THE COMPANY JUDGED FROM THE INSIDE: DIVERSIFICATION, EQUITY AND JUSTICE IN ORGANIZATIONS

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Abstract
The applicability of certain constructs of occupational psychology in practical terms is often underestimated by human resources specialists. This article considers the practical and operative implementation of the organizational justice concept, a construct that facilitates the understanding of recent developments in exchanges between workers and organizations, and interaction processes between colleagues and other organizational units, by providing a useful theoretical framework for understanding key processes in personnel management, and by highlighting the dynamics and the sensitive areas within the company. Worker’s perceptions of corporate fairness and equity in terms of career paths, rewards, shift work, and procedures influence internal relations, work environment, performance, worker’s well-being and motivation. As a result, human resource management (HRM) has to take into account periodic analysis of these perceptions and needs to share management, corporate decisions and procedures as much as possible.

Keywords: organizational justice; equity; psychological contract; human resources; human resource management

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Introduction: Labour market transformations, uncertainty and flexibility adjustment

The purpose of this paper is to clarify the importance and the applicability of organizational justice in today’s human resource management (HRM). There has been little research conducted on the effects of practices and procedures of assessing and managing organizational justice perceptions. The paper first reviews research regarding recent developments in exchanges and relations between workers and organizations that follow the latest labour market transformation. Then, it focuses on the organizational processes and changes that are leading workers to be more sensitive to the perceived fairness of organizations: events and relationships are analysed and compared, constantly influencing many workers’ outcomes, while companies feel that they are judged from the inside. Then, a theoretical framework of organizational justice is provided, in order to better understand key processes in personnel management, and emerging dynamics and sensitive areas within the company. Finally, it considers the practical and operative implementation of the organizational justice concept in the everyday life of human resource management (HRM). The global reach of market, merger and incorporation processes, rightsizing, outsourcing the highly fragmented production cycle, increased competitiveness, and introduction of new technologies have had a major effect on the world business scene. In terms of organizational optimization, this has led to significant transformations in HR demand and request. Work has become inexorably uncertain, marked by temporal discontinuity; it is no longer simply a question of absence or presence, but instead a widespread and ambiguous feeling of job insecurity gradually spreading among workers, changing values, attitudes, prospects, and expectations (Landsbergis, 2003; De Cuyper, 2006; Kompier, 2006). The pervasive and sudden transformation of the work scene is leading to a major review of personnel management strategies and a parallel change in workers’ perceptions, emotional content and cognition, both as regards more adaptability to the market, to change and to customers. The employment world is increasingly dynamic and demands fluidity and adaptability to the requirements of the reference market from both individuals and companies, while the career concept has lost the connotations of organizational process and become a path managed entirely by the individual, conditioned daily by occupational
circumstances requiring from the worker great flexibility and the ability to handle multiple identities and roles (Hall & Mirvis, 1996; Hall, 2002; Haslam & Ellemers, 2005). The concept of employability (used to describe the likelihood of being employed) is firmly tied to that of corporate adaptability, which seems to reflect a shift to inevitable flexibility. Employment security, once guaranteed by a “job for life” concept, is now safeguarded by the worker’s ability to conserve, develop and adapt professional skills (Ellig, 1998). Reorganization therefore becomes a permanent element for the company, the worker and their relationship: an increased number of issues in organizational planning corresponds to increased individual planning problems, within a shared scenario of work in progress with perennially short-term prospects.

There is clearly a substantial overlap between the overriding requirements of the company and of the worker: flexibility and continuous adaptation (Martínez-Sánchez, Vela-Jiménez, Pérez-Pérez, & De-Luis-Carnicer, 2011).

Reorganization, diversification, exchange and rumours

On an operational level, reorganization unfolds as part of a corporate need to diversify the workforce and continual modification of HR demand. The rationalization of business functions leads to the need to differentiate levels of worker’s stability, working hours, subordination, organizational integration, protection and remuneration according to an enterprise’s temporary and contingent requirements. The need for diversification, translated into legislative changes, has resulted in the increasing presence of temporary contracts, associated with important and specific changes to work experience and employee-organization dynamics. The numerical flexibility of the workforce, ensured by its segmentation into a stable component characterized by long-term contracts, and a variable component characterized by short renewable contracts, collaborations and consultancy, introduces a highly complex component for the management: the parallel management of various psychological contracts resulting from the use of different employment contracts and relationships. Furthermore, with globalization, many major corporations extended their operations across borders and faced with the challenge of understanding a new world and making employees more aware of different cultures. From a relational psychological contract (Robinson, 1994), based on the exchange between job security and demands for strong commitment, there has been a
shift to a transactional contract based on the short-term exchange of benefits and services, in which organizations and individuals continuously weigh up the advantages of the exchange itself (Folger & Cropanzano, 1998). The psychological contract takes on characteristics of contingency and continuous redefinition in the light of intervening events (Arnold, 1996; De Lange, Bal, Van der Heijden, De Jong, & Schaufeli, 2011; Chong, Muethel, Ping, Peng Tai-Kuang, Shang, & Caldas, 2013). Therefore, as a whole, changes in the world of work are redefining the relationship between workers and organizations, leading to a profound change in the exchange between the parties. On the one hand, changes are being made to components able to boost employee motivation, causing them to be increasingly focused today on the corporate climate, personal growth, the fairness of the company, work-life balance, and much less on their career, recognition and social status. On the other, the growing presence of jobs of uncertain and ambiguous quality, and the emerging neo-mercenary and utilitarian attitude of many workers, make organizational behaviour the result of comparing ideal and real work outcomes, commitment requested and tangible profit, job supply and demand, promised and realistic prospects. Consequently, the combination of work-related changes that are not always promising from the employment point of view and the occurrence of adverse negative events in the corporate world (court proceedings, scandals, frauds, bankruptcies, conflicts of interest, violation of workers’ rights, employment situations bordering on exploitation, etc.) often lead to easy underlying cynicism regarding organizations, disaffection and widespread criticism of the behaviour of financial institutions and companies in general (Bies & Tyler, 1993). Workers are increasingly sensitive to the perceived fairness of organizations and their superiors, and it is in this context that the concept of organizational justice incorporates the exchange between employee and employer, interaction with other colleagues, and the transactional sense of the psychological contract (Cropanzano, Bowen, & Gilliland, 2007). This incredibly useful dimension can provide a valuable theoretical framework for understanding the key dynamics of human resource management, including remuneration and rewards, disciplinary complaints and warnings, requests for sickness and leave, career paths, the working environment, professional conflicts, shift work and, more generally, the way in which the company handles diversity (contracts, gender, age, length of service, etc.) (Kaiser & Schwinger, 1982; Lipkus & Siegler, 1992; Cropanzano & Mitchell, 2005).
Human resources officers are well aware that workers, at all organizational levels, assiduously talk about their professional situation by comparing it with that of their colleagues, and exchange information related to internal matters concerning, for example, disciplinary disputes, conflicts between managers and departments, preferential treatment of certain colleagues as regards bonuses, hiring and transfer methods, differences in treatment in the allocation of shifts, duties or compensation, non-transparent corporate policies on career paths, declared and actual values. This buzzing is the result of information shared by workers to evaluate the company, internal policies and personnel administration, and has a powerful impact on the corporate climate, motivation and satisfaction.

**Am I treated like the others? Justice, equity and fairness**

According to the theories of organizational justice, attitudes and behaviours are determined by cognitive processes concerning the relationship between the worker, the workplace and its regulating principles (Greenberg, 1987). From this point of view, workers’ behaviour, motivations and emotions that are triggered by events and relationships within the company, are modulated by the perception of receiving the same treatment as their colleagues from the company (Latham & Craig, 2005). If workers perceive fair and equitable treatment by the company, they will change the way they reconstruct events and expect to achieve certain results, judging those they have achieved more positively, with less tendency to believe they have been unfairly treated (Leventhal, 1980; Ambrose & Arnaud, 2005). Theories of justice focus on three aspects that workers analyse to evaluate the fairness of their company: distributive justice, which refers to the perception of equality of treatment for workers as regards investments made and results obtained; procedural justice, which corresponds to the perception of the adequacy of company procedures in achieving equal treatment; interactional justice, which concerns interpersonal treatment received from superiors in the implementation of procedures (Bies & Moag, 1986; Janssen, Lam, & Huang, 2010). Exchange theories represent the driving force at the very heart of justice theories, providing social and occupational psychology with a fundamental key to understanding interactions between individuals, mainly centred on the desire to maximize benefits and minimize costs. It is on the basis of Adams’ equity theory (1963) that the
concept of justice has contributed to the understanding of work-related behaviours and attitudes: the way in which people are perceived in relation to the company and colleagues, and their willingness to invest energies at work, depend on the comparison with the commitment and the results of others (Searle, Den Hartog, Weibel, Gillespie, Six, Hatzakis, & Skinner, 2011). The condition of equity is decided when workers perceive a balance between their own contribution (in terms of performance, skills or professionalism) and results (tangible and intangible), and that of other colleagues being used as objects of comparison at the time. When they do not perceive this relationship to be balanced, they experience a state of tension that induces them to reduce the difference. The state of equity can be restored in many ways: by modifying inputs, or by changing work commitment; modifying the outcomes, trying to get more recognition; giving up on the situation, asking, for example, for a transfer to another sector or department; intervening in relation to the object of the comparison (the colleague), seeking to discredit them or undermine their work. Lastly, the state of equity can be restored by changing the object of comparison. Workers obviously prefer conditions of equity in their exchanges with the workplace, and the perception of injustice will generate negative emotions and a drive to reduce the dissonance in the exchange so as to restore equity (Cropanzano & Greenberg, 1997; Reginald & Jeanette, 2012). Organizational injustice therefore coincides with the perception of a violation of their rights - as a result of an intentional act - and is developed by attributing responsibility to an agent and perceiving a lack of justification for the violation (Mikula, 1993). Every perception of injustice leads to a negative emotional state which will motivate the quest for possible reparation. In the event of work situations perceived as unjust, anger is the most common emotion, followed by disgust (Mikula, 1986), sadness, fear and shame (Montada & Schneider, 1989; Montada, 1994); the nature and intensity of the emotional reaction will be determined by a combination of factors, such as the relevance of the consequences, the ability to deal with the situation and the perception of the causal agent (Mikula, Petri, & Panzer, 1990). As a result, organizational justice is a construct that refers to knowledge relating to a huge variety of events and organizational dynamics: events, relationships, outcomes and rules of the work environment are analysed, compared and reformulated, constantly influencing levels of satisfaction, motivation, commitment and organizational citizenship (Tyler & Smith, 1998; Colquitt & Greenberg, 2003; Yeh, 2012; Tziner &
Recently, theoretical models were developed in order explain the role of justice in stress perception and in job performance (Zhang, Lepine, Buckman, & Wei, 2014), in organizational identification and in work outcomes (Ma, Liu, & Liu, 2014), in work engagement (Lyu, 2016) and in many other variables (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Tremblay, Cloutier, Simard, Chênevert, & Vandenberghe, 2010).

**Implications for Management**

Perceptions of organizational justice are a basic requirement for the effective functioning of organizations and employee’s personal satisfaction (Greenberg, 1990). HR policies and practices influence employee’s perceptions of organizational justice, which in turn impacts employee’s emotions and feelings (Frenkel, Li, & Restubog, 2012). The attitudes and behaviours of individuals are affected by the judgments they make about the fairness of their experiences within the organization: the way employees perceive HR policies in their companies may lead to making judgments about the organization. It becomes critical for HR managers to be very sensitive to how their decisions will be perceived by their employees. It is not enough for managers to only develop procedures that are fair, but it is also very important that the end results of the procedures are perceived as fair (Ribeiro & Semedo, 2014). Perceptions of organizational justice mediates the effect on the relationship between HR practices and organizational citizenship behaviour (Zhang & Agarwal, 2009; Cheng 2014); satisfaction with practices of human resources management (HRM) predicts turnover intentions both directly and through the mediating role of organizational justice; moreover, individuals who are more satisfied with HR practices of their organizations tend to have better perceptions of organizational justice. Employees are more likely to consider as fair the treatment adopted by their superior and more equitable the distribution of outcomes when they feel satisfied with a set of actions by the human resources function (Colquitt et al., 2001; Agarwal, 2014). Meyer & Smith (2000) found a positive link between promotion, career development and training opportunities, satisfaction with the employee’s benefits packages, performance appraisal, and perception of procedural justice. If perceived as signs of support and procedural justice, HR practices can stimulate greater performance. Organizations should enhance their organizational justice by raising its practical
significance for employees as well as for organization (Rupp & Cropanzano, 2002). Turnover intentions and other negative behaviour may be reduced by promoting organizational justice; managers may benefit from receiving training and coaching in the principles of organizational justice. An excellent HR management - perceived by workers as distinctive, attractive and consistently implemented - fosters perceptions of distributive, procedural and interactive justice. Effective HR policies and management - perceived by employees as attractive, integrated, and clearly communicated - are likely to lead to perceptions of fairness (Bowen & Ostroff, 2004). Evidence that employee's satisfaction with management communication is positively related to procedural and interactional justice (Zhang & Agarwal, 2009) situates HR systems within the wider domain of perceived organizational support that has been shown to contribute to fairness and in turn evokes positive emotions (Rhoades & Eisenberger 2002). The article suggest some general guidelines for HR staff and managers: firstly, it has become increasingly clear that measuring justice perceptions in organizations is critical and that it should be done periodically, in order to share and discuss together the outcomes. Secondly, companies need to develop a proper performance assessment program in order to promote employee's perceptions of organizational justice and organizational commitment; moreover, implementation of salary adjustment decisions reported a higher level of distributive justice. This means that HR managers should be aware that the results may have a critical impact on employee’s perceptions and thus influence their organizational commitment (Nicklin, McNall, Cerasoli, Strahan, & Cavanaugh, 2014). HR managers should therefore endeavour to make the process underlying such decisions more transparent to employees, and the focus should thus not only be on how much the organization pays, but also on the fairness of the decision process. Fair distribution of organizational resources in the form of salary, incentives and promotion enhances job as well as employees’ pay satisfaction. Fair procedures of an organization have greater impact on employees’ commitment towards organization than personal satisfaction. It seems that fair procedures of an organization help in building positive attitude towards organization, although employees are satisfied or not with their salary or other monetary issues (Aryee, Budhwar, & Chen, 2002; Tremblay, Cloutier, Simard, Chênevert, & Vandenberghe, 2010).
Conclusions

In this paper, we reviewed and integrated the literatures concerning organizational justice and its practical application. We argue that this construct becomes a strategic variable for the efficient overall operation of the company, for the mental and physical well-being of employees, for commitment, the reward system, career paths and corporate identity construction processes (Sheppard, Lewicki, & Minton, 1992; Meindl & Stensma, 1994; Elovinio, Kivimäki, & Vahtera, 2002; Nadiri & Tanova, 2010; Qiao Hu, Wilmar, Schaufeli, Toon, & Taris, 2013; Colquitt, Scott Rodell, Long, Zapata, Conlon, & Wesson, 2013; Strom, Sears, & Kelly, 2014). Moreover, organizational justice affects the performance and loyalty of employees, commitment and satisfaction, feelings of organizational citizenship, and workplace atmosphere, the possibility of resignation, turnover, and other negative behaviours (Moorman, 1991; McFarlin & Sweeney, 1992; Cohen-Charash & Spector, 2001; Heponiemi, Elovinio, Laine, Pekkarinen, Eccles, Noro, & Sinervo, 2007; Liljegren & Ekberg, 2009; St-Pierre & Holmes, 2010; Biswas, Varma, & Ramaswami, 2013; Agarwal, 2014). The applicability of this constructs in practical terms is often underestimated by human resources specialists. Organizational justice facilitates the understanding of recent developments in exchanges between workers and organizations, and interaction processes between colleagues and other organizational units, providing a useful theoretical framework for understanding key processes in personnel management, and emerging dynamics and sensitive areas within the company. Worker’s perceptions of corporate fairness and equity in terms of career paths, rewards, shift work, and procedures influence internal relations, work environment, performance, worker’s well-being and motivation (Mushonga, Thiagarajan, & Torrance, 2014). From a practical point of view, understanding work-related behaviour should be related to the changes that have made the workplace a place characterized by the presence of workers subjected to various organizational rules, different contracts, different employers, and different paths. These differences have a major impact on workers’ experiences, and companies and professionals (managers, HR officers, trainers) are required to focus even more strongly on the effective management of diversity (gender, education, length of service, contracts, etc.) to protect workplace atmosphere and retention mechanisms, while achieving their objectives and working within
the budget. In an uncertain and discontinuous scenario, corporate equality, the conduct of superiors, ethical behaviour, and the advantages offered by the exchange are re-evaluated on a daily basis and, for workers, become matters of principle, representing certain values. As a result, human resources management has to take into account periodic analysis of these perceptions, and sharing of management, corporate decisions and procedures as much as possible. Further investigations should seek to explore the role of supervisors and colleagues in justice perceptions (Cropanzano, Rupp, Mohler, & Schminke, 2001; Colquitt, & Shaw, 2005; Yang, Mossholder, & Peng, 2009): management should be fully aware of the roles and the environmental variables that elicits fairness perceptions in workers, considering specific training and development practices. Management therefore needs to consider the advisability of periodically monitoring the way in which its employees perceive equality and justice, handling corporate decision and procedure notification processes in an appropriate manner, also involving employees by providing accurate information, real decision-making opportunities and ensuring impartiality (Colquitt, 2001). Further studies need to better address the role of perceptions of organizational justice in the relationships between HR practices and employee’s attitudes and behaviours. Research also needs to assess the extent to which findings in HR practices and organizational justice generalize to all kind of organizations. Organizational antecedents of perceptions of organizational justice are basically under-researched in prior research (Cohen-Charash & Spector, 2001). Organizations from all over the world are increasingly finding themselves in a highly dynamic and competitive environment. Since they face with this complex environment, organizations must employ a variety of emerging HR practices to facilitate organizational functioning (Tzafrir, Harel, Baruch, & Dolan, 2004) and fulfil psychological contracts with employees (Turnley, Bolina, Lester, & Bloodgood, 2003; Cullinane & Dundon, 2006). Research on the generalizability of HR management theories is essential for companies to cope effectively with the challenge.

References


