Status of Organizational Justice Dimensions: Evidence from Banks and Insurance Companies

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Abstract

This study examines the current state of organizational justice based on the perspectives of managers and employees in Nepalese banks and insurance companies. It also examines the differences in organizational justice dimensions. It uses a survey method, with questionnaires serving as the major tool. A total of 480 questionnaires (30 in each of the 16 institutions, including 8 commercial banks and 8 insurance companies) were distributed, and 327 (68.10%) of the completed and returned copies were used for the study. The findings demonstrate that employees generally rate their job schedule as adequate, their income as appropriate, and their workload and job requirements as reasonable. The findings indicate that employees have a positive perception of procedural justice. They also indicate that employees believe management treats them with respect, dignity, and honesty. The results suggest that the three dimensions of organizational justice differ significantly among Nepalese respondents. However, all three justice dimensions are crucial for organizational success. Therefore, companies' primary priorities should be to improve organizational justice. They should motivate employees to put up a significant effort for the benefit of the companies.

Keywords: dimensions, organizational justice, distributive justice, procedural justice, interactional justice, status

Introduction

Organizational justice is the employees' subjective cognition of justice in the managerial decision-making process, performance evaluation, superior–employee interaction in the decision-making process, and determination of various punishment and reward measures (Pimentel et al., 2020; Lam, 2015). It is an important prerequisite for the effective functioning of an organization by strongly affecting the satisfaction and performance of those working in it (Greenberg, 1990, 2017). In today's workplace, organizational justice has garnered much attention due to its association with desired employee behavioral

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outcomes (Shrestha, 2019, 2016a; 2015). According to Heffernan (2012), it has a significant role in determining a number of substantial employee work outcomes. Organizational justice is an employee's opinion of how fairly they believe a company has treated them (Greenberg & Colquitt, 2006; Moorman, 1991). It can be measured by how much employees feel their managers are fair, honest, and have a valid explanation for their actions (Choi, 2008). It also describes how strictly fair policies and procedures are adhered to within the company.

Organizational justice encompasses several key aspects. They include distributive justice, procedural justice, and interactional justice. Distributive justice refers to employees' conceptions of fairness in results like compensation, promotions, and incentives. Procedural justice refers to the fairness in the processes that decide outcomes. This involves transparency, consistency, and the capacity for employees to raise problems. Interactional justice is the fairness in interpersonal treatment, including polite communication, thoughtfulness, and dignity. In fact, organizational justice plays an importance role in shaping employees' behaviors and attitudes (Yean & Yusof, 2016). Perceiving an organization as fair inspires employees to demonstrate desirable behaviors toward their co-workers, managers, and the entire organization (Pimentel et al., 2020).

Organizational justice is critical for building a pleasant work environment in which people feel appreciated, respected, and encouraged to make productive contributions. It enhances employee motivation and engagement, psychological well-being, and trust and commitment. It also promotes organizational reputation while reducing conflict in the organization. Positive attitudes toward organizational justice promote trust and productivity. In this light, these perspectives have emerged as a viable alternative to organizational management in Nepal. Prior research (Shrestha, 2015; 2016a, 2016b; 2019) has attempted to understand organizational justice since it is viewed as a critical component in grasping and explaining employee behavior in workplaces. A large portion of the research in this field focuses on developed countries. In Nepal, this concept is still relatively new and appropriate for managing employee behavior and attitude. In this regard, this study examines the current state of organizational justice based on the perspectives of managers and employees in Nepalese banks and insurance companies. It also examines the differences in organizational justice dimensions.

Literature Review

Conceptualization of Organizational Justice

Today's global reality necessitates an equitable environment for employees. To function properly, an organization must keep its people involved in efficient and effective production in order to improve their well-being. In fact, employees benefit from a sense of organizational justice (Mert et al., 2022; Totawar & Nambudiri, 2014). So, organizational justice has received a lot of attention in today's workplace because of its link to positive employee behavior outcomes.

The word 'organizational justice' refers to how individuals perceive fairness in organizations (Greenberg, 1990). That is, whether organizational justice is viewed as present or absent in the workplace is a subjective judgment (Colquitt et al., 2001; Tepper, 2001). According to Choi (2008), organizational justice is characterized as the amount to which fair rules and processes exist and are followed in an organization, as well as the extent to which individuals regard their managers to be fair and truthful, with logic or rationale for their actions. It is a significant predictor of a number of crucial employee work outcomes (Heffernan, 2012). It is an employee's assessment of how fairly an organization has treated them (Greenberg & Colquitt, 2006; Moorman, 1991).

Three Dimensions of Organizational Justice

Organizational justice can be divided into three broad categories (Cropanzano et al., 2001; Folger & Cropanzano, 1998; Masterson et al., 2000; Oubrich et al., 2021; Wang et al., 2024):

Distributive Justice. It is a crucial dimension of organizational justice. This justice dimension is concerned with how a person perceives the fairness of the outcomes provided by an organization. Outcomes can be allocated based on equality, necessity, or contribution, and people can judge the fairness of the distribution by comparing it to others. Distributive justice presupposes the equitable distribution of organizational resources. It impacts how employees perceive their work schedule, compensation, workload, job responsibilities, rewards, and other outcomes (Brockner et al., 2008).

Procedural Justice. It is concerned with equity in organizational procedures and decision-making. These procedures typically involve promotions, performance evaluations, awards, and sharing of other organizational possibilities, as well as the criteria used to make judgments on organizational practices (Akintayo & Ayodele, 2012). In general, if employees believe that organizational processes and procedures are fair, they will be more satisfied, more inclined to accept the resolution of that method,

and more likely to generate good views toward the company and job outcomes. In fact, this aspect of justice is concerned with employees' opinions of the fairness of the rules and procedures that govern a process. It is the sense of justice in the decision-making process (Nowakowski & Conlon, 2005). This type of justice is founded on the notion that the grounds for management's decisions are sound. The concept of procedural justice is based on individuals' assessments of the rightness or wrongness of procedures and methods used in decision-making that affect them or others (Karem et al., 2019).

Interactional Justice. It is the third dimension of organizational justice. This facet of justice is concerned with the fairness of how authority figures or managers treat their employees. It is crucial in the workplace because of the implications of fair or unjust treatment. It is a way in which the organization's management treats its employees fairly, and it is related to the human aspect of organizational activities (Shrestha, 2016b; Masterson et al. 2000). In fact, interactional justice concerns how one individual treats another. It has been noted that even if an organization fails in distributional and procedural fairness, many of the negative effects of injustice can be mitigated if employers treat their employees with dignity and provide them with the information to which they are entitled (Akintayo & Ayodele, 2012; Ojo, 2009). Essentially, treating everyone under their command with justice, compassion, and understanding comes under interactional justice (Sahai & Singh, 2016).

Research Methods

This study involved employees from commercial banks and insurance companies who assessed three dimensions of organizational justice. It used a survey method, with questionnaires serving as the major tool. A total of 480 questionnaires (30 in each of the 16 institutions, including 8 commercial banks and 8 insurance companies) were distributed, and 327 (68.10%) of the completed and returned copies were used for the study (Table 1). These replies were gathered from the head offices and branch offices of the sampled companies.

Organizational justice is measured using the Niehoff and Moorman (1993) scale, which has been somewhat adjusted to make it more understandable to Nepalese people. Perceptions of distributive justice are measured with a 5-item scale, procedural justice with a 6-item scale, and interactional justice with a 9-item scale developed by Niehoff and Moorman. The information is derived from the individuals' self-reported attitudes, which are expressed on a six-point Likert scale (1 = Disagree completely, 6 = Agree completely). Some investigations are conducted to determine the mean differences in three organizational justice components in Nepalese context.

Table 1

Characteristics of Respondents

Dimension and Group	*N*	Percent	Dimension and Group	*N*	Percent
Gender			Age		
Male	192	58.72	Under 20	10	3.06
Female	135	41.28	21 - 34	277	84.7
Marital Status			35 - 44	10	3.06
Married	229	70.03	45 - 54	21	6.42
Unmarried	98	29.97	55 and above	9	2.75
Nature of Job			Work experience		
Permanent	286	87.46	0 - 4 years	173	52.9
Contract	41	12.54	5 - 9 years	100	30.6
Education level			10 - 19 years	26	7.95
SLC/SEE	8	2.446	20 - 29 years	20	6.12
Certificate (+ 2)	23	7.034	30 years and above	8	2.45
Bachelor	61	18.65	Designation		
Masters	232	70.95	Clerical Level	205	62.7
M.Phil	2	0.612	Officer Level	109	33.3
Ph. D	1	0.306	Executive Level	13	3.98

Note. N = 327

Cronbach's Alpha is employed in this study to evaluate each variable's reliability (internal consistency). Table 2 shows the variables, their summaries, the number of items used to measure each variable, and the reliability test results.

Table 2

Reliability Coefficients

Organizational justice dimensions	Number of items	Cronbach alpha
Distributive justice	5	0.87
Procedural justice	6	0.93
Interactional justice	9	0.85

All of the variables in this study have Cronbach's alpha values of more than 0.70, indicating statistical significance. As a result, all of the variables used in this study are relatively reliable.

Results and Findings

This section presents how employees in the sampled organizations perceive distributive, procedural, and interactional justice.

Distributive Justice Dimension

This section discusses the quantitative measurement of distributive justice in Nepal. Table 3 offers a general description of distributive fairness in the Nepalese workplace.

Table 3

Perceptions Towards Distributive Justice

Distributive Justice	Mean	S.D.
My job schedule is decent.	4.6	0.74
I believe that my salary is reasonable.	4.5	0.67
I consider my workload to be reasonable.	4.4	0.63
My job obligations seem fair to me.	4.6	0.71
Overall, the rewards I receive here are fairly reasonable.	4.4	0.62

The results show that employees generally consider their job schedule as decent, their salary as reasonable, workload and job requirements as reasonable, with a relatively high mean score suggesting contentment. The general opinion of reward fairness is high, indicating a strong agreement.

Procedural Justice Dimension

Procedural justice is concerned with the fairness of the decision-making process. Table 4 offers a general description of procedural justice in the Nepalese setting.

Table 4

Perceptions Towards Procedural Justice

Procedural Justice	Mean	S.D.
The manager makes job decisions in an unbiased manner.	4.8	0.83
My manager ensures that all staff issues are addressed before making job decisions.	4.3	0.92
My manager obtains accurate and thorough information before making job decisions.	4.3	0.76
My manager clarifies decisions and offers further information when staff wants it.	4.2	0.55
All job choices are consistently applied to all affected employees.	4.2	0.57
Employees can appeal job decisions made by their managers.	4.2	0.79

The results show that employees have a positive impression of procedural justice, as evidenced by their relatively high mean scores. They strongly believe that their manager makes unbiased employment decisions. They agree that their boss addresses all

employee concerns before making choices. Employees strongly agree that their management obtains reliable and detailed information before making judgments. They also agree that their manager clarifies decisions and provides further information when requested. Furthermore, they believe that job-related choices are applied consistently to all impacted employees and that supervisors' decisions can be appealed.

Interactional Justice Dimension

Table 5 illustrates the general characteristics of interactional justice in the Nepalese setting.

Table 5

Perceptions Towards Interactional Justice

Interactional Justice	Mean	S.D.
Manager shows me warmth and consideration.	4.4	0.76
The management treats me with courtesy and respect.	4.7	0.86
The manager is attentive to my specific requirements.	4.3	0.66
The management deals with me truthfully.	4.3	0.76
The management shows concern for my rights as an employee.	4.3	0.75
The manager and I examine the implications of employment decisions.	4.2	0.59
The management provides enough justification for decisions made about my position.	4.3	0.73
The management provides explanations that are clear to me.	4.5	0.76
The management discusses any decisions made about my employment in great detail.	4.3	0.73

The results show that employees generally agree that their manager is kind and considerate. There is widespread agreement that management treats its employees with civility and respect. Employees believe that their management is responsive to their individual demands. They believe that management is honest in their dealings and is concerned about their rights. They also agree that their boss discusses the ramifications of employment decisions with them and that management provides sufficient justification for decisions. They also believe that management provides clear explanations and discusses employment decisions in detail. These findings indicate both the strengths and places for development in how employees view the fairness and quality of their interactions with management.

Status of Organizational Justice Dimensions

Table 6 shows the general status of organizational justice dimensions in Nepalese companies.

Table 6

Status of Organizational Justice Dimensions

Justice dimensions	Mean	SD
Distributive justice	4.5	0.67
Procedural justice	4.3	0.75
Interactional justice	4.3	0.73

Distributive justice relates to employees' opinions of the fairness of the outcomes they receive, such as compensation, incentives, and promotions. The findings show that employees generally view the outcomes they obtain as fair. Procedural justice refers to the perceived fairness of the processes used to determine outcomes. The findings show that employees usually believe the processes and procedures in place are fair. Interactional justice is concerned with the quality of interpersonal treatment provided by managers or supervisors to their employees. The findings show that employees believe management treats them with respect, dignity, and honesty. Thus, all three dimensions of justice experienced relatively high mean values, demonstrating that employees value justice in outcomes, processes, and interpersonal treatment.

Paired Samples Test of Organizational Justice Dimensions

The issue arises as to whether the above-mentioned organizational justice dimensions are considerably different. To address this issue, a paired t-test was conducted on three dimensions of organizational justice. If the results show significant mean differences and substantial 't' statistics, a pair of justice components can be classified as statistically distinct. Table 7 displays the results of the paired t-test, including mean differences, t-values, degrees of freedom, and two-tail significance.

Significant differences (p-value < 0.01) in mean scores across all three pairs indicate that employees perceive justice dimensions differently.

Distributive justice scores are much lower than procedural justice scores, indicating that employees value the fairness of outcomes (distributive justice) less than the fairness of processes. Distributive justice scores are likewise much lower than interactional justice scores, indicating that employees value outcome fairness less than interpersonal treatment quality. Finally, employees regard the processes used to determine outcomes as less favorable than how they are treated by management, as evidenced by lower

procedural justice scores compared to interactional justice scores. These findings can help organizations improve perceptions of fairness by focusing on areas where disparities are perceived, such as improving the fairness of outcomes (distributive justice) in comparison to processes (procedural justice) and interpersonal interactions (interactional justice).

Table 7

Paired Samples Test of Organizational Justice Dimensions

Pairs	Paired Differences					t	df	Sig. (2-tailed)
	Mean	S.D	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1: DJ-PJ	-3.35	4.61	0.26	-3.85	-2.84	-13.11	326	0.00**
Pair 2: DJ-IJ	-16.6	4.68	0.26	-17.1	-16.1	-64.21	326	0.00**
Pair 3: PJ-IJ	-13.3	5.34	0.3	-13.9	-12.7	-44.98	326	0.00**

*$p < 0.05$. **$p < 0.01$.*

Discussion

The findings demonstrate that employees generally rate their job schedule as adequate, their income as appropriate, and their workload and job requirements as reasonable. These insights can assist management in better understand employee perceptions with distributive justice and highlight areas where attitudes are most positive and where there may be opportunity for change. The findings indicate that employees have a positive perception of procedural justice. These findings give a solid foundation for understanding employees' perceptions of procedural justice, and they can help guide attempts to preserve or increase fairness and openness in managerial decision-making.

Interactional justice has emerged as a popular term for the perceived fairness of interpersonal treatment by an employee's manager. Interactional justice perspectives are concerned with ensuring that employees are treated with dignity, sensitivity, and respect, as well as whether managers' actions are clearly stated, and explained to employees. The findings indicate that employees believe management treats them with respect, dignity, and honesty (Cohen-Charash & Spector, 2001; Cropanzano et al., 2001; Masterson et al., 2000; Niehoff & Moorman, 1993). These findings indicate both the strengths and places for development in how employees view the fairness and quality of their interactions with management. The findings indicate that Nepalese employees place a greater priority

on distributive justice than on the other two components of organizational justice. This indicates that Nepalese employees place a greater emphasis on distributive justice in terms of the fairness of various work outcomes such as work schedule, pay level, workload, rewards, and job duties. This conclusion appears to be consistent with the findings of Niehoff and Moorman (1993), Wang et al. (2010), and Shrestha (2015; 2016b; 2019).

The paired sample test results suggest that the three dimensions of organizational justice differ significantly among Nepalese respondents. However, all three justice dimensions are crucial for organizational success. Therefore, companies' primary priorities should be to improve organizational justice. They should motivate employees to put up a significant effort for the benefit of the companies. Furthermore, they must create an environment that motivates people to stay with their companies (Shrestha & Pradhan, 2023). Companies can foster a feeling of fairness in employees by instilling desires and emotions. Furthermore, effective fairness can be enhanced by requiring employees to accept the organization's beliefs and goals in exchange for specific psychological rewards such as recognition or support. Finally, in order to foster justice, they must encourage equality, equity, open communication, fair remuneration, social standards, and employee loyalty.

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