analyzing the growth of the companies (OECD, 2001), their actions and the business environment (Richard et al., 2009; Felizordo, Felix & Thomaz, 2017).

The business environment of an organization is highly dynamic and turbulent due to today’s changing face of business due to globalization and trade liberalization. Executives are expected to perform at work in order to remain competitive and be sustainable in the industry (Felizordo, Felix & Thomaz, 2017). Sustainability of the firm can be achieved through sound business performance indicators. For the organization to

perform in its operating environment, it must satisfy some critical key performance indicators or elements. These elements are financial and non-financial indicators. The management of an organization should see to the performance of the organization in the light of these financial and non financial measures of performance. It is important to note that negative experiences of these indicators will result to negative bottom line results and also affect the company’s book and market values. Performance is one of the ways an organization can evaluate its success in the light of so many variables or factors.

#### **Relationship between Workplace Justice and Organizational Performance**

Organizational justice system such as fairness, equality and ethical conduct of an institution which generally influence the behaviour of all employees positively improve the performance of the organization. This is supported empirically and theoretically. Baldwin (2006) examined the nexus between organizational justice and business performance in the context of UK manufacturing firms. The findings of the study are that workplace justice influence worker commitment and bring about productivity. The implication is that a sound justice system in the firm will always birth productivity and lead to excellent business performance.

The influence of organizational justice on employees’ commitment was also studied by Ajala (2015), the scholar investigated the association between organizational justice and work place commitment among industrial workers in Oyo State, Nigeria. It was revealed that, there is positive and significant relationship between organizational justice dimension such as distributive justice, procedural justice, interactional justice and organizational commitment. It is important to note that justice system predicting commitment of workers in the organization usually birth productivity and influence performance.

The influence of organizational justice and organizational climate on job performance was investigated by Ogwuche, Musa and Nyam (2018). The scholars examined the perceived influence of organizational justice and firm climate on job performance in the context of secondary school teachers in Makurdi in Benue State. The study employed regression



analysis and the result of the study revealed that perceived organizational justice and organizational climate influence job performance at work. Companies that maintain good justice in the administration of activities in the workplace will always influence a committed work force for production which will translate to corporate performance. This foregoing is empirically supported with the works of Krishnan *et al* (2018). The authors investigated the relationship between organizational justice and job performance in the context of manufacturing companies in Malaysia. The findings of the study are that distributive justice, procedural justice and interactional justice, all positively influence employee job performance. It was revealed that distributive justice tend to be strongest contributor of employee job performance.

The influence of procedural justice, distributive justice and interactional justice on organizational citizenship behaviour was also investigated by Vuuren, Dhurup and Joubert (2006), in the context of police service employees in South Africa. The study used quantitative approach and employed the regression analysis. The result of the study is that, employees show a greater propensity to engage in organizational citizenship behaviour when they are able to form a positive perception about the justice administration system in the workplace.

#### Conclusion and Recommendations

From the review of extant literature, it was revealed that workplace justice which is objectively practiced by organizations improve business performance. The institution of fairness, equality and good conscience in the administration of firm's activities drives worker commitment, enhance productivity and translate to enterprise performance.

Based on our findings, the following recommendations are made:

- i. The management of an organization should be honest, transparent and enthrone fairness, equality in all its activities irrespective of relative employee positions
- iii. Top echelon management should transparently practice and implement the typology of organizational justice; procedural, distributive and interactive to the benefit of all members of the organization.
- iii. To drive the processes above, the organizations should have the right corporate governance and institutional

management structure to support and drive the justice system at work.

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