

Influence of interactional justice on the turnover behavioral decision in an organization.

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ABSTRACT

The research showcases the influence of interactional justice on the turnover behavioral decision in an organization. The research compares the effects of procedural, distributive and interactional justice. A subjective survey method is used to collect the data from multiple organizations. A multivariate correlation analysis and a distribution analysis are carried out to evaluate the influence of three justice system. The research concludes showcasing the effects of interactional justice on the turnover behavioral decision of an employee in an organization.

Keywords: Procedural justice, outcome fairness, interactional justice, regression analysis, correlation matrix, turnover behavior, formalism, utilitarian.

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INTRODUCTION

The research study focuses on the influences of perceptions of justice in an organization. The influence of organizational justice on the internal system of an organization has been existent from many years. The perceptions of employees differ as per different justices systems. Past studies have shown that justice plays a significant role in affecting employee's performance and those employees satisfied from organizational justice are higher performers than the less satisfied (Yung Lio, 2008). Organizational justice has multiple effects on the employee's perception ranging from the way a procedure is made and followed in an organization to a decision taken in an organization. It is the mind set of an employee that dwells between two concepts.

Outcome has served as a main point when employees are indulged in individual or group works. Considering the factor of individual work, outcome plays an important role where employee's perception looks for outcome favoring him irrespective of the procedure followed to take the decision of the outcome. This perception gets itself contradicted when individual's perception changes considering a group or team work. The factor of competition plays an important part where an employee looks for fair procedure when evaluated among many other individuals. The organizational justice is broadly distributed in two types. Researchers typically divide organizational justice into two categories: distributive justice and procedural justice (Greenberg, 1990; Konovsky, 2000). Distributive justice refers to the fairness of the outcome (reward allocation), whereas procedural justice refers to the perceived fairness of the process that leads to the outcome (Greenberg, 1990).

The first and the primary type is procedural justice and the second type of justice is distributive justice. The purpose of procedural justice is to provide fair procedural practice and the perceptions of employees will accept the outcome irrespective of its relevancy to their own benefit. The perfect example would be tossing a coin before a football or a cricket match, in both the scenarios the outcome is accepted irrespective of its benefit to the individuals.

The second type of justice is distributive justice where the perception of an employee deals with the fairness in the outcome irrespective of the procedure followed to achieve it. The factor of outcome fairness is broadly defined as reward allocation where the parameter of individual's hard work and its relation to reward allocation is taken into consideration. For example when comparing two individuals the variables of quality as well as quantity will come into the picture where quantity will be the amount of work performed while as the variable of quality would be the efficiency with which the work was performed, when considering this example in a manufacturing industry it would be not only the number of parts produced but also the number of errors committed while making these parts.

The procedure followed for taking a decision on the outcome would be completely irrelevant even if the outcome favors the correct decision favoring both the factors of quantity and quality. In the last decade it has been seen that a new type of justice was cultured in the corporate atmosphere. The justice combined both the effects of interpersonal and informational justice. Interpersonal justice reflects the degree to which people are treated with politeness, dignity, and respect by authorities and third parties involved in executing procedures or determining outcomes (Colquitt, 2001).

Informational justice is second new type of justice which focuses on explanations provided to people that convey information about why procedures were used in a certain way or why outcomes were distributed in a certain fashion (Greenberg, 1990a, 1993b). Both this justice

type gives birth to a new type of justice which is defined as Interactional justice. Interactional Justice is defined by sociologist John R. Schermerhorn as the degree to which the people affected by decision are treated by dignity and respect.

Informational and interpersonal justices are two sub components of the system. The interactional justice deals with how a person is treated when executing procedures and determining outcomes (Sam Fricchione, 2006). The informational justice deals with the explanations provided to people that convey information about why procedures were used in a certain way or why outcomes were distributed in a certain fashion (Sam Fricchione, 2006). In the last decade new industrial growth and increase in employment opportunity has resulted in increase in turnover intentions among employee. While considering the factors of loyalty, honesty and personal ethics the turnover intentions were seen to be on the negative side of its effect on the employee.

The factors of increase wage, higher rank and more incentives were overcome by the ethical factors. In spite of these positive attributes the turnover ratio of an organization was still on a rise. The factors of interpersonal treatment and informational justice were found to be correlated with ethical perception of an individual. The correlation states the relation of the attitude of a manager towards his employee. Sustainable competitive advantage- success of an organization depends on managing and retaining employees (Woods, 1992). Woods, 1992 states that to retain an employee in the competitive world a manager has to be very informative as well as respectful towards his employee.

This research study deals with factors of organizational justice and tries to prove the impact of interactional justice on turnover intention. Overall the research takes into the factors of emotions, ethics, likings of an individual towards an organization and his subordinates.

ORGANIZATIONAL JUSTICE

Organizational justice, or fairness in an organization, has emerged as an important concept contributing to the understanding of workplace attitudes and behavior in recent years (Cropanzano and Rupp, 2003; Ambrose, Hess and Ganesan, 2007). Employees' perceptions of justice have been found to be strong predictors of important outcomes such as job satisfaction, pay satisfaction, organizational commitment and turnover intentions (Cohen-Charash and Spector, 2001; Colquitt, Conlon, Wesson, Porter and Ng, 2001). As described in the introduction the organizational justice is broadly differentiated into two types' procedural justice and distributive justice. Interactional justice is the newest found justice which deals with the factors of interpersonal and informational justice.

Interpersonal justice deals with dignity and respect towards employee by his manager and subordinates. Example for such case would be treating all employees with respect and dignity showcases equity in the organization. Informational justice will deal with the factors of communication between the employees and the manager. A manager is responsible for including the employees in any communication with respect to project, work etc. Example for such case would be involving the opinion of the employees towards project design, using their knowledge and experience to design strategy and planning towards project implementation.

This research deals with these two factors in form of likings, dislikes, job satisfaction, pay satisfaction, commitment, coordination, communication, efforts, motivation etc. In the last decade the emphasis of research has turned over from procedural justice towards interactional justice. The biggest reason for change in emphasis is increase in the number of organization

around the world. Increase in number of organization results in increase in employment opportunity which results directly into increase in turnover ratio of an organization.

The few factors preventing the turnover ratio would be the variables of honesty, loyalty, personal ethics etc. The factor affecting these variables is interactional justice which takes into account the variables of emotions, self respect, desire, attitude, ambition etc. This form of justice affects the personal agenda of an employee dealing with variables and external factors of motivation. The other factor affecting the turnover intention is organizational citizenship behavior (OCB). OCB and organizational justice are interrelated to each other in an organization.

ORGANIZATIONAL CITIZENSHIP BEHAVIOR

OCB is defined as individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization (Organ, 1988). OCB is differentiated into three different aspects. The first aspect is discretionary behaviors, the second aspect is doing more than the enforceable requirement of the job description and the third aspect is it positively contributes to the overall organizational effectiveness.

In this research the first aspect of discretionary behavior deals with the variables of liking and dislikes. Discretionary behavior is ones will to do certain task which is considered out of his job requirement. Employees liking towards his manager and/ or his subordinates encourages him to perform certain tasks out of his job requirement scope.

The second aspect of doing more than the enforceable requirement deals with display of extra efforts to achieve a certain task. This kind of display may be achieved by the quality of work produced than the quantity of production.

The third aspect deals with the fact that individual behavior has a positive impact on the overall effectiveness of the organization. OCB persists in every organization and has inversely proportional relation on the role of turnover intention. The higher the OCB the higher is the involvement of the employees in the organization. OCB cannot be evaluated on the scale with certain parameter but has an influential impact on the turnover ratio of an organization.

THREE DIMENSIONS OF ORGANIZATIONAL JUSTICE

The three dimensions of organizational justice are

1. Procedural justice.
2. Distributive justice.
3. Interactional justice.

Procedural Justice

Procedural justice focuses on the fairness of the manner in which the decision-making process is conducted (Folger & Konovsky, 1989). There occurs a shift in perception of an individual from what was decided to how the decision was made (Cropanzano & Folger, 1991). Procedural justice deals with the fairness in the procedure occurring in an organization while implementing a decision.

In this research procedural justice deals with the fairness in the procedure of a decision taken irrespective of the fairness in the outcome. The first question in the questionnaire is designed taking into account procedural justice aspects of an organization.

Distributive Justice

Distributive justice focuses on the fairness of outcomes of the manner in which the reward allocation is taken into consideration. Distributive justice plays an important role in individual employee performance where his performance is compared with the performance of other employees. The biggest example of distributive justice is distribution of sales commission as per the number of sales.

Distributive justice was found to explain more variance than procedural justice in predicting organizational level outcomes such as commitment and turnover in sales studies (e.g. Roberts, Coulson and Chonko 1999; Brashear, Manolis and Brooks, 2005). But the same concept can't be applied for promotions. While considering the decision for promotion the factor quantity and quality of work comes into picture. The job of distributive justice is to ensure that the influence of luck is reduced and the distribution of goods is fair. Most of the researchers agree that distributive justice helps in increasing organizational effectiveness (Tang and Sarsfield-Baldwin, 1996).

Employees thinking of distributive justice are largely based on their comparisons with other employees in the organization. In this research the distributive justice deals with fairness in outcome irrespective of the procedure followed to achieve it. The second question in the questionnaire is designed taking into account distributive justice aspects of an organization.

Interactional Justice

Interactional Justice is defined by sociologist John R. Schermerhorn as the degree to which the people affected by decision are treated by dignity and respect. Interactional justice is divided into two parts. The first part is called as interpersonal justice and the second part is informational justice. Interpersonal justice is defined as the way in which a person is treated by his supervisors, subordinates etc.

Treatment by a supervisor is defined as respect, dignity, motivation, encouragement etc. Informational justice is defined as the explanations provided to people that convey information about why procedures were used in a certain way or why outcomes were distributed in a certain fashion. Where more adequacy of explanation is prevalent, the perceived level of informational justice is higher (Sam Fricchione 2006). Informational justice showcases the transparency in the procedures adopted to achieve certain decision or outcome. In this research interactional justice has been divided into four different variables of work satisfaction, organizational commitment (loyalty), pay satisfaction and reward satisfaction. The research tries to evaluate the influence of treatment of employees by his supervisor on these four variables.

The first variable of work satisfaction deals with factor of liking towards the job profile or job requirement given to an employee by his organization. The second variable is loyalty, which indicates employee likes towards the organization as whole. The third variable is pay satisfaction. Pay satisfaction indicates the satisfaction of an individual towards his wage with respect to job requirement he has to carry out.

The fourth and the last variable is reward satisfaction. Reward satisfaction focuses on bonus, sales commission, promotion etc. It is considered as a price given for certain extra efforts put into the work by a certain individual.

HYPOTHESIS

The research paper deals with the individual effects of three justice systems of organizational justice. The hypothesis taken into account while conducting the research was to prove the influence of interactional justice when compared to procedural and distributive form of justice. The hypothesis states that interactional justice influences turnover intentions in an organization more than any other form of justice. To prove this hypothesis a survey was carried out having a set of questions in a survey questionnaire.

METHODOLOGY

Seven question survey questionnaires were used to survey 280 employees from two different organizations. Out of 280, 220 surveys were replied and recorded as data to run the analysis. Multivariate correlation analysis was carried out to check correlation between different factors. The correlation matrix indicates how the factors are correlated with each and how does that effect the turnover intention of an individual. The correlation also indicates different facets of relations between factors indicating mixed perceptions among employees. A distribution analysis is carried to estimates the mean and standard deviation of each question which indicates the extent of influence of each justice factor on overall organizational behavior.

The mean also differentiates between different justice systems indentifying the most influential justice system. A seven question survey is used to describe the influence of each justice system on the turnover intention of an individual in an organization. A rating scale of 1 to 3 is used to describe different levels of desire and intentions of an employee towards his organization. The first question deals with procedural justice and its influence on organizational operations. It focuses on the perception of fairness and transparency in procedure carried out by an organization to achieve a decision or outcome.

The second question deals with distributive justice and its influence on organizational operations. It focuses on the fairness of an outcome by evaluating an outcome on the basis of reward allocation. Reward allocation is defined as the amount of reward allocated to an individual on the basis of the quantity of work performed and the quality of efforts taken into account to perform the work.

The third question deals with interactional justice and its influence on organizational operations. It is a general type of a question which deals with interpersonal side of interactional justice. The question focuses on the treatment given by supervisors to their employees. It also takes into account the extent of time period of exposure of such treatment on a employee.

The fourth question deals with work satisfaction criterion of interactional justice and its influence on organizational operations. Work satisfaction in this case is defined as satisfaction towards the amount of work a person has to perform as per his job requirement. This question takes into account the factor of treatment by supervisor where a supervisor's behavior towards his employee influences the employee's perception towards his work in an organization.

The fifth question deals with organizational commitment criterion of interactional justice and its influence on organizational operations. Organizational commitment is defined as

employee's loyalty towards his organization and his intentions to stay with the same organization irrespective of the external factors of pay rise, higher rank, and more incentives offered by other organization.

The sixth question deals with pay satisfaction criterion of interactional justice and its influence on organizational operations. Pay satisfaction deals with the amount of wage paid to an employee. The factor of disrespectful treatment affects the employee's perception towards pay satisfaction. Increase in disrespectful treatment will result decrease in employee's perception towards his satisfaction towards pay rise.

The seventh question deals with reward satisfaction criterion of interactional justice and its influence on organizational operations. Reward satisfaction is defined as on being rewarded with bonus, financial incentives, sales commission etc. In this question the factor of influence of treatment by a supervisor is taken into account and also this question tries to evaluate change in employee's perception due to the influence of the factor of treatment by the supervisor.

RESULTS

Results from the distribution analysis indicate that the mean indicate consistency in means of questions 3, 4, 5, 6 and 7. Comparing these means with the means of question 1 and question 2 it can be seen that the means of questions 3, 4, 5, 6 and 7 are higher with a lower standard deviation compared to the means of question 1 and 2. The results from correlation matrix indicate that the correlation among the questions 3, 4, 5, 6 and 7 is positive and higher compared to the correlation among question 1 and 2.

The correlation between question 5 and question 6 is 0.8876 which is the highest followed by the correlation between question 4 and question 5 which is 0.8707. Question 7 and question 3 with correlation factor 0.7748 and question 6 and question 4 with correlation factor 0.7728 have moderate correlation between them. Question 1 and question 2 in spite of being precisely different justice system show a correlation of 0.6056 among them. All interactional justice questions are negatively correlated with procedural and distributive justice questions.

CONCLUSION

It can be concluded from the results that it has been found that the means of the questions in the interactional justice criteria are found to be higher than the means of the questions in procedural justice and distributive justice criteria. This concludes that the influence of interactional justice combining the effects of both interpersonal and informational justice is found to more on an employee's intention of turnover compared to other forms of justice.

Also it can be seen that the organizational commitment (loyalty) and work satisfaction are the most affected variables of the interactional justice system. This showcases that the treatment by a supervisor directly influences the variables of loyalty and work satisfaction of an individual employee. Reward satisfaction is least affected variable by the treatment by a supervisor. It can be said that on being rewarded for a work there could be a reduction in the influence of the treatment given by the supervisor on the employee.

Also it can be concluded from the table 2 descriptive statistics that the mean for procedural justice is higher than the mean for distributive justice. This concludes that the procedural fairness has more importance when compared to outcome fairness with respect to turnover intentions.

Correlation matrix showcases high positive correlation among the variables of interactional justice. Correlation between loyalty and pay satisfaction is seen the highest one. This indicates that a fall in the variable of pay satisfaction may result in fall in perception of loyalty giving increase to the intentions of turnover. The second highest correlation is between loyalty and work satisfaction. Loyalty is seen to affect heavily by both the factors of pay and work satisfaction. Correlation between work satisfaction and pay satisfaction is seen as the third highest correlation. Also it can be seen that there exists a correlation between procedural and distributive justice this can be result of influence of interactional justice on turnover intention

QUESTIONNAIRE

1. How much do you rate your desire to leave an organization on realizing failure in procedural fairness. Failure in procedural fairness deals with non transparency of procedures used to achieve certain decision or outcome. (Rate your answer on a scale of 1 to 3, scale is described in note at the bottom)
2. How much do you rate your desire to leave an organization on realizing failure in outcome fairness (reward allocation). Failure in outcome fairness deals with improper reward allocation with respect to quantity and quality of work performed. (Rate your answer on a scale of 1 to 3, scale is described in note at the bottom)
3. How much do you rate your desire to leave an organization on been treated disrespectfully by a supervisor. Treatment by supervisor deals with consistency in disrespectfulness over a period of time .(Rate your answer on a scale of 1 to 3, scale is described in note at the bottom)
4. How much do your rate your work satisfaction (reaction towards work situation) on been treated disrespectfully by a supervisor. Work satisfaction deals with positive feedback towards project.(Rate your answer on a scale of 1 to 3, scale is described in note at the bottom)
5. How much do your rate your organizational commitment (loyalty) on been treated disrespectfully by a supervisor. (Rate your answer on a scale of 1 to 3, scale is described in note at the bottom)
6. How much do your rate your pay satisfaction (wage) on been treated disrespectfully by a supervisor. (Rate your answer on a scale of 1 to 3, scale is described in note at the bottom)
7. How much do your rate your reward satisfaction (bonus/ commission) on been treated disrespectfully by a supervisor. (Rate your answer on a scale of 1 to 3, scale is described in note at the bottom).

Note : Rating 1= Lowest desire/ intentions, 2= moderate desire/ intention, 3= Highest desire/intentions.

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Author's Biography

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Appendix

Table 1: Correlation Matrix

	Q1	Q2	Q3	Q4	Q5	Q6	Q7
Q1	1.0000						
Q2	0.6056	1.0000					
Q3	-0.6723	-0.7400	1.0000				
Q4	-0.3813	-0.6574	0.3423	1.0000			
Q5	-0.4379	-0.5670	0.2898	0.8707	1.0000		
Q6	-0.6299	-0.6664	0.5062	0.7728	0.8876	1.0000	
Q7	-0.5105	-0.6669	0.7748	0.6159	0.5321	0.5989	1.0000

Note: The top half is left blank as per APA style rules. The top half is mirror image of bottom half.

Table 2: Descriptive statistics

	S.D	MEAN
Q1	0.4621305	1.196347
Q2	0.3091202	1.0730594
Q3	0.3374965	2.9269406
Q4	0.2092295	2.9543379
Q5	0.2368400	2.9406393
Q6	0.5220214	2.8401826
Q7	0.3316113	2.6315068

S B