The Relationship between Organizational Structure and Organizational Justice

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Abstract
Organizational justice in this rapidly-developing work-life may become an increasingly important issue to both managers and employees. This article aims to study the effective organizational justice model for Iranian public organizations. It initially identifies antecedents and consequences of organizational justice. Then, it examines the effect of organizational justice on organizational commitment, trust, OCB, turnover, and job satisfaction as well as the impact of organizational structure on organizational justice.

Keywords: Organizational structure, Organizational justice, Distributive justice, Interactional justice, Organizational commitment, Trust, OCB, Turnover

1. Introduction
When employees react to the way they are treated at work, their motivation to respond cannot be understood adequately without taking into account two separate notions of fairness: distributive justice and procedural justice (Folger & Konovsky, 1989; Greenberg, 1986a). Adams (1965) conceptualized fairness by stating that employees determine whether they have been treated fairly at work by comparing their own payoff ratio of outcomes (such as pay or status) to inputs (such as effort or time) to the ratio of their co-workers. This is called distributive justice, and it presents employees' perceptions about the fairness of managerial decisions relative to the distribution of outcomes such as pay, promotions, etc (Folger & Konovsky, 1989). In contrast, procedural justice focuses on the fairness of the manner in which the decision-making process is conducted (Folger & Konovsky, 1989). In other words, the focus shifts from what was decided to how the decision was made (Cropanzano & Folger, 1991b).

Justice perceptions also have been linked to important outcome variables (Dailey & Kirk, 1992; Folger & Konovsky, 1989; Martin & Bennett, 1996; McFarlin & Sweeney, 1992). For instance, perceptions of procedural justice are negatively related to intentions to quit (Dailey & Kirk, 1992), significantly correlate with organizational commitment (Folger & Konovsky, 1989; Martin & Bennett, 1996), and produce high subordinates' evaluation of supervisors (McFarlin & Sweeney, 1992). In other words, if employees perceive that the decision-making process is fair, they are less likely to form an intention to quit. On the other hand, distributive justice perceptions are associated with pay raise satisfaction (Folger & Konovsky, 1989), and tend to be a strong predictor of job satisfaction (Martin & Bennett, 1996; McFarlin & Sweeney, 1992).

Few efforts, however, have been made that concentrate on how employees perceive the characteristics of their organizations. Leigh, Lucas Jr., and Woodman (1988) report that employees look more to the broader organizational environment than to their role perceptions in attributing their job satisfaction. This would imply the need for research concerning how employees perceive the fairness of organizational systems and how this issue of fairness affects employees' attitudes and behaviors (Dailey & Kirk, 1992). Greenberg (1990a) also reports that organizational justice, which refers to people's perceptions of the fairness of treatment received from organizations, is important as a basic requirement for the effective functioning of organizations (Lee, 2000).
According to Bugre (1998), studying organizational justices is important at least for three reasons: 1) justice is a social phenomenon and pervades every life, social or organizational; 2) the most important asset of any organization is its workforce (the manner in which it is treated influences subsequent attractive and behaviors, such as commitment, trust, performance, turnover, aggression; and 3) we are moving toward a more educated workforce - as people become more skilled and educated, they request not only better jobs but also treatment with respect and dignity in the workplace (Beugre, 1998).

In the last 30 years, Organizational justice has received substantial interest among organizational behavior scholars. In this research, we try to demonstrate that perception of justice is strongly related to individual attitudes. (Amborse et al., 2007).

Justice theories have now been widely applied in organizational settings, and a variety of topics have been examined, such as reaction to layoffs (Brockner and Greenberg 1990), industrial actions (Leung and Chi, 1993), Management of subsidiaries (Kim and Mauborgn 1993), commitment of senior managers to interactional joint ventures (Johnson, 1996), reaction to fare increases of public transportation (Leung and Li, 1990), performance appraisal (Greenberg, 1986), trust in supervisors and commitment (Folger and Konovsky, 1992), Organizational citizenship behavior (Moorman, 1991), and job satisfaction (McFarlin and Sweeney, 1992).

Beginning in the 1980s, researchers began to expand the role of equity theory in explaining attitudes and behavior. This led to a domain of research called organizational justice. Organizational justice reflects the extent to which people perceive that they are treated fairly at work. This, in turn, led to the identification of three different components of organizational justice, (Kreitner & Kinicki, 2001).

The term organizational justice was first coined by Greanberg (1987), referring to perception of fairness within organizations. According to Berry and Mussen (1975) the meaning of justice varies not only among individuals, but also among cultures, civilizations, and historical ears.

According to Beugre (1998): Organizational justice refers to the perceived fairness of the exchanges, taking place in an organization, by the social or economic, and involving the individual in his or her relations with superiors, subordinates, peers, and the organization as a social system. (Beugre, 1998).

Brockner and Siegel (1996) describe three major waves of justice research over the past three decades. The initial wave focused on distributive justice, in which concerns were related to the fairness of outcomes of resource allocation such as pay and promotions. Procedural justice was the thrust of research during the second wave. Procedural justice concerns the fairness of the process in distribution of outcomes and the interpersonal behavior accorded to the recipients by those who implemented distribution decisions (Brocker & Siegel, 1996).

2. Organizational concepts

2.1 Organizational structure and organizational justice

Organizational structure is the way responsibilities and authorities are allocated to, and work procedures are carried out by, the members of organizations (Blau, 1970; Dewar & Werbel, 1979; Germain, 1996; Gerwin & Kolodny, 1992). Robbins (1990) echoed the above definition by saying that organizational structure determines task allocation, reporting lines, and formal coordination mechanisms and interaction patterns. On the other hand, Goldhaber, Dennis, Richetto, and Wiio (1984) defined organizational structure as the network of relationships and roles existing throughout the organization. Most research on organizational structure is found in organizational, and innovation, studies. And most of the research has noted that organizational structure has multiple dimensions. One classic depiction of organizational structure is the organic versus mechanical dichotomy. A great deal of organizational theory literature suggests that the nature of organizational structure can be distinguished as mechanistic (inorganic) versus organic (Daft, 2003; Lawrence & Lorsch, 1967, as cited in Nahm, Vonderembse, Koufteros, 2003; Nemetz & Fry, 1988; Zammuto & O'Connor, 1992).

Daft (2003) stated, significant changes are occurring in organizations in response to changes in the society at large. He said that the mechanistic paradigm is effective when environments have a high degree of certainty, technologies tend to be routine, organizations are large-scale, and employees are treated as another resource. Internal structures tend to be vertical, functional, and bureaucratic. The organization uses rational analysis and is guided by parochial values reflected in the vertical hierarchy and superior-subordinate power distinctions. The organic paradigm recognizes the unstable, even chaotic nature of the external environment. Technologies are typically non-routine, and size is less important. Organizations are based more on teamwork, face-to-face interactions, learning, and innovation. Qualities traditionally considered egalitarian such as equality, empowerment, horizontal relationships, and consensus building become more important (Daft, 2003).
According to Schmink, Cropanzano and Rupp (2002) organizational structure may influence organizational justice perceptions and social exchange relationships between workers and their organizations. (Schminke et al., 2002) Ambrose and Schminkke (2001) noted potential relationships between organizational structure, justice perceptions, and organizational ethics. They explored the main effects that four dimensions of the organization structure-centralization formalization, size, and vertical complexity might exert (Memarzadeh, 2010).

Sheppard et al. (1993) noted that allocation decisions do not take place in a social vacuum. Rather they are embedded within organizational systems that have somewhat distinct architectures. The structure of some organizations allows participation and so on. Greenbery (1993) observed that justice often results from the formal structure of the organization. From this, it follows that the structural dimensions of organization can increase or decrease fairness. (Greenberg 1993).

According to Keeley (1998) some organizations attempt to structure themselves in a way that will promote social justice as well as economic profit. Keeley argued that organizations that don't take human dignity into account are inherently unjust.

Schminke, Cropanzano, and Rupp (2002) explored relationships between organizational structure and fairness perceptions. They hypothesized that several dimensions of organizational structure (centralization, formalization, size, and vertical complexity) would influence perceptions of distributive, procedural, and interactional fairness. (Schminke, 2002).

2.2 Job Satisfaction

The theoretical definition of job satisfaction includes evaluative or expectancy components. For example, Locke (1976) defined job satisfaction as a pleasurable emotional state resulting from the appraisal of one's job or job experience. Similarly, Mottaz (1988) regarded job satisfaction as an effective response resulting from an evaluation of the work situation. It is widely accepted that job satisfaction is a function of work-related rewards and values (Vroom, 1964; Kalleberg, 1977). Lawler (1977) noted that the distribution of organizational rewards such as pay, promotion, status, performance evaluations, and job tenure can have powerful effects on job satisfaction, quality of work life, and organizational effectiveness. Folger and Konovsky (1989) found that perceptions of distributive justice are significantly correlated with pay raise satisfaction as well as with job satisfaction (Martin & Bennett, 1996; McFarlin & Sweeney, 1992).

2.3 Organizational Justice and Trust

Although a great deal of research has addressed the issue of organizational justice, little empirical research has been conducted to examine the relationships among distributive justice, procedural justice, job satisfaction, organizational commitment, and turnover intentions in the hospitality industry. In addition, previous research on organizational justice has been conducted predominantly in laboratory settings and has overlooked how contextual elements influence the behavior of individuals within an organizational setting (Capelli & Sherer, 1991). Greenberg (1990a) argues that aspects of work environments are likely to influence employees' perceptions of fairness. Identifying the factors contributing to justice perceptions in an organizational context could provide additional insight into the area of organizational justice (Lee, 2000).

A number of studies have examined the contextual antecedents of organizational justice. For example, Kidwell and Bennett (1993) identify task characteristics and work group interaction in a study of individual motivation in groups. Goodman (1986) reports the importance of examining how the task and the context affect the behavior of individuals in groups. The findings of these studies show that how tasks are assigned and how the individual gets along with other members of the organization are both important in the formation of employee attitudes and perceptions (Lee, 2000).

Trust is essential for stable social relationship (Blau, 1964). Trust refers to an expectancy held by an individual or a group that word, promise, verbal or written statement of another individual or group may be relied upon (Beugre, 1998, P 80).

Tyler and Degoey (1995, 403) emphasized the impact of procedural justice on trust by suggesting that "procedures that are structurally and interactively fair will engender trust in system and in the implementation of decisions, whereas a lack of structural and/or interactional fairness will elicit low levels of trust." (Memarzadeh, 2010).

In an empirical study, Knovsky and Pugh (1993) found a strong correlation between subordinates' perceptions of their supervisor's procedural treatment and trust in the supervisor.
Beugre (1996, 1997) found a positive relationship between organizational justice and trust. The four justice dimensions (distributive, procedural, interactional and systemic) identified by the Beugre positively predicted trust.

2.4 Organizational Citizenship Behavior

Previous research suggests that rewards and compensation would enhance employees’ in-role behavior to a certain extent (Deckop, Mangel & Cirka, 1999). However, problem arises when organizations have to increase their own effectiveness and employees’ have to develop their own performance, both of which require individuals to undertake certain extra-role activities (Smith, Organ & Near, 1983). Extra-role activities are those that do not define an employee’s job description and neither do employees get paid for doing them, but that are nevertheless desirable to achieve organizational as well as individual effectiveness (Deckop, Mangel & Cirka, 1999; Smith, Organ & Near, 1983). One of the more important forms of extra-role behavior is organizational citizenship behavior (OCB) which are roles played by employees above and beyond their formal role requirements (Netemeyer, Boles, McKee & Mc Murrian, 1997). It is an optional out-of-role activity performed by employees but for which they do not get any explicit reward. Organ (1988) defined organizational citizenship behavior as, "OCB represents 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."

Moorman (1991) was among the first to research organizational justice and organizational citizenship behavior. Moorman's studies examined the relationship of perceptions of fairness and OCB in two midwestern companies. He found a relationship between procedural justice and four of the five dimensions of OCB. In a different study, Niehoff and Moorman (1993) examined the results that monitoring an employee had on the results of an employee choosing to engage in extra-role behaviors. OCB and social exchange theory were studied with 475 hospital employees (Konovsky & Pugh 1994).

Konovsky and Pugh (1994) wanted to see how trust played a role in organizational justice and OCB. They found that trust might play a role in mediating the relationship of organizational justice and OCBs. Skarlicki and Latham (1996; 1997) found in their quasi –experiment that training significantly improved the perceptions of fairness in an employee over that of an untrained group. Netemeyer et al. (1997) found a direct and indirect relationship among the variables: personal fit, leadership support, fairness (justice), job satisfaction, and OCBs (Memarzadeh, 2010).

2.5 Organizational commitment

Organizational commitment has been identified as a critical factor in understanding and explaining the work-related behavior of employees in organizations. Mowday, Steers, and Porter (1979) have classified approaches to the study of organizational commitment in terms of two perspectives: attitudinal and behavioral. Attitudinal perspective defines organizational commitment in terms of cognitive and affective responses and attachment to an organization. On the other hand, a behavioral perspective focuses on the behaviors that bind an individual to an organization (Memarzadeh, 2010).

2.6 Turnover intuitions

Researchers have argued that organizational practices that signal investment in employees and their development should reduce organizational turnover. For example, Huselid (1995) argued that high performance work practices that contribute to employee development or motivation (e.g., promotion from within, labor-management participation teams) should enhance retention, and found evidence that these practices had a clear negative relationship with organizational turnover rates. Similarly, Shaw, Delery, Jenkins and Gupta (1998) suggested that HR practices that signal investments in human capital (e.g., pay and benefits systems) or are intended to enhance commitment (e.g., procedural fairness, participation) should reduce organizational quit rates. Despite evidence that certain HR practices at the organization level are related to organizational turnover rates, it would be an ecological fallacy to then assume that perceptions of such practices at the individual level are similarly related to individual turnover decisions. Relationships at one level of aggregation (e.g., voting district party membership and election outcomes) do not necessarily hold in the same way at another level (e.g., individual party membership and vote in a particular election). Campbell (1999) argued that it is critical to explain the relationship between these types of organizational HR practices and withdrawal at the individual level. Alexander and Ruderman (1987) reported that distributive fairness is a direct cause of turnover intentions. In this study, six organizational outcome variables including job satisfaction, turnover intentions, tension/stress, trust in management, conflict/harmony, and evaluation of supervisor were selected. They found that five of the six variables showed substantial justice effects; only tension/stress were unrelated to either procedural or distributive justice. Four of the five variables were affected more by procedural justice than by distributive
justice. Of the five variables, only turnover intentions showed a stronger effect on distributive justice than on procedural justice. This result is consistent with the findings of other investigations of the distributive fairness perceptions-turnover relationship (Finn & Lee, 1972; Telly, French, & Scott, 1971). For example, in their study, Finn and Lee (1972) divided their sample into an equity subsample and an inequity subsample based on perceived fairness of 60 salary. They found that the inequity subsample displayed higher turnover intentions than the equity subsample (Memarzadeh, 2010).

3. Discussion

This study examined the relationship between organizational structure and organizational justice. Organizational structure was anticipated to have more positive effect on justice in Iranian public sector organizations. The results of this study support previous research on the impact of the organizational structure on the justice (Schminke et al., 2000, Masterson et al. 2000, Homans, 1974, Ambrose and Schminke 2001, Devtsch, 1985, Tornblom, 1992 and schminke et al 2002).

One especially interesting finding, in present study is the important role of organizational structure on justice perception. According to studies, justice perception in organic organizations is more than mechanical organization and distributive justice has a direct positive influence on Job satisfaction and is negatively related to turnover intentions as hypothesized. The results of this study support previous research conducted to explain the importance of the allocation phenomenon in organizations (Cropanzano & Greenberg, 1997, Folger & Konovsky, 1989; Lee, 2000).

Procedural justice has direct positive influence on Job satisfaction as hypothesized. This positive relationship between procedural justice and job satisfaction is consistent with the findings of Lee (200) and Tang & Sarasfield – Baldwin (1996). On the other hand procedural justice is positively associated with organizational trust (consistent with the findings of butler, 1991; kim and Mauborgne, 1995; Brockner and Siegel, 1995 and Beugrel, 1997). Kim and Marborgne (1995) argue that one may build trust through Procedural justice. Listening to employees and taking into account their concerns may help build trust between managers and they employees.

As noted earlier, procedural justice is positively associated with organizational commitment. This result is consistent with the findings of Mcfarlin and Sweeney (1992), Beugre (1996), Zeffan, 1994). Mcfarlin and Sweeney (1992) found that procedural justice was a good predictor of organizational commitment.

Studies have shown that interactional justice like distributive justice has negatively related to turnover intentions, that this result is consistent with findings of Alexander and Ruderman (1987), Tyler (1988).

Darley & Delany (1992). However, it is likely that turnover depends on other variables than perception of organizational Justice alone. For instance, the viability of attractive alternatives may be likely to quit their organization when other alternatives are available (Memarzadeh, 2010).

The other importance outcome from studies is that supervisors can influence employees' citizenship behaviors. The perception of fairness that originated from interactional justice was based on whether the supervisor correctly used the procedures that were designed to promote fairness and was based on the nature of the supervisors behavior while enacting those procedural if managers want to increase citizenship behavior among their employees, they should work to increase the fairness of their interactions with employees (Moorman, 1991).

References


