Organisational Fairness and Employee Commitment in Construction Industry of South-East Nigeria

1Nnaji-Ihedinnah, N. C; 2Ugwu, K. E; 3Ihediwa, A. A and Ekezie, K.N

(1&2) (Department of Entrepreneurship Studies, Faculty of Management Sciences, Nnamdi Azikiwe University, Awka, Nigeria)
(3&4) (Department of Management Technology, School of Management, Federal University of Technology, Owerri, Nigeria)

Abstract:

Background: The construction industry is known to adopt several flexible work arrangements ranging from casualisation, contracting, temporary work arrangements, subcontracting, and so on which is assumed to affect the level of commitment of employees in the industry. The study investigated the relationship between fairness and organisational commitment of the employees of construction industry in South East Nigeria.

Methods: The study surveyed 220 employees of 14 construction companies handling federal government projects in South East Nigeria using a self structured questionnaire. Multivariable linear regression was used to analyze quantitative data at 0.05 confidence level using SPSS 22. Different dimensions of organisational justice scales were used to proxy fairness as the independent variable.

Results: The findings showed statistically significant relationship between dimensions of organisational fairness and employee commitment. Procedural justice and interactional justice dimension showed statistically significant relationship with organisational commitment at p-value less than 0.05 while distributive justice was not statistically significant with p-value 0.093. The model has R0.341 and R20.118. The output shows the contribution of procedural justice to the model is positive at 0.318 and 0.114 for distributive justice. Interactional justice is negative at -0.235.

Conclusion: Dimensions of organisational justice showed statistically significant relations with organisational justice. On the other hand, dimension of organisational fairness (distributive) also showed insignificant relationship with employee commitment.

Key words: Fairness, Organisational Commitment, Organisational Justice, Distributive Justice, Procedural Justice, Interactional Justice, Construction Industry.

Date of Submission: 23-05-2020
Date of Acceptance: 10-06-2020

I. Introduction

Nowadays, majority of organisations depend on the positive attitudes and workplace behaviours of their employees in the work place emanating from employees’ commitment1. Organisational commitment describes the attachment that exists between the individual and the organisation. It is an employees’ psychological identification and involvement with the organisation. This employee behaviour has been identified by many scholars as responsible for certain decisions employees take in their organisations. Again, managers and organisational representatives have come to recognize and use it to the advantage of their organisations. This belief has made this concept a very important concept in management, psychology and organisational behaviour studies. Several studies have proven that employees or human resources are the greatest assets of the organisation and the quality of that human resource will to a great extent give the organisation the desired competitive edge in the market place.

Organisational commitment has been linked with several organisational outcomes like job performance as manifest in extra-role performance (Lavelle, et al 2009).

Employee attitude and behaviours are also affected by the perception of fairness or lack of it in the organisational structure 2. It is therefore imperative to note that organisational behaviours are influenced by selfish and unselfish motives 3. This same thought was expressed by NnajiIhedinnah, Osisioma and Ugwu4, employees join organisations with expectations which include personal, career and work environment related and are always sensitive to know when these expectations are met, when not met could result in unfavourable behavioural outcomes. Moorman 5stated also that those who feel fairly treated by their organisations will display positive attitudes to their work, work outcome and their supervisors. Employee perception of fairness in organisational structure influences their behaviours and attitudes 6,7 on the other hand perception of unfairness in the system could result to disruptive behaviours. Perception of fairness in an organisation may be seen from the
angle of how the psychological contract is observed. Psychological contract as we know is the cognitive assessment by the employee of the the promises, obligations and rights in a social exchange with the employer. The relational aspect of this contract is socioemotional in nature. Whenever there is a perception that the responsibility in this relationship is not fulfilled as a result of lack of trust or unfairness in the system, it could result to unfavourable attitudinal and behavioural outcomes. On the other hand, met expectations result to outcomes such as commitment, organisational citizenship behaviour and employee satisfaction. Therefore, building and sustenance of a just work organisation should be able to meet individual expectations as well and promote contribution to the organisation.

Extensive studies have been carried out in organisational behaviour by many scholars to establish the relationship between organisational fairness and organisational commitment. Other studies linked organisational justice to organisational commitment. Previous studies that focused on fairness and organisational commitment 5,8,29-12. Justice and Other behavioural factors 13-17. Justice and Other behavioural factors 6,18-22. Out of this number, only seven studies 3,8 focused on the relationship between fairness and commitment, 2,9-12 none of the studies investigated construction industry workers. Only one of the studies mentioned above 16 focused on the construction industry workers but on the effect of organisational justice in motivating construction workforce towards improved work productivity.

Again, of all the studies mentioned above, only a few 9,10,14,16,17 were done in Nigeria while the rest were in other continents of the world. Only one study 15 was done in the South Eastern region of Nigeria though not in the construction industry.

The construction industry is known to be a major employer of labour and makes significant contributions to the economy. The industry adopts several flexible work arrangements and has a reputation for high rate of employee turnover. Again, the construction industry has witnessed the effects of global competitiveness and the shrinking of markets, which have resulted in restructuring and reengineering with attendant consequences. The lack of research attention in the area of study is undesirable.

The present study which investigated the relationship between organisational fairness and organisational commitment in construction industry in South East Nigeria is aimed at filling the identified gap and making contribution to the industry and the body of knowledge in the area of study. The broad objective of this study is to investigate the relationship between organisational fairness and employee commitment in the construction industry in South East Nigeria. The specific objectives are: 1) to establish a relationship between distributive justice and organisational commitment, 2) to establish a relationship between procedural justice and organisational commitment, and 3) to establish a relationship between interactional justice and organisational commitment.

II. Review of Literature

2.1 Organisational Fairness

Scholars in organisational studies vary on the appropriate method of operationalising organisational fairness 18. This is evident in the different methods adopted by scholars. However, 18 identified three different classifications which have been used by scholar. One is the measuring of organisational fairness as an independent concept using some scales, second is the use of a dimension of organisational justice in which existing measures of organisational justice are used 23 and lastly, approach of adopting a global perspective. The later assumes that organisational fairness can be understood through several interrelated concepts 7,19. This is termed the global view approach. Cohen 18 in his study used procedural justice, organisational politics and psychological contract breach to explain organisational fairness. Each of these conceptualizations has empirical support. Reynolds and Helfers 6 affirmed that various facets of organisational justice have been used to describe the concept of fairness within the work organisation. Organisational fairness therefore is defined as a subjective evaluation of organisational policies and procedures on the basis of what the employee believed to be right or not 20. Traditionally, researchers have been using justice and fairness interchangeably in literature in which case, justice is defined as fairness of organisational processes or policies 24, 25. Colquitt and Rodwell 26 in their study however treated the two as different concepts by defining fairness as a global perception of appropriateness and justice as a perceived adherence to rules that reflect appropriateness in decision context.

Organisational justice

Early studies on organisational justice have been greatly influenced by the various contributions to the theory of social exchange by Adam, Homans and Blau 12, 27, 28. For instance, Adams affirmed that individuals assess fairness in terms of their contributions in the form of knowledge and efforts to the organisation and their entitlements (pay, recognition) in the social exchange relationship 12. Many other subsequent studies have been conducted that helped in the concept development such as 29,32 because of its influence on several other organisational behaviour. Organisational Justice is a personal evaluation of the ethical and moral standing of managerial conduct.

DOI: 10.9790/487X-2206034855 www.iosrjournals.org 49 | Page
“It is an individual’s perception of fairness of various human resources practices (Pay, reward or promotion, opportunities) and interpersonal interaction of the organisation (Greenberg, 1996). Greenberg and Baron (2009) defined organisational justice as the perception of fairness in workplace or organisation. Greenberg and Colquitt (2015) inferred that employees perceive fairness in an organisation not only when their efforts are equitably rewarded in an organisation but also with respect to the procedures, policies and different interpersonal treatment they are subjected to in different circumstances in the organisation.

Generally speaking, research supports the fact that employees always assess the actions, policies, processes and procedures of implementing such policies by their organisation in terms of their fairness. This act though subjective is said to influence their perception of the organisation and how they relate with it. Ghisi, Oghuabor and Onudogbo13 averred that employees always form their opinion about the fairness in the distribution of organisational resources and opportunities and expect the same treatment. This perception of fairness or otherwise is a result of a comparative system that allows them to weigh what each individual receives with that of comparable others. The outcome of this exercise reflects on their attitude and behaviour to the organisation. For instance such positive outlook of the distributive justice can promote organisational attachment, identification and involvement. Organisational justice research has identified three major types of organisational justice, namely, distributive, procedural justice and interactional justice.

Literature reveals that some researchers adopted three organisational justice types namely, distributive, procedural and interactional justice 10,38. Other researchers too following the research work of Greenberg that expanded the types to four by further splitting interactional justice into informational and interpersonal justice. Yet a new trend has emerged that favoured a shift towards examining overall justice judgment (Ambrose and Schminke, 2009). Inspite of these differences, empirical support exists for each of the conceptualizations thus exposing the relationship between the different types and a range of individual’s attitudes and behaviours (Ambrose and Schminke, 2009).

Distributive justice – Initial studies on organisational justice as influenced by studies by Homans (1961), Adams (1965) that focused on outcome allocations (Colquitt, 2012). These studies stated that individuals compare the ratio of their outcomes with inputs to relevant comparison others. Thus the outcome of this exercise determines whether the process is fair or not. In view of this, the distributive justice is defined as the degree to which the appropriate allocation norm is followed in a given decision making context (Colquitt, 2012) Procedural justice describes the fairness of decision-making processes. Here, individuals perceive a procedure as fair when they could influence decision outcome, that is, when they have process control (Thibault and Walker, 1975). This was further expanded by Leventhal (1980). The study stated that for a process to be deemed procedurally fair it must have the following characteristics: consistency, bias, suppression, accuracy, correctness, or ethicality. Interational justice describes the fairness of interpersonal interaction. In their study, Bies and Moag (1986) in their study of fairness of the recruitment processes asserted that implementation of a procedure undergoes three stages namely, decision, procedure and interpersonal interaction stages. The interpersonal interaction stages termed interactional justice.

Organisation Commitment

Employee commitment has become the source of competition in many organisations as a result; organisations have come to pay attention to employee attitudes and behaviour. Many studies have linked organisational commitment to job performance especially in the area of extra- role commitment. Literature indicates that there is enormous research attention on organisational commitment. This emanates from the understanding that the consequences of organisational commitment are so critical to the success of the organisation. Organisational commitment is defined as "an attitude in the form of attachment that exists between the individual and the organisation and is reflected in the relative strength of an employee’s psychological identification and involvement with the organisation (Kaul and Singh, 2017). Commitment literature aligns with Allen and Meyer, 1990 distinction of commitment namely, affective, continuance and normative. A review of several studies on commitment by Kaul and Singh, 2017 reveal that –

i. Commitment is negatively related to turnover, withdrawal cognition and turnover intention.
ii. Commitment leads to attitudes and behaviours that are beneficial for employee and organisations.
iii. Organisational commitment is related to organisational effectiveness and performance of the organisation.
iv. Organisational commitment is positively related to engagement.

v. Organisational commitment not only has positive effects on the organisation but also on employees. The study also identified inhibitors and enhancers of organisational commitment. The enhancers are as follows - Perceived organisational support, empowerment, leadership style, personal characteristics, Positive psychological capital and organisational justice. The Inhibitors of Commitment include the - Job dissatisfaction, unfavourable work environment, unfair performance appraisals and rewards and poor managerial skills.
The study was anchored on social exchange theory postulated by American sociologist George Homans in 1950 and later modified in 1961 in his book titled “Social Behaviour as Exchange”. Social Exchange Theory (SET) explains how a relationship is created between two people or parties through a process of cost-benefit analysis to determine risks and benefits accrued to parties (Roeckelein, 2018). In other words, the theory seeks to explain economic relationship existing between two parties such that one party has something (goods) that the other party values most. Social exchange theory posits that these calculations occur in form of romantic, friendship, professional relationship involving social exchange with focus on cost-benefit analysis. The metrics of this theory is to determine if one part is putting much effort in a relationship more than the other party. It therefore explains how social behavior results to exchange process (Mcray, 2015). Social exchange theory highlight that if the costs of the relationship are higher than the rewards, such as a lot of effort or money put into a relationship and not reciprocated, this could lead to problems. (Cook & Rice, 2006).

However, social exchange theory was widely criticized by other researchers in the field of study. Katherine (2005) identifies several major issues or problems associated with the theory as developed from early researcher George Homans. The scholar argued that the theory reduces human interaction to a purely normal process that arises from economic theory. The core assumption of the theory is that human being tends to seek out rewards and avoid punishment. The theory also favors fairness as it was developed in the 1970s when ideas of freedom and openness were preferred, but there may be times when openness isn't the best option in a relationship. This implies that an individual focus more on what he or she tends to benefit from the other party at a minimal cost. Therefore the process of social behavior is solely driven by profit maximization agenda. The theory assumes that the ultimate goal of a relationship is intimacy when this might not always be the case. The theory places relationships in a linear structure, when some relationships might skip steps or go backwards in terms of intimacy.

Social exchange theory is therefore connected to this study on organisational fairness and employee commitment in the Construction Industry. The rationale behind choice of this theory is that it focuses on cost-benefit analysis of two parties in alliance. As mentioned earlier, one party would calculate the benefit and risk associated with what one party tends to gain from another party. The study tested the following hypotheses-

H1- There is no significant relationship between distributive justice and organisational commitment in the construction industry in south East Nigeria.
H2- There is no significant relationship between procedural justice and organisational commitment in the construction industry in south East Nigeria.
H3- There is no significant relationship between interactional justice and organisational commitment in the construction industry in south East Nigeria.

Table 1 above shows the flow of the relationship that exists between organisational justice and organisational commitment. Organisational justice is composed of sub variables such as distributive, procedural and interactional justice. The pair wise combination of these variables drives the changes that affect employee commitment. For the purpose of this study organisational fairness is considered as the driver or independent variable, while employee commitment is considered as the dependent variable which moves towards the direction of changes caused by the independent variables.
Organisational Fairness and Employee Commitment in Construction Industry of South-East Nigeria

Relationship between Organisational fairness and employee Commitment
Many studies have established relationship between organisational justice and organisational commitment. De Silva and Yamaco (2006) investigated the impact of organizational fairness and supervisor evaluation on employee commitment in the Seafood processing industry in Sri Lanka. The result of the study showed a high positive relationship between organizational justice and employee commitment at r = 0.608 (p=0.001). Gomes, Mellahi, Sahadev and Harvey, 2017 studied the perception of justice and organizational commitment in international mergers and acquisition. Result of the study showed a strong association between employee perception of justice and commitment to the new organisation. Ajala (2015) investigated the influence of organisational justice and employee commitment in the manufacturing industry. The study used multiple regression to analyse his data. The outcomes indicate that a significant positive relationship between organisational justice and organizational commitment jointly and at individual factor levels. Friday and Ugwu 2019 studies evaluated the relationship between organizational justice and employee commitment of selected private secondary schools teachers in Nigeria using survey design and Pearson correlation to analyse their data. Findings of the study show positive significant relationship between organisational justice and employee commitment. Alaa, Yazen and Swran (2020) investigated the relationship between organizational justice and organizational commitment among secondary school teachers in Iraq. Using Pearson Correlation and regression to analyse their data they found that there is a positive significant relationship between organizational justice and organizational commitment.

IV. Methods

Data collection
The study adopted correlational survey design to investigate the relationship between organisational fairness and employee commitment in the construction industry in South East Nigeria. The choice of research design was based on making an observation about a phenomenon that is already into existence and contributes to existing literature.

The study focused on construction companies handling federal government projects in the region. At the time of the study, there were 45 construction companies handling projects according to a document from the federal ministry of Power, Works and Housing (Works Sector) dated August 2018. The study population comprised of south east zones such Abia, Anambra, Ebonyi, Enugu and Imo States. Fourteen (14) out of the 45 companies were selected for the study using purposive sampling method. The sample size of the study was 274 participants comprising of employees of different cadre and professions were selected from a population of 958 using Krejcie and Morgan sample size determination formula.

The study adopted a survey method using a self structured questionnaire termed organisational justice and commitment questionnaire (OJECQ). The questionnaire has two parts section A was used to collect personal data of the participants for descriptive analysis. Section B was made up of 22 questions with 5 point likert type scales ranging from strongly agree to strongly disagree.

A total of 274 copies of the questionnaire were distributed using the administrative structure of the organisations. Research assistants were also used in some areas in the collection of the data. A total of 220 copies of the questionnaire were validly completed and returned making up approximately 80%. The survey instrument was validated using some management and psychology professionals. The reliability of the instrument was achieved by conducting a pilot survey. The overall reliability coefficient using Cronbach alpha was 70.6% while organisational justice and commitment scales had a coefficient of 65.6% , 68.1% respectively.

Data Analysis
The three organisational justice dimensions namely distributive, procedural and interactional justice were used to proxy fairness as the independent variable. Distributive justice was measured with a 4-item scale; procedural justice was measured with a 5-item scale and interactional justice with a 4-item scale. Also the dependent variable commitment was measured with a 9-item scale. The study hypotheses were tested and analysed using multiple regression method to generate study result.

V. Results
The data presentation and description were guided by the researchers question which were first stated after which data were analyzed appropriately. The three organisational justice types namely distributive, procedural and interactional justice were used to proxy fairness as the independent variable. Distributive justice was measured with a 4 item scale; procedural justice was measure with a 5 item scale and interactional justice with a 4 item scale. Also the dependent variable commitment was measured with a 9 item scale
Analysis of Research Questions and test of hypotheses

What is the relationship that exists between distributive justice and employee commitment in the construction industry in South East Nigeria?

H1 - There is no significant relationship between distributive justice and employee commitment in the construction industry in South East Nigeria.

Decision Rule: Reject the null hypothesis (Ho) when p-value is less ≤ 0.05; otherwise accept the alternate hypothesis.

The result shows a p-value of 0.093 which is greater than 0.05 confidence level. We therefore accept the null hypothesis.

Analysis of Research Question 2

To what extent does procedural justice relate with employee commitment in the construction industry in South East Nigeria?

H2 - There is no significant relationship between procedural justice and employee commitment in the construction industry in South East Nigeria.

Decision Rule: Reject the null hypothesis (Ho) when p-value is less ≤ 0.05; otherwise accept the alternate hypothesis.

The result shows a p-value of 0.000 which is less than 0.05 confidence level. We therefore reject the null hypothesis that the coefficient equals zero.

Analysis of Research Question 3

How does interactional justice relate with employee commitment in the construction industry in South East Nigeria?

H3 - There is no significant relationship between interactional justice and employee commitment in the construction industry in South East Nigeria.

Decision Rule: Reject the null hypothesis (Ho) when p-value is less ≤ 0.05; otherwise accept the alternate hypothesis.

The result shows a p-value of 0.005 which is less than 0.05 confidence level. We therefore reject the null hypothesis that the coefficient equals zero.

Table no1: Coefficients*

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.103</td>
<td>.282</td>
</tr>
<tr>
<td></td>
<td>Distributive Justice</td>
<td>.114</td>
<td>.06</td>
</tr>
<tr>
<td></td>
<td>Procedural Justice</td>
<td>.318</td>
<td>.07</td>
</tr>
<tr>
<td></td>
<td>Interactional Justice</td>
<td>-.235</td>
<td>.08</td>
</tr>
</tbody>
</table>

* Dependent Variable: Organisational Commitment

Table no2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.341</td>
<td>.116</td>
<td>.104</td>
<td>.64008</td>
<td>.116</td>
<td>9.467</td>
<td>3</td>
<td>216</td>
<td>.000</td>
</tr>
</tbody>
</table>

* Predictors: (Constant), Interactional Justice, Distributive Justice, Procedural Justice

The data was analyzed using multiple linear regression analysis on SPSS 22. Several pretest analyses were conducted on the data to check for normality, multicollinearity, outliers and linearity. The regression analysis result shows adjusted R-Squared of 0.104 which implies that 10.4% of changes or variation in dependent variable is explained by the independent variable. While the F-test of 9.467 at less than 1% the dependent variable has a significant relationship with the explanatory or independent variable.

Procedural justice assumes a positive sign and is statistically significant. This implies that an increase in application of procedural justice leads to increase in organisational commitment. Interactional justice assumes a negative sign but statistically significant. This implies that application of distributive justice relationship has no significant impact and negative relationship with organisational commitment.
VI. Discussion of Result

The data was analyzed using multiple linear regression method with the aid of statistical package on social science (SPSS version 22) to generate result. Several pre-test analyses were conducted on the data to check for normality, multi-collinearity, outliers and linearity. The regression analysis result shows adjusted R-Squared of 0.104 which implies that 10.4% of changes or variation by the independent variable is explained by the changes in the dependent variable. While the F-test of 9.467 at less than 1% the dependent variable has a significant relationship with the explanatory or independent variable. Procedural justice assumes a positive sign and is statistically significant. This implies that an increase in application of procedural justice leads to increase in employee commitment. Interactional justice assumes a negative sign but statistically significant. This implies that application of distributive justice relationship has no significant relationship with employee commitment.

VII. Conclusions

The study investigated the relationship between organisational fairness and employee commitment in construction industry in South East Nigeria. The result revealed that organisational fairness variables such as procedural and interactional justice have significant relationship with employee commitment. This implies that both organisational procedural and interactional justice have a positive relationship with employee commitment. On the other hand, organisational fairness variable such as distributive justice has insignificant relationship with employee commitment. The result deferred slightly with the findings of Ajala 2015 and Friday and Ugwu 2019 which showed that there exist a significant positive relationship among the three dimensions of organisational justice and employee commitment. The reason may not be unrelated to the difference in the industries studied.

VIII. Recommendations

Based on the conclusion above, we recommend the followings; that organisations in the construction industry in Nigeria should pay more attention to the decision making processes and interpersonal interactions in the implementation of such decisions. A further research in the area is required for the construction industry.

References


[3]. Organ DW, Moorman RH. Fairness and organisational citizenship behaviour: What are the connections. Social Justice Research, 1993(6(1).


[12]. Kaul S, Singh A. Organisational justice as an enhancer or organisational commitment/ The International Journal of Indian Psychology. 2017;4(2(89))52-70.


[17]. Okocha BF, Anyanwu SA. Organisational justice as an enhancer of organisational commitment: A study of selected banks in Port harcourt.


[30]. Leventhal GS. What should be done with equity theory?. In social exchange 1980 (pp27-55). Springer, Boston, MA.