Impact of organizational justice on learning organization: An empirical investigation of banking sector of Pakistan

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Abstract

The primary purpose of this research is to examine the association between learning organization and organizational justice in the banking sector of Pakistan. This research also investigates that which type of organizational justice is more effective in banking sector of Pakistan. The findings of this paper show that organizational justice has a significant impact on learning organization. Furthermore, it is also found that distributive justice is more effective than other dimensions of justice.

Keywords: Learning organization, organizational justice, distributive justice, interactional justice, procedural justice

Introduction

In this dynamic business era organization needs to change, learn and implement those changes to get success, without learning the organizations and individual repeat the old practices and when there is no change in process or actions the success is either fortuitous or short-lived. The notion of learning organization has gained importance over the past years as a source of competitiveness. Learning organizations are those organizations which continuously keep on learning to attain desired result and competitiveness. LO facilitates learning of all its members and this aim is to continuously transform itself (Pedlar *et al.,* 1991) in line with the environment needs. It is note-able that learning organization and organization learning are two different concepts and in the past different researchers used these two approaches as synonyms of one another. In the operation of this paper, these two need to be treated separately as explained below.

Different researchers have defined difference between organizational learning and learning organization where OL is refers to activities within the organization and learning organization is the form of organization.

While on the one hand when organizations are attempting to become learning organizations, on the other hand creating the organizational justice should be given a vital importance. There are very few studies which have studied the vital importance of organization justice in becoming learning

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organization. This paper focuses on analysis of the association between learning organization and organizational justice which will add up the missing link in literature.

Learning organization and organizational justice perception

Organization justice perception has been believed as expounding variable in domain of organizational research. (Adams, 1965; Deutsch, 1975; Leventhal, 1976). It explains the perspicacity of groups or individuals about the fair treatment of the organization with its members and their behavioral reaction to such perceptions (James, 1993). Organization justice is categorized into three forms: interactional, procedural justice and Distributive justice. *Distributive justice* is associated to the perception of fairness of the outcomes while procedural justice means perception of fairness about the approaches utilized to establish those outcomes (Folger and Konovsky, 1989; Cropanzano and Greenberg, 1997) and interactional justice refers to perceived fairness of interpersonal conduct (Martı´nez-Tur *et al.,* 2006). According to Sweeney and McFarlin the distributive justice is related to the ends and the procedural justice is related to the approaches (McFarlin and Sweeney, 1997).

Robbins states in his expectancy theory individual choose a behavior or action because they are motivated towards that specific act or behavior because of the expected results of that particular behavior (Robbins, 2001). As distributive justice is related to fairness of the outcomes so it has strong link with instrumentality. Therefore, we can say that distributive justice will have an impact on their motivation. The employees will contain some certain beliefs and attitude regarding the approach that the organization will make and implement decisions. When employees will face a situation in which they will experience a cognitive dissonance because of the situation in which they beliefs that there exist a gap between how the decisions are made and how they should be made, this situation will lead towards job dissatisfaction. (Nadiri & Tanova, 2010). From last few decades organizational justice has become one of the important areas of research. It is observed generally that most of the organizational theories focused on the interpersonal relationships and the issues related to these interactions. In this perspective, it is perceived that the notion of "*social justice*" is bespoken to organizations and consequently the concept of organizational justice, which mentions to the fair dissemination of the outputs of organization contingent to organizational relations, has been developed simultaneously. Likewise, Eberlin and Tatum (2008) pointed out the acquisition of justice concept into organization, and its emergence as a significant area of research in organizational and industrial psychology. (Eberlin and Tatum, 2008; Bolat, 2010). Justice is taken as social structure in the organizational studies and it is the justification of employees by the authorities in the organizations (Pillai *et al.,* 1999).

Empirical relationship between organization justice perception and learning organization

This paper investigates the relationship between organization justice elements and learning organization elements. Followings are hypothesis of the study to empirically test the relationship between the variables of the study.

H_1: A positive relationship exists between Organizational justice and the level of becoming learning organization.
H_{1a}: Distributive justice is essential for becoming learning organization.
H_{1b}: Interactional justice is essential for becoming learning organization.
H_{1c}: Procedural justice is essential for becoming learning organization.

Measures
Studies of Goh and Richard (1997), Ford *et al.* (2000), Armstrong and Foley (2003) were utilized to construct learning organization variables. The measure made by Niehoff and Morman (1993) was utilized to quantify the distributive, procedural and interactional justice. The Cronbach alpha of 20 items was 0.939. Distributive justice items were 5 and the alpha value for these items was 0.907, six items were related to procedural justice with 0.76 value of alpha and Nine (9) items were related to interactional justice with .0902 value of alpha. Example of the distributive item scale is ''I feel I am

getting rewarded fazzirly considering the responsibilities I have" example of the Item scale of Interactional justice is "my supervisor provides explanations for the decisions related to my job" and an example item for procedural justice is "my supervisor is neutral in decision making''

Findings

The reliability of the learning organization scale demonstrated the value of the alpha coefficient for scale of 31 items is 0.91 and the alpha value of 16 items of organization justice is approximately 0.69 While on the other side it is seen that OJ scale is greater than 0.60 alpha, whose relationship with the LO scale is empirically examined for the first time. These coefficients are accepted for exploratory studies (Hair *et al.,* 1998). It is found in the literature that if there is a low alpha coefficient in scales then few of the items are acceptable between the ranges of 0.60 to 0.69. (Leech *et al.,* 2005). There is a positive association between distributive justice, interactional justice and procedural justice of 99% which is shown in the correlation analysis in Table 1. Factors of learning organization have 99% significant positive relationship between each other. Table 1 show that, there is positive association between distributive justice and all factors of learning organization. However, the relationship between interactional justice and all factors of learning organization is of low level but positive in the rate of 1% and 5%. It can also be observed from the table 1 that procedural justice has 5% positive but low level relationship with earning organization factors.

Table 1: Relationship between organizational justice and learning organization

Factors	1	2	3	4	5	6	7	8	9
1. Distributive justice									
2. Interactional justice	.611**								
3. Procedural justice	-.297**	-.287**							
4. Flex. Organizational strategy	.349**	.123*	.020*						
5. Strategy	.447**	.221**	.338*	.594**					
6. Individual learning	.534**	.206**	.333**	.423**	.523*				
7. Team learning	.564**	.115**	.316**	.376**	.543**				
8. Organizational learning	.374**	.166*	.360**	.451**	.605**	.370**	.520**		
9. Shared vision	.443**	.131*	.394*	.441**	.570**	.497**	.420**	.631**	
10. System under	.384**	.170*	.321**	.263**	.480**	.344**	.556**	.698**	.519**

** $p<0.01$ and *$p<0.05$, n=199

Table 2 shows the regression analysis, demonstrating the impact of organization justice on learning organization factors. The value of R^2 is 0.406 which states that organization justice influences learning organization in a good level. It can be observed from the table below that distributive justice (.685) and interactional justice (.582) has more impact on LO than procedural justice (.269).

Table 2: Effect of organizational justice dimensions on dimensions of learning organization

Independent variable	LO (learning organization)	T	sig
Distributive justice	0.685	9.703	.000
Interactional justice	0.041	0.582	0.561
Procedural justice	0.269	4.601	.000
R2	0.406		
D.R2	0.397		
F	44.367		

Consequently the entire hypothesis is accepted as all type of justice positively influencing learning organization.

Conclusion and recommendation

The present study explored the impact of organization justice on learning organization. The results of the study support showed that there is a significant positive association between organization justice and learning organization. In this age of enormous competition, the organizations need to manage their human resource effectively in order to gain competitive advantage. The results of the study imply that mangers of the organizations should put a serious focus on the organizational justice in order to make their organization as a learning organization.

No study is without limitation and same is the case with this study. One of the limitations of this study is a cause and effect relationship, as this study just focused on organization justice impact on learning organization, there may be some other factors which mediate the relationship between the two said variables. Thus future researches should consider the mediating effect of other variables such as leadership and organization citizenship behavior.

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