Impact of Organizational Justice, Job Security and Job satisfaction on Organizational Productivity

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Abstract—The current study is done to explore the relationship between job security, organizational justice and organizational productivity with the mediating role of job satisfaction. The organizational productivity of Pakistani organization is decreasing despite adopting various strategies. There was a need to pinpoint the cause of this problem. This study revealed the fact that lack of job security and organizational justice as well as job satisfaction can be a cause of decrease in organization productivity. The result of this research suggests offering job security to the employees. In addition, measures should be taken to increase employees’ job satisfaction as these factors will directly lead to an increase in organizational productivity.

Index Terms—Organizational justice, job security, job satisfaction, Organizational productivity.

I. INTRODUCTION

Human resource if not treated fairly can affect the productivity of the organization; therefore it is the need of the day to explore every possible factor that can help the organizations in achieving employee job satisfaction. It is strongly believed that if an organization does not treat its employees equally and show unfair and biased behavior, then the employees feel angry, frustrated and annoyed which can obviously decrease their performance [1]-[4]. The last 25 years have been dedicated to research on organizational fairness with the major aim to explore the nature, consequences and determinants of the relationship between organizational fairness and different organizational outcomes.

In the same way, emphases are given to organizational justice and its relationship with organizational productivity as employee check fairness of its organization through organizational justice [5].

Job security is also an important variable that directly affects employee organizational satisfaction and level of his commitment. If an employee is sure that he will not be kicked out of the organization any time sooner then he will definitely work harder. In fact, he will try to reciprocate by giving more input to the organization and it will also increase the level of his satisfaction [6].

Employees can work properly only if they are committed, loyal and sincere towards the organization and this is only possible if they are satisfied with the organization, its decisions, their salary packages and other similar factors.

This in other words means that an employee can give his best to the organization only if he has a higher level of satisfaction [7]. An employee’s level of satisfaction tells us if he has positive or negative feelings for the organization Past researchers have indicated several factors that may contribute to employee organizational satisfaction [8].

It is the human force of any organization that determines its long term success in terms of profitability, income and similar factors but the question arises how to achieve employee satisfaction. Job security and organizational justice are two main factors that increase organizational satisfaction among employees as a result of which organizational productivity increases [9].

Past studies show a strong positive relationship between organizational justice, organizational commitment and employee satisfaction. The core objective of this study is to investigate the relationship of organizational justice and job security with organizational productivity keeping organizational satisfaction as a mediating variable. There is a strong need to study this framework in Pakistan as there is very less research being done on this topic. Pakistan is a developing country; there is a strong need to study different factors that affect employee and organizational performance so that business owners and top management can incorporate these factors in their operations for successful management of human resource.

II. LITERATURE REVIEW

Researchers have dedicated the last 25 years to organizational fairness research as it is a major concern for top management [10]. Researchers are now investigating how that organizational justice helps in efficient management of human resource. Some researchers are of the view that organizational fairness leads to an increase in the productivity of the organization [11]. Organizational fairness is mostly viewed from the employee's perspective as employees are the major stakeholders and they want to make sure that their organization is fair to them [5]. Every employee compares this input with the rewards he get as an output from the organization and if he finds out that he is getting less for his hard work, then he will eventually start to feel that the organization is not fair to him.

Researchers are of the view that organizational justice and fairness may have unlimited benefits for the organization both in monetary as well as non-monetary terms [12]. The role of mediators is also important in the relationship between organizational fairness and organizational productivity [13]. In the past, researchers have tried to explore different facets of organizational fairness.
Interactional fairness and informational fairness are considered to be two main dimensions of organizational fairness [14]. Interactional fairness is related to interpersonal behavior. This particular type of fairness shows if the management of an organization treats his employees with respect, politeness and dignity or not [15]. Informational fairness on the other hand show to what extent information is provided regarding methods and procedures to the employees [16].

Organizational fairness has a strong impact on employees’ attitude and behavior. It is being noticed that employees start to develop a positive attitude towards the organization when they realize that their organization is fair with them [17]. In result decreases the level of stress and anxiety among employees up to a great extent [18]. According to the result of a study, its employees are given rewards and initiatives on the basis of their performance then it will increase their level of job satisfaction up to a great extent. This will eventually increase organizational commitment leading to an increase in organizational performance. Just like various other researchers tried to find out the connection between organizational fairness and turnover intentions and it was found that if an organization do not treat employees equally than their turnover intention increases [19].

Every organization needs to pay rewards according to the performance of employees [20]. The compensation or reimbursement mechanism is different for each organization and the sad thing is that we still do not know what the major determinants of compensation are [21]. Researchers argue that when employees are motivated to perform by offering them good incentives in terms of salary etc., then the performance of the organization ultimately increases [22]. The success of any organization highly depends on the way its human resource is tackled.

Employees want financial security from their organization and if an organization fails to provide this then it can lose its human resource. The majority of the business corporations these days are giving employee’s part in the shares. This is just one way of increasing job satisfaction and job security. The National Center for employees in 2002 reported that more than 8.8 million employees were a part of equity based compensation plans (EBCPs) which clearly proofs that organizations are giving extra attention to compensation and rewards for its employees in order to increase their job satisfaction. Giving rewards and incentives in the form of providing share in stock, or offering compensation plans, especially in the middle and senior management also resolve a lot of principal-agent issues as employees start to work with loyalty [23]. According to the current literature, the best way to increase motivation and job satisfaction among employees, including top management is to determine the salary and wage rate solely on the basis of long term productivity of the organization [24]-[26]. This in other word means that those managers should be laid off who fail to give output in the long run [27]. Rewards and compensation has known to have a positive impact not only on employee satisfaction, but also on organizational performance [28].

Organizations are now looking into ways to increase organizational productivity without decreasing the employee commitment and this is only impossible if you give proper rewards and incentives to the employees [29]. Here, it is important to mention that if high salaried increase employee motivation, satisfaction and performance, then it means that low salary decreases his job satisfaction and motivation leading to a decrease in his performance [30]. It has been observed that those employees who are hired on contract basis are less motivated than permanent employees and it is mainly because of lack of job security [31].

When it comes to organizational productivity, then two things matter a lot, one being organizational justice and other is employee satisfaction. A large number of researchers have studied different aspects of organizational justice and most of them have found out that if an organization fails to provide job security to its employees whether they are on contract or permanent member, then the level of motivation and organizational commitment in them decreases and both these things directly affect their job performance [32]. Every employee is useful for the organization in one way or the other so it is very necessary to keep employees motivated and satisfied so that they can perform their best [7]. When you provide job security and ensure organizational justice, then the employees automatically start to show a positive attitude and this positive attitude is very crucial to the organization, especially if it is dealing in service industry as service industry is all about a good attitude and behavior with the customers [33].

Job satisfaction comes when an employee is rewarded well, and is provided with those job tasks that are challenging yet interesting [34]. This means that top management should keep on updating and redesigning job duties in order to increase employee interest and satisfaction [35]. Employees feel satisfied with their job when they start to realize that their work is meaningful and that their input has a strong impact on stakeholders. If the task assigned to an employee is significant, challenging has variety in it and it's interesting, then it will definitely increase the motivation and satisfaction level of the employee [36]. The nature of job and tasks involved in it definitely has a direct impact on the employee satisfaction. According to [37], the management of an organization can easily get an idea about the level of job satisfaction of its employees by observing their attitude and behavior. According to [38], increase in job satisfaction among employees leads to a direct increase in organizational productivity mainly because satisfied employees work harder and with full devotion. Another study was done to check the relationship between organizational commitment and job satisfaction. [39]. It was found that both of them are positively related. In the same way, a similar study was done on the hospital employees in order to explore the relationship between job satisfaction, organizational commitment and turnover rate [40]. He found out that employee satisfaction along with other factors like opportunities to grow, employee development programs and organizational commitment have a strong impact on the productivity of the organization.

Job satisfaction shows what the employee feels about his job; if he is satisfied, then he will show a positive attitude and if he is not satisfied with the job, then his output will decrease and he will start showing negative behavior [41]. Employees having low level of job satisfaction waste time in doing personal tasks during office timings and they also stop
showing organizational citizenship behavior. This not only decreases organizational performance, but it also affects the overall environment of the organization [42].

It is very important for the organization to ensure employee job satisfaction as the cost of hiring a new employee is very high and no organization has enough resources and time to hire a new employee every now and then [43]. Lack of employee job satisfaction can cause serious trouble for the organization as it not only adds recruitment cost, but it affects the growth of the organization in the long run [44]. Job satisfaction comes from different factors, some of which include pleasant work environment, friendly management, good salary package, job security, organizational justice and career opportunities [45].

Studies indicate that employees feel satisfied with their job only when their organization is providing them financial security which can be in the form of good salary packages or job security [46].

Employees are a true asset for any organization and every organization wants to get maximum benefit from its resources. Employees can only perform well if they are satisfied with the organization and this happens if there is job security and organizational justice. This study tries to explore the relationship between organizational justice, job security and organizational productivity in relatively a different manner as a mediator named job satisfaction is added into the relationship (Fig. 1)

Fig. 1. Theoretical framework.

Following are the suggested hypotheses.

H1: Organizational justice is positively associated to organizational productivity.
H2: Employee job security is positively associated to organizational productivity.
H3: Employee job satisfaction is positively associated to organizational productivity.
H4: Organizational justice is positively associated to employee job satisfaction.
H5: Job security is positively associated to employee job satisfaction.
H6: Job satisfaction has positively mediated between Organizational Justice and Organizational Productivity.
H7: Job satisfaction has positively mediated between Job Security and Organizational Productivity.

III. METHODOLOGY

A. Sample and Procedures

In this quantitative study of the relationship between organizational justice, job security, job satisfaction and productivity of organization target population was selected as employees of private and government sector of Rawalpindi and Islamabad. In current study, data was collected through questionnaires. From the 300 questionnaires only 254 respondents respond to the questionnaire while the technique of data gathering was type of non probability sampling that is convenient sampling technique. The male ratio of respondents was greater as compared to female. There were 66.5% male and 33.5% female respondents. 96 employees’ income lies between 30 to 40 thousand and 64 employees’ income lies from 10 to 20 thousand. Most of the respondents’ age lies between 30 to 40 years. This quantitative study was aimed to explore the new point of views in the grounds of these variables.

B. Measures

The Scale of organizational justice containing 20 items was taken from researcher’s work [47]. This variable contains five questions; scale of overall job satisfaction was adopted from [48] that is a three items scale. The Scale of job security was adopted from [10] containing 10 items. The scale of productivity was adopted from [49] that contain 15 statements showing employee’s contribution to productivity.

IV. RESULTS

According to descriptive statistics mean value and standard deviation value of organizational justice is measured at 2.72 and 0.823 respectively. Similarly means and standard deviation value for organizational productivity is 2.80 and 0.940 respectively. And for job satisfaction its mean value is 24.25 and 19.33 is its standard deviation value. In the same way means and standard deviation value for job security is 2.69 and 0.740 respectively.

The above Table I shows that two variables organizational justice and organizational are significantly and positively correlated ($r=6.70$, $p<.01$). This proves that the first hypothesis is accepted as there is positive relationship between these two variables. Similarly, above table shows that there is a positive and significant relationship between job security and organizational productivity with the value of ($r=.599$, $p<.01$). It proves that second hypothesis also accepted as it indicates the positive relationship between these two variables. This table proves that third hypothesis is also accepted as there is a significant and positive correlation between job satisfaction and organizational productivity ($r=.734$, $p<.01$). Two variables organizational justice and job satisfaction are positively and significantly correlated with...
the value of \( r=0.761, p<0.01 \). It shows that fourth hypothesis is also accepted. Fifth hypothesis was accepted as there is a significant and positive correlation between job security of employees and job satisfaction of employees. \( (r=0.705, p<0.01) \).

V. TESTING MEDIATION EFFECT

Four assumptions of Baron and Kenny (1989) were used in this paper to test the mediation effect among variables. His first assumption says that variable which is independent should affect the mediator. The second assumption is about that mediator variable should affect the dependent variable. His third assumption says that independent variable should be related with dependent. And the last assumption explains that if there is no direct relationship between dependent and independent variable, but through only mediator variable than there is a full mediation. And if the relationship is through both direct and through mediator then there is partial mediation.

To find the mediation effect of job satisfaction, among other variables organizational justice, job security and organizational productivity linear regression is used in this study. Value of \( R^2 \) between organizational justices that is independent variable and organizational productivity that is dependent variable is 45%. An additive effect is shown by value of \( R^2 \) of 12.8% in relation between to organizational justice and organizational productivity. This effect is due to job satisfaction. So the value of \( R^2 \) becomes 57.7 % due to additive effect which explains that 57.7% variability in dependent variable occurs because of dependent variable and mediator (job satisfaction) effect. Similarly the value of \( R^2 \) between job security (independent variable) and organizational productivity (dependent variable) is 35.6 %. So again here value of \( R^2 \) shows additive effect among these two variables due to the mediator that is job satisfaction and finally value of \( R^2 \) increases to 58.2 %. This variability of \( R^2 \) in organizational productivity that is dependent variable is due to effect of mediation with independent variable that is organizational security.

In first model \( F \) value is equal to 205.785 and in second model it is equal to 171.435. In the same manner value of \( p \) is statistically significant in both models at 0.01. In third and fourth model \( F \) value is equal to 141.109 and 174.986 respectively. In both models \( p \) value is significant statistically.

This Table II indicates that there is full mediation among organizational justice and organizational productivity due to the mediator (job satisfaction). The table indicates that values of standardized beta have decreased from 0.670 to -0.051. Here \( p \) value is also insignificant. This all explains that sixth hypothesis is accepted as it proves that job satisfaction mediates the relationship between justice and productivity of the organization.

The seventh hypothesis of this study are also accepted as there is a full mediation between two variables job security and organizational productivity due to the same mediator job satisfaction. The table indicates the decrease in value of standardized beta range from 0.599 to -0.137 and insignificant \( p \) value.

VI. DISCUSSION

Every kind of organizations wants loyal employees and who are 100% committed towards the goal of the organization. To get a loyal and high level of commitment organizations is always trying to find solutions for this purpose. Past studies indicate that fairness to employees plays a very important role on this agenda. If employees feel that they have facility of job security along with the increased level of job satisfaction than automatically they will show more commitment to the organization and at the end organizational productivity will be increased. The findings of this study contribute a lot in knowing the important points for increasing the productivity of the organization. As in this study first hypothesis explains a positive relation between organizational justice and productivity of organizations. Past studies also indicate the positive and significant relationship between these two variables [50]. According to the findings of this study first hypothesis is accepted. H2 in this study explains that there is a positive association between employee job security and productivity of the organization. Results prove that this hypothesis is accepted. Past studies indicate that the productivity of organizations will be increased if the job satisfaction level among employees is high [8]. H3 in this study also indicates the same, so H3 is also accepted. H4 is accepted as results indicate the positive relation between organizational justice and job satisfaction of employees. Past studies point out that whether justice is distributive, procedural or interactional it will help in increasing the satisfaction level of employees [13]. H5 is accepted as the findings of this study point to that there is a positive association between job security and job satisfaction of employees. On the basis of data which is collected through government and private sector of twin cities H6 is also accepted as findings show that job satisfaction mediates between two variable organizational justice and productive in a positive manner. Finally H7 is also accepted. It proves the mediation effect of job satisfaction among job security and productivity of organizations.
VII. CONCLUSION

So all hypotheses are accepted in this study and it explores a new path to increase the productivity of the organization. This indicates that by job security, job satisfaction and organizational justice, productivity of any organization can be increased. In this new era of globalization business world is facing so many problems and competition among organization is increased. In this competitive age only those organizations can survive who focus on their employee satisfaction, justice and security in other words we can say human resource management. These all variables used in this study come under the umbrella of human resource management.

VIII. IMPLICATIONS AND FUTURE RESEARCH

This study can be implied in any organization to increase the commitment and satisfaction of employees to increase their productivity. Any organization can compete well with their competitors by increasing these human resource practices in their organization. By using organization justice an ideal environment can be created in any organization. If such practices are ignored in any organizations result can be bad for the organization's image.

For future study compensation phenomena and reward system should be added for wide and best results. To get the competitive advantage in any organization such variables should be studied with other human resource practices and strategies.

IX. LIMITATIONS

This research was immense as it included four variables and their relationship with one another, but there are some limitations in this study that should be considered for further research. First limitation is that the data was collected through a questionnaire and there might be possibility that respondents are not filling it with honesty. A second limitation is that result might be varying when it comes to the demographic point of view. Third limitation is that result might be varying when it comes to the respondents are not filling it with honesty. A second limitation is that in this research there is a limited focus on organizational justice in regards to its three dimensions that are distributive, procedural and interactional. Finally, its last limitation is that the findings of this study vary in regard of employment contracts. To get better and vast result, employment contracts and reward phenomena should be included with these variables.

REFERENCES


