

The Study of Organizational Justice, Violation of Psychological Contract and its Effect on Job Satisfaction in Paints Industry of Pakistan

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Abstract

Human resource is a back bone of every organization, without employee no work can be done. So employee's satisfaction is very important in all terms. Employees will be more satisfied if they get what they expected. When employees are treated fairly overall in the organization, they feel need of reciprocal response to the organization in positive behaviors. Organizational justice and psychological contracts are important factors that influence the satisfactions of the personal in an organization. The purpose of this study is to investigate the relationship among organizational justice (Procedural, Distributional and Interactional), psychological contract and job satisfaction. This paper examines the effect of Job satisfaction on Organizational justice and explains the concept of psychological contract and presents the result of a survey of managers and officers from the paints industry of Pakistan. Data was gathered from 100 employees in the paints industry of Pakistan through the survey method by developing questionnaire. The questionnaire contained the items of all the variables used in the study, for the reason to get the correct results. The data collected was analyzed by using SPSS 17.0. The results revealed a negative relationship between psychological contract violation with both job satisfaction $r = -.130$ at $p = .008$ and distributional justice Value of $r = -0.115$ at $p = 0.254$.

Key words

Organizational justice, Distributional justice, Procedural justice, Interactional justice, Psychological contracts, Job satisfaction

Introduction

Human Resource is epicenter for an organization to utilize the resources in optimal and effective way to earn long term profits. All other resources like monetary resources, natural resources etc. are dependent on talented and capable human resources for their optimal utilization. Today world is a global village so employees can move not only within country but they can move to other countries as well. Due to high competition organizations are always in search of qualified employees, and human resource is most difficult to retain. To retain employee's organization should give concentration to those factors that can effect satisfaction of employees. Satisfaction has a significant role in the productivity of employees ultimately plays a crucial role in the progress of an organization. Job satisfaction is a perception of employees about their duties and the organizations in which they work that how much they feel comfortable in their workplace. Job satisfaction is an employee's feedback to his work, on the basis of comparison between desired rewards and actual rewards (Mosadeghrad, 2003). Justice is one of the most important factor influencing satisfactions of the personal of an organization so that perceiving injustice will result in the personnel dissatisfaction which may leave negative influence on their performance. Organizational justice has key importance which explains how the individual perceives about the fairness of rewards he should get and what actually he receives from the organization (Fernandes & Awamleh, 2010).

Psychological contract is also crucial factor in influencing the job satisfaction that violation of psychological contract may lead towards low level of job satisfaction. Psychological contracts, involving employee beliefs about reciprocal obligations between themselves and their employers, are the foundation of employment relationships. By interacting with organizational agents and observing organizational procedures, employees develop beliefs about what they owe to their employer as well as how the organization is obligated to reciprocate their efforts and actions (Roussau, 1995).

For development of human resource as competitive strength private organization continuously identify the problem regarding employees. The issue of satisfaction of employees is closely related to retention of employees. Many of the employees have views that organizational justice is influential factor which effect the job satisfaction.

Organizational justice, psychological contract and job satisfaction all are previously research area but the purpose of this study is to analyze these facets in private sector of Pakistan.

Literature review

Job satisfaction

Job satisfaction means positive feelings and attitudes which employees have toward their job. Job satisfaction has been defined as connection between what one expects from job and what his perception about getting from job (Lock & A., 1996). Job satisfaction has been extensively studied by researchers from last four decades. Job satisfaction is taken seriously based on assumption that higher job satisfaction lead to higher work performance (Yang, Brown, & Byongook Moon, 2011). Existence of job satisfaction is very important in an organization as it has significant impact in many fields like human resource management,

organizational behavior, sociology, and strategic management etc. that why job satisfaction should exist wherever job occurs. Employees receive reward not only in the form of salary against their performance but can also be in the form of sense of achievement or feelings of internal satisfaction. Research of Al-Zubi, (2010) shows that employee with job satisfaction has a positive effect on work which shows the presence of justice in the organization. Job satisfaction is a perception of employees about their duties and the organizations in which they work. Job satisfaction is an employee's feedback to his work, on the basis of comparison between desired rewards and actual rewards (Mosadeghrad, A.M., 2003). Furthermore, more satisfied employees exhibit loyalty, innovative attitude for continuous betterment and show more involvement in the decision origination process in the best interest of the organization's goals (Kivimaki & Kalimo, 1994). As job satisfaction has a great impact on attitudes and behavior of employees and productivity. For many years, researchers illustrate how satisfaction effect and is effected by other organizational variables. Say, individual personality, job characteristics, disposition were detected as the major predictor of job satisfaction. (Schermerhorn et al, 2005). Positive and caring relationships with coworkers also have a positive impact on job satisfaction of employees. An individual that has a better relationship with their coworkers are more likely to be satisfied with their job (Yang, Brown, & Byongook Moon, 2011). Job satisfaction is generally encompasses certain dimensions of satisfaction related to work environment, benefits, pay, relationship with peers, promotion opportunities and administration (Misener, et al., 1996). Job satisfaction expresses itself in different ways in different people; its intensity depends on many factors like working environment, person's needs, expectations and individual personality (Bigliardi, Dormio, Galati, & Schiuma, 2012).

Psychological contract

The origins of the psychological contract date back to the writings of Argyris (1960) and Schein (1980). It can be defined as a set of individual beliefs or perceptions regarding reciprocal obligations between the employee and the organization (Robinson, Kraatz, & Rousseau, 1994). Some of these obligations are recorded in the form of a written formal contract of employment, but largely they are implied and not openly discussed (Anderson & Schalk, 1998). For example, the employee has expectations in the areas of promotion, pay, training, job security, career development, and support with personal problems. In return, the employer expects the employee to be willing to work extra hours, be loyal, volunteer to do non-required tasks, give advance notice when quitting, be willing to accept transfer, to refuse to support competitors, to protect company information, and to spend a minimum of two years with the organization. These obligations are perceived promises that both parties believe have been made and accepted by both parties. It is this perceptual and idiosyncratic nature of the psychological contract that distinguishes it from other forms of contracts (Robinson et al., 1994). Violation of the psychological contract occurs when one party perceives that the other has failed to fulfill its obligations or promises. The employee's perception that the organization has failed to fulfill one or more obligations relating to the psychological contract represents the cognitive aspect of violation - a mental calculation of what the employee has received relative to what was promised. However, there is also an emotional state that accompanies violation - the feelings of betrayal, distress, anger, resentment, a sense of injustice and wrongful harm (Wolfe Morrison &

Robinson, 1997). This emotional experience culminates in attitudinal and behavioral responses, such as, job dissatisfaction and lowered organizational commitment.

Organizational Justice

Every employee wants justice in working environment, in terms of fair procedures used to determine rewards, distribution of rewards, interaction with supervisors to make them more satisfied and committed with their work and organization. Organizational justice is used to illustrate the function of fairness as it has direct effect on employee's performance, particularly organizational justice is deal with the situation when employees conclude about their treatment in their jobs and how this perception effect their work related performance (Moorman, 2009). When employees are treated fairly overall in the organization, they feel need of reciprocal response to the organization in positive behaviors. As organizational justice is a versatile concept so it covers everything from system of payment to treatment of your boss. Researchers of Organizational behavior identified three types of organizational justice that is distributive, interactional, and procedural justice (Colquitt et al. 2005, Greenberg, & Zapata-Phelan, 2005). Distributive justice means the perception an individual have in an organization about fairness of rewards he receives from the organization. Rewards may be distributed on the basis of equity and their work performance and individual perceives it fair in comparison with his coworker (Alsalem & Alhaiyani, 2007). Distributive justice is the perceived fairness of rewards. It shows how employees perceive they fairly rewarded and rewards are according to their performance (Gilliland, S.W, 1994). Interactional justice defines as the nature of association between supervisors and subordinates (Mohyeldin & Tahire, 2007). Cottringer & W. (1999) Fairness creation and its management is very important for the organizations as it affects productivity and behavior of employees. The Perception of fairness affects his/her relationship with peers, subordinates and supervisors (Mohyeldin & Tahire, 2007). The interactional justice is well enlightened in social exchange theory (Cropanzano & Mitchell, 2005). From the social exchange theory points of view, employees anticipate polite, sincere and frank treatments from the peers and supervisor. On the basis of reciprocity norm workers who recognize righteous treatments from supervisor are more likely to exhibit positive attitude and shows great commitment to goals of the organizations, demonstrate improved job satisfaction, improved job performances and Low turnover (Cohen-Charash & Spector, 2001). Procedural justice shows the neutrality of the formal procedures and the rules that control a system (Nabatchi, B., & Good, 2007). It has been observed that employees have perception of procedural justice if supervisors provide sufficient information about their decisions regarding procedures (Greenberg J, 1987). Rules should show constancy of between times span and individuals in form of rewards and promotions between the employees (Hegtvedt, A., & Markovsky, 1995).

Conceptual Framework

Organizational justice is an essential component and predictor of successful organizations. Organization that is fair and just in its procedures, policies, interactions and distribution systems, employees of that organization give better response to the organization

(in terms of their positive behaviors and productivity). Enhancing organizational justice resulted in improved outcomes from employees. Managers should take actions to improve employees' job satisfaction and organizational commitment so to decrease employees' turnover intention with the help of distributive and procedural justice (Elanain, 2009). The influence of different dimensions of organizational justice (procedural, distributive, interactional) on job satisfaction is a widely researched topic and hence explains the importance of organizational justice in an organization (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Viswesvaran & Ones, 2002). Fernandes and Awamleh (2006) conducted a research to find the impact that three dimensions of organizational justice (procedural, distributive and interactional justice) have on job satisfaction and self-assessment performance among two groups; the expatriate employees in UAE and UAE nationals. The results of the study revealed that among group of UAE nationals, distributive and interactional justice significantly influenced both job satisfaction and performance although all three dimensions of organizational justice were significantly influenced job satisfaction. On basis of this literature following hypotheses are developed:

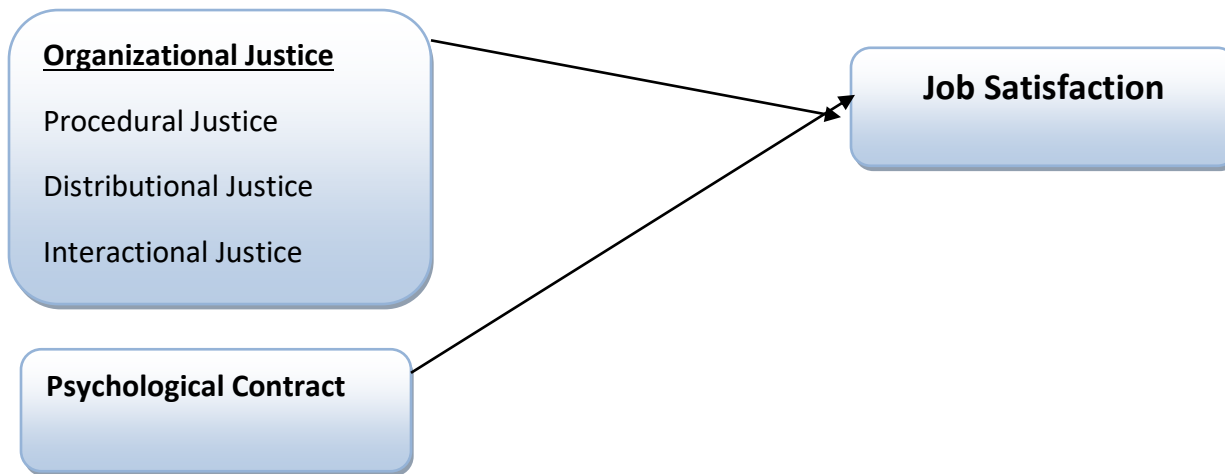
H1: Procedural Justice has positive relationship with job satisfaction

H2: Distributive Justice has positive relationship with job satisfaction

H3: Interactional Justice has positive relationship with job satisfaction

Violation of the transactional and support) resulted in a lowering of organizational commitment (Anderson & Schalk, 1998; Guzzo & Noonan, 1994; Robinson et al. 1994; Rousseau, 1990). On basis of empirical relationship between violation of psychological contract and job dissatisfaction, these violations may have directly contributed to employee feelings of job dissatisfaction through the non-delivery of knowledge and skills that may have enabled the employee to feel less pressure and stress in their job. The dissatisfaction resulting from violation can be explained by the similarity of the transactional components of the psychological contract (see, for example, Wolfe Morrison & Robinson, 1997) that overlap areas of job satisfaction. When the employee experiences a discrepancy between what was promised and what was received, in relation to any facet that influences job satisfaction, it will result in a lowering of job satisfaction whether or not the employee has an accurate or misguided perception of the violation. In terms of the relationship between psychological contract violation, job satisfaction and organizational commitment, the results indicate that the experience of violation creates a sense of job dissatisfaction, and it is this sense of dissatisfaction which, in turn, leads to a lowering of employee commitment. On basis of literature following hypothesis is developed:

H4: Violation of psychological contract has negative relationship with job satisfaction
Obligations of the psychological contract (e.g., pay, benefits and promotion) results in a decrease of job satisfaction, while violation of relational obligations (e.g. loyalty)



Methodology

Research Design

This study is a “case study research” because it involves intensive, detailed description and analysis of a particular organization (Single Private Company).

Population; Sample; Sampling Technique

Population of this research consists of employees of private sector in Pakistan. One paint manufacturing company is taken as case for this research. Data is collected from 100 employees at managerial and officer level.

Instrument Used

Questionnaire is used as a data collection instrument. Questionnaire is used to cope with the constraints of limited time and budget. As questionnaire help to obtain more responses from a large number of respondents in short time than interviews so structured questionnaire with 5 likert scale is used for obtaining structured responses, which is also convenient in data analysis (Cooper & Schindler, 2003). Contents of the questionnaire used in this research were taken from various researchers’ work. Scale of organizational justice is taken from researcher Klendauer & Deller (2009) work. Scale of overall job satisfaction was adopted from Lu et al. (2007). A measure of psychological contract violation was adopted from Robinson & Morrison, (2000).

Data Collection and response rate

For data collection purpose, personally administered questionnaire was used and data is collected from 100 employees.

Data Analysis Tool

SPSS 17.0 software was used to analyze the data. Descriptive statistics and Correlation analysis is used to analyze the data.

Results

Among 100 employees, 88% were male and 12% females. 70% of employees are from the age of 26-35. 61% of employees are having Master’s degree. 34% of employees are having more than 5 years’ experience. Correlation analysis is performed to check the hypothesis.

H1: Procedural Justice has positive relationship with job satisfaction- Accepted

H2: Distributinal justice has positive relationship with job satisfaction - Rejected

H3: Interactional Justice has positive relationship with job satisfaction- Accepted

Table of Correlations

		Procedural Justice	Distributinal Justice	Interactional Justice	Job Satisfaction
Procedural Justice	Pearson Correlation	1	.046	.484**	.649**
	Sig. (2-tailed)		.649	.000	.000
Distributinal Justice	Pearson Correlation		1	-.092	-.115
	Sig. (2-tailed)			.360	.254
Interactional Justice	Pearson Correlation			1	.499**
	Sig. (2-tailed)				.000
Job Satisfaction	Pearson Correlation				1
	Sig. (2-tailed)				

** . Correlation is significant at the 0.01 level (2-tailed).

Above table shows the correlation between 4 variables. H1 define that Procedural Justice has positive relationship with job satisfaction while r- value between procedural justice and job satisfaction is $r = 0.649$ at p value 0.000 which interpret that there is strong positive relationship between procedural justice and job satisfaction at significant level of 100 %.

H2 define that Distributinal justice has positive relationship with job satisfaction while correlation analysis reject the hypotheses. Value of $r = -0.115$ at $p = 0.254$ which is not significant. It shows negative relationship between distributinal justice and job satisfaction but this relation is not significant therefore this hypothesis is fully rejected.

H3 define that Interactional Justice has positive relationship with job satisfaction and tables shows that this hypothesis is accepted fully. Value of $r = 0.499$ at $p = 0.000$ which interpret that

there is strong positive relationship between interactional justice and job satisfaction among employees.

H4 define that Violation of psychological contract has negative relationship with job satisfaction. Below table accept the hypothesis that there is negative relationship between violation of psychological contract and job satisfaction at significance level of $p=0.008$ which is below than 0.01 showing 99% confidence level.

Table of Correlations

		Psychological Contract Violation	Job Satisfaction
Psychological Contract Violation	Pearson Correlation	1	-.130**
	Sig. (2-tailed)		.008
Job Satisfaction	Pearson Correlation		1
	Sig. (2-tailed)		

Discussion and Conclusion

Pakistan is a developing country and there is no previous research done on private sector of Pakistan regarding organizational justice, violation of psychological contract and job satisfaction. Questionnaire was used to conduct research and correlation analysis was performed to analyze result and acquire some interpretation. Previous researches shows that there is strong positive relationship between three dimensions of justice and job satisfaction while our analysis interpreted that distributional justice does not have positive relation with job satisfaction. It could be due to small sample size and other variables such as experience and age factor in organization. As data reveal that there are more experienced employees in our study and they have full access over the distribution of resources therefore the relation between distributional justice and job satisfaction is negative. Relationship between other two dimensions (Procedural and interactional) and job satisfaction is positive at significant result which endorse the study of Fernandes and Awamleh (2006).

Violation of psychological contract always lead to dissatisfaction among employees as they did not get what they were promised to be deliver by organization. In this study it is also concluded that violation of psychological contract has negative relationship with job satisfaction among private sector employees in Pakistan. Acceptance of this hypothesis endorse the study of Wolfe Morrison & Robinson, 1997, that relation between these two variables are regardless of national and organizational cultural.

All results endorse the previous research done on this area and confirm their reliability in developing country such as Pakistan as well. It is concluded that there is positive relationship between organizational justice and job satisfaction, and negative correlation between violation of psychological contract and job satisfaction. Further research can be done in public sector observing these variable and comparison analysis between public and private sector.

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