ORGANIZATIONAL JUSTICE AND EMPLOYEE SATISFACTION: A STUDY OF SELECTED BANKS IN PORT HARCOURT

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ABSTRACT

This study examines the effect of organizational justice on employee satisfaction of banks in Port Harcourt. A total of 60 staffs were randomly drawn from seven selected banks operating in Rumuokoro-Uniport axis of Port Harcourt, Rivers State, Nigeria. The instrument used for data collection is questionnaire and oral interview and 60 copies of questionnaire are analyzed. Spearman Rank Order Correlation Coefficient statistical tool is used to test the hypotheses. The findings reveal that organizational justice is significantly related to employee satisfaction. The study therefore recommends that firms should be able to apply justice in employees’ pay and promotion in the organization.

Keywords: Distributive Justice, Employees’ Pay, Employees’ Promotion, Employee Satisfaction, Organizational Justice, Procedural Justice.

I. INTRODUCTION

Organizations are social systems of which human resources are the most important factors for effectiveness and efficiency. For this purpose, organizations need effective manager and employees to achieve their objectives, which in turn promote their success through personnel efforts and commitment (Rad & Yarmohammadian, 2006).

Employee satisfaction is considered to be key variables that impact the performance of organizations. In a highly competitive global environment, businesses must strive to identify factors that influence the job satisfaction of employees. One such factor is organizational justice; which describes the individual’s perception of the fairness of treatment received from an organization and their behavioral reactions to such perceptions (Fernandes and Awamleh, 2006). Employees were more satisfied when they felt they were rewarded fairly for the work
they have done by making sure these rewards were important as they believed that the organization would be of tremendous future in the long run and care about the quality of their work; hence they were more committed to the organization, have higher retention rates and tend to have higher productivity (Fatt, Khin and Heng 2010).

Employees voluntarily exit their organizations for several reasons such as poor pay, poor incentive administration, lack of job security, lack of recognition for staff effort, unfavorable organizational climate, lack of job satisfaction, etc. Scholars in the field of HR have suggested that job dissatisfaction is a major cause of employee turnover. They opined that dissatisfied employees are more likely to leave an organization than satisfied ones (Khatri, Chong, & Budhwar, 2001; Linz, 2003; Iqbal, 2010; Dardar, Jusoh, & Rasli, 2011). Though it has been established that employees exit their organizations because of job dissatisfaction, the term satisfaction differ from one employee to another. According to Noordin and Kamaruzaman (2010), job satisfaction can be conceptualized as extrinsic and intrinsic.

Gruneberg’s (1979) as cited in Noordin and Kamaruzaman (2010) noted that job satisfaction is determined by the needs, values, and expectations that individuals have in relation to their jobs. According to AlBattat and Som, (2013) understanding the needs of employees is a first step to achieving their satisfaction. People are individually different and this would be reflected in their needs and the environment they operate. Some individuals may have greater need for achievement while others have greater need for job security; but people’s cultural background influences their response to the environment which is evidenced in their change in behavior, role perception, and language (Gonzalvo, 2009).

In an article assessing the past, present, and future states of research on organizational justice Greenberg, (1990) suggested that organizational justice may potentially explain many organizational behavioural outcome. Organizational justice is the term used to describe the role of fairness as it directly relates to the workplace. Specifically, organizational justice is concerned with the ways in which employees determine if they have been treated fairly in their jobs and the ways in which those determinations influence other work-related variables (Moorman, 1991). Organizational justice can help explain why employees retaliate against inequitable outcomes or inappropriate processes and interactions (Alsalem and Alhaiani, 2007).

Organizational justice is an important domain in the study of organizations (e.g., Ambrose & Schminke, 2002, Chai, Foo, & Fang, 2006). In organizations, justice is an important feature of outcome distribution (i.e., distributive justice), decision making processes (i.e., procedural justice) and daily personal interactions (i.e., interactional justice). Meyer and Smith (2000) considered the justice climate of the procedural, interpersonal and the informational, and suggested that the provision of training managers to ensure all of their employees perceived fair treatment, facilitating meetings where subordinates were able to express their opinions, and that needed information was well communicated, explanatory role-playing was performed, and that interpersonal sensitivity was observed when providing performance appraisal feedback to subordinates. As well as establishing policies that increased the likelihood of procedural and informational justice and role satisfaction. In addition, employees in more flexible plans were found to have higher perceptions of procedural justice than those in more traditional benefit plans (Cole and Flint, 2004; 2005).

Many studies have shown that perceptions of organizational justice influence attitudes and behaviours (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). It has been argued that if organizational policy, procedure, decisions and managerial actions are deemed unfair and unjust, the affected employees experience feelings of anger,
outrage and resentment (Folger 1987, 1993; Greenberg 1990; Lewicki & Minton 1992; Skarlicki & Folger 1997). There is also evidence that disgruntled employees retaliate to organizational injustice, directly; e.g. theft, vandalism and sabotage or indirectly by withdrawal of organizational citizenship behavior (OCB), psychological withdrawal and resistance behavior (De More, Fisher & Baron, 1988, Greenberg & Scott, 1996, Homans, 1961, Hulin, 1991, Jermier, Knights & Nord 1994). Because perception of injustice strongly affect us, it is important to understand these concepts. Such understanding has a calming effect on the mind, and even on our work performance.

One concept which is fundamental to human social interaction is justice. Whether it is a promotion decision, the assignment of tasks, the allocation of rewards or just about any other type of social exchange, matters of fairness are bound to arise. Employees’ perceptions of injustice or fairness in organizational settings influence their attitude and behavior and consequently their performance and the organization’s success.

Nevertheless, various researches have been made on this concept. But there exist little work on this in Rivers State, Nigeria - especially in the banking sector. This is why we are performing this research in banks in Rivers State.

According to Ameachi (2015), Nigeria’s banking sector is currently witnessing a shockwave following economic decline caused by reduced oil revenue, investigations have revealed. This is coming at a time when an estimated $25 billion (about N4.95 trillion) in foreign portfolio investments has been lost over the last few months, following rising political tension across the country. Daily Sun Newspaper 2015 gathered that amid dwindling oil revenue, banks have suffered declining income, with fears of reduction in workforce in the next couple of months. This has necessitated insinuations from some quarters that they are discriminating against their employees in the areas of compensation and benefits, for example issues of training and development, casualization, employee diversity, organizational justice, and so on still persist employees not getting their pay as at when due, job security, lack of progress in the organization, no confidence in the organizations leadership and more have been linked to why employees are dissatisfied with their job in the workplace.

In the past, banks extended credits to major oil marketers to import fuel. But following the marketers’ inability to pay earlier credits, caused by the Federal Government’s non-payment of the subsidy, banks are now unable to meet the demand. This is partly the cause of the current fuel scarcity being experienced across the country (Amaechi, 2015).

Feeling justice in organization not only affects views and behaviors inside the organization, but it is effective in the way of behaviour with beneficiaries outside, especially the customers even influencing the behaviour of the customers with people and the organization (Seyyed Javadein, 2008). Studies also showed that increased perception of justice leads to increased commitment of sportsmen and women. Also Ghafori and Golparvar (2009) found that organizational justice and its three components have positive and significant correlation with the areas of organizational commitment.

However, people’s reactions towards organizational justice have been found to be heavily influenced by fairness consideration, this is because every individual in an organization seeks for fairness and in turn show commitment. Consequently, employees’ satisfaction being an important part of the employee’s psychological state is because employees who are highly satisfied are theorized to engage in much behaviour, such as high performance which are believed to be beneficial for the organization (Chung, 2001).
Research has found that a satisfied employee is one who stays with the organization through thick and thin, attends work regularly, puts in a full day’s work and more, protects company assets, and shares the goal and vision of the organization (Meyer & Allen, 1997).

Previous researches have focused on manager’s satisfaction and organizational justice; perceived justice in the organization among staffs as means of enhancing organizational justice and employee satisfaction. In Nigeria, research focusing on organizational justice and employee satisfaction is scant. This study aims to explore the dimensions of Organizational justice specifically on distributive and procedural justice. In particular, we take into account the employee satisfaction on how they perceive justice in their organizations in banks of Rivers State, Nigeria.

II. LITERATURE REVIEWS

Justice includes a procedural component, “the extent to which decision-making procedures include input from affected parties, are consistently applied, suppress bias, and are accurate, correctable, and ethical,” and “a relational component (polite, considerate, and fair treatment of individuals” (Eloyainio, Marko, Kivimaki, Mika, Vahtera, and Jussi, 2002).

Employees are concerned with both the fairness of the outcomes that they receive and the fairness of their treatment within the organization (Williams, Pitre, and Zainuba, 2002). The first fairness perception is distributive justice, and it addresses the organizational reward system (i.e., equity theory). The second perception is procedural justice, which involves the organization’s decision-making procedures (Greenberg, 1990). The third perception is interactional justice, where the study goes beyond decision outcomes and formal decision – making procedures to show that people also react to their perceptions regarding the social sensitivity of the interpersonal treatment they receive from decision makers (Bies and Moag, 1986). Researchers have suggested that these types of justice perceptions are important determinants of meaningful organizational outcomes (Folger and Konovsky, 1989; Greenberg, 1987). A number of theories suggest that perceptions of fairness and non-traditional types of job behaviors are related. Organ (1990) has proposed that distributive justice concerns may influence citizenship according to predictions derived from equity theory (Adams, 1965; Greenberg, 1990). If employees perceive unfair compensation, then they may be less likely to perform, produce, and commit to the organization. Organ (1990) suggested that perceived procedural unfairness alter an employee’s relationship with the organization from one of social exchange (i.e., diffuse obligations based on reciprocal trust), in which citizenship behaviors are likely to be one of economic exchange (i.e., contractual obligations and precise terms of exchange), to one in which the employee does only what is required.

Organizational justice has been emerged as the hottest topic on the discussion boards for many years in Human Resources Management, organizational behavior and organizational psychology (Cropanzano, 1997); (Colquitt, 2001); (Greenberg, 1990). Different type of justices has been taken as the variables for a longer period of time (Deutsch, M. 1975; Adams, 1965). Organizational justice basically explains the fairness perceptions of individuals or of group and then their behavior can be observed according the treatment they receive from their organization (Deutsch, M. 1975; K., 1993). Greenberg, J. (1990) reviewed and predicted that organizational justice would be at the top in organizational behaviors, the reason behind is the strong relation of organizational justice variables to the organizational outcome as Folger R. & Konovsky, (1989) realized that organizational justice perceptions were strongly related to organizational commitment and supervisory related commitment. Research on Fairness perceptions has shown great consequences on the work place (Colquitt,
2001); (Cohen-Charash, 2001), like organizational commitment (Masterson, 2000) and job satisfaction (Alexander, 1987).

In the beginning, organizational justice was considered in only two dimensions, procedural justice and distributive justice; procedural justice is about the perceived fairness of the means that leads to determine the outcomes, as it shows the concerns about consistency, impartiality rationality and employee participation (Croppanzano, 1997); (Folger, R & Konovsky, 1989), (Greenberg, J. 1990). He found that procedural justice and distributive justices are linked to employee work related behaviors and attitudes. In this perspective, Folger R. & Konovsky, (1989) put their contribution by reporting that distributive justice is related to pay satisfaction whereas procedural justice is strongly related to organizational commitment and supervisory related commitment.

Utilizing from the employees is important for the effectiveness of the firms. This contributes to have competitive advantage; and mostly, human resource management (HRM) deals with this subject in the organizations. There is the ‘employee concept’ in the center of HRM. These employees may be working for that firm or have the possibility of working for that firm. HRM can be defined as the management of the decisions and actions related with the employees in the organization to implement the strategies for creating competitive advantage. Another definition about HRM is from Armstrong (2000) that it is the strategic management of the members of an organization who contribute to the achievement of that organization’s objectives. These definitions make us conclude that HRM is a strategic business and should be concerned strategically. Strategy may be defined as the statement of what an organization wants to become, the objectives it wants to reach and, how to reach to those objectives (Armstrong, 2000). Strategic HRM (SHRM) helps the organization in reaching its objectives, and the main players in SHRM are the “employees”. Lawler (1986) argued that a firm’s HR strategy should be centered on developing skills and ensuring motivation and commitment (Wallace, Eagleson, & Waldersee, 2000). In this statement, ‘ensuring the motivation’ is concerned with the employee satisfaction. That is why; the satisfaction of the employees takes on added importance.

III. SIGNIFICANCE OF THE STUDY

Employees want to work for fair and ethical companies and be treated with respect. Organizational justice concerns how employees view fairness in places of employment and then gets satisfied in their work. That organizational justice is the employee’s perception of the fairness with which they have been treated. It is the degree to which fair procedures and processes exist and are adhered to in an organization, and the extent to which individuals perceive their leaders as being fair and sincere, and having logic or rational for what they do (Choi, 2008).

Furthermore, this study will help practitioners in the field of human resources management in applying the concept of organizational justice and ensure its effects in job satisfaction of employees in the organization.

The findings will enable Nigerian banks understand the need to align and ensure fair and equitable working environment with increased workers satisfaction and attendant increase in share price of the organization.
IV. RESEARCH METHODOLOGY

Purpose of the Study:

- To examine the relationship to which distributive justice influences employees’ satisfaction in selected banks in Rivers State.
- To examine the relationship to which procedural justice influence employees’ satisfaction in selected banks in Rivers State.

Hypotheses:

H01: There is no significant relationship between distributive justice and employees’ pay in selected banks in Rivers State.

H02: There is no significant relationship between distributive justice and employees’ promotion in selected banks in Rivers State.

H03: There is no significant relationship between procedural justice and employees’ pay in selected banks in Rivers State.

H04: There is no significant relationship between procedural justice and employees’ promotion in selected banks in Rivers State.

Methodology:

The target population is the entire employees in the banking sector in Port Harcourt, Rivers State. While the accessible population are the selected banks in Port Harcourt consisting of all banks from Uniport to Rumuokoro axis of Port Harcourt. All the banks that fall within this definition constitute this target population.

It should however, be pointed out that it is usually not possible to deal with the entire target population. This being the case, the researcher identified the portion of the population of which he can have access. This proportion of the population is known as accessible population. It is from this, that the researcher selected the sample of the study (Baridam, 2001).

The precise number of persons in this category is nearly impossible to obtain. However 70 staff is estimated. From this population, a sample size of 60 was drawn using the Taro Yamane’s formula.
H0₁ and H0₂

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<th></th>
<th>DJ</th>
<th>EP</th>
<th>EPR</th>
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<tbody>
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<td>.507**</td>
<td>.241</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
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<tr>
<td>N</td>
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</tr>
<tr>
<td>Correlation Coefficient</td>
<td>.507**</td>
<td>1.000</td>
<td>.227</td>
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<td>Sig. (2-tailed)</td>
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<td>Correlation Coefficient</td>
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**. Correlation is significant at the 0.01 level (2-tailed).

The first hypothesis shows a positive correlation between distributive justice (DJ) and employees’ Pay (EP) at .507. There is also a P-value of .000 which is less than alpha 0.05. We therefore reject the null hypothesis. This means that there is a positive relationship between the two first hypotheses.

H0₂ also shows a significant correlation coefficient of .241 between distributive justice and employees’ promotion (EPR) as well as P-value of .000 which is also less than alpha 0.05. We also reject the null hypothesis which implies that there is a significant relationship between distributive justice and employees’ promotion.
### H0₃ and H0₄

#### Correlations

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<td>.249</td>
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<td><strong>Correlation</strong></td>
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</table>

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

HO₃ shows a strong correlation between procedural justice (PJ) and employees’ pay (EP) at .413 and a P-value of .000 which is also less than alpha 0.05. This would lead us to rejecting the null hypothesis which would also mean that there is a positive relationship between procedural justice and employees’ pay.

HO₄ shows a positive correlation coefficient of .249 and a P-value of .000 which is less than alpha 0.05 between procedural justice and employees’ promotion. We therefore reject the null hypothesis meaning there is a significant relationship existing between procedural justice and employees’ promotion.

#### Count

<table>
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<th>Organization</th>
<th>I feel that my job responsibilities is quite fair</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
<td>D</td>
<td>N</td>
</tr>
<tr>
<td>FIRST BANK</td>
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<td>DIAMOND BANK</td>
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<td>ECO BANK</td>
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<tr>
<td>BANK</td>
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<td><strong>Total</strong></td>
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</table>
From the first construct in our predictor variable, we tried to examine the extent to which staffs feel that their job responsibilities are quite fair. 4 out of 9 staffs from First Bank strongly agree while 4 agree, 1 neutral, and 0 disagrees. This distributive justice plays a very critical role in organizational justice with regards to First Bank. Diamond Bank was not also left out as 2 out of the 9 employees strongly agrees and 7 employees agree. However no employees either chose neutral or disagree.

VI. CONCLUSION

We noted in our literature that, the extent to which employees’ procedural, distributive justice is fair. And that these perceptions and behaviour either positively affect organizational justice perceived in the work place and outcome to be fair, and that these perceptions can influence attitude and behaviour either positively or negatively. The banking industry in particular, therefore depends largely on how fair the affairs of the entity are bedmates. When employees are made to imbibe the right attitudes vis-a-vis the justice system in the organization, they are motivated to work towards the achievement of organizational goals. Based on these evidences which are well supported by empirical data, we conclude that organizational justice in the workplace is essential and important for the overall satisfaction of employees.

REFERENCES


