EFFECT OF PERCEIVED ORGANIZATIONAL JUSTICE ON INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE: CONTRIBUTION OF ORGANIZATIONAL CITIZENSHIP BEHAVIOR AND POWER DISTANCE IN THE RELATIONSHIP

Sharjeel Saleem¹, Muhammad Shahid Tufail¹ & Gohar Habib²

¹Department of Business Administration, Government College University, Faisalabad
²MS Scholar, Department of Business Administration, GC University, Faisalabad

ABSTRACT
Perception of fairness at workplace is the guarantee for generating positive attitudes at individual and organizational level. This study investigated the relationship between perceived organizational justice and individual & organizational performance under the mediating impact of organizational citizenship behavior. Testing the moderating impact of power distance was also part of study objectives. Population of this study was paramedical staff. Data were collected under convenient sampling technique through already developed questionnaires. Reliability values were in acceptable range. Total 550 questionnaires were distributed, 510 were received & 453 were completely filled with 88% response rate. Data were analyzed through descriptive and inferential statistical techniques. Indirect paths were estimated through SOBEL test. Results were in accordance with literature. POJ showed a positive impact on both perceived organizational and individual performance. No mediation was found in the relationship of perceived organizational justice and perceived organizational performance whereas partial mediation was found among the relationship of perceived organizational justice and perceived employee performance. The moderating impact remained insignificant. Limitations, future directions and recommendations have also been discussed.

Keywords: Perceived Organizational Justice, Organizational Performance, Employee Performance, OCB & Power distance

INTRODUCTION
It is over twenty years since Organ (1997) introduced the concept of Organizational Citizenship Behavior (OCB), and it is twenty years since Smith, Organ, and Near (1983) published the first OCB related empirical study. Organ (1988) stated that behaviors which are discretionary, not directly nor explicitly appreciated by the reward program of an organization come under the concept of organizational citizenship behaviors. Further these behaviors contribute in the effective and efficient working of an organization. Organizational commitment is commonly determined factor of organizational citizenship behavior (Podsakoff et al. 2000). As noted by LePine, Erez, and Johnson (2002) this raises questions about the conceptualization and operationalization of OCB. For example, if there are no differences in the antecedents of different types of OCB (LePine et al., 2002) meta-analysis of the most commonly researched forms of OCB), then OCB may be a latent construct, composed of correlated facets. This would imply that what has previously been
conceptualized as different types of OCB (altruism, conscientiousness, courtesy) do not represent separate constructs. In contrast, if researchers examine types of OCB that are conceptually different (change-oriented as well as affiliated), empirical analyses are more likely to demonstrate differences in antecedents and OCB would be conceptualized as an aggregate construct (composed of multiple dimensions that are not necessarily correlated).

The introduction of OCB as new outcome in the organizational sciences was creative and focused. Organ (1997) suggested that the association among job satisfaction and helping behaviors might be more theoretically proximal and empirically stronger than the relationship between job satisfaction and general job performance. Scholars have advocated the importance of OCB as a criterion of interest for the better part of past century. Podsakoff, MacKenzie, Paine and Bachrach (2000) detailed several specific avenues through which citizenship influences organizational performance including enhancing productivity, emancipating resources, and enabling the organization to attract the best people. The growth in interest in OCB research has been impressive. Podsakoff et al. (2000) noted a ten-fold increase (from 13 to 122) in papers published on OCB when comparing the six-year period from 1983-88 to 1993-98. Perhaps, more impressive than the increase in number of published manuscripts is the fact that citizenship is actively researched topic in management, psychology, marketing, consumer relations, health care, military psychology, education, unions, and volunteer organizations (Aryee, Budhwar & Chay, 2002). Consistent with this, two recent comprehensive reviews of the literature, one theoretical (Podsakoff et al., 2000) and one empirical (LePine, Erez, & Johnson, 2002) have both used the term "critical" in their title.

These employees may experience role overload (Podsakoff et al., 2000), further diminishing their capacity to complete their task responsibilities. High levels of OCB may also contribute to an escalation of commitment (Moon, 2001), leading to a deepening resource imbalance and increasingly poor task performance as employees get drawn into more and more OCB. Within the context of routine time allocation decisions (Drago & Garvey, 1998), time devoted to OCB decreases time available for tasks. For example, if an employee stops working to help a coworker, the helper has averted time away from his or her tasks. Afterward, the helper may remain distracted, particularly if the help involved a suggestion for working differently. Bergeron’s (2007) resource framework does not provide an explicit conceptual bridge connecting employees’ resource allocation decisions with the social consequences of these decisions. That is, although OCB clearly consumes time, the resource framework does not control the ancillary benefits of the decision to use time in this way. Social exchange theory provides this conceptual bridge.

**Status Theory**

The status theory explains why different individuals in different categories behave in different manners to identical experiences. For example, individuals who have experienced racial discrimination and harassment “e.g. black employees in a white dominated workplace or white
employees in a black dominated workplace” will interpret and perceive negative feelings regarding the justice at workplace.

**Relative Deprivation Theory**
According to relative deprivation theory the response to a situation (e.g. response to injustice) is relative to deprivation experienced in spite of an absolute experience (Mummendey & Wenzel, 1999). Research conducted by Sweeney et al. (1990) suggested that individual’s satisfaction with pay and income is associated with the relative deprivation. Similar results have been reported by the research of Mummendey & Wenzel (1999).

**Resource Allocation Theory**
The resource allocation theory argues that resources are scarce and this phenomenon has an impact on the different aspects pertaining to a role (Schmidt & Dolis, 2009). Due to scarcity related to time the employees tend to be careful in using the time. Decisions of individuals regarding usage of time have direct impact on the performance of employees and their role. Time consuming activities are expected to give higher performance as compared to the activities which consume less time.

**Social Exchange Theory**
Blau (1964) suggests that “trust, commitment, and loyalty are the bedrock of social exchange, without which the exchange will not take place”. When an individual joins an organization, then explicit and implicit contracts are involved at that time. The former relationship develops a specific exchange like working hours against a sum of money. It can be termed as an economic exchange (Blau, 1964).

**LITERATURE REVIEW**
The phenomena of procedural justice climate has gained interest of many researchers as a group-level cognition about how a work group is being treated at workplaces (Colquitt, Zapata-Phelan, & Roberson, 2005; Ehrhart & Naumann, 2004). Interest of employees has been developed in the justice climate due to various elements such as team based working scenarios. Usage of research in the multilevel issues as tool for developing an understanding regarding complexity of organizational structures/phenomena’s has revealed that justice climate is not the only self-interested concern of employees at workplace but now-a-days individuals care about the treatment of others. As per investigation made by Cropanzano, Byrne, Bobocel, & Rupp, (2001) literature has found a positive link with the justice climate at workplace and different organizational level outcomes. The phenomenon of procedural justice has gained a lot of attention from the researchers’ side. This attention was based on higher order factors such as culture and organization. Most of interest in this field is based on the assumptions that fair procedures lead towards a favorable output at individual level as well as at organizational level (Konovsky, 2000; Judge & Colquitt, 2004).
Procedural justice climate contributes towards individual satisfaction related with the supervisors (under the conditions when procedural justice is supervisor-focused). Further it is also associated with the organizational citizenship behavior (Liao & Rupp, 2005). Perception regarding fairness at workplace is termed as perceived organizational justice. This perception of organizational justice has many dimensions; these dimensions can be categorized as “distributive justice, procedural justice, informational justice and interpersonal justice”. Distributive justice is linked with allocation of outcomes such as promotion opportunities or financial rewards; procedural justice is linked with the fairness regarding allocation of procedures; informational justice is associated with provided information regarding process; and at the end the interpersonal justice is associated with the relational treatment during the processes at workplace (Colquitt, 2001). There is positive and significant association among perceived organizational justice and positive behaviors at workplace such as organizational citizenship behavior (Jafari & Bidarian 2012). This significant relationship of organizational citizenship was proved with all the three dimensions of perceived organizational justice (distributive, procedural, and interactional).

Just presence of fair procedures is not the ample and only condition for originating the positive behaviors at workplace such OCB, but carrying out the fair procedures will ensure the origination of positive behaviors (Moorman 1991; Blakely et al. (2005). Further there exists a causal relationship among these two. In the light of previous research it has been found that individuals who perceived fairness in dealings at workplace show a higher level of tendency regarding involvement in the positive attitudes at work place such organizational citizenship behavior. Research initiated by Borman and Motowidlo (1997) reported that contextual performance consists of activities which are different from the task performance. Contextual performance increases the overall effectiveness of the organization. This overall increase in the effectiveness is supported by improvements in organizational, social and psychological contexts. Contextual performance is packed by those behaviors which support the environment in which task performance takes place. Contextual performance is different from organizational citizenship behavior as contextual performance does not include extra role behaviors (Penny & Borman 2005).

The second dimension is civic virtue and it represents a macro approach regarding the organization. This dimension also shows willingness to indulge in the activities of organization which are related to governance. Behaviors under civic virtue reflect a person’s recognition in the organization as citizens have a status in a country (Organ, 1988). Another dimension of OCB is based on the work of Katz (1964) and George & Brief (1992) and it is self-development. This self-development promotes voluntary behaviors and individuals try to improve their skills and abilities by participating in the activities which have the element of helping attitudes. As per argument of the George and Brief (1992) this self-development attitude forces an individual to build knowledge and learn new set of skills. This type of OCB is different from the other behaviors of OCB. This also increases the overall effectiveness and performance of an organization. Podsakoff, MacKenzie, &
Hui (1993) argued that supervisory staff should consider extra role behaviors at the time of performance evaluation.

**Figure 1: Theoretical Framework**

![Theoretical Framework](image)

**Hypothesis**

H1: There is a positive relationship between POJ and POP
H2: OCB mediates the relationship between POJ and perceived organizational performance
H3: There is a positive relationship between POJ and perceived employee performance
H4: OCB mediates the relationship between POJ and perceived employee performance
H5: Power distance moderates the relationship between POJ and POP
H6: Power distance moderates the relationship between POJ and PEP.

**RESEARCH METHODOLOGY**

**Data Collection Procedure**
Before distributing questionnaires permission was obtained from the concerned authorities. Questionnaires were delivered to the paramedical staff under convenient sampling technique. Total 550 questionnaires were distributed, out of which 510 were received. 453 were completely filled, so response rate remained at 88%.

**Measures**
A self-reported 20 items questionnaire developed by Colquitt (2001), called OJS, was used to measure the perception of employees regarding justice. 12 items instrument developed by
Podsakoff et al. (2006) was used for OCB, Delaney & Huselid (1996) questionnaire containing 7 items was used to measure POP and PEP was measured through Tessema & Soeters (2006) questionnaire containing 4 items and finally Dorfman and Howell’s (1988) cultural scale containing 5 items was used to assess the role of power distance as moderator.

**Statistical Techniques**

Descriptive and inferential statistics are used for data representation and inference. In this study both types of statistical techniques have been used. To represent the data in meaningful full way descriptive statistics have been used; while correlation and regression have been used as inferential statistical tools in order to assess the nature and direction of relationships between variables.

**RESULTS OF STUDY**

Data analysis has been carried out in three dimensions. In the first dimension the demographic variables of the study have been analyzed whereas in the second dimension the nature and direction of relationships among independent, dependent, mediating and moderating variables was assessed through correlations. In the third and last phase the impact of independent on dependent variable was assessed through regression analysis. Mediation and moderation were tested through multiple regression analysis. SOBEL test was applied to find out direct and indirect effects in the mediation (Sobel, 1982).

**Descriptive Statistics**

Demographic distribution of the sample shows that there are 95.4% males and 72% married respondents. Age distribution shows that approximately 70% of the respondents are between 20 and 30 years of age. 58.5% hold a Bachelor’s degree and 73.1% occupy the position of nurse.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Perceived Organizational Justice</td>
<td>4.13</td>
<td>0.246</td>
<td>(0.79)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Organizational Citizenship Behavior</td>
<td>3.73</td>
<td>0.226</td>
<td>.638**</td>
<td>-0.64</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Perceived Organizational Performance</td>
<td>4.03</td>
<td>0.36</td>
<td>.202**</td>
<td>.184**</td>
<td>(0.6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Perceived Employee Performance</td>
<td>4.12</td>
<td>0.54</td>
<td>.430**</td>
<td>.522**</td>
<td>.319**</td>
<td>(0.82)</td>
<td></td>
</tr>
<tr>
<td>5 Power Distance</td>
<td>1.87</td>
<td>0.4</td>
<td>-.210**</td>
<td>-0.019</td>
<td>-.111*</td>
<td>-.095*</td>
<td>(0.83)</td>
</tr>
</tbody>
</table>

* P< .05  **P< .01  Values in the parentheses show reliability

Correlation matrix helps to assess the nature and direction of relationship between independent, dependent, mediating and moderating variables. Here POJ has positive and significant relationship with OCB, POP and PEP. The correlation between POJ and OCB is strong; the correlation between
POJ and PEP is moderate; whereas the correlation between the POJ and POP has been found low. Similarly power distance here showed negative relationship with all the variables. However the correlation between power distance and OCB has been found insignificant. All other correlations are significant at 5 % confidence level.

**Regression Analysis**

The third section of analysis shows the results of regression analysis which has been carried out through simple and multiple regressions.

Table 2: Effects of Perceived Organizational Justice on Organizational Performance under the Mediating Impact of OCB

<table>
<thead>
<tr>
<th>Model</th>
<th>Dependent variable</th>
<th>Independent variable</th>
<th>Adj: R²</th>
<th>β</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>POP</td>
<td>POJ</td>
<td>0.03</td>
<td>0.296**</td>
<td>4.383</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>POP</td>
<td>POJ</td>
<td>0.04</td>
<td>0.210*</td>
<td>2.395</td>
<td>0.017</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OCB</td>
<td></td>
<td>0.148</td>
<td>1.545</td>
<td>0.123</td>
</tr>
</tbody>
</table>

* P< .05  **P< .01

The above illustration explains the impact of perceived organizational justice on perceived organizational performance under the mediating impact of organizational citizenship behavior. The model 1 shows the direct relationship between independent variable whereas model-2 shows the relationship of independent and dependent variable under the mediating variable. The beta of direct relationship is .296 whereas the beta of mediating model is .210 for independent variable. Both the models are significant. Here the beta against independent variable has been reduced from .296 to .210 but significance level against the mediating variable is insignificant confirming here that organizational citizenship is not mediating the relationship. Hence H1 is accepted and H2 is rejected.

Table 4: Effects of Perceived Organizational Justice on Perceived Employee Performance under the Mediating Impact of OCB
Table 5: Analysis of Simple Effects

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Mediator</th>
<th>IV</th>
<th>( P_{MX} )</th>
<th>( P_{YM} )</th>
<th>Direct effects (( P_{YX} ))</th>
<th>Indirect effects (( P_{YM} P_{MX} ))</th>
<th>Total effects (( P_{YX} + P_{YM} P_{MX} ))</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEP</td>
<td>OCB</td>
<td>POJ</td>
<td>0.584** (0.000)</td>
<td>1.000** (0.000)</td>
<td>0.359** (0.001)</td>
<td>0.585** (0.000)</td>
<td>0.944** (0.000)</td>
</tr>
</tbody>
</table>

The above illustration explains the impact of perceived organizational justice on perceived employee performance under the mediating impact of organizational citizenship behavior. The model 1 shows the direct relationship between independent variable whereas model-2 shows the relationship of independent and dependent variable under the mediating variable. The beta of direct relationship is .944 whereas the beta of mediating model is .358 against independent variable. Both the models are significant. Here the beta against independent variable has been reduced from .944 to .358 confirming here that OCB is mediating the relationship. As both independent variable and mediating variable remained significant in both models, here partial mediation has been proved. Hence H3 & H4 are accepted.

Results of Moderating Effect of Power Distance

In order to test the 5th hypothesis that power distance has moderating effect on the relationship of POJ and PEP two models were run. The first model shows the impact of independent variable on the dependent variable only. In the second model interaction term was calculated by multiplying the mean values of perceived organizational justice with the mean value of power distance and then the regression was run through this interaction term. Following outputs of regression analysis show these two models. Table 6 shows values of R, R-Squared, Adjusted R-Square, and regression coefficients.

Table 6: Summary of Hierarchical Regression Analyses (DV = POP)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Perceived Organizational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
</tr>
<tr>
<td>Main Effects</td>
<td>Coefficient</td>
</tr>
<tr>
<td>Perceived Organizational Justice</td>
<td>.296***</td>
</tr>
<tr>
<td>Interactions</td>
<td></td>
</tr>
<tr>
<td>Org. Justice*Power Distance</td>
<td></td>
</tr>
<tr>
<td>Overall R</td>
<td>.202</td>
</tr>
<tr>
<td>Overall R²</td>
<td>.041</td>
</tr>
<tr>
<td>F Change</td>
<td></td>
</tr>
<tr>
<td>( \Delta R^2 )</td>
<td></td>
</tr>
</tbody>
</table>
The results show that R-Squared change is 0.005 after adding the interaction term of POJ and power distance. This value of R-Squared change is very low; however the standard error of the estimate remained same in both models. Coefficient of interaction term is insignificant (-.015, NS). H5, thus, is not supported. In order to test the 6th hypothesis that power distance has moderating effect on the relationship of perceived organizational justice and perceived employee performance two models were run. The first model shows the impact of independent variable on the dependent variable only. In the second model interaction term was calculated by multiplying the mean values of perceived organizational justice with the mean value of power distance and then the regression was run through this interaction term. The results are shown in table 7.

Table 7: Summary of Hierarchical Regression Analyses (DV = PEP)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Perceived Employee Performance</th>
<th>Model 1</th>
<th></th>
<th>Model 2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Coefficient</td>
<td>SE</td>
<td>Coefficient</td>
<td>SE</td>
</tr>
<tr>
<td>Main Effects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Organizational Justice</td>
<td>0.43***</td>
<td>0.093</td>
<td></td>
<td>0.43***</td>
<td>0.093</td>
</tr>
<tr>
<td>Interactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Org. Justice*Power Distance</td>
<td></td>
<td>0.003</td>
<td>0.014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall R</td>
<td></td>
<td>.430</td>
<td></td>
<td>.430</td>
<td></td>
</tr>
<tr>
<td>Overall R²</td>
<td></td>
<td>.185</td>
<td></td>
<td>.185</td>
<td></td>
</tr>
<tr>
<td>F Change</td>
<td></td>
<td>.004</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ΔR²</td>
<td></td>
<td>.004</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 7 shows that coefficient of interaction term is insignificant and cannot be reported for inference, so here H6 has not been proved.

DISCUSSION AND CONCLUSION

This investigation was an attempt to find out the impact of perceived organizational justice on perceived organizational performance and perceived employee performance under the mediating impact of organizational citizenship behavior and moderating impact of power distance. On the support of literature hypotheses were formulated in order to test the relationships of variables of study as well as to find the answers of research questions and to achieve the objectives of the study. Total 6 hypotheses were framed. Out of which two were framed to investigate the direct impact of perceived organizational justice on the dependent variables i.e. perceived organizational performance and perceived employee performance. Two hypotheses were formulated in order to test the mediating impact of organizational citizenship behavior between the relationship of perceived organizational justice and perceived organizational and perceived employee performance. The last two hypotheses were formulated in order to test the moderating impact of power distance in the relationship of perceived organizational justice and perceived organizational and employee performance.

The data analysis showed that perceived organizational justice has a significant impact on the perceived organizational performance and perceived employee performance. However the impact
of perceived organizational justice on perceived employee performance was greater as compared to impact of perceived organizational justice on perceived organizational performance. The second hypothesis was rejected as no mediating impact of organizational citizenship behavior was proved between the relationship of perceived organizational performance and perceived organizational justice. The other 3 hypothesis were accepted. The hypothesis 5 and 6 also were accepted proving their power distance has a moderating impact between the relationship of perceived organizational justice and perceived organizational performance and perceived employee performance. The findings are in the connection with already conducted studies such as Organ and Ryan, (1995); Podsakoff et al., (2000); LePine, Erez, and Johnson (2002); Podsakoff et al. (2000); Aryee, Budhwar & Chay (2002); Bolon, ( 1997); Deluga, (1995); Ng & Sorenson, (2008). Jafari & Bidarian (2012) investigation regarding the relationship between POJ and OCB which was found significant positive relationship with three components of POJ (distributive, procedural, and interactional) and OCB is also hereby supported by this study. This study also supported the argument that perceived organizational justice has a causal relationship with the organizational citizenship behavior (Moorman 1991).

**Theoretical Implications**

This study has made an attempt to contribute in the literature. First of all this study explored the different combination of variables which were not tested before this study. Perceived organizational justice and perceived organizational performance were not tested before this under the mediating impact of organizational citizenship behavior. Similarly the relationship of perceive organizational justice with perceived employee performance was also not tested before this research under the mediating impact of organizational citizenship behavior. In addition to this this study has also made a contextual contribution. These set of variables were not tested before in the Pakistani or any Asian county research. So this combination has been tested in a totally different and new environment.

**Managerial Implications**

The tested relationships can be generalized for the managerial implications. It has a signal for provoking a managerial though to consider the justice at organization in order to increase the helping behaviors, kindness, civic virtue and sense of cooperation at work place. This study also disseminates signals that mangers should try to promote citizenship culture at workplace. This citizenship culture not only will bring the positive and energetic attitudes at workplace but it will also increase the employee performance. So management should also consider the helping behaviors at the time of performance appraisal which are being shown by the employees at workplace.

**References**


