

Organisational justice and psychological contract, Discovering role of motivation within

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ABSTRACT

Empirical evidences suggest that Psychological contract fulfillment at an organisation has symbiotic benefits for employer and employee. The current study investigates if Organisation Justice is a predictor of Psychological Contract and further if motivation has a mediating role to play in it. With a sample of 144 employees of North India, evaluated on Organisational Justice Scale (Colquitt, 2001), Psychological Contract Inventory (Rousseau, 2000) and Work Motivation Questionnaire (Agarwal, 1990), the study found that Organisational Justice is a predictor of Psychological Contract, with work motivation being a mediator. The sample showed a high positive correlation between psychological contract and perceived obligation fulfillment of both employer and employee.

Keywords: *Organisational Justice, Psychological Contract, Motivation*

Psychological Contract, the concept first approached by Argyris in 1960, can be understood as an unwritten contract which exists between an employer and an employee. During the course of employment, there are various expectations which are present at both sides, at that of employer's and at employees. In the scenario, where expectations of both are met, psychological contract is fulfilled. Thus, the concept of Psychological Contract is more a philosophical approach than well-defined construct of routine or recommended procedures to be followed at workplace. Psychological Contract which as a term was crafted by Rousseau who defined it as, "an individual's beliefs about the terms of the exchange agreement between employee and employer (Rousseau, 1989). Rousseau classified Psychological Contract in two, as, Transactional Contract and Relational Contract, where the prior was more relevant to short term employees whose stay and performance at workplace is mostly dependent on monetary and tangible transactions taking place, whereas the latter, Relational, is more concerned with long term employees, who apart from monetary compensations, include intangible gains at workplace as compensations at workplace. Psychological Contract fulfillment not only leads to strengthening of work commitment of employees but also reduces their vulnerability to exit the organisation (Cuyper, 2010; Turnley and Feldman, 1999). A deeper study in relations between organisational commitment and psychological contract suggests that employer

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should fulfill their commitment to the employees and then later expect commitment from them (Herriott et al., 2002). The hazards of violations of psychological contract are significantly important to the organisation which are as, increase in absenteeism of employees, strengthened intention to quit and higher exit rates, and a decrease in loyalty. It was also found to effect overall attitude and behavior of employees (Turnley and Feldman, 1999; Pate, 2003; Suazo, 2005). Psychological Contract Violation as a practice has higher probability of occurrence in organisations which are engaged in downsizing and restructuring (Turnley and Feldman, 1999). The above deductions from various past researches bring out the importance of Psychological Contract and clearly indicate that its fulfillment is beneficial for an organisation.

Organisational Justice can be understood as parity and fairness observed by an employer in the treatment of their employees. At an office, employees are not only entitled to get compensated, both monetary and non-monetary, by the employer for their work but they are also subject to be part of influence indirectly various official and unofficial procedures occurring at a workplace. The concept of fairness and being just as a fundamental belief in enforcing or observing such procedures is referred to as establishment of organisational justice at workplace. The concept having its roots in the equity theory (Adams, 1963) was primarily formulated by Greenberg (1987) who conceptualized it around the employees' judgment of the organisation and their reciprocated behavior shown in response to that judgment. Segregation of Organisation Justice in its three main forms is;

- a) Distributive Justice, concerned with fairness observed in allocations to employees.
- b) Procedural Justice, concerned with fairness in organisational procedures, and,
- c) Interactional Justice, concerned with a fair treatment of employees and parity and unbiased communication across the organisation.

A perceived organisational justice does not ignite employees' trust in their organisation but was also found to enhance their organisational commitment (Fischer and Smith, 2006; Saunders, 2003). Employee performance is also increased when they perceive Distributive and Interactional Justice at workplace. They tend to get more confident and perform a better evaluation of their performance when they are assured of justice being followed at their workplace (Fernandes and Awalmeh, 2006)

Motivation, a term derived from Latin roots, meaning to move goes well with it, as it is defined as that governing force of push which drives a person to pursue a particular goal or a process, additional to their willingness of accomplishment. Motivation, which is much clustered around behavioral aspect of an individual, is studied both as a dispositional characteristic and as an induced phenomenon. Motivation was most yielding to organisational scenario, where it can be used to extract productivity of employees at workplace and enhance their performance. For employees, their best performance, they need to be motivated. Motivation in a workplace is considered as the forces which originate from within and outside the employee and influence the degree and style of his organisational performance (Pinder, 1998). Motivation is thus believed as an intricate process which is sublimation of various cognitive and behavioral processes in the individual themselves and their environment. A gist of various approaches to motivation compiles various factors which effect motivation of employees at workplace which are as; pay, monetary and non monetary incentives, job profile, career enrichment opportunities, organisational structure, inter-personal relations at office, work life balance and support for creativity of employees and value for their decisions. Motivation is also governed by factors as personality differences of the employees, with extrovert employees being more motivated. In fact, a

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research done by Kanfer and Ackerman (2004), it was found that motivation tends to increase with age. Employers should always be acknowledged and encouraged in the form of positive feedback as it helps in growth of their motivation. A motivated employee, tends to develop higher job satisfaction, and that subsequently contributes to increase in their work productivity (Dijk, 2004; Pool 1997). However, rewards to employee more strongly influences their motivation than it does to their productivity (Dweck et al., 1995). In an organisation, running on a mentor-mentee setup, the mentees should be given interaction opportunities in order to get their motivation and work commitment increased (Orpen, 1997).

The present study thus identifies of psychological contract fulfillment at workplace. This importance then leads to the second step which is discovering how to achieve such benefit. The research aims to find that if a certain organisation establishes organisational justice in their practices then will it be contributing to fulfillment of psychological contract. This means, that if such a relation is developed then it can be inferred that an employees also have a sense of fairness at workplace as their expectation and thus this perception of fairness will help them construct psychological contract. Proceeding ahead with such a prediction approach, a sense of inquisitiveness arises, that if some third factor mediates the above relation. To have this, motivation was tested as a mediator between organisational justice and psychological contract.

METHODOLOGY

The study aims to establish organisational justice as a predictor of psychological contract fulfillment of in an organisation. The study further aims to investigate the mediating role of motivation in the above relation. The objectives of the study were identified as studying the predictor outcome relation between organisational justice and psychological contract respectively and studying the mediating role of motivation in the above relation

Variables

- V1. Organisational Justice
- V2. Psychological Contract
- V3. Work Motivation

Hypotheses

The study has following hypotheses;

- H1: Organisational justice will be a predictor of Psychological contract.
- H2: Organisational justice will be a predictor of Work motivation
- H3: Work motivation will mediate the relationship between organisational justice and psychological contract.

Sample Description

The aim of the study coincides with deriving ways to enhance workplace for employees, thus the population for the study is employees. The sample is constituted of employees of various sectors such as education, service, banking, and manufacturing and information technology. The sample size is 144, who are employees ranging from age 24 to 60 years. The sampling technique employed was purposive sampling.

1. **Inclusion Criteria:** Employees falling between age group 21 to 60 years, and should receive monetary and non monetary incentives from their employer.

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2. **Exclusion Criteria:** Those employees who are recruited on temporary basis and do not receive any remarkable incentive other than salary or wage.

Tools

1. **Organisational Justice Scale (Colquitt, 2001):** It is a 20 item, 5 point likert scale measure which has items of distributive justice (4 items), procedural justice (7 items) and interactional justice (9 items). The scale measures perceived organisational justice at the workplace of its respondent. The Cronbach's alpha of the scale is 0.96.
2. **Psychological Contract Inventory (Rousseau, 2000):** The inventory which was standardized on 630 respondents has 72 items which have responses on a five point likert scale. The factors of the inventory on which the sample was evaluated are employee obligations, employer obligations and psychological contract fulfillment.
3. **Work Motivation Questionnaire (Aggarwal, 1990):** A 26 item 5 point Liker scale tool which measure Motivation on six criterion as; organisational orientation, work group relation, psychological work incentives, material incentives, dependence and job situation. The face validity of this tool was calculated by circulating the tool to a panel of 2 judges who rated it on five point scale. Internal consistency reliability of the tool was calculated by split half method and Spearman Brown reliability co efficient was 0.994 at 0.01 level of significance.

Statistics

Correlation, Regression analysis and Mediation analysis.

Procedure

The area of study was chosen by the researcher followed by selection of variables to be studied. The most appropriate standardized scale was chosen to study the variables and permission to use the scale for dissertation was sought from the respective scale developers. Upon reception of permission, the step of data collection was initiated. Data was personally collected from the sample through set of questionnaires. Also, before collecting data a consent form was presented to each sample and purpose of study was explained to them. After the data collection, the scoring was performed for each sample, by which the levels of work motivation, perceived organisational justice and psychological contract was derived for each sample. This numerical data was transferred to computer software, where the statistical analysis of data was done. Results were obtained through the statistical analysis of the data. These results were matched with hypotheses and consequent conclusion was derived.

RESULTS

A sample of 144 employees, which had 58.34 % males and remaining females, was taken and the tools which measured the variables of the study were administered on them. A regression analysis done on the data obtained from the sample gave three models of regression as;

Model 1: Predictor- Organisational Justice
Outcome- Psychological Contract.

In this model the predictor predicted the outcome with regression co efficient of 0.45.

Model 2: Predictor- Organisational Justice
Outcome- Work Motivation

The regression model was established with regression co efficient 0.58.

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In order to establish the mediating role of Motivation, the principles of Baron and Kenny (1986) were followed and a third model was formed as;

Model 3: Predictor- Organisational Justice and Work Motivation
Outcome- Psychological Contract.

The regression coefficient of OJ in the above model was found as 0.14. According to principles of Baron and Kenny, the mediating role of motivation is established as regression coefficient of OJ is reduced in Model 3 from that of Model 1. Hence, partial mediation of WM was established with the values above.

The data of all above Models is presented in Table 1 below;

Table 1 Multiple regression analysis predicting psychological contract

Model	β	S.E.
1	0.45	25.77
2	0.58	12.40
3	0.14	0.19

Notes: Model 1: Organisational Justice (OJ) predicting Psychological Contract (PC), Model 2: OJ predicting Work Motivation (WM) and Model 3: OJ and WM predicting PC (in this model β represents the regression coefficient of OJ). β = Regression Coefficient and SE= Standard Error. All values are significant at 0.05 level.

Hypotheses

The hypotheses of the study can thus be coincided with the results and be presented below as;

H1: Proved: Organisational Justice is a predictor of Psychological Contract.

H1: Proved: Organisational Justice is a predictor of Work Motivation.

H3: Proved: Work Motivation plays a mediating role between Organisational Justice and Psychological Contract.

DISCUSSION

Psychological Contract fulfillment, as empirically evident, is beneficial for the organisation. Expectations are a core aspect operating between employee and employer, as it initiates at the very first stage of relation building between a job applicant and recruitment, the execution of which transforms applicant to employee and recruiter to employer. Expectations germinate from this very initial point where applicant carves their expectations in the dimensions of work hours, office environment, pay and remunerations, support for sickness and other similar areas related to concern of the applicant, post their employment. Similarly, at the end of recruiter, there lies a cluster of expectations from the applicant, once their selection as employee would complete. This includes a desired performance, punctuality, regularity, work dedication and other features which would benefit the employer. Hence, Psychological Contract fulfillment is achieved when the fulfillment of expectations at the end of employer and employee, in a manner where benefits are delivered to both parties while they engage in the action of employment related work and operate in any geographical area coinciding with the area term 'workplace'.

On studying the work motivation as a mediating variable between organisational justice and psychological contract, the mediator principles of Baron and Kenny (1986) were followed. When work motivation (mediator) is clubbed with organisational justice (independent) and both are made to predict psychological contract (dependent) then the regression coefficient

of independent variable should be less than what it is while predicting dependent in the absence of mediating variable. Such a requisite of mediation was obtained in the results as regression coefficient of organisational justice in Model 2 was reduced to 0.14 from 0.45 of Model 1. This outcome can introduce the benefits of work motivation as it is not only displaying the compliance of organisational justice in an organisation but also contributes to psychological contract fulfillment. The study concludes that organisational justice is a predictor of psychological contract and work motivation. Further, work motivation plays a mediating role in the aforesaid relation between organisational justice and psychological contract. With above deductions it can be inferred that if an organisation focuses on establishing organisational justice in their organisation, then they can achieve psychological contract fulfillment with employees. Also, this achievement will be mediated by work motivation as a perceived justice by employees of a n organisation will enhance their work motivation which in turn will enable them to build psychological contract.

The co relational aspect of the study also reveals that there is a strong correlation between employer obligations and overall psychological contract establishment which means that most employees who had good psychological contract perceived that their employer is fulfilling the employer obligations.

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Conflict of Interest

The author declared no conflict of interest.

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