

Studying Relationship between Organizational Justice and Employees' Performance

Case Study: Damloran Pharmaceutical Company in Borojerd, Iran

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Abstract

Objective of the study: The present survey studies relationship between organizational justice and employees' performance in one of the pharmaceutical companies of Borojerd township in Iran.

Tools and methods: Organizational justice has been analyzed in this survey with three dimensions of distributive justice, procedural justice, and interactional justice and employees' performance has been considered with two indexes of effectiveness and efficiency. Statistical population of the survey *included* one-hundred seventy nine (179) persons of Damloran–Razak Pharmaceutical Company in Borojerd Township. Number of the sample was calculated equal to one-hundred twenty three (123) employees and thirty three (33) managers. Sampling was

conducted through classified random method. Data analysis was accomplished using correlation test, Kolmogoroff-Smirnoff and binomial test.

Findings: according to the research results, there was not any positive and significant relationship between organizational justice and employees' performance.

Conclusion: factors of distributive justice, procedural justice and interactional justice and generally organizational justice haven't been in a desirable status in the organization under study. This may have plausible results for the organization in the long-term. Therefore, all organizations generally and Damloran-Razak Pharmaceutical Company specially must do their best to reinforce the process of justice in distribution of consequences, procedures and social interactions.

Key words: Organizational justice, distributive justice, procedural justice, interactional justice, employees' performance

Introduction

Justice and its execution is one of the basic and instinctive needs of human beings that its existence provides the ground for more progress and development of human societies. Theories and definitions of justice have been developed beside development of human societies and its range has been extended towards experimental researches from theories of religions and philosophers so that justice plays an effective and major role in studying the organizations and individuals either inside or outside of it. Given that the organization is a social system life and permanence of each system depends on a strong link among its constituting elements. This link is affected by degree of observing justice in that system. Evaluation of individuals' responses regarding what they obtain from work in the organization against what they give to it has been the subject of many social researches in the field of justice (Afjeh, 2007, 322).

Two researchers believe that organizational justice is individuals' perception from fair or unfair behavior of the organization with them (Folger and Cropanzano, 1998).

Perception of unfair behavior of the organization to individual decreases mentality, movement, affects turnover and even in some causes opposition and encountering with the organization (Komlemyer & Parker, 2005, 357). On the other side, organizations are mainly established to obtain some objectives and success level such objectives has direct relationship with performance of the human force working in the organizations. Set of potential and actual capabilities of employees are measured in performance appraisal system and it is possible to plan for fulfillment and actualization of potential capabilities. Since individuals are not similar in terms of potential capabilities and talents this tool can specify individual differences well and thus it is a tool to realize organizational justice.

Greenberg (1993) believes that studies related to organizational justice explain several behavioral consequences of the organization. Therefore, fairness of managers' behavior, speech and character and methods of distributing resources and rewards of the organization will be effective on better performance of employees.

Employees' perception from fair behaviors in work has been led to identify three different elements of justice in the organization. i.e. Distributive justice, procedural justice and interactional justice (Cropanzano, 2001).

Research hypotheses**Main hypothesis**

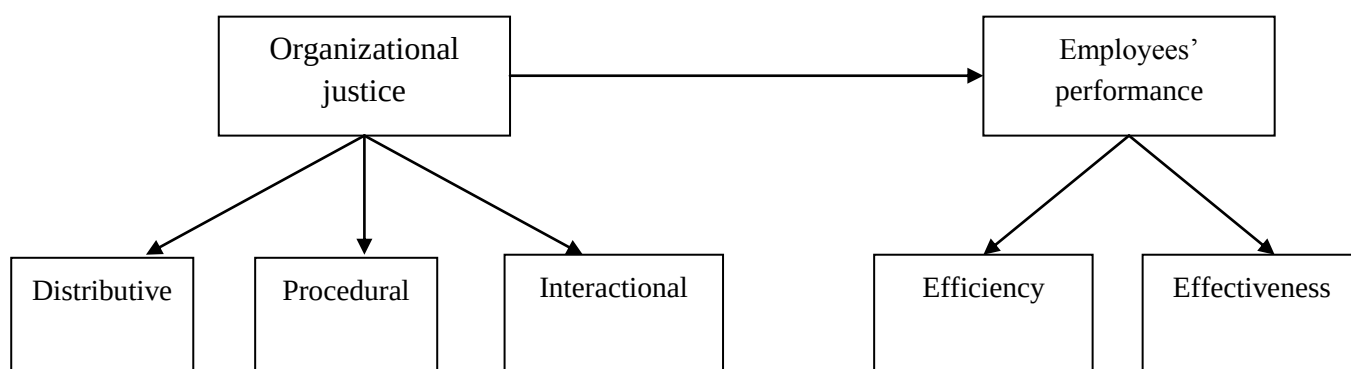
There is a significant relationship between organizational justice and employees' performance in Damloran Pharmaceutical Company.

Secondary hypotheses

- 1- There is a significant relationship between distributive justice and employees' performance in Damloran Pharmaceutical Company.
- 2- There is a significant relationship between procedural justice and employees' performance in Damloran Pharmaceutical Company.
- 3- There is a significant relationship between interactional justice and employees' performance in Damloran Pharmaceutical Company.

Conceptual model of research

Organizational justice and employees' performance have been regarded as independent and dependent variable respectively in this survey.

**Theoretical framework of research****- Organizational justice**

Organizational justice that has been considered traditionally by experts of organizational sciences refers to employees' perception from justice and fair behaviors (Jex and Beehr, 1991). In organizational justice theories the subject is about how to behave with employees so that they feel they have been treated fairly (Bias & Moag, 1986). Justice is the basis of all proper actions. Everything is settled in its accurate place and everyone performs his work accurately due to justice (Moshrefjavadi et al, 2007).

-Distributive justice

It indicates that distribution of profits obtained from activities of the organization should be fair so that each person attains a fair desirable portion proportional to the amount of inputs, cooperation and capabilities (Pourezat and Gholipour, 2009). Distributive justice is stemmed from Adams' equality theory; it deals with the perceived justice from consequences and is regarded as a potential factor with important applications in organizational grounds (Cohen

and Charash, 2001, 278-321). It doesn't just limited to fairness of payments; rather it includes a wide set of organizational consequences such as promotions, rewards, punishments, work programs, advantages and performance appraisals (Folger and Cropanzano, 1998).

-Procedural justice

Procedural justice means perceived justice of a process that is used to determine distribution of rewards (Robins, 2001, p 170). In other words, procedural justice refers to individuals' perception from fairness of current procedures in decision-making to compensate their services but not real distribution of incomes. Therefore, individuals' perceptions have a key role in procedural justice and individuals' reaction towards procedures depends on their manner of perception of procedures and not real nature of procedures (Rezaeian, 2005). Procedural justice illustrates that the process of attaining results should be fair; it means that individuals have no right and shouldn't be able to obtain fair results from unfair methods and processes (Charash and Spector, 2001).

- Interactional justice

Interactional justice refers to quality of inter-individual behaviors to which a person is exposed before and after decision-making (Pool, 2007). This phenomenon was considered as interactional justice by two researchers called Bies and Movag in 1986. They claimed that interactional justice is another kind of justice that is distinct from distributive and procedural justice conceptually and refers to social action of procedure. Individuals are sensitive with regard to the quality of being treated in mutual personal relations as well as structural aspects of decision-making process (Babusel, p.77). Interactional justice is an important variable to recognize various attitudes and behaviors of employees in response to temporary unemployment, decisions regarding budget for discussion techniques and process of employment, offering service to customers, marketing actions and managers' behavior (Shapiro and Bies, 1987, p 60).

- Performance

One of the recognized and common definitions regarding performance appraisal or assessment of the manner of working process by employees in human resources management books is as below: "performance appraisal is the systematic and regular measurement of individuals about the manner of performing their duties in delegated jobs and determining the existing potential in them for growth and improvement" (Mirsepasi, 2010, p 245).

-Effectiveness

We cannot represent a single definition for effectiveness. The first viewpoint that was illustrated for it in the 1950's was probably very simple. Effectiveness was defined as the degree or level that an organization reaches its purposes (Robins, 1998, p 18).

-Efficiency

In measuring effectiveness of the organization and generally its performance appraisal it is necessary to consider efficiency level of the organization in addition to using the related criteria (Najafbeigi, 2001, p 83). According to Peter Draker efficiency means performing works appropriately or properly. Efficiency is the ratio of useful output to input unit or performance based on production or service unit to performance cost (Mirsepasi, 2010, p 245).

Research background

Robinson (2004) has studied the relationship among job satisfaction, commitment, motivation and performance with organizational justice. His conclusion is that organizational justice has the highest impact on job satisfaction, while procedural justice affects commitment, motivation and performance. He perceived that justice is the best variable to predict performance.

Garice (2000) studied the relationship among performance and job satisfaction with organizational justice. His experimental test indicated intermediation of job satisfaction variable between two variables of employees' working performance and organizational justice. Pourezat and Gholipour (2009) studied consequences of injustice in the organization in an article and concluded that very important variables such as organizational identity, job involvement, organizational citizenship and anti-citizenship behaviors, job satisfaction and customer satisfaction, organizational commitment, productivity and performance are affected by organizational justice.

Hosseinzade and Naseri (2008) studied dimensions of organizational justice in their research and concluded that if managers want to create advancement and improvement in the organization, they must be able to create perception of existence of justice in the organization in their employees.

- Research methodology

This survey is considered in terms of purpose, descriptive in terms of data collection method and two-variable correlation analysis in terms of type. The statistical population included one-hundred seventy nine (179) employees of Damloran–Razak Pharmaceutical Company in Borojerd Township. Damloran Company was established in 1991 in Borojerd Township. Existential philosophy of this company was to produce drugs for domesticated animals and birds which was merged with Razak Animal Drugs Manufacturing Company in 2004 for synergism and was called Damloran–Razak Pharmaceutical Company. Then it was converted into one of the biggest veterinary drugs manufacturing companies across the country. By means of sampling formula from a limited population one-hundred twenty three (123) employees and thirty three (33) managers were selected through classified random sampling method.

Questionnaires were given to experts and professors in order to domesticate questions of organizational justice questionnaire in which Nihauf Morman's questionnaire was used and determine validity of all questions that their validity were confirmed. Cronbach alpha coefficient of employees' performance questionnaire was equal to 0.911 and it was about 73% for organizational justice questionnaire. These questions were designed through Likert five-point scale.

First, questions related to each component were exploited from the questionnaire and the average amount was obtained. Then Kolmogoroff-Smirnoff test was used to analyze obtained data and determine normality of variables' distribution, correlation analysis was applied to examine the relationship among variables and binomial test was used to determine value of the dimensions under study.

Normality test of the obtained factors' score

Kolmogoroff-Smirnoff test was used to test normality of the obtained factors' score. Results of this test are shown in figure (1).

Figure 1- results obtained from Kolmogoroff-Smirnoff test

Variable	Performance (of managers)		Organizational justice		
	Efficiency	Effectiveness	Distributive	Procedural	Interactional
Amount	0.97	0.88	0.65	0.62	0.77

Given above results, significant of most factors is larger than 0.05. Thus we can indicate that distribution is normal. Because of this some techniques of parametric statistics have been used to test hypotheses and conduct other statistical tests.

Correlation test among the factors

The main hypothesis of the survey studies the relationship between organizational justice and employees' performance. Spearman correlation coefficient has been used to test this hypothesis. Findings show that there is no positive and significant relationship between organizational justice and employees' performance. This relationship has been true about distributive justice, procedural justice, interactional justice and employees' performance. Figure (2) shows results obtained from secondary hypotheses.

Employees' performance	Organizational justice		Distributive justice		Procedural justice		Interactional justice	
	Correlation amount	Significance level	Correlation amount	Significance level	Correlation amount	Significance level	Correlation amount	Significance level
	-0.103	0.26	-0.11	0.53	-0.2	0.26	-0.27	0.13

Binomial test

Amount of value, importance, existence or nonexistence of each dimension under study has been examined using binomial test. Thus, we can claim that despite the existence of each dimension under study in the sample to some extent and the compiled programs for them by managers they are lower than the median amount and are not significant more than the median amount.

Figure 3- results of binomial test

Variable		Performance (of managers)		Organizational justice		
		Efficiency	effectiveness	Distributive	Procedural	Interactional
The observed ratio	Higher than the median	0.64	0.48	0.5	0.53	0.49
	Lower than the median	0.36	0.52	0.5	0.47	0.51

Discussion and conclusion

Given the represented results in findings section all types of organizational justice (distributive, procedural and interactional justice) have no positive and significant relationship with employees' performance (effectiveness and efficiency). As a result, research hypotheses are rejected. These findings are consistent with results obtained by Abutalebi (2010) in his research. He concluded that distributive justice, procedural justice and interactional justice and generally organizational justice have been executed lower than the average level at Isfahan Art University. Organizational justice has been studied in three procedural, distributive and interactional dimensions in most surveys under study which is similar with the present survey in this regard. But what is more considerable is that factors of distributive, procedural and interactional justice and totally organizational justice are in an unsuitable situation. This may have favorable results for the organization in long-term.

Thus, all organizations generally and Damloran–Razak Pharmaceutical Company specifically must do their best to reinforce process of justice in distribution of consequences, processes and social procedures. A performance appraisal system must be implemented in the organization under study and salaries and benefits should be given to employees based on their performance. Considering active and inactive employees is avoided by precise assessment of employees' tasks. Value of services is not regarded insignificant, attempt and suffering of anyone are not regarded as those of someone else and small work of no one shows off greatly due to his position. Generally, performance and productivity are enhanced in employees according to Pourezat and Gholipour's research (2009) and its result is job placement or adaptability according to Ghavami's research (2010).

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