# Impact of Organizational Injustice and Leader Reward Behavior on Job Satisfaction of Employees

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## Abstract

*The aim of this paper is to find out the effect of leader reward behavior and organizational injustice on the job satisfaction of employees. The paper intends to seek a reason behind the undesired behavior of employees, which are quite common among the working class of both public as well as private organizations of Pakistan. This particular analysis is constructed by floating designed questionnaires in the Telecom Industry of Pakistan; particularly in the organizations (Mobilink, Telenor, Ufone, Warid, & Zong) operating in twin cities. Statistical software SPSS has been used to interpret the results gathered from 229 respondents. Additionally, a strong correlation is found between the variables depicting a reliable strength of the research relationship. The study would be useful for top managers who develop strategies, supervise employees, and might face difficulties in handling issues related to workers in the workplace. It is limited to telecom industry of Pakistan only; however the similar relationship can be tested upon different industries across the country.*

**Keywords**: Organizational Injustice, Leader Reward Behavior, Job Satisfaction.

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## Introduction

The most valuable asset of an organization is its employees; their behaviors mark a major difference on the workplace. Management is bound to keep an eye on the working of its employees to keep them on the right and productive track. As Alias, Rasdi, Ismail, and Samah (2013) explained that human resource professionals are motivated to find solutions to destructive behavioral outcomes of employees in order to increase job satisfaction. So, with the help of this document, supervisors can fill the gap between employee attitudes. The objective is to underline the importance of positive attitude of leaders and justice towards employees.

Jackson, Rossi, Hoover, and Johnson (2012) points out the need of expanding the knowledge of relationship between rewarding behavior of a leader and consequent behavioral outcomes of employees, such as deviance, creativity, and satisfaction. Moreover, Nasir and Bashir (2012) in their research have emphasized to find the relationship between organizational injustice and employee behavior in the private sector organizations of Pakistan as it conducted research on the private sector only. For that reason, the study intends to draw attention on the employee behaviors and factors that encourage such activities as it is considered destructive to the organization and its well-being.

## Literature Review

### *Organizational Injustice*

Organizational justice in its literal meaning is 'just distribution of organizational outputs'. As a concept, it means rationalization of employees by the management at the workplace, i.e. the amount of input that employee gives in is well compensated with the output given by the management (Sulu et al., 2010). Employee will be demoralized if he/she finds a difference between his/her pay raise/bonus and someone else's with same level of effort. Justice means fairness and even-handedness. Thus, when an employee feels that he/she is dealt with fairness and no fraud is taking place, employees feel motivated. Contrary to this, when they feel deceptive attitude of management towards them, employees are de-motivated and intend to grab some deviant means to level the scores. In today's society, where temperament and patience has dropped down to minimum percent, organizations must use fair policies and compensate employee's hard work well to avoid any undesired actions from the employees.

Another study has deduced that justice is a structure that affects employees work attitudes in regard of labor, wages, rewards and recreation. Moreover, the perception of fairness about a workplace in an individual's mind constitutes the organizational justice. The core basis of organizational justice is observation of employees about it, as honest process, whose absence creates problem for the employees to work effectively, efficiently, and in a promising way.

In 1965, 'Equity Theory of Adams' was introduced. This theory says that employees always compare the inputs with outputs and also with the other people around, whatever the result comes, becomes the cause of perception. Moreover, when input ratio is equal to output ratio of two employees, equality, or distributive justice comes into being. When an individual does not find any clash between inputs and gains, he/she acts positively towards the justice process, whereas the absence of fair dealing gives rise to employee's deviant behaviors. As Nasir and Bashir (2012) argued in their research that those organizations who treat their employees fairly, have more motivated and loyal workforce. In addition, employees behave positively when they observe

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justified processes. Moreover, when employees have a positive perception of justice from the organization, they are less likely to exhibit a deviant behavior (Demir, 2011).

Gupta & Kumar (2013) declared that organizational justice is a driver of sense of safety among employees. When individuals fail to fulfill their tasks on time due to valid reasons, they have trust on their employer that they will understand and reward for the hard work, they are confident about their work and organizational compensation. This approach leads to high morale and contended attitude.

The absence and presence of justice is most critical to any sort of organization as it determines the attitudes, behaviors, and decisions of people, both inside and outside a workplace (Cantisano, 2013). Consequently, when an organization is dealing with its employees fairly, individuals will respond with a loyal attitude whereas when there is a gap between fair treatments, employees may act deviant. Fair treatment influences both, job satisfaction and commitment. The attitude of employees is directly proportional to the degree of justice provided by the organization. The more injustice, the more deviant behaviors will occur while the lesser unfair treatment, the lesser employee deviant behavior will takes place.

Initially, there were two types of justice, one was distributive justice - perceived perception of outcome such as pay, and other was procedural justice - perceived perception of the procedures to find out results. However, in past few years, a new type of justice has emerged i.e. transactional justice. Another research states that justice has three branches, distributive, procedural, and interactional that is the perceived perception of interpersonal justice between employees and manager (Riley, 2006).

A promising perspective to investigate workplace deviance is organizational justice (Ambrose et al., 2002). With the help of past researches on organizational justice, one can understand the nature of deviant behaviors at workplace. Hence, we found a solution to minimize deviant behavior i.e. by decreasing organizational injustice. Thus, they have a positive relationship. When injustice perception increases, deviant behavior elevates and vice versa. A number of past researchers have hypothesized those different types of organizational injustice that lead to various kind of counter-productive behavior (Ambrose et al., 2002). Sabotaging is a kind of deviant behavior seen at workplace, which means destruction, delays in production, creating embarrassment for others, damage to tangible property and intangible relationship among co-workers. Technically, there is a minuet difference between sabotage and deviance. Sabotage is harming the other entity, whereas deviance is violating norms, though there is a considerable overlap in the concepts, but deviance at one time may not harm the organization whereas sabotage is always harmful. The reasons for such behaviors could be powerlessness, boredom, fun Moreover, most common factors of injustice discussed by Ambrose in his paper are: showing disrespect to an employee, giving supplementary responsibility with no pay raise, delaying promotions, avoidance of providing necessary equipment for completing work, and favoritism. Injustice creates much discomfort in the organization and must be followed to eliminate from the system. The perception of fairness leads to employee attitudes, both positive and negative such as job satisfaction, commitment with the work, turnover, stress, sabotage, employee performance, trust on the management, and employee citizenship behavior (Sulu et al., 2010). Organizational perception of justice works as a central point, around which the employee's attitudes and behaviors revolve. An honest management is mandatory for a productive workforce.

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The perception of lack of justice leads to undesirable behaviors (Martinson, Crain, Vries, & Anderson, 2010). Strain is another issue seen with the employees. When they are under stress, individuals find ways to overcome frustration by doing something wrong. Thus, strain may have undesirable effect and encourage attitudes that favor deviant behaviors (Martinson et al., 2010). Injustice is certainly related to psychological tensions, frustration, and injustice (Ambrose et al., 2002).

Recent research has shown that performance appraisal is highly influenced by the term 'fairness' in a workplace (Gupta & Kumar, 2013). When employees feel injustice in the appraisal process, they are de-motivated to work hard as they are uncertain about the rewards. Research has shown that organizational perception of justice works as a stimuli in the change process i.e. when companies intend to change their management styles and re-design themselves, a fair perception of justice moderate the whole process, thus it can be said that organizational justice has serious impact on the willingness of employees to change (Fuchs, 2011). It reduces individual's reluctant behavior for change and it is favorable for the management as employees are seen reacting aggressively to change by hesitant behavior and creating difficulties for the administration.

Everton et al. (2007) supported the idea that when employees recognize the management as fair, the degree of theft, violence, employee absence, and unwanted incidents decrease. Research show evidences that injustice contributes to negative outcomes such as lowered performance and escalating withdrawal behavior (Francis & Barling, 2005). Past studies have linked the concept of employee behavioral outcome, either anti-social (deviant) behavior or citizenship behavior, with the perceptions of organizational injustice (Cantisano, 2013). Previous research has proved that organizational justice is negatively related to deviance in the workplace (Demir, 2011).

### *Leader Reward Behavior*

Global competition has reached its highest point. The major crucial factors for the organizations are change, adaptability and flexibility. These are the success factors for the workplaces in order to survive in this constantly growing competitive world. Whereas, a leader is the sole person who can make it possible and that is why he/she is given importance.

Leader reward behavior is the leader's response towards employee's hard work. It is the ratio of leader's output to employee's input while working for the common organizational objectives. The more a leader acknowledges the work, the more satisfied and happy team he has. Humans need to be encouraged when they do some work, whereas in the lack of motivational words, they feel frustrated and gloomy. Employee perception, outcome, and behaviors are driven by leader's attitude towards them.

There are two types of leader rewarding behavior, first is path-goal theory, and second is transactional leadership, which states that clarifying employee path for goal achievement, rewarding them for their hard work motivates employees for their performance, and satisfaction whereas, the other type means exchange between manager and employee in terms of reward against performance (Jackson et al., 2012).

Gunlu et al. (2010) in his research has described Herzberg's 'theory of job satisfaction' in which he has divided job satisfaction in to two categories (i.e. employee seek to have two kinds of satisfaction from his workplace), one is motivation and other is hygiene factors. According to him, hygiene factors include supervision, compensation, relation with peers, working conditions, etc.

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The theory supports that when these hygiene factors are not present in a workplace, job satisfaction decreases.

## *Job Satisfaction*

Employees having higher level of job satisfaction are less found indulged in deviant behaviors whereas employees with lower levels of job satisfaction are more into deviant behaviors. This relation shows that job satisfaction and employee deviant behavior are negatively related to each other. When one variable increases, the other decreases and vice versa. Thus, a vital relationship was found among deviant workplace behaviors and job satisfaction. Most frequently studied deviant behavior is theft (stealing from organization). Studies have proved that employees with low job satisfaction are more likely to steal from their organizations compared to employees with elevated job satisfaction. Mostly it is seen that satisfaction is linked with the rewards that an employee receives. If employees feel that they are not compensated well in contrast with the hard work they have been doing, they are unhappy and start deviating from the actual track, giving rise to deviant behaviors which could be stealing from the organization to fulfill their needs.
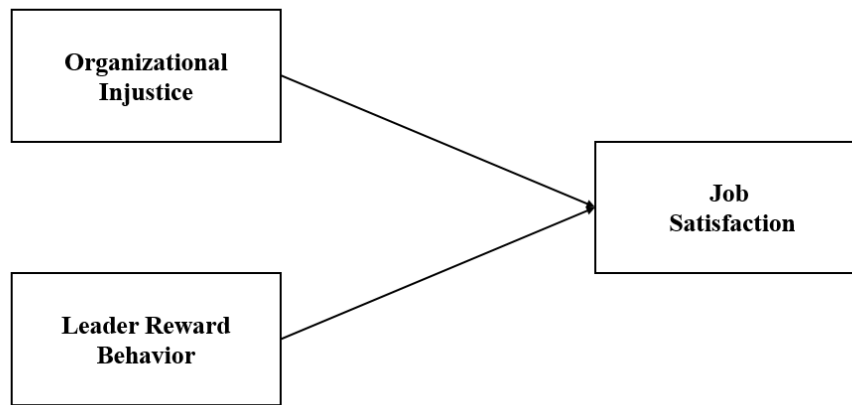


*H1: There is relationship exist between Organizational injustice and satisfaction level of employees*

*H2: There is relationship exist between Behavior of leaders and employee job satisfaction*

As a result, it is obvious that job satisfaction is much important for a stable working environment with motivated and happy employees instead of deviated ones. Satisfaction and productivity has a relationship. Let us see a model by Porter & Lawler, which says, satisfaction is created by rewards, and sometimes acknowledged performance leads to satisfaction. Therefore, it is said that productivity is correlated to satisfaction (Halkos & Bousinakis, 2010).

Job satisfaction is said to have positive and negative relationship with various variables. Absenteeism and turnover are negatively related to job satisfaction. Absenteeism is a kind of deviant behavior, thus it can be concluded that job satisfaction is negatively related to employee deviant behavior.

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Dissatisfaction leads an employee to behave negatively, such as absenteeism, turnover, low commitment, and poor productivity. In addition, research has argued that lower level of job satisfaction is associated with higher intentions to quit, and absenteeism whereas improved job performance and citizenship behavior of employees is linked with higher levels of job satisfaction (Mohr & Zoghi, 2008). Conversely, research has shown that employee dissatisfaction caused by negligence, disinterest in the job enable them to behave deviant at workplace. Whereas, previous research has concluded that job satisfaction has a negative relationship with counter-productive work behaviors (Kisamore, Jawaar, Liguori, Mharapara, & Stone, 2010). Contrary to this, lack of job satisfaction was found to be one of the reasons to give birth to counter productive work behaviors. Employees with lower job satisfaction encourage deviant behaviors and they have a negative relationship floating between them (Nasir & Bashir, 2012).

## Methodology

This chapter focuses on ethical considerations, sample, pilot testing, measures & instruments, and procedure for data collection in order to find the significance between the variables of the hypothesized model. Moreover, statistical tools applied in the study are discussed. The participation of respondents was totally voluntary and it was committed that their personal information and perception will not be leaked in anyway. The instrument used to measure leader reward behavior was taken from the study of Podsakoff et al. (1984) with a five point Likert scale having 1 for strongly disagree and 5 for strongly agree.

## Discussion

The statistical application gives a degree of probability between variables and, thus, report states that degree of relationship between variables shows a relationship. It could be positive as well as negative, significant as well as insignificant.

However, the reliability coefficient shows the ability of the instrument to yield consistent results. It is important to find out the reliability coefficient of the measures in order to have a secure method of data collection through reliable measures. The reliability of each instrument is measured separately. The values of the reliability coefficient for the selected measures of the study are given in the following table.

*Table 1*

*Reliability testing*

| Dimensions | No. of items | Cronbach Alpha |
|---|---|---|
| Organizational injustice | 3 | 0.728 |
| Leader reward behavior | 4 | 0.775 |
| Job satisfaction | 3 | 0.707 |

So, it can be stated that they all have the ability to produce consistent results over the time. Leader reward behavior has four items with the cronbach alpha of 0.775, which is greater than 0.7, on the other hand, job satisfaction has three items and its reliability nature is 0.707.

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## Correlation Analysis

Correlation measures the interaction between two variables. Their relation among each other can be positive or negative. The highest maximum value is +1 whereas the lowest value is -1. So whatever the result comes is called the coefficient of correlation. Whereas if zero is obtained, it means no correlation exist between the variables. The correlations existing among the variables of the study are as follows:

*Table 2*

*Correlation Analysis*

|  | OI | LRB | JS |
|---|---|---|---|
| OI | 1 | | |
| LRB | .535** | 1 | |
| JS | .428** | .445** | 1 |

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

Above-mentioned figure shows the bi-variate correlation values of one variable with the other. The value of correlation between Leader Reward Behavior and Organizational Injustice is 0.535, which is nearing 1+. They have a moderate correlation between them. Correlational value between Job Satisfaction and Leader Reward Behavior is 0.445 staying within the limits, while on the other hand the correlation between job satisfaction and organizational injustice is 0.428. Hence, the correlation is stronger between job satisfaction and leader reward behavior as compared to job satisfaction and organizational injustice.

## Regression Analysis

In order to understand the relationship between independent variables and dependent variables in the study, a statistical application has been put to use called, 'regression analyses'.

*Table 3*

*Regression Analysis*

|  |  | Beta | T | R Square | Adjusted R Square | F |
|---|---|---|---|---|---|---|
| **Model 1** | (Constant) | | .001 | 0.363 | 0.355 | 42.8** |
| | OI | 0.242 | | | | |
| | LRB | 0.243 | | | | |

Dependent variable: Job Satisfaction

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Results that were found after application are mentioned in the above table. As per the results organizational injustice leaves an impact of (Beta = 0.242) on job satisfaction; while on the other hand, leader reward behavior accounts for 0.243 impact on the satisfaction level of employees at work. The figures achieved after statistical application in the model shows the contribution or impact of each variable on the dependent variable. The beta values are positive for both the relationship that shows an encouraging association between the stated variables. For instance, if the value generated is negative, it is called a negative relationship. Moreover, the adjusted R square is 0.355 showing a generalization of model as it is close to R square value. The value of R square is 0.363. The F value is 42.8 that tells the ability of outcome variable from model with significance value of .001. The R value in regression analysis basically shows the extent of variance that takes place in the relationship when one variable changes. The model shown in the study gives a variation of 35% as singular variable change occurs in the other variables.

## Conclusion

International market is changing at a very fast rate; thus in orders to compete, organizations in Pakistan are working harder. For this reason, human resources are polished and given training in the best possible manner. Machineries and IT equipment do a lot but nothing can replace a worker's satisfaction level. Management must keep an eye on the outputs of the employees and correct them where necessary. Managers who find it difficult to deal with employee morale can take help from this research. It is a big challenge for the supervisors to make every employee happy and satisfied at the same time; they can take help from this research to find out the missing sections.

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