

## ORGANIZATIONAL JUSTICE, TURNOVER INTENTION AND EMPLOYEES JOB PERFORMANCE – A CO-RELATION STUDY

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### Abstract

This research examines the relationship between the facets of organizational justice namely as distributive justice and procedural justice on turnover intention and its influence of job performance among the Information Technology employees. The social exchange theory is reviewed in this research as the theoretical perspectives which guide the development of hypotheses. 100 Information Technology employees were selected and surveyed from the Information Technology industry in Chennai, Tamil Nadu. Using the SPSS packages, the collected data are analysed. This research found a statistically significant relationship between distributive justice, procedural justice and employee turnover intention and also the effect of job performance among Information Technology employees. The findings of this study offer a constructive contribution to the understanding of psychological processes of job satisfaction. The implications of the findings are discussed in details in the study and constructive recommendations are proffered for future researchers.

**Keywords:** Job Performance, Distributive Justice, Procedural Justice, Turnover Intention and Employees

### 1. INTRODUCTION

The increase in the number of studies regarding the concept of organizational justice proves the importance of the subject. Organizational justice influences is turnover intentions of employees. As long as employees complete each other's inadequacies and cover the needs of one another, their interaction in organization survives. The way individuals behave during these interactions, depends on the people they look up to (Kulik and Ambrose, 1992). Employees always compare their and gains with the people who are in the same status as them. Employees do this comparison based on their own standards of justice. Individual's perception or justice differs from each other. Therefore, these different perceptions result in positive of negative behaviours. The positive perception of organizational justice increases the organizational commitment and productivity. The negative perception of organizational justice harms the organization and employee turnover intention. Organizational justice is considered to be the leading factors affecting the intentions of employees to quit and helping them to work in a secure workplace environment. In this context, attitudes and behaviours towards employees is of great importance since the concepts of justice, trust, satisfaction and belongingness are the key factors of success in organizations (Demirkaya and Kandemir, 2014).

In every organization, the importance of Information Technology's operatives and personnel cannot be over emphasized. Virtually every sector and all operations in the organization depend on the functionalities of Information Technology Employees. In other world, employing the functionalities of Information Technology in an organization offer scores of benefits inter alia,

competitive advantage (LeRouge, et al., 2006). Meanwhile, the rate of turnover intention of IT personnel is increasing alarmingly. This is said to be deterring organizations a smooth developmental flow and incurring unnecessary expenses. For instance, it is estimated that the cost of replacing talented IT workers doubled their annual salaries. Curbing the exponential rate of turnover intention among IT workers tend to be more challenging because IT professionals possess a strong tendency of changing work than other employees. The fact that IT-based positions are often and always needed in organizations, IT professionals do not always find difficulties in get new job. Meanwhile, retaining IT professionals by satisfying them can also be unbearably demanding for most organizations. Therefore, retaining IT professionals and curbing the high rate of turnover intention among IT employees continue to be a priority to both researchers and employers in the corporate world (Calisir, Gumussoy and Iskin 2011).

Moreover, literature has been levelled on issues relating and factors that leads to employee turnover in organizations and different frameworks and variables have been validated in this regard. There have also been some few studies that engage in grasping the peculiarity of IT professionals' turnover intention. Most of the studies also found that job satisfaction is one of the most important factors for turnover intention among IT professionals. McKnight et al. (2009) found that turnover intention among IT professionals is defined by job performance.

## **2. REVIEW OF LITERATURE**

Blau, (1964) stated that the social exchange theory proffers solid theoretical backdrop for the presumptions of this study. Social exchange theory explain that the relationship between two business entities cannot and should not be limited to economic exchange but social exchange mustbe accommodated within their interactions. This infer that corporate organizations interactions with their employee is not limited to impersonal exchange but also includes socio-emotional factors such as approval, respect, recognition and support among others. The important gist of the social exchange theoretical perspective is to advocate for a mutual balance of commitment between the two parties. For instance, among the employees-employers relationship, it is obvious that employees sacrifice their knowledge, skills, and abilities and motivation for rewards. These rewards can be multifaceted, it can be inform of money and so on or rather something intangible like respect, dignity, charisma and fairness. Invariably the employee- employer relationship will not be flop so far there is a mutual balance between the two parties. Consistently, psychologist believed that fairness is a basic factor for every employee to be satisfied with their job. Therefore, it can be deduced from the theoretical perspectives explained above that employees that are treated without prejudice are likely to have positive and high degree of satisfaction and when there is satisfaction, there will be motivation to continue working with their organization.

Adams (1965) evaluated fairness using a social exchange theory perspective. Operationally, distributive justice is defined as the level of equality and just in the distribution of reward in the organization. Opined that distributive justice is referred to as the employee individual judgment and perception towards the distribution of rewards; such as payment and promotion by the management. In other words, added that lack of distributive justice de-motivate and loosen the

morale of the employee and resolve to lack of satisfaction. Prince (2001) also corroborated that distributive justice is the conscience and balance in the process of sharing employees' rewards justly and fairly in accordance to their job performance.

Tett and Meyer (1993) referred to turnover intentions as the deliberate and conscious willingness of the employees to leave their organizations. Theoretically, it is the last in the sequence of withdrawal cognitions, which consists of thinking of quitting and intent to search for alternative employment. Although turnover intentions do not always lead to actual turnover, Turnover intention was highly correlated with actual turnover behaviour in thirteen out of fourteen empirical studies. In fact, studies on turnover have shown that turnover intention is the most consistent predictor for voluntary turnover. A meta-analysis undertaken by Steel and Ovalle (1984) confirmed that intentions always often lead to actual turnover. Since significant positive relationships have been found between turnover intentions and actual turnover, turnover intentions have been recommended as a correct measurement or factor for determining actual turnover.

Cropanzano and Greenberg (1997) defined as the level of fairness, the behavioural justice and the cautiousness of individual personnel in the distribution of employee reward in the organizational system rewarding. Theoretically, there are two types of workplace justice which are distributive justice and procedural justice. In other words both procedural justice and distributive justice are the most common measurement for organizational justice.

Saks (2006) asserted the procedural justice definition, by adding that it refer to the perception and how fulfil employee feel in terms of organization management decisions and determination of reward distribution and resources distribution. Corroborated that the process and the determination of reward distribution a times concerns employee than the distribution itself, as the distribution follows the procedure determined by the organization leadership. Therefore, higher perceptions of procedural justice by employees are more likely to reciprocate with greater organizational engagement to toward employee intention to stay and an employees' positive evaluation of their supervisor in turn their unclear of decision making processes to employees violate procedural fairness and loss of trust between the employer and employee relationship leads toward employee job dissatisfaction.

Gurpinar (2006) analysed the factors affecting the employee turnover intentions can be categorized as external factors, organizational factors and personal factors. Employees take these factors into consideration so as to decide on their level of job satisfaction. If an employee is dissatisfied with his job, then he looks forthe possibilities of quitting his job and of new employment opportunities. Then the employee comes to a decision by making a comparison between his current job and the other job opportunities. The existence of justice in an organization is the indication of the commitment to its employees. In this case, employees would also be loyal to the organization. Employees exhibit intentions to leave their job in the case of feeling treated unfairly by their organization.

### 3. OBJECTIVES OF THIS STUDY

- To Study on the organizational justice and turnover intention influencing Information Technology employees job performance.
- To Analysis the perception of employees regarding justice affects employee's turnover intentions.
- To determine the effect of employees perception of justice on their turnover intentions in Information Technology industries in Chennai.

### 4. HYPOTHESES

- In order to test the relations in line with the purpose of the study, following hypotheses were made:
- H1: There is a significant correlation between the employee turnover intentions and the perception of interactional justice in IT industries.
- H2: There is a positive relationship between procedural justice and employee job performance in IT industries.
- H3: There is a significant correlation between the employee turnover intentions and the perception of organizational justice in IT industries.

### 5. METHODOLOGY

The effect of justice on employee commitment in IT industry is a very important issue. It is thought that the perception of employees regarding justice affects employee's turnover intentions and performance.

Information Technology is one of the most important sectors in Chennai. In this study, we aim to determine the effect of employee's perception of justice on their turnover intentions and job performance in IT industry

The sample of this study involves 100 people from top IT industry in Chennai. It was intended to reach the target number of participants, yet some employees could not be reached. Therefore, 100 people were able to fill in the questionnaires.

In the studies regarding the proper sample number to represent the population, acceptable number of sample was stated to be 100. In other words, sample of this study has the characteristics of representing the population.

In this research, questionnaires were used as data collection tools. Questionnaires consist of two parts. In the first part, there are questions about demographical information about participants and in the second part questions regarding the perceptions about distributive, procedural and interactional justice and turnover intentions. The second part of the questionnaire was prepared with the help of the adapted version of organizational justice scale developed by Niehoff and Moorman (1993). Questions about turnover intentions were adapted from Reychav and

Weisberg (2009). In this part, five point likert scale was used. As a data analysis tool, SPSS 21.0 package program was used and this research.

## 6. RESULTS AND DISCUSSION

This part consists of three sections. In the first section, demographical information of participants, in the second section validity and reliability analyses and in the third section correlation and regression analyses are given.

### Demographic Profile of the Respondents

The demographic analysis revealed that there more male respondents (78.4 percent) as compared to females (21.5 percent). The majority of the respondents are between the age of 31-40 year (46.5 percent). It was found that most of the respondents are married (50.3 percent). 58.8 percent of the respondents are bachelor's degree holder (58.8 percent). And most of the respondents have a considerably experienced with 45 percent among them having 4-5 working experience. Finally, the majority of IT position among the respondents is programmer/software developer (19.6 percent).

### Confirmatory Factor Analysis (CFA) Result

Different analytical techniques are employed to determine the construct validity of the data. In order to fulfil the statistical convention of employing a multivariate statistical technique like SEM, it is crucial to conduct a confirmatory factor analysis (CFA). This is done by determining the construct validity of the data set through convergent validity, variance extracted, construct validity and discriminant validity (Arbuckle, 2010). Convergent Validity is used to examine the convergence level of indicator variable in a construct. The findings revealed that the data has a significant high loading according. In this study, the threshold for factor loading is set at 20 and above (Hair, et al. 2006). Average Value Extracted AVE is employed to determine the construct validity of the items.

**Table 1: Confirmatory Factor Analysis (CFA) To Test the Validity and Reliability of the Instruments Results**

Constructs	Cronbach's Alpha	Construct Reliability	AVE
Distributive Justice	0.947	0.948	0.784
Procedural Justice	0.934	0.934	0.781
Job Performance	0.911	0.911	0.630
Turnover Intention	0.895	0.895	0.682

The results in Table 1 presents that the Cronbach Alpha values of each construct ranged from 0.895 to 0.947. This signifies that all construct have acceptable internal consistency. The result of Construct Reliability (CR) values range between 0.895 and 0.948, which exceeded the expected threshold 0.70. The values indicated adequate internal consistency, which means that convergent validity is supported (Hair, 2010) The Average Variance Extracted (AVE) test of distributive justice, procedural justice, job performance and turnover intention construct were 0.784, 0.781, 0.630 and 0.682, respectively which are all above the recommended value of 0.50

for discriminant validity of the constructs used in this study.

**Table 2: Discriminates Validity for all Constructs**

Variable Name	Procedural justice	Turnover intention	Job Performance	Distributive justice
Procedural justice	(0.883)	-	-	-
Turnover intention	-0.196	(0.825)	-	-
Job Performance	0.251	-0.778	(0.793)	
Distributive justice	-0.117	-0.404	-0.541	(0.885)

The CFA result revealed that all the loadings of the observed variables are acceptable, the values ranges from 0.760 to 0.928. The adopted threshold value for loadings is 0.20 for this particular study because the sample size above 100 as opined by Hair, et al, (2006). The discriminate validity explains the availability of multicollinearity in the variables. Meanwhile, the availability of Multicollinearity explains the relationship or the similarity between the variables. Table 1 shows the result of the calculated AVE to support discriminate validity of constructs in this study. According to Fornell and Larcker (1981) the AVE should be greater than the squared correlation to achieved discriminant validity. The procedural justice construct attained the highest discriminant validity among all other constructs. The Square root of AVE for procedural justice is 0.883 while the correlation between procedural and turnover intention, job performance and distributive justice are -0.0196, 0.251 and -0.0117, respectively (as presented in Table-2).

**Table 3: Correlation Results of Turnover Intention, Procedural Justice and Job Performance**

Correlations			
		Turnover Intention	Procedural Justice
<b>Turnover Intention</b>	Pearson Correlation	1	-0.563**
	Sig.(2-tailed)		0,00
	N	100	100
<b>Procedural Justice</b>	Pearson Correlation	-,563**	1
	Sig.(2-tailed)	0,00	
	N	100	100
<b>Job Performance</b>	Pearson Correlation	-0.168**	1
	Sig.(2-tailed)	0,00	
	N	100	100

Table-3 shows that there is a negative and significant correlation between turnover intention and procedural justice. (Pearson Correlation coefficient = - 0.563)

There is a significant correlation between the employee turnover intentions and the perception of procedural justice in Information Technology industry, was accepted.

## 7. FINDINGS AND RECOMMENDATIONS

The findings reported in this study are invaluable enough for a better understanding of the factors affecting job performance among IT professionals, although several limitations should

be highlighted for the purpose of advancing the course of this study. First, future researchers are recommended to explore further by incorporating additional variables, such as work overloads and work family conflict. Second, distributive justice and procedural justice are found to be an important factor influencing employees' turnover intention. However, future researchers should which delve deeper to determine the exact role of either of the variables in relation to IT professionals. Lastly, the study can be replicated in some other contexts that have received little or no attention of the organizational researchers in order to validate the hypotheses tested in this study.

## 8. CONCLUSION

This study has found significant relationship between distributive justice, procedural justice, job performance and turnover intention of IT professionals in Chennai. The analysis was done with a multivariate analytical technique using SPSS. The result also shows that the Generating Model is the best model to explain the distributive justice and procedural justice of IT professional to turnover intention through mediation of job performance as compared to the hypothesized model. Furthermore, this study approaches the development of hypotheses from the theoretical paradigm of Social Exchange Theory (Blau, 1964). The implication of the findings in this study is to explain the antecedent factors that are responsible for the employee's turnover intention amongst IT professional in Chennai, Information Technology industry.

Referring to employees' perceptions of turnover intention, the management was suggested to be able to overcome and provide solutions to the level of employee desire to quit their job and find another job. As for if the management is able to overcome and resolve problems - problems faced by employees will have an impact on increasing employee job performance and automatic turnover intention will be lower.

Subsequent research is suggested to enrich the findings of the study to examine the role of other variables that influence job performance.

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