

ORGANIZATIONAL JUSTICE AND EMPLOYEE LOYALTY OF OIL SERVICING FIRMS IN PORT HARCOURT

TENDE, F. BURADUM
Department of Management,
Faculty of Management Sciences,
University of Port Harcourt, Nigeria.

UKOHA, OJIABO
Department of Management,
Faculty of Management Sciences,
University of Port Harcourt, Nigeria.

ALAGAH, A. D.
Department of Management,
Faculty of Management Sciences,
University of Port Harcourt, Nigeria.

ABSTRACT

This study scrutinizes the association amid organizational justice and employee loyalty of oil servicing firms in Port Harcourt. A sample of 155 employees was drawn from the population of 261 using the Krejcie & Morgan table for the five oil servicing firms in Port Harcourt. Three null hypotheses were drawn from the elements of all the variables. Spearman's Rank order correlation coefficient was used to scrutinize the null hypotheses, via the aid of Statistical Package for Social Sciences (SPSS) version 21, at 5% level of significance. All the null hypotheses were rejected. Hence, there is a significant relationship amid organizational justice and employee loyalty of oil servicing firms in Port Harcourt. It was thus recommended that Management should create policies with strict distributive mechanism for the circulation of economic benefits as employees are concerned with having economic benefits that are commensurate with their efforts. Management should ensure clear procedures are employed to evenly apportion economic benefits to all concerned. This is because the impartiality of the allocation process seems to be vital compared to the actual amount of compensation received by the employees. Given that employees are always concerned about the quality of interactive treatment they receive; managers should be objective in their interactions with employees and furnish them with information at all times as this will bring about loyalty on the part of the employees.

Keywords: Organizational Justice, Employee Loyalty, and Oil Servicing Firms.

Introduction

Firms have external, connected, and internal stakeholders; the scope in which these stakeholders show allegiance varies. Gaining the allegiance of internal stakeholders (especially employees) is vital to organization and businesses alike. Singer (1993) clearly identifies the employee as having great value amongst all the stakeholders in any corporate set-up. The recognition of the worth of their individual and family life; on one hand, could be linked to a sound justice system, while fashioning an empowering atmosphere (for relevant stakeholders) which provides openings for personal growth would lead to employee loyalty in such a business. In essence, the survival of the firm, advancement and viability are actualized when key elements like justice and loyalty drives such businesses from where it is to where it anticipates being.

Greenberg (1990) opined that when structural processes, policies, procedures, tactics and the actions of management are alleged to be biased and/or partial, the employees that are affected tend to feel moods of aggravation, irritation, outrage and bitterness thereby act rebellious to such a business. Fang (2000) argued that justice within the business is substantial as it plays contributory role(s) in affecting the actual routine of the workforce and those employees who are satisfied from sound justice system inside the business performs greater than those that are less satisfied. In other to have the workforce fulfilled, dedicated, loyal, and engaged to the business; the business has to be impartial all the time. It is true that employees crave for impartiality and justice which result in determining adequate reward and make them devoted to their responsibilities and the business. When this happens, they feel the need to respond positive behaviour; hence they show loyalty.

Conversely, businesses tend to require workforce that are loyal, devoted, and allegiant to their job in an attempt to attract increased loyal customer base. Employee loyalty manifest to the client(s) and it is almost un-achievable to engender loyal customers (clients) without employees that are loyal to such a business (Rishipal & Manish, 2013). Loyalty represents the genuineness of an employee to show devotion, dedication, and faithfulness towards a conviction, an individual, a phenomenon, a place or a business (Rishipal & Manish, 2013).

In essence, employee loyalty is distinctive by the advantage of which the employee who is loyal have trust, confidence and conviction towards the business and this allegiance is shown by the way the said employee(s) contributes their time, energy (vigor), experience, expertise or professional knowledge, abilities, skills and take practical actions for the actual and effectual realization of the ideas of the business when necessary.

No doubt, several scholarly works (namely; Cropanzano & Greenberg, 1997; Cremer, 1993) have been conducted to solving problems concerned with organizational justice using various dimensions (as shown below), however it is noteworthy that not much has been done on how organizational justice influence employee loyalty in oil servicing business especially in Port Harcourt. Given the identified knowledge gap, our point of departure from previous research is to empirically fill this vacuum that has been observed. Hence, we intend to scrutinize any association existing amid organizational justice and the loyalty of employees in the Nigerian oil sector, especially in Port Harcourt.

Statement of the Problem

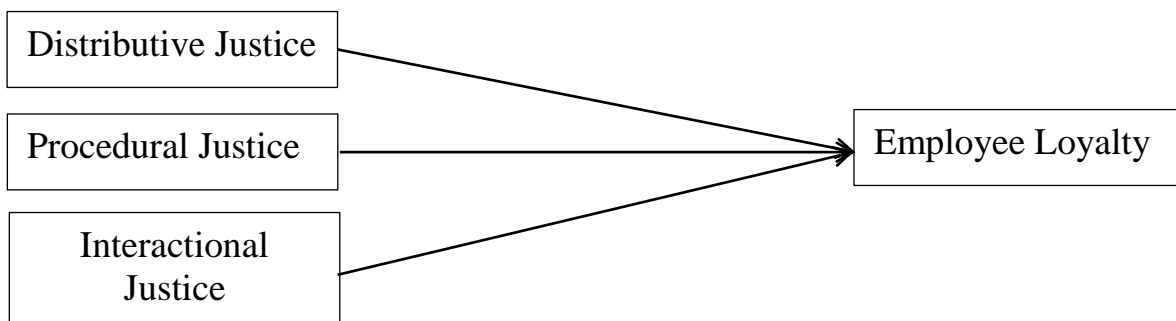
There is an increasing need to address the unruly of injustice in the Nigerian workplace. Deconinck and Bachmann (2005) discovered that there seem to be a close link amid

economic growth (gain) and injustice in business. Thus, as business grows, so do the equity, fairness, and justice inside such a business decline. Organizational injustice is evident in Nigeria due to tribalism, favouritism, and other sentimental considerations. In essence, organizational injustice is a rudimentary challenge confronting business in developing countries like Nigeria; the inability to provide equitable pay and/or wage, equal fringe benefits as well as creating satisfying job experiences for all concerned.

This has linked to employee job dissatisfaction which mostly result in unethical practices such as; cyber loafing, theft, and disloyalty. Founded on the above; this research effort is intended to explore, ascertain and reveal any influence and consequence of organizational justice on employee loyalty, and contribute in the thoughts of the mechanisms through which the injustice insight is tackled.

In demand to forestall the eventual collapse/demise of the equity, impartiality, and justice, this research work intends to explore whether the appropriate harnessing of the capitals of the business (human and/or material) inside the business could help leverage the continuous unprofessional practices in the business and place the business on the fast pace of recovery.

Operational Framework



Aim and Objectives of the Study

Overall purpose and exact objectives are as follows: The overall drive is to examine if there exist any association amid organizational justice and employee loyalty. Specifically, the objectives are:

- i. To examine the relationship amid distributive justice and employee loyalty of oil servicing firms in Port Harcourt.
- ii. To ascertain the relationship amid procedural justice and employee loyalty of oil servicing firms in Port Harcourt.
- iii. To determine the relationship amid interactional justice and employee loyalty of oil servicing firms in Port Harcourt.

Research Questions

In an attempt to realize the drive for this study, the research question below will be adopted.

- i. What is the relationship amid distributive justice and employee loyalty of oil servicing firms in Port Harcourt?
- ii. What is the relationship amid procedural justice and employee loyalty of oil servicing firms in Port Harcourt?

- iii. What is the relationship amid interactional justice and employee loyalty of oil servicing firms in Port Harcourt?

Research Hypotheses

To derive answer to the research questions that are stated above, this research work is guided by the following propositions itemized in a null arrangement:

- Ho₁:** There is no substantial relationship amid distributive justice and employee loyalty of oil servicing firms in Port Harcourt.
- Ho₂:** There is no substantial relationship amid procedural justice and employee loyalty of oil servicing firms in Port Harcourt.
- Ho₃:** There is no substantial relationship amid interactional justice and employee loyalty of oil servicing firms in Port Harcourt.

Significance of the Study

This enquiry is substantial because of several reasons listed below:

- i. This work will contribute immensely in aiding human resource practitioners in giving sound orientation to employees regarding loyalty.
- ii. It will help business gain and maintain viable benefit(s) in today's highly competitive environment of business.
- iii. It will aid researchers in carrying out their task as it would provide adequate insight of the relevance of the knowledge of organizational justice and how it influences employee loyalty.
- iv. This research study would highlight the relevance of organizational justice in promoting employee loyalty which will enhance structural profitability on the long run for other beneficiaries.

Scope of the Study

This review was discussed on the following perspective viz; content scope, geographical scope, and unit of analysis.

Content Scope: This enquiry was restricted to literature on organizational justice, employee loyalty, and corporate culture. The content scope of this investigation is established by the association amid organizational justice and personnel loyalty and corporate culture as a contextual factor.

Geographical Scope: The geographical scope of this research is limited to Port Harcourt, specifically, the oil service sector of the economy in Port Harcourt.

Study Unit: For this enquiry, the unit of analysis is individual level or micro level which includes employees of selected oil servicing business in Port Harcourt.

Limitations of the Study

This work was limited by the populace, taster size and the geographical spread. The population of the study consists only of selected oil servicing businesses which are situated in Port Harcourt, out of which only five will be studied, thus giving room for the possibility of errors in sampling. Again, outcomes from the reports of this enquiry cannot be

comprehensive when it comes to applying it in other trades since the study was limited to only oil servicing business.

Literature Review

Theoretical Framework

The baseline theory or theoretical substance of this study is founded on equity theory. This is because most empirical studies have relied heavily on this theory as the baseline theory when discussing organizational justice and employee loyalty (e.g. Adams, 1965). Equity theory is established on ability to regulate whether the circulation of the resources of the business is fair, just, and impartial to all the individuals who contribute their efforts to the victory of the business. Equity theory takes into cognizance that indirect and flexible individual elements affect and influence each person's evaluation and insight of their affiliation with the other followers of the group, business, structural setup (Adams, 1965). Not just only about how managers treat members of the business; but also, how employees and their equals network with one another in the business (Wan, 2013).

The Concept of Organizational Justice

Greenberg (1990) describe organizational justice as an idea that refers to employees' insight of fairness, impartiality, and equality in the business, comprising of indicators of how decisional actions tend to be generated and taken concerning the circulation and circulation of result and the seeming insight of fairness, impartiality, equitable sharing of those outcomes themselves.

Greenberg and Cropanzano (1997) noted that prior to this time; enquiry on justice has been conceptualized along with three primary elements; distributive, procedural, and interactional justice. It is worthy of note that justice principle tends to be tied to distributive justice, which accepts that a worker tends to perceive the impartiality of their own or others' compensation exclusively in relations to excellence.

Distributive Justice

Distributive justice tends to explain the apportionments of the assets that some employees of the business get and other of their counterpart are deprived of (Cropanzano & Greenberg, 1997). It explains the certainty that not all employees of the business get the same treatment from management and superior members of the business; the apportionment of output is distinguished in the workplace, a typical example is when the most qualified employee gets due promotion.

Cropanzano & Greenberg (1997) noted that several allotment codes that can be introduced accordingly inside the business which are; equality which means to each person the same circulation of resources; equity which means to every individual viz-a-viz their inputs and necessities, which means to every individual in conformism with the pressing need.

Procedural Justice

Procedural justice takes into consideration the step-by-step arrangement in which outcomes are circulated, but not precisely to the outcomes in itself. It was held that Procedural justice establishes certain codes by clearly stipulating and guiding the actions of members inside the process of making decision in the business (Cropanzano & Greenberg, 1997). Thus, it puts

into play; the steps that are taken to manage disputes inside the business when dealing with conflict situations.

The conclusions of the study conducted by Poole (2007) supports the notion that hierarchical structures that create super ordinate-minor associations inevitably are challenging from the standpoints and positions of justice system in the business.

Interactional Justice

Wan (2013) revealed that interactional justice denotes the standard functional to how employees tend to network one another at the workplace. In essence, it's not limited to shaping how management treat (or relate with) employee (or associates) subordinate to them; it as well relates to how employees and their counterparts interact with each other at every point in time. Out rightly setting ideals of expected behaviour is central to confirming a high level of regard and esteem is given to employees and to ensure the business is seen as an impartial and safe place to work.

The Concept of Employee Loyalty

The attitudes of employee towards the business can give birth to the behavioural elements of devotion. When an employee who has developed warmth towards the business he or she is working for; it's more likely to establish and maintain devoted behaviour and work towards achieving the immediate and overall objective(s) of the business, such as enhanced productivity, better effectiveness and an improved service delivery to customers and investors alike (Wan, 2013).

Rishipal and Manish (2013) noted that loyalty reveals devotion, dedication, closeness and faithfulness towards a phenomenon, an entity or a business. In this view, loyalty inside the setting of business connotes the faithfulness, devoutness and devotion to its internal, connected, and external participants such as the ultimate customer, suppliers, employees, strategic allies, stockholders, shareholders and the host community towards the business because different stakeholders of the business are devoted to the business at different levels or degrees. It is without doubt, that the long-term success of any business depends deeply on the caliber of individuals that serve (work) as its employees, and the level to which they are keen to the business. When an employee is faithful or devoted to the business, this alone shows that he or she can be an incredible asset to a growth and development of the business.

Relationship amid organizational justice and employee loyalty

The allegiance of the employee can be vital and seen in its connection to the gratification of employees as the attendant equality in the circulation of corporate resources in the business. As a substance of the practice of impartiality in the business; business should reward employees as a system of numerous bonuses, raise, soft loan for the purpose of education, elevation, and the enlightenment in a bid to ensue elastic behaviour, and this could result in total pledge and devotion.

Thus; business should guarantee that employees would want to be proud to say they are connected to the business and are a fragment of the business. Organizational justice and employee loyalty work hand-in-glove as certain emotions like devotion and allegiance are products of equity, equality, and impartiality.

Methodology

The population for this study entails all the employees of the oil servicing business in Port Harcourt. Record (from an investigation) shows a total of two hundred and sixty (260) supervisors and subordinates among five (5) businesses. Because there are several oil servicing firms in Port Harcourt, the researcher used random sampling system to select five (5) oil servicing business that must have operated for a minimum of ten (10) years, and by the quality of service they offer, as well as the quantity of staff they have; for the study..

Krejcie and Morgan (1970) sample size determination table was castoff for this study which gave a sample size (S) of 155 employees of the population size (N) 261 of the five-oil servicing business selected. These firms include the ensuing: Africa Oilfields Services Ltd, SEGOFS Energy Services Ltd, Lubserve Engineering Ltd, Plantgeria Plc., and AP Oilfield Servicing Ltd. The instrument for this study was proportionately distributed according to the staff strength of the various institutions. The Statistical Package for Social Science (SPSS) version 21 was used to conduct the analyses.

Results and Discussions

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.559 ^a	.312	.298	1.856

a. Predictors: (Constant), INTERACTIONAL_JUSTICE, DISTRIBUTIVE_JUSTICE, PROCEDURAL_JUSTICE

From our model summary, we realized an R square which is also the coefficient of determinant having a value of 0.312 which means that our predictor variables account for 31.2% of changes in our criterion variable employee loyalty. The output also shows a regression coefficient of 0.559 which is also significant.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	231.552	3	77.184	22.408	.000 ^b
	Residual	509.790	148	3.445		
	Total	741.342	151			

a. Dependent Variable: EMPLOYEE_LOYALTY

b. Predictors: (Constant), INTERACTIONAL_JUSTICE, DISTRIBUTIVE_JUSTICE, PROCEDURAL_JUSTICE

Our ANOVA output shows a significance of 0.000 which also represents our alpha using 95% level of confidence. This confirms that our predictor variables really account for changes in the criterion variable.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.594	1.143		7.516	.000
	DISTRIBUTIVE_JUSTICE	-.177	.055	-.278	-3.206	.002
	PROCEDURAL_JUSTICE	.389	.076	.593	5.093	.000
	INTERACTIONAL_JUSTICE	.060	.054	.116	1.110	.269

a. Dependent Variable: EMPLOYEE_LOYALTY

In our coefficient table, we see distributive justice having a weak coefficient of -0.273 but it also has a p-value of 0.002 which is less than alpha of 0.05. Therefore, we reject the first hypothesis.

In our second hypothesis, we see procedural justice having a significant coefficient of 0.592 with a corresponding p-value of 0.000. We would also reject the null hypothesis.

Our third hypothesis shows an insignificant relationship existing between interactional justice and employee loyalty with a coefficient of 0.116 and a p-value of 0.269 which is higher than alpha of 0.05. We would therefore accept the null hypothesis

Conclusion

Convincingly, employees' insight of organizational justice promotes desirable work related equitable policies that are employee driven. Specifically, the implementation of organizational justice inside the oil sector enhances employee loyalty. Thus, business through its corporate culture should create an enabling environment for the adoption and implementation of justice in the firm as it would induce loyalty of the employee throughout such business.

As established by the results obtained from the analyses, it was concluded that the dimensions of organizational justice have substantial impact on the employee loyalty of oil servicing business, especially those located inside the Port Harcourt metropolis. The following specific conclusions were made:

- i. Distributive justice has a positive substantial influence on employee loyalty of oil servicing business in Port Harcourt.
- ii. Procedural justice has a positive substantial influence on employee loyalty of oil servicing business in Port Harcourt.
- iii. Also, interactional justice has a positive substantial influence on employee loyalty of oil servicing business in Port Harcourt.

Recommendations

From the research analysis and conclusions above, the following recommendations were made to aid oil servicing business:

- i. Management should create policies with strict distributive mechanism for the circulation of economic benefits as employees are concerned with having economic benefits that are commensurate with their efforts.

- ii. Management should ensure clear procedures are employed to evenly apportion economic benefits to all concerned. This is because the impartiality of the allocation process seems to be vital compared to the actual amount of compensation received by the employees.
- iii. Given that employees are always concerned about the quality of interactive treatment they receive; managers should be objective in their interactions with employees and furnish them with information at all times as this will bring about loyalty on the part of the employees.

Contribution to Knowledge

The study would not be complete if it has no theoretical and practical applications. Therefore, the logical question at this point is how this research work provides guidance to the Nigerian economy; especially the oil sector and contribute to theory building. This question is addressed as follows:

- i. This study provides empirical evidence on organizational justice and employee loyalty as it considers the oil servicing sector on the variables under study.
- ii. The conceptual model designed for this study offers a new perspective of the association amid organizational justice and employee loyalty as it provides empirical evidence relevant for theory building.
- iii. It would serve as a platform for students and other researchers to provide empirical evidence of the association amid organizational justice and employee loyalty.

References

- Adams, J. S. (1965). Inequity in social exchange. In L. Berkowitz (Ed.), *Advances in experimental social psychology*. New York: Academic Press, 267-299.
- Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O. L. H., & Ng, K. Y. (2001). Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*, 86, 425–445.
- Cropanzano, R., & Greenberg, J. (1997). Progress in organizational justice: Tunneling through the maze. In C. L. Cooper & I. T. Robertson (Eds.), *International review of industrial and organizational psychology* (pp. 317-372). New York: Wiley
- Deconinck, J., Bachmann, D. (2005). An analysis of turnover among retail buyers. *Journal of Business Research*. Vol. 58, pp. 874-882. ISSN 0148-2963.
- Fang, Y. (2000). Turnover propensity and its causes among Singapore nurses, an empirical analysis.
- Greenberg, J. (1990). Looking fair vs. being fair: Managing impressions of organizational justice. In B. M. Staw & L. L. Cummings (Eds.), *Research in organizational behaviour* (Vol. 12, pp.111-157). Greenwich, CT: JAI Press.
- Greenberg, J. S., & Corpanzano, R. S. (1997). Advances in organizational justice. *Stanford University Press, Palo Alto, CA*, p. 304.
- Krejcie, R. V. & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30, 607-610.
- Poole, L. W. (2007). Organizational justice as a framework for understanding union management relations in education. *Canadian journal of education* 30, 3 2007: 725-748.
- Rishipal, & Manish (2013). Performance management and employee loyalty. *Global Journal of Management and Business Research (USA)*, Volume 13 Issue 3.
- Wan, H. L. (2013). Employee loyalty at the workplace: The impact of Japanese style of human resource management. *International Journal of Applied HRM Volume 3 Issue ISSN 1742-2604*.