
Effects of Organizational Justice on Organizational Climate and Organizational Performance in Ecology Industry

Ling-Chuan Huang¹, Ming Gao¹, Ping-Fu Hsu^{2*}

¹ School of Economics and Management, Fuzhou University, Fujian, CHINA

² Department of Business Administration, TransWorld University, TAIWAN

* Corresponding author: sz.zz@msa.hinet.net

Abstract

Along with more efficient network economy, global competition is accelerating and becomes fierce. A leader's application of management practice to enhance employees' skills and motivation would benefit an organization continuously maintaining the competitive advantage. Employees would present positive attitudes towards the job and the supervisors when they perceive the fair treatment from the enterprise. Aiming at ecology industry employees in Hsinchu Science Park, total 360 copies of questionnaire are distributed, and 237 valid copies are retrieved, with the retrieval rate 66%. The research results show the positive relations between 1.organizational justice and organizational climate, 2.organizational climate and organizational performance, and 3.organizational justice and organizational performance. According to the results, suggestions are proposed, expecting to assist ecology industry businesses in fully utilizing human resources in the organization and leading the enterprise to the sustainable development.

Keywords: ecology industry, organizational justice, organizational climate, organizational performance

Huang L-C, Gao M, Hsu P-F (2019) Effects of Organizational Justice on Organizational Climate and Organizational Performance in Ecology Industry. Ekoloji 28(107): 237-241.

INTRODUCTION

The 21st century is a transformation era. From industrial society to knowledge-based economy, global competition is accelerating and becomes fiercer with more efficient the network economy. Enterprises are seeking for sustainable competitive advantage, and an organization has to move forward, as sailing against the current, in the rapidly changing and highly competitive business environment. For an enterprise, there are business opportunities but crises everywhere. Market economy results in an enterprise pursuing the maximization of profits. In such a changeable and challenging economic tide, a leader fully utilizing human resources in the organization is the key factor in the sustainable development of an enterprise.

A leader properly applying management practice to enhance employees' skills and motivation and induce the maximal efforts, through rewards, to enhance organizational performance would benefit the organization continuously maintaining the competitive advantage. Distinct individual personality traits, value, and demands would induce different work motivation to further appear various behavior modes. To induce employees' job enthusiasm, it is necessary to understand

the motivation in order to please them to develop the most potential and create value for the enterprise. Employees would present more positive attitudes towards the job and the supervisors when they perceive the fair treatment from the enterprise. For this reason, an organizational leader should be aware of the general value of justice, regardless the type of organization in human society. Organizational justice would always present the critical status in leadership study, and organizational justice is regarded as the stable power in an organization as well as the important opportunity to cohere with organizational climate and encourage the members' job morale. Aiming at the effect of organizational justice on organizational climate and organizational performance, the empirical study expects to assist ecology businesses in fully utilizing the human resources and lead the enterprise towards sustainable development.

LITERATURE REVIEW

Organizational Justice

Lam (2015) regarded organizational justice as employees' subjective cognition of justice in the organizational decision-making process, performance evaluation, superior-employee interaction in decision-

making process, and determination of various punishment and reward measures. Alstyn et al. (2016) pointed out distributive justice as employees' perceived justice acquired from the comparison between job involvement and rewards. When employees considered the reward lower than the job involvement, injustice cognition would appear to further influence the work behavior. Choi et al. (2017) regarded procedural justice as the justice for deciding output process. Employees' perceived justice would determine the devotion to the organization and the obligation born.

Referring to Choi et al. (2017), organizational justice in this study contains the following dimensions.

(1) Distributive justice: People, under social exchange relationship, believe that rewards should be distributed according to individual contribution or devotion.

(2) Procedural justice: Distributive justice focuses on the distribution result, while procedural justice stresses on the decision-making process, rather than purpose, for distribution. That is, the point is to make decision, rather than decisions made.

(3) Interactional justice: In addition to distributive justice and procedural justice, individual perceived justice of supervisors' interpersonal treatment quality in the procedure execution process is regarded as interactional justice.

Organizational Climate

Qiu et al. (2015) pointed out organizational climate as the unique styles of an organization, the characteristics composed of leader-subordinate interaction. Kim and Vandenberghe (2018) regarded organizational climate as a member's direct or indirect perception of the characters of a specific environment. Such perception results would affect the member's attitudes, beliefs, value, and motivation. Ažić (2017) considered organizational climate as a persistent character in the internal environment of an organization, which could be experienced by organization members, could affect organizational members' behaviors, and could describe the value with organizational characteristics. Chu and Chiu (2017) stated that organizational climate was individual perception of the environment in the organization and the feeling of the organization, covering autonomy, structure, reward, care, warmth & support, and openness.

Referring to Chu and Chiu (2017), three dimensions are contained in organization climate.

(1) Emotional aspect: Concerning about the social interpersonal relations between an individual and others, such as cooperation, participation, and warmth & friendliness.

(2) Cognitive aspect: Concerning about individual psychological involvement in the work activity, e.g. growth, innovation, and autonomy.

(3) Instrumental aspect: Concerning about the process to complete the work, including achievement and extra reward.

Organizational Performance

Kraak et al. (2017) considered organizational performance as a construct, rather than a concept, which required accurate data collection with systematic model and theoretical ideas or abstract deduction of the establishment of performance indicators to explain organizational performance. Beverborg et al. (2017) referred performance to the achievement of task objectives of a manager. Chuang et al. (2016) mentioned that there was not an authority definition of organizational performance, which was generally comprehended as the concentration of results and effects of various organizational functions to reflect the fulfillment of organizational objectives. It also realized the comprehensive indicator of organizational performance.

Referring to Chuang et al. (2016), performance presents high correlations with objective financial performance that the cognitive measurement is used for organizational performance.

(1) Management performance: quality and development of product/service or program, ability to attract and retain excellent employees, customer or agent satisfaction, manager-employee relationship, and relationship among general employees.

(2) Market performance: marketing, sales growth, profitability, and market share of a company in past three years.

Research Hypothesis

Choi et al. (2017) discovered that the performance evaluation justice could better benefit the interaction between organization members and the environment to enhance organizational climate. Hair Jr et al. (2016) found out the remarkably positive effects of organizational justice on organizational climate in the

research. Lam (2015) revealed significant correlations between the dimensions of school organizational justice (distributive justice, procedural justice, interactional justice) and school organizational climate, with the correlation coefficient above the medium. Apparently, the higher perceived school organizational justice showed the better school organizational climate. Accordingly, the following hypothesis is inferred.

H1: Organizational justice presents positive relations with organizational climate.

Chu and Chiu (2017) indicated that organizational climate was composed of personnel and environment; especially, personnel reaction and motivation were the keys in the composition of organizational climate. Organizational climate therefore was correlated and overlapped with members' morale motivation, cultural background, and leaders' attitudes and communication. In other words, organizational climate would affect organizational performance and individual performance. Kraak et al. (2017) mentioned that employees in an enterprise with more harmonious organizational climate would receive more internal support, i.e. more positive organizational commitment to devote more and present stronger coherence, to effectively enhance organizational performance. Qiu et al. (2015) stated that organizational climate did not simply stress on organizational environment and organizational members' cognition and behaviors, but the effect of organizational members' perception of organizational environment on the work motivation and performance to further influence organizational performance. According to above literatures, the following hypothesis is inferred.

H2: Organizational climate shows positive relations with organizational performance.

Chuang et al. (2016) discovered that dispatched personnel in different age, seniority, and education groups showed notable difference on organizational commitment as well as distinct organizational citizenship behavior and job performance. McGinley et al. (2015) revealed that skill based reward systems would promote ecology industry personnel's cognition and enhance the situational performance. Beverborg et al. (2017) found out the significantly positive correlations between employees' perceived procedural justice, interactional justice and the task performance, organizational citizenship behavior. Accordingly, the following hypothesis is inferred.

H3: Organizational justice reveals positive relations with organizational performance.

SAMPLE AND MEASURING INDICATOR

Research Sample and Object

Aiming at employees of ecology industry in Hsinchu Science Park, total 360 copies of questionnaire are distributed, and 237 copies are retrieved, with the retrieval rate 66%.

Reliability and Validity Test

The questionnaire items in this study are referred to domestic and international research that the questionnaire presents certain content validity. Organizational justice, organizational climate, and organizational performance in this study are preceded the overall structural causal relationship test; the linear structural relations model analysis results show the overall model fit reaching the rational range that they reveal favorable convergent validity and predictive validity. Item-to-total correlation coefficients are used for testing the construct validity of the questionnaire content, i.e. reliability analysis, and the calculated item-to-total correlation coefficients are used for judging the questionnaire content. The item-to-total correlation coefficients of the dimensions in this study are higher than 0.7, revealing certain construct validity. To further understand the reliability and validity of the questionnaire in this study, reliability and validity analyses are preceded. The higher Cronbach's α reveals the better reliability. The formal questionnaire in this study is developed according to the standard, and the measured Cronbach's α appears in 0.70~0.90, apparently conforming to the reliability range.

EMPIRICAL RESULT ANALYSIS

LISREL Model Evaluation Indicator

The data results of this study are organized in **Table 1**. The preliminary fit, internal fit, and overall fit of the model are explained as followings.

Table 1 shows the remarkable explanations of three dimensions of organizational justice (distributive justice, procedural justice, interactional justice) to organizational justice ($t > 1.96$, $p < 0.05$), notable explanations of three dimensions of organizational climate (emotional aspect, cognitive aspect, instrumental aspect) to organizational climate ($t > 1.96$, $p < 0.05$), and significant explanations of two dimensions of organizational performance (management performance, market performance) to organizational performance ($t > 1.96$, $p < 0.05$).

Table 1. Overall linear structural model analysis result

evaluation item	parameter/evaluation standard	result	t	
preliminary fit	organizational justice	distributive justice	0.688	10.15**
		procedural justice	0.657	8.13**
		interactional justice	0.664	8.46**
	organizational climate	emotional aspect	0.701	11.24**
		cognitive aspect	0.673	9.76**
		instrumental aspect	0.698	10.63**
	organizational performance	management performance	0.713	12.16**
market performance		0.722	13.72**	
internal fit	organizational justice→organizational climate	0.866	33.25**	
	organizational climate→organizational performance	0.837	26.37**	
	organizational justice→organizational performance	0.858	29.49**	
overall	X ² /Df		1.277	
	GFI		0.975	
	AGFI		0.912	
	RMR		0.006	

Note: * stands for p<0.05, ** for p<0.01, and *** for p<0.001

Apparently, the overall model shows favorable preliminary fit.

In terms of internal fit, organizational justice presents remarkable correlations with organizational climate (0.866, p <0.01), organizational climate shows notable correlations with organizational performance (0.837, p <0.01), and organizational justice reveals significant correlations with organizational performance (0.858, p <0.01) that H1, H2, and H3 are supported.

The overall model fit standards $\chi^2/Df=1.277$, smaller than the standard 3, and RMR=0.006 show proper results of χ^2/DF and RMR. Furthermore, chi-square value is sensitive to sample size that it is not suitable for directly judging the fit. However, the overall model fit standards GFI=0.975 and AGFI=0.912 are higher than the standard 0.9 (the closer GFI and AGFI to 1 showing the better model fit) that this model presents favorable goodness-of-fit.

CONCLUSION

The research results reveal the positive correlations among organizational justice, organizational climate, and organizational performance. In other words, the enhancement of justice of various affairs in a ecology industry organization would affect the organizational climate and further enhance the organizational performance. Employees perceiving justice of a ecology industry organization’s decision-making process, performance evaluation, superior-employee interaction in the decision-making process, and various punishment and reward measures would result in harmonious organizational climate to benefit

organizational performance. Especially, the overall working environment in an organization being able to provide resources or match the members would enhance the harmonious organizational climate. The employees receiving more internal support, i.e. more positive organizational commitment, would certainly present more devotion and coherence. The higher employees’ retention rate would then result in higher performance stability.

SUGGESTION

From the research results and findings in this study, the following practical suggestions are proposed.

1. A ecology business should provide channels for employees’ complaints and suggestions, and the regulations could be more user-friendly. In this case, such measures would positively affect the internal management, without damaging the organizational performance.
2. An ecology business should confirm the evaluation contents, which are made the objectives by supervisors and employees so that employees are clear with the evaluation contents. In regard to performance evaluation, supervisors have to follow the evaluation contents to avoid subjective judgment so that the employees could perceive organizational justice.
3. Humans are emotional animals. Various works in a ecology business cannot be completed by a leader or few supervisors; the cooperation among partners is necessary. For this reason, a leader should have the organizational members perceive different leadership styles and induce the upward energy to promote organizational climate and employee morale.

REFERENCES

- Alstyne MWV, Parker GG, Choudary SP (2016) Pipelines, platforms, and the new rules of strategy. *Harvard Business Review*, 94(4), 54-62.
- Ažić ML (2017) The impact of hotel employee satisfaction on hospitality performance. *Tourism & Hospitality Management*, 23(1): 105-117.
- Beverborg AOG, Slegers PJ, Endedijk MD, van Veen K (2017) Towards Sustaining Levels of Reflective Learning: How Do Transformational Leadership, Task Interdependence, and Self-Efficacy Shape Teacher Learning in Schools? In *How School Leaders Contribute to Student Success*, 23: 93-129.
- Choi H-M, Kim WG, McGinley S (2017) The extension of the theory of person-organization fit toward hospitality migrant worker. *International Journal of Hospitality Management*, 62: 53-66.
- Chu T-H, Chiu Y-T (2017) We Are in the Same Boat: The Effect of Social Interdependences on Knowledge Boundary Spanning in Interdisciplinary Collaboration. *Journal of Information*, 24(3): 307-340.
- Chuang A, Shen CT, Judge TA (2016) Development of a multidimensional instrument of person-environment fit: The perceived person-Environment fit scale (PPEFS). *Applied Psychology*, 65(1): 66-98.
- Hair Jr JF, Hult GTM, Ringle C, Sarstedt M (2016) *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. Sage Publications.
- Kim SS, Vandenberghe C (2018) The Moderating Roles of Perceived Task Interdependence and Team Size in Transformational Leadership's Relation to Team Identification: A Dimensional Analysis. *Journal of Business and Psychology*, 33(4): 509-527.
- Kraak JM, Lunardo R, Herrbach O, Durrieu F (2017) Promises to employees matter, self-identity too: Effects of psychological contract breach and older worker identity on violation and turnover intentions. *Journal of Business Research*, 70: 108-117.
- Lam C (2015) The role of communication and cohesion in reducing social loafing in group projects. *Business and Professional Communication Quarterly*, 78(4): 454-475.
- McGinley S, Zhang L, Mattila A, O'Neill J (2015) Attraction to hospitality companies: How processing fluency moderates value fit. *Journal of Human Resources in Hospitality & Tourism*, 14(1): 25-44.
- Qiu H, Haobin Ye B, Hung K, York QY (2015) Exploring Antecedents of Employee Turnover Intention – Evidence of China's Hotel Industry. *Journal of China Tourism Research*, 11(1): 53-66.