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## Impact of Organizational Justice on Job Satisfaction of Banking Employees in Pakistan

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**GJMBR - A Classification :** *JEL Code: J28*



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# Impact of Organizational Justice on Job Satisfaction of Banking Employees in Pakistan

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**Abstract-** The aim of this study was to determine the link between the employee and organizational justice job satisfaction. Privatize banks (ABL, UBL, SCB, Kasahf, Alfalah) were selected for the study and a questionnaire were distributed among the 100 bank employees. Aggregate of 53 questionnaires were obtained back with the feedback of 53%. The results showed that distributive justice has optimistic and substantial control on job satisfaction. This study also exposed that procedural justice has major indirect relationship with job contentment. Practical level of Organizational justice can be enhanced the level of job satisfaction.

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## I. INTRODUCTION

A group of peoples that work together for achieving common goals under a structured system is called organization. For the achievement of these goals there is also a need of effective managers or employees. Now organizations are considering human resource as the most precious asset for them because human resource is an important factor for effectiveness and success of organization.

Organizational justice apprehensions employees' awareness of equality in place of works and has become a standard perception in considerate workstation boldness and comportment (Ambrose et al. (2007); Cropanzano & Rupp (2003). Greenberg (1993) suggested the four factor model (including distributive and procedural justice and breaking down interactional justice into material and interpersonal justice and researcher (Colquitt et al., (2012) have provided a strong empirical support for this model.

In a society, people perceived justice from the legitimacy of their country same like that people in an organization have perception of organizational justice, which comprises of four aspects such as distributive

justice, procedural justice, informational justice and interactional justice.

First aspect distributive justice is concerned with fairness of allocation of resources (Adam (1955). Refers to recognizes equality of outcomes such as salary, appreciation, promotion, performance appraisal and rewards. Second aspect is procedural justice concerned with procedure use to allocating resources (Tribaut & Wlker (1975) refers to apparent impartiality of decision making process. Third dimension interactional justices concerned with the quality of treatment perceived form decision maker (Bies & Moag (1986) refer to respect of the relationship between employee and manager. The last aspect is informational justice that states truth fullness rationalization of important material given to employee (Bies & Moag (1986); Colquitt et al. (2012), Greenbeg (1993).

Organizational justice is mentioned in this study to express the point on which employees recognize the inclusive equality in institute rules, techniques and policies that are connected to work. In this study, two components of organizational justice is included which are distributive justice and procedural justice. Human wants fairness in the working environment, in terms of procedures used to decide reward, distribution of reward which make them satisfied or committed towards their work or organization. Organization justice is based on equity theory (Adams (1963), which demonstrated that worker bring his input in the organization like input of education, effort experience etc and in return of these input he expected the fair outcome of distribution of reward and procedure (Deconinck, & brock (1996); Greenberg (1982), therefore distributed justices is perceive equality in dissemination and allocates of outcomes which base on input provided by employees in organization (Cohen(1987) & Deutsch (1985).

Procedural justice refers to procedure how wage or promotion is decided within the organization (Davis & Ward (1995); Martin & emet (1996); Thibaut & Walker (1975); Tyler & Rasinski (1999). Mcfarlin (1992) explained distributive justice is decent interpreter for both pays and job contentment. Procedural justice is decent conjecturer of personal outcomes and organizational commitment.

Job contentment is described as a individual's assessment of his/her career and exertion circumstance

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(McShane & Von (2008). Common job satisfaction aspects include coworkers, gratitude, advantages, career states, salary, raise, administration, and organization's rules (Spector, (1997) Job happiness can be described as a "optimistic impression about one's job resulting from evaluating features and employees high degree of trust for their employer can cause job satisfaction (Robbin et al.(2008). Job satisfaction also have impact on other variables like turnover intentions, such as if employee are unsatisfied then they like to leave that organization (Price & Mueller (1981), Cronny et al., (1992) reported that job satisfaction mean that an employee have effective and emotional responses towards his particular job. Spectur (1996) referred job satisfaction as extent a person like his job. Organizational justice has impact on the employee satisfaction regarding his job, environment which motivates him toward organizational commitment. When employee feel that he or she has been not treated fair process in an organization then it's difficult for an employee that he must be satisfied from his job (Lambert (2003). As job satisfaction will result in committed employees who help in the achievement of organizational goals it is important to classify the aspects that affect employee's behavior or job satisfaction. When employees feel that they are treated equally by organization in every aspect they are motivated to show positive approach and behavior like job satisfaction. Griffin et al. (2010) reported that correctional employee's level of job contentment had a substantial indirect connection with their sentimental exhaustion and feeling of decreased execution.

Banks in Pakistan are more focused industry for economic development. As a result, several banks are performing a significant role in the economic development of the country. This research is an attempt to explore the link b/w organizational justice dimensions and job contentment in Pakistani banks.

#### a) *Significance*

This study would be helpful to find out the existence of organizational justice whether or not in the private banks in Pakistan. This research is important in the sense that it will provide results that can help HR managers to develop and implement an effective strategy considering the justice perception of employees by creating suitable conclusions about the consequences and techniques for the staff that can increase their job satisfaction, motivation and commitment of employees that will ultimately increase performance of employees in organization to achieve organizational goals. Distributive and procedural justice have a vital role in determining job satisfaction of employees and if management makes proper communication with employee regarding justice dimensions it will bring positive behaviors in employees. It would show the level of these two justice dimensions

exists in Pakistan private banks in this current situation of crises. This research will help bank authorities to notice what dimensions of organizational justice are most important in current era to increase job satisfaction in employees.

#### b) *Research Question*

On the basis of pervious researches the following research questions are formulated.

- How organizational Justice impact on Job satisfaction?
- What is the association between distributive justice and job satisfaction?
- What is the association between procedural justice and job satisfaction?

#### c) *Research Objectives*

- To scrutinize the connection between organizational justice and Job contentment.
- To find out the association between distributive justice and Job contentment.
- To investigate the association between procedural justice and Job contentment.

#### d) *Contribution*

The contribution of our research is to give guidance to banking sector of Pakistan to develop the existing practices allied to rewards and fairness in procedures and improve new policies where it required.

## II. LITERATURE REVIEW

#### a) *Organizational justice:*

Organizational justice pay an important role in transaction cost economies because it provide a way to evaluate the satisfaction of disputant persons and provide a means of governance mechanism to resolve their disputes and draw attention towards the perception of procedural, distributive interactional justice in exchange of it (hosted & folger, 2004). However if organizational justice will high employees' are more motivated and willing to show organizational citizenship behavior (blakey, Andrews, moorman, 2005).

Barclay (2005) marry parker Follett's writing was process oriented perspective provide a wide variety of justice aspects which still use by many justice researchers and yet have to explore more, like emotionality of injustice, including perception of fairness are mutually constructed and negotiated between employee and employer and how victims and mangers deal with a justice situation that is constantly changing.

Zub'I, (2010) there was a significant relationship exist between the age of respondent and his perception of organizational justice but there was no significant relationship exist between the gender, educational level of respondent for organizational justice Elamin & Alumim (2011) norms and value of people s are different so there is existence of diversity in many organizations, they argues that people perception of

justice depend on the ethnical culture of organization like in their study reflect that honesty ,respect, courtesy are most important factor in Arabian organizational justice perception. Nasurdin, khaun (2011) the study attempt to examine the Malaysia workforce their linkage between employee perception for organizational justice and their performance and result suggest organizational justice positively influence performance of organizational member and perception for justice is does not fluctuate according to age. To examine the gender difference and the impact on work in this study which result reveled those Malaysians women expected to place emphasis on family rather than their careers.

Palaiologos, papazekos, panaytopoulou (2011) performance appraisal system is much influence by organizational justice namely distributive and procedural and make also influence on job satisfaction with various elements of performance appraisal.

#### b) *Procedural justice*

Kim & Mauborgne (1998) authors' said about procedural justice had impact on strategic decision making, they explain when people perceived fair strategic decision making process, employees were show high level of voluntary corporation based on their attitudes of trust and commitment towards organization .when they perceived unfair process they refuse to corporate with organization. Lee (2000) Procedural justice has direct positive influence job satisfaction, that employee perception for fair procedure are related with different facet of job satisfaction, people are more willing to accept decisions that made in result of fair procedure than in result of unfair procedure, procedural justice is negatively related to organizational commitment and positive impact on turnover intentions. Deconinck & stilwell (2001) procedural justice also indirectly related to organizational commitment through by having a supervisor who makes employees more satisfied, supervisor acts as a mediator between employee and procedural justice and their organizational commitment, it's important to understand for management that how supervisors behavior made employee more committed towards organization.

Warner, Hegtvedt, Roman, (2005) procedural justice was a strong predictor for employee commitment who survive or unaffected in downsizing. Cremer (2005) the interaction between procedural and distributive justice is more likely to observed when employee show strong affiliation with their organization when sense of affiliation is very strong employees are effected by procedural justice when outcomes are unfavorable regarding procedures Kikul, Gundry, poig (2005) for judging the role of equity sensitivity and perceived organizational trust by employees and their perception towards procedural and interactional justice for that purpose they examine the business ethics and their relationship with employee trust for organization and

respect perform mediate relationship between employee equity sensitivity or perception for fairness of organization which indicates that procedural justice leads to positive relationship of employee for trust on organization.

Bagdadle, Roberson, Poalele (2006) investigate the role of procedural justice in the relationship between promotion and organizational commitment and between promotion or intention to leave organization and their influence on employee outcomes to investigate direct relationship between the promotional decision and employee reaction to that decision. The results shows that procedural justice has indirect effect on turnover intentions, and employee perceived promotional decision made fairly are likely to be cause of employee commitment for organization. Martinson, Anderson, Crain, Varies,(2006) in this study which is related to scientists they said that procedural justice was significantly associated with self-reported misbehavior are to be found among scientist who more likely to face treat to their identity.

Lambert, Hogan, Griffan (2007) effect of procedural justice on commitment is more larger than distributive justice or procedural justice is more important in helping to shape job satisfaction. Cloutier, vilhuber (2008) procedural justice have differential effect on outcomes by direct measuring procedural justice effect on distributive justice e.g. Pay equity and pay satisfaction but no independent contribution on job satisfaction but when procedural dimensions are related with decisions maker it shows direct influence on job satisfaction.

Dayan, Colak (2008) explore the effect of justice climate on new product development team performance. The team which treated fairly were able to develop more creative product in faster time than those who did not receive fair treatment.

Wittmer Martin, tekleab (2010) By investigating the mediating effect of leader member exchange on the relationship between procedural justice, job attitudes and turn over in unionized setting, where procedures are treated is more clearly defined and regulated result reveled that procedural justice and leader member are related or associated with each other which impact on employees commitment and turn over.

Elemin & Alumuim (2011) their study finding indicate that honesty, courtesy, timely feedback and respect for employees right or chance to give employee to express their ideas are the indications which shows the presence of procedural justice and it is one of critical component to secure satisfaction of workforce in Saudi Arabia, the quality of treatment worker receive from their supervisor are important predictor of jib satisfaction.

*H1: There is a positive relationship between Procedural justice and job satisfaction.*

c) *Distributive justice*

Mcfarlin & Sweeney(1992) distributive justice tend to be a strong predictor of personal outcomes .Lee & Farh (1999) it is possible that women are more concentrating on distributive justice rather than procedural justice in order to address past pay discrepancies.

Distributive justice has positively influence on job satisfaction and negative influence on turnover intentions, research conducted to explain the allocation of resources outcomes in organization which seems to be more satisfying when employee perceived outcomes are fair, people compare the adequacy of outcomes with referred standard (lee, 2000). Distributive justice make direct impact on pay satisfaction of employees, distributive justice is a significant predictor that predict the satisfaction of employee towards their supervisor that they are treated fairly in amount of reward allocation (Deconinck & Stillwell, 2001).

Lambert, (2003) distributive justice deals with outcomes related to job, distributive justice affects individuals attitude like job satisfaction. Fadil, Purkiss, Knudstrup, Stepina (2004) allocation patterns in America and Mexicans are very similar both of these societies are equity oriented in their reward allocations in united states it is consider important factor for motivation of employee that there should linkage between pay for performance. Where as study finding show that in Mexicans where looking at individualism and collectivism. There is no effect of them in relationship between resource allocation.

Warner, Hegtvedt, Roman (2005) authors says that in the experience with regard downsizing shape individual's behavior or attitudes, which relatively effect by each type of justice, for organizational commitment. As in this study tells that distributive justice predict organizational commitment among the victims of downsizing.

Diaz, Rauiz, Kasper (2007) Individuals who treated unfairly and under reward are likely to feel anger for their organization. It mean distributive justice has an effect on anger of a person this study suggest that specific emotion approaches should also be consider while dealing with double deviation scenario.

Lambert, Hagan, Griffin (2007) distributive justice had a significant effect on stress, employees who perceived low level of distributive justice expressed high level of job stress, this study indicates that the work overload had largest effect on job stress followed by work on family conflict and distributive justice employees experience increased job stress when they feel outcomes are unfair, staff become irritated when they receive similar outcomes regardless of doing different level of work inputs.

Rego, cunha, pinho (2009) there is need of reconsidering and improvement when the source of task allocation and rewards are not same. Under certain

conditions and perceptions of unfair distribution of task can co-exist with the perception of fair reward distribution and vice versa. Elanain (2009) Employees, whose jobs are high in certain characteristics e.g, Skill, variety, identity, task, and feedback are more likely to perceived distributive justice who in result led to better work outcomes like more job satisfaction and less turnover intentions.

zub' i (2010) distributive justice exercise by their manger shows that employee have negative attitude towards work load and level of pay which do no match with level of pay but they show positive attitude towards work schedules matches with reward and job responsibility.

Distributive justice was found to the best predictor of performance, recent studies however highlight this issue that distributive justice has impact on performance and it is still emerging and important issue, even their management increase pay for performance (chang, 2002; chang, & Hahn, 2008; Elamin & Alumuim 2011).

*H2: There is a positive relationship between Distributive justice and job satisfaction*

d) *Job satisfaction*

Neumum (1978) Power perception which reflects the nature of decision making was found to be significant determinant of job satisfaction in social sciences but considerable less dominant in physical sciences. Reward assessment is one of the strongest predictor of job satisfaction in both physical and social sciences, there is strong relationship between reward and pay satisfaction. Hudson (1989) analysis of gender difference in the determine the job satisfaction has found minor difference between men or women. Some women do not like complex work as men, women show greater job dissatisfaction if they have children then men have, women feel more satisfied if they work in female type occupation.

Leung, smith, wang, sun(1996) in the survey of local employees of joint venture in china hotels ,it was found that procedural and distributive justice was relates to job satisfaction, senior manager and supervisors show low level of procedural justice and pay less fair compensation explain in term of distributive justice with comparison of local employee state owned hotels, employees who work in chinless or Japanese expatriate were less satisfied than those worker work with expatriate from west harvey & haines (2005) it was clearly supported in this study that perception of fair procedures and human resource decision made during the natural disaster predict later work attitudes like job satisfaction.

Suliman (2007) organizational member who tend to show high level of job satisfaction have positive feeling towards distributive and procedural justice finding reported in this study that organization mangers

in Middle East need to understand significant role that justice play in influencing employee behavior and outcomes

Perception of organizational justice correlated strong with job satisfaction and the treatment with mid-level employees, what extent to they are informed decisions made at top level. pay is not only element of job satisfaction, promotion opportunity and current work assignment are also significant correlated with job satisfaction, when employee feel satisfied with their current work assignment this is called job satisfaction on distributive scale, mid-level employee who are satisfied with their current assignment also tend to show job satisfaction that show that only task shifting is not the quality of work but also has positive effect on the health, motivation of worker (mcauliffe, Manafa, Masko, Bowie, White, 2009).

Zub'I (2010) positive level of job satisfaction shown by employee towards their work give an impression of the level of organizational justice available in those companies.

Lambert, Hogan, jiang, elechi, Benjamin, morrior, luax, dupuy (2010) both procedural and distributive justice are salient forces impact on correctional staff, they have significant relationship with life satisfaction, burnout and turnover intentions procedural justice is associated positively with life satisfaction, both distributive and procedural had inverse relationship with burnout which mean stress from work in correctional staff, both justice also impact

on the intention of employees turnover if employee does not feel the fair outcomes and procedure it will increase intention among them for turnover. Elanain (2010) the study explore in the UAE and middle east the role of organizational justice influence on job satisfaction, organizational commitment and turnover intentions. In Middle East the study reveal the mediating role of justice and outcomes relationship it shows that justice has functional impact on employee work outcomes. Mediating role of procedural and distributive justice with work outcomes in UAE tells that mangers should focus on procedures used in distributive outcomes in order to enhanced employee perception of distributive justice which leads towards higher job satisfaction.

Elamin (2011) justice play significant role in affecting Saudi employees feeling for the level of job satisfaction and commitment and distributive, procedural justice had differential effect on job satisfaction and commitment employee who show positive feeling towards distributive and procedural justice like report high level of job satisfaction. Distributive justice more important predictor of individual personal outcome like job satisfaction, procedural justice would be more related to organizational commitment.

Two facets of organizational justice namely informational and distributive contribute positively towards employee job satisfaction in public and private organization in Pakistan (shah, waqs, saleem, 2012).

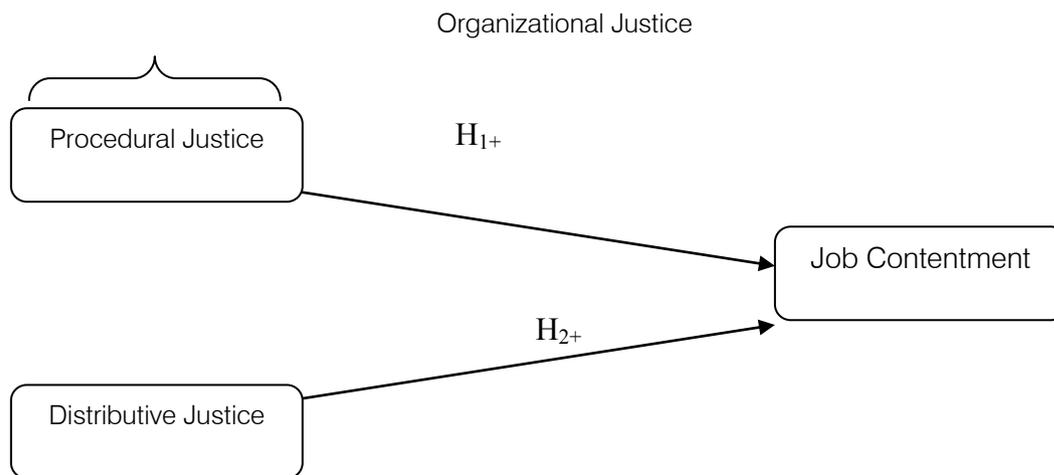


Figure 1 : Theoretical Framework

*Independent Variables:* Distributive Justice & Procedural Justice

*Dependent Variable:* Job Contentment

e) *Hypotheses*

*H1: There is a positive association between distributive justice and job satisfaction*

*H2: There is a positive association between Procedural justice and job satisfaction*

### III. METHODOLOGY

All banking employees are population of this study. The facts were accumulated from banking staff. The reason behind using the banking sector was that in banking sector there are proper rules and regulations that are followed in many aspects or as with the advent of time banking industry starts focus on the enhancement of HR practices to show the level of

improvement about their workforce or that is the reason for its easiness to determine the level of organization justice exists in banks because it's easy to determine the justice in that environment where proper regulations are defined rather than to its opposite environment industry. The data was collected through self administered questionnaires from one hundred individuals and convenience sampling technique was used in this study.

Total five banks were taken Standard Chartered Bank, Bank Alfalah, Allied Bank, UBL bank, and Kashaf Bank and the sample of 100 staff member was study for breakdown and received back 53 questionnaires with response rate of 82% male and 12% female.

a) *Instrument & Measurement*

Distributive and Procedural Justice Measure on scale of parker *et al.*, (1997). Job Satisfaction was evaluated by overall Job Contentment degree which is part of the Michigan organizational questionnaire ripened by Cammann *et al.*, (1983). This measure has three items that indicate employees' satisfaction with

his/her job. A sample item from this scale is "All in all I am satisfied with my job". Responses were taken on a five point scale ranging from 1= strongly disagree to 5= strongly agree.

The purpose behind using already developed scale was that they provide more reliable information related to this kind of project. Respondents who did not complete the questionnaire were not included in our research.

b) *Data Analysis*

The research was focused in order to measure the job satisfaction concerning organizational justice in banking sector of Pakistan. SPSS 20 version was used to analyze and to test the hypotheses. Descriptive statistics, Mean, S.D, Correlation and Regression Analysis tools was used to analyze the data.

c) *Results*

The reliability Of procedural and distributive justice are (.830) and (.817) respectively. The reliability of job satisfaction is (.877).

Table 1 : Mean and standard deviation of organizational justices dimension and job satisfaction

	Mean standard	S. Deviation
Procedural Justice	3.1500	.67951
Distributive Justice	3.7267	.71484
Job Satisfaction	3.5467	.49377

Table 1 showed the mean & standard deviation for complete organizational justice and job satisfaction. The mean score of procedural justice, distributive justice and job contentment was in the range of 3.1500 to

3.7267. It showed that most of respondent were neutral or agree that organizational justice have impact on job satisfaction. Employee will more satisfy if more degree of organizational justice will exists.

Table 2 : Correlation between organizational justice dimension and job satisfaction

	DJ	PJ
Procedural justice	-.005 .973	
Distributive justice		-.005 .975
Job satisfaction	.278 .051	-.305* .031

\*correlation is significant at the 0.05 level (2-tailed)

The basic purpose of correlation was to find the relationship between variables. The result showed that there is a positive and significant relationship between distributive justice and job satisfaction ( $r=0.278, p<.05$ ) so it mean that distributive justice have significant relationship with job satisfaction. The result confirmed

(H2) that there was a positive relationship between distributive justice and job satisfaction where the procedural justice have highly significant but negative relationship with job satisfaction ( $r= -.305, p<.05$ ). This result rejected the H1 that is there is positive relationship between procedural justice and job satisfaction.

Table 3 : Regression analyses

Regression	.4129
R <sup>2</sup>	.169
Adjusted R <sup>2</sup>	.134
Standard error	.45947

Table 3 showed the model summary of regression analysis of independent and dependent variable R the value of table showed correlation coefficient (r) for analysis ( $r=.4129$ ). The value of R square ( $R_2$ ) showed the amount of change in dependent

variable due to independent variable. Value R square ( $R_2 = .169$ ) in this table showed 16.9% of change in job satisfaction due to procedural and distributive justice, and rest could be attribute to other factors causes change.

Table 4 : ANOVA

	Sum of sq	Df	Mean sq	F	Sig
Regression	2.024	2	1.012	4.794	.013 <sup>a</sup>
Residual	9.922	47	.211		
Total	11.947	44			

In this table ANOVA showed the fitness of the model, F value showed that model is fit (between independent and dependent variables) ( $p<.05$ ) which

is .013 it mean this model is highly fit Or this result also showed that model is statistically fit.

Table 5 : Coefficients

	Beta	S.E for Beta	T	Sig
DJ	.191	.092	2.078	.043
PJ	-.221	.097	-2.285	.027

DJ(distributive justice), PJ(procedural justice)

This table showed the significant relationship between organizational justices. PJ and DJ are independent variables and job satisfaction dependent variable. The result showed that if there is one unit change in distributive justice then it would change 19.1% increase in employee job satisfaction. The results also showed the significant relationship between distributive justice and job satisfaction ( $p=.043<0.05$ ), but the relationship with procedural justice is negative and highly significant ( $p=.027<0.05$ ). It depicted that if there is a one unit change then it could decrease -22.1% in the job satisfaction of employees.

If the high degree of level procedural justice existed in the organization then employee were more motivated and satisfied from their job. Use of procedural justice in organization created positive influence on employee performance, behavior and perception which creates job satisfaction otherwise in the situation of dissatisfaction, chances of negative response would increase like leaving the organization. So in order to increase positive attitudes and behavior management of banking sector have to improve organizational justice system in their organizations. It will show more positive behavior in employees rather than negative.

d) Discussion

The research model revealed important findings regarding impact of organizational justice on job contentment. This present revealed that distributive justice has positive impact on the banking employee's job satisfaction. It mean if employees find the level of existence of distributive justice in the organization then employee feels more satisfied in term of pay, rewards etc. Result proved that employee were more satisfied when they perceived their outcomes and rewards to be rational as compared to those employees who consider their reward and outcomes as unfair. If employee feels unhappiness regarding their reward they may decide to leave the organization (Lee, 2000). There is positive significant relationship found in this study b/w distributive justice and job contentment.

Results also showed that there is substantial negative relationship between procedural justice and job satisfaction of banking employees. The reason for this is that employee does not have voice empower in decision making, decisions are made at upper level and move downward as an orders but procedural justice play a major role in perception of employee for job satisfaction.

IV. CONCLUSION AND RECOMMENDATIONS

This study explored employee perception towards organizational justice in the form of (Distributive justice, procedural justice) and examines its impact on employee job satisfaction in private banks. This study showed that there was positive significant relationship between distributive justice and job satisfaction of employees but there was negative significant relationship between procedural justice and job satisfaction exists in banking sector employees. As correlation analysis showed positive relationship with distributive justice so it accept H2 which prove in results, while H1 is rejected because procedural justice showed negative relationship with job satisfaction of banking employees.

This study recommend that management of banking sector or any other organization should focus on the improvement of organizational justice and make more emphasis on procedural justice present in their organizations because human relations are one of the

most important factor lie behind in the success of any organization.

As with any research, this study has several limitations that should be focused. The study is limited only to private banking sector for data collection. The sample size was short to generalized result or only two facets of justice (procedural and distributive) are used in this study. For the future study other two facets can be explore which are interactional or informational justice or other sectors of originations can be use to know that what level and type of justice exist there.

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