

# How about the Status of Perceived Organizational Justice in Different Kinds of Organizations with the Background of Building an Innovative Country?

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## ABSTRACT

Improving the ability of organizational innovation has become a national strategy in China. Some types of research found that organizational justice is an important factor influencing the performance of organizational innovation. Therefore, the study of perceived organizational justice has positive practical significance. Among all kinds of organizations in Chinese society, there are either for-profit organizations, such as business enterprises, or non-profit organizations, such as government agencies and public institutions. In these different types of organizations, the status of perceived organizational justice of organizational members should be different among them. To make it clear, this paper made an in-depth comparative analysis through the empirical test. The study used the methods of CFA, ANOVA and multiple comparisons in pairs. It turns out that there are many differences between distributive justice, procedural justice, interpersonal justice and informational justice in different kinds of organizations.

**Keywords:** Innovation; Organizational Justice; Perceived Difference; ANOVA

## 1. INTRODUCTION

As we know, the previous economic model of China driven by low labor costs and imitation is no longer feasible. Chinese economy has entered a new era of transformation and upgrading. To achieve steady economic growth, China must adopt a new pattern of economic growth, which means relying on innovation. Innovation is not only a means of competition between countries, but also a weapon for enterprises to achieve their own competitive advantages. Innovation has also become a hot research field for many experts and scholars. In the study process of innovation, many scholars found that organizational justice is an important factor affecting organizational innovation. For example, Liu & Li (2010) believed that procedural justice promotes R&D investment and progressive innovation, while distributive justice promotes R&D investment and radical innovation. For different styles of leadership, such as transformational leadership or transactional leadership, procedural justice and distributive justice are different in the promotion of R&D investment and the preferences of innovative types [1]. Through an empirical research, Yao & Han (2013) found that organizational justice and personality traits have interactive impacts on the innovation behaviors of employees [2]. With empirical research methods, Xie et al. (2013) also found that procedural justice and interpersonal justice have significant positive impacts on employee's creativities [3]. Cao & Gai (2015) also made empirical research and found that employees with high level of the harmonious mental model would have better innovative performance under the circumstance of high level of organizational justice. For

employees with high harmonious mental model, the appropriate method of management is to improve the level of organizational justice [4]. Zhang & Lian (2017) found that organizational justice has a partial moderating effect on the relationship between career pressure and innovative performance in empirical research for the new generation of employees, and organizational justice will affect the innovative behavior of employees [5].

Justice has been researched attention all the while. Although social justice focuses on the harmony of the whole society, organizational justice relates to distribution and motivation in organization. In fact, organizational justice is an important predicting index for the effective functioning of organizations [6].

Organizational justice focuses on the perceived fairness of employees on the result and process of decision. It was founded that organizational justice presents different factor structure from different angle of view, such as double-factor model (including distributive justice and procedural justice), three-factor model (including distributive justice, procedural justice and interactional justice) and four-factor model (including distributive justice, procedural justice, interpersonal justice and informational justice). And the dimensions of organizational justice influence each other. Why are people concerned about organizational justice? Based on the content theory of motivation, some researchers explained that organizational justice can satisfy the need, for example, justice influences people's benefits while it can present their status. Up to the present, there are four types of theories about this problem, including self-interest model, group-value model, moral-value model and multiple-demand model. It was proved that justice

influences employee's perception and behavior, and then influences enterprise's performance [7].

Since the Reform and Opening-up 40 years ago, Chinese economy has achieved unprecedented development. Meanwhile, various social and cultural undertakings have made considerable progress. All kinds of formal organizations make their own contributions to Chinese economy through their operations. Generally, formal organizations can be divided into non-profit organizations and for-profit organizations. Non-profit organizations include governmental agencies at all levels, public institutions and social organizations, etc. For-profit organizations refer to various types of enterprises. The normal operations of these organizations are the foundation of the whole society for harmonious development. Therefore, it is of great significance to understand the ideological status of employees of different organizations in China. Among them, the perception of organizational justice is an important variable. It is because organizational injustice will lead to negative behaviors of employees, such as organizational retaliatory behaviors, which will further affect organizational performance and social stability. The study of this paper is exactly based on this viewpoint.

## 2. METHODS

Based on informed research, we designed four-dimension scale to measure organizational justice. First, we test these scales by obtaining an independent random sample of 50 employees to make it more available for subsequent research. Second, we made a formal survey for three months at Hangzhou, Ningbo, Shanghai and Jiujiang cities. Then, we used some analytical methods to process data, such as CITC, single-dimension analysis, Confirmatory factor analysis, Pearson correlation, t-test, ANOVA, etc.

At last, we handed out questionnaires to 1340 randomly selected employees, and received responses from 1139 employees. We deleted some questionnaires according to three rules: 1. subject hadn't a formal job; 2. there existed one whole page not been filled in a questionnaire; 3. there were many default values in a questionnaire. After deleting invalid questionnaires, we obtained 1044 valid questionnaires. And the recovery rate of questionnaires was 77.9%, which coming up to the analysis criterion.

The samples of this formal survey are divided into five types: state-owned enterprises (SOE), private enterprises (PE), foreign-funded enterprises (FFE), government agencies (GA) and public institutions (PI).

The constitution of samples as different organizations in the survey is shown in Table 1:

**Table 1.** Type of Formal Survey

Type	Frequency	Percentage (%)
SOE	168	16.1
PE	399	38.2
FFE	99	9.5
GA	79	7.6
PI	299	28.6

In terms of the statistics of gender, the percentages of males and females in the sample are 58% and 42% respectively, and the distribution is almost balanced. In terms of the statistics of age, the ages of sample are mainly between 20 and 29 years old, with 791 people accounting for 75.8%, followed by the ages between 30 and 39 years old, with 204 people accounting for 19.5%. In terms of the statistics of marital status, the unmarried samples are about twice as much as the married samples, accounting for 67.2% and 32.8% respectively. In terms of educational level, most samples have bachelor degrees, followed by junior college degrees and master degrees, accounting for 52.8%, 24.9% and 12.9% respectively. In terms of the statistics of the length of service, the distribution is almost balanced. In terms of the statistics of position, ordinary staffs accounted for the main part, accounting for 73.5%, followed by grassroots managers, accounting for 16.3%. We conducted CITC analysis on the data to further purify the clause of measurement. The result of purification shows that all terms are in line with the requirement, which should be retained. The reliability values of the four sub-scales of organizational justice are showed as follows: 0.9549 for distributive justice scale, 0.9107 for procedural justice scale, 0.9336 for the interpersonal justice scale, and 0.9371 for information justice scale, all of which are greater than 0.7 and meet the criterion. Unidimensional analysis also showed that all these four sub-scales were composed of one factor.

## 3. RESULTS AND ANALYSES

The scales' alpha reliabilities were all greater than 0.7, which comes up to the analysis criterion.

We used confirmatory factor analysis (CFA) to confirm the factor structure of organizational justice scale. We compared single-factor model (assuming that all the items were used to measure one factor), double-factor model (assuming that items of procedural justice, interpersonal justice and informational justice were used to measure one factor), three-factor model (assuming that items of interpersonal justice and informational justice were used to measure one factor) and four-factor model. It is showed as Table 2 and the indexes of four-factor model match best. It is indicated that distributive justice, procedural justice, interpersonal justice and informational justice are four different dimensions.

**Table 2.** CFAs of Organizational Justice

	$\chi^2$	df	GFI	NFI	TLI	CFI	RMSEA
Single-factor model	12696.930	405	0.333	0.551	0.526	0.559	0.171
Double-factor model	5988.026	404	0.622	0.788	0.784	0.799	0.115
Three-factor model	3790.776	402	0.753	0.866	0.868	0.878	0.090
Four-factor model	2415.506	399	0.862	0.915	0.921	0.928	0.070

We use analysis of variance (ANOVA) to compare the organizational justice perception of employees in different organizations, as shown in Table 3 and Table 4 below. The analysis of variance (ANOVA) in Table 3 shows that the type of organization has an important influence. Different types of organizations affect individuals' perception of organizational justice, including distributive justice (DJ), procedural justice (PJ), interpersonal justice (IJ) and informational justice (IMJ).

Table 4 shows the multiple comparisons in pairs. In the case of 95% confidence coefficient, only those with significant statistical differences are listed in this study. It can be seen from the table that employees working in state-owned enterprises, private enterprises and public institutions have lower perceived degree of distributional justice than employees working in foreign-funded enterprises and government agencies, which is

corresponding to the results of ANOVA. Employees working in state-owned enterprises, private enterprises and public institutions perceived less procedural justice than employees working in foreign-funded enterprises, which is corresponding to the results of ANOVA. Employees working in state-owned enterprises and private enterprises perceived less interpersonal justice than those working in foreign-funded enterprises, which is corresponding to the results of ANOVA. Employees working in private enterprises, foreign-funded enterprises and government agencies have higher degree of interpersonal justice perception than those working in public institutions, which is corresponding to the results of ANOVA. Employees working in foreign-funded enterprises have higher degree of perceived information justice than employees working in state-owned enterprises, private enterprises and public institutions, which corresponds to the results of ANOVA.

**Table 3.** ANOVA

Variable	Homogeneous test of variance		Mean difference test		Significant difference (T/F)
	Sig.	Homogeneous (T/F)	F	Sig.	
DJ	.882	T	9.401	.000	T
PJ	.014	F	5.280	.000	T
IJ	.105	T	8.709	.000	T
IMJ	.005	F	4.953	.001	T

\* P < 0.05

**Table 4.** Multiple Comparisons in Pairs

Variable		(I) Type of organization	(J) Type of organization	Mean Difference (I-J)	Std. Error	Sig.
DJ	LSD	SOE	FFE	-.7122*	.15743	.000
			GA	-.8092*	.16951	.000
		PE	FFE	-.5242*	.13952	.000
			GA	-.6212*	.15301	.000
		FFE	PI	.4957*	.14408	.001
			GA	.5927*	.15719	.000
PJ	Tamhane	SOE	FFE	-.5122*	.13918	.003
		PE	FFE	-.3619*	.11590	.021
		FFE	PI	.5408*	.12544	.000
II	LSD	SOE	FFE	-.5108*	.13365	.000
		PE	FFE	-.4771*	.11844	.000
			PI	.2013*	.08068	.013
		FFE	PI	.6783*	.12231	.000
			GA	.4242*	.13344	.002
IMJ	Tamhane	SOE	FFE	-.5576*	.13730	.001
		PE	FFE	-.3988*	.11157	.004
		FFE	PI	.5887*	.12011	.000

\* P < 0.05

In general, perceived justice of employees in different organizations appears in the orders as follow:

(1) For distributive justice perception: foreign-funded enterprises, government agencies > state-owned enterprises, private enterprises, public institutions

Distributive justice is aimed at the distributive result. It means how organizational members think about the ratio of their compensation to their efforts, compared with the ratios of other colleagues? If the ratio is equal to the colleagues' ratios, then they think it is just. Otherwise, they will think it is unjust. As the choice of reference and the determination of proportion are highly subjective, in general, it is difficult to achieve absolutely distributive justice. At the same time, the impact of guilt caused by excessive ratio of reward to effort and resentment caused by low ratio of reward to effort is different. It is generally believed that resentment is more likely to make organizational members believe that the organization is unjust than guilt. In other words, people's perception of organizational justice is asymmetric [8]. In this research, it was found that the perception of distributive justice of foreign-funded enterprises and government agencies is higher than that of state-owned enterprises, private enterprises and public institutions. There are two reasons as follow. First, salaries are higher in foreign-funded enterprises and government agencies than those in other organizations. In addition, the salaries maybe are low in government agencies, but the welfares are higher than those in other types of organization. That is why there are so many people who attend the entry examination of a civil servant during these years. Therefore, the members of these two kinds of organizations have high perception of distributive justice. Secondly, the performance appraisal system of these two types of units is relatively stable and open. As most foreign-funded enterprises come from developed countries, their management is relatively standardized and their performance appraisal system is relatively mature. Therefore, it is more likely to achieve justice in distribution. For government agencies, they must abide by national policies, so they are relatively stable and less arbitrary in performance appraisal. Therefore, the members' perception of distributive justice in government agencies is relatively high.

(2) For procedural justice perception: foreign enterprises > state-owned enterprises, private enterprises, public institutions

Procedural justice is mainly reflected in the various rules and regulations of the organizations, such as whether the process of income distribution is open, transparent and consistent, whether the opinions of all members are taken into consideration, whether the appeal mechanism is established, and so on. Because the rules and regulations of foreign-funded enterprises are relatively perfect, so the employees in these organizations have higher perception of procedural justice.

(3) For interpersonal justice perception: foreign-funded enterprises > state-owned enterprises, private enterprises; foreign-funded enterprises, government agencies and private enterprises > public institutions

Interpersonal justice is defined as whether the superior gives the subordinate the necessary respect and equal treatment. The results of this study showed that the interpersonal justice perception of employees in foreign-funded enterprises is higher than that of state-owned enterprises and private enterprises, which may be related to the difference between eastern culture and western culture. Because most foreign-funded enterprises come from Europe and America, the power distance in these organizations is smaller than that in other organizations. Therefore, the dialogues between superiors and subordinates are more likely to reflect equality. On the other hand, this study found that the perceived interpersonal justice in public institutions is lowest except for that in state-owned enterprises, even lower than that in government agencies. It is probably because most of employees in public institutions are intellectuals, which have strong self-esteem and low tolerance for the power hierarchy gap between people.

(4) For informational justice perception: foreign-funded enterprises > state-owned enterprises, private enterprises and public institutions

Informational justice is defined as whether the superior gives a necessary explanation to the subordinate for the distribution result. In general, the subordinates who get the explanation are more acceptable to the unjust distributive results. Two factors determine whether to give the necessary explanation to subordinates or not. One factor is whether the organization stipulates that the superior must give the necessary explanation to a subordinate. The other factor is whether the superior is willing to give the subordinate a necessary explanation. Relatively speaking, the management systems of foreign-funded enterprises are more standardized, the status of people is more equal, and the members of these organizations pay more attention to the right to know than those in other organizations. Therefore, the perceived informational justice of the members in foreign-funded enterprises is higher than that in other organizations. However, because of the influence of Chinese traditional culture, many managers don't want their subordinates to know too much. They also don't like to give a necessary explanation of their subordinates. Therefore, the perceived informational justice of members in foreign-funded enterprises is higher than that in state-owned enterprises, private enterprises and public institutions.

## 4. CONCLUSIONS

This study found that the type of organization has an important impact on the individual's perception of justice. The perception of organizational justice has an important impact on the normal functioning of the organization. Organizational justice also affects the performance of organizational innovation. Therefore, it is necessary to pay attention to the perception of organizational justice in different types of organizations. This study made a comparative study and found that the perception of organizational justice is different among five types of

organizations. We must consider the differences and take measures to improve the perception of organizational justice to avoid the occurrence of some negative behaviors in the organizations, and improve the performance of organizational innovation.

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