Procedural and Distributive Justice on Turnover Intention: An Exploratory Analysis

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Abstract
The purpose of this study is to identify the roles of procedural and distributive justice toward employee turnover intention in Malaysia. This study examines the relationship between procedural, distributive justice and turnover intention. The results of correlation analysis show that there is a negative significant relationship between distributive justice and employee turnover intention on the 150 sample size studied. On the other hand, there is no significant relationship between procedural justice and employee’s turnover intention. This study provides guidelines for managers to understand better ways to reduce employee turnover. Limitations and directions for future research are also discussed.

Keywords
Procedural Justice, Distributive Justice, Turnover Intention, Employee

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INTRODUCTION
Organization is a group of people who work interdependently to achieve one goal as explained by Mcshane & Glinow (2005). Robbins (2005) states that it is a consciously coordinated social unit, composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals. In addition, Robbins (2005) defined justice as ethical decision criteria and is imposing and enforcing rules fairly and impartially so that there is an equitable distribution of benefits and costs. Organizational justice refers to an extent to which employees perceive workplace procedures, interactions and outcomes to be fair in nature (Baldwin 2006).

Organizational justice is made up of distributive and procedural justice. Distributive justice is the perceived fairness in outcomes received relative to the contribution and the outcomes, and the contribution of others while Procedural Justice is the fairness of the procedures used to decide the distribution of resources (Mcshane & Glinow, 2005). Distributive justice in simple terms is one’s beliefs that everyone should get what they deserve (Luthans, 2005). The outcome factors for distributive justice may be salary, salary raises, fringe benefits, promotion, incentives and recognition Procedural justice perceived by Robbins (2005) is the perceived fairness of the process used to determine the distribution of rewards. Procedural justice can be categorized in six criteria’s which are accuracy, consistency, ethical, correctable, free from bias and representations.
Turnover is the voluntary and involuntary permanent withdrawal from an organization (Robbins 2005). It is also the rate at which employees quit their jobs. High employee turnover harmfully affects the organization. Cost of high employee’s turnover is considerable as it includes not only direct financial cost of replacing staff but also other effects like potential loss of key skills, knowledge and experience and the negative effects on workforce morale. High turnover also embodies a considerable load on both human resource and line managers.

Hassan (2002) stated that if the allocation decision which is distributive justice and the process of allocation which is procedural justice are perceived as fair it should lead to reduced tendency to leave the organization. It is vital for organizations to be fair and just to their employees and involve them in their everyday plan activities as it will reduce the turnover rate or level. A research by Hassan (2002) revealed that Distributive Justice has a significant negative influence on turnover intentions. Distributive justice has significant effect on employees’ behaviour and is highly correlated with employees’ turnover intention. Base on the above arguments, the problem statement, research objectives, and research questions were developed for this study.

Problem Statement
Turnover is affecting both the employee and employer in a negative and positive way. Most organization has being experiencing high turnover due the organizational justice (procedural and distributive justice). This study wants to test if procedural justice and distributive justice affect the turnover rate.

Research objectives
• To identify the relationship between procedural justice to the turnover intentions of employees in Malaysia.
• To identify the relationship between distributive justice to the turnover intentions of employees in Malaysia.

Research questions
• Is Procedural Justice significantly related to turnover intention of employees in Malaysia?
• Is Distributive Justice significantly related to turnover intention of employees in Malaysia?

This study is conducted to enhance our understanding of organizational justice (procedural and distributive justice) towards employee turnover intention in Malaysia. It is also conducted in order to understand the psychology of Malaysian employee’s turnover behavior through the assessment of their state intentions to leave the organization. The results of the study will reveal the importance and impacts of organizational justice towards employee’s turnover intention and also the presence of them towards employee turnover.

LITERATURE REVIEW
Organizational Justice
Organizational justice research over the past years has emphasized the significance of insights of justice for work behaviour and motivation (Loi et al., 2006; Colquitt, 2001). In overall, study about organizational justice has concentrated on two main matters, employees’ responses to the outcomes they receive, the ways they gain the outcomes that include the procedures used (Cropanzano & Greenberg, 1997). Organizational justice defines the role of fairness as it directly relates to the workplace. Specifically, organizational justice is concerned with the ways in which employees determine if they have been treated fairly in their jobs and the ways in which those determinations influence other work-related variables, (Malik, 2011). The general consensus is that organizational justice consists of at least two components that are distributive and procedural justice. The former of the consensus is concerned with perception of fairness in allocations of reward, whereas the latter is concerned with the fairness of the process of allocation decisions (Malik, 2011).
Number of procedural justice criteria has been drawn, such as opportunities for control of the process and the outcomes, ability to voice one’s viewpoints, consistency, lack of bias, availability of appeal mechanisms, accuracy, use of accurate information, and following ethical and moral norms (Ponnu & Chuah, 2010).

Distributive justice may be a more important predictor of personal outcomes such as pay satisfaction (Hassan, 2002), whereas procedural justice may have strong effects on attitudes about institutions or authorities such as organizational commitment and trust in management (Folger & Konovskiy, 1989; Lind & Tyler, 1988; McFarlin & Sweeney, 1992). Although individuals' reactions may differ depending on the extent to which they focus on outcomes or procedures, both procedural justice and distributive justice contribute to individuals' perceptions of organizational fairness (Hassan, 2002).

Procedural Justice

Malik and Naeem (2011) stated that Procedural justice is the fairness of the procedures used in the organization used to determine the employee’s outcomes. This justice mainly emphasized the procedures and techniques through which outcomes decision is made (Ding & Lin, 2006). Employees perceive the fairness guidelines which are used to make a decision that will lead to crucial outcomes (Bryne, 2005). It is focused on giving employees with input into decision making by making sure the fairness communicating accurately and providing opportunities for rectification.

Thus, procedural justice refers to the perceived fairness or equity of the procedures used in making decisions concerning the distribution of rewards, such as promotion. To summarize this paragraph procedural justice emphasis the fairness of the procedures used in the organization and the decision making concerning the outcomes.

Ponnu and Chuah (2010) propose that perceptions of procedural justice are positively related to organizational commitment but not to turnover intentions. The employees will be concerned about the decision process whether is fair and the process used to determine the outcomes is fair and just. They further stated that many researchers advocate that greater participation in a pay system will strongly invoke feelings of procedural justice about the system, and that this feeling may lead to increased positive personal outcomes, especially job satisfaction and commitment to an organization.

Distributive Justice

According to Colquitt (2001), Distributive justice is recognized as first sub-dimension of organization justice, mainly considered with the workers’ perception in the fairness of outcomes such as monetary rewards obtained by the workers from the organization. Distributive Justice is more important in predicting personal-level outcomes such as pay satisfaction (Radzi et al., 2009). Distributive justice also considered as the fairness of outcomes an employee receives such as pay and promotions (Malik, 2011). In the other study Distributive justice reflects how significant rewards (such as compensation) from organized organizational efforts are fairly distributed among employees (Ponnu & Chuah, 2010). Unfair distribution of work rewards relative to work inputs creates tension within an individual, which may ultimately result in a reduction in work input.

The research on distributive justice in organizations today focuses primarily on people's perceptions of the fairness of the outcomes they receive, that is, their evaluations of the end state of the allocation process. Adams (1966) suggested that when allocation outcomes do not meet this criterion, people would perceive inequity distress and attempt to behaviourally or cognitively restore equity.

Relationship between Procedural Justice, Distributive Justice and Turnover Intentions

Ponnu and Chuah (2010) perceived that procedural justice was negatively related to turnover. Hassan (2002) found that procedural justice was an important predictor of organizational commitment and trust in the evaluation of an organization and its representatives by an employee. Voluntary turnover of employees is costly to an organization...
because of the time and money invested in those employees and the time and money that would have to be invested to replace those who leave (Spreitzer & Mishra, 2002).

Samad (2006) noted that procedural justice would result in stronger attachment to the organization, particularly for those who experience being respected by the organization. Loi et al. (2006) proved that there is a strong positive relationship between procedural justice and effective commitment and this is significantly related to turnover intentions.

A research by Malik (2011) revealed that Distributive Justice has a significant influence on turnover intentions. Employees consider searching for other opportunities actively once they have the intention of leaving the organization. When they find better opportunities, they may quit their current work position. According to Ponnu and Chuah (2010), even if opportunities are unavailable or unattractive, employees may still emotionally or mentally withdraw from the organization, leading to increased absenteeism and lowered enthusiasm and effort on the job. For example in the case of Malaysia, workers are willing to stay with their current organizations for less than three years. Empirical evidence supporting the study is limited because of the scarcity of research literature (Azman et al., 2007). Teoh, (2012) reported that some young employees in Malaysia had to job-hop to get better pay.

Conceptual framework

As variables have been identified in the review of relevant literature the independent variables of interest in this research are distributive and procedural justice and the dependent variable is turnover intention. Conceptual framework is illustrated in Figure 1. Two hypotheses were developed from the conceptual framework:

- H1: There is a relationship between procedural justice and turnover intention of employees.
- H2: There is a relationship between distributive justice and turnover intention of employees.

![Conceptual framework](image-url)

Figure 1: The conceptual framework of the role of Organizational justice towards employee turnover intentions.
METHODOLOGY

Sampling Procedure
A self-administered structured survey questionnaire was employed for gathering data in this cross-sectional study. The questionnaire contained questions on procedural justice, distributive justice, turnover intention, and a series of demographic questions. It consisted of 21 questions in four sections. The first section of the questionnaire which consists of 2 items was used to obtain the general information concerning the job tenure and monthly income of the respondents. 19 questions in sections two and three were designed to capture the respondents’ assessment towards turnover intention: procedural justice (6 items), and distributive justice (7 items). Finally, items in section four of the questionnaire measured turnover intention (6 items).

The sampling frame was employees who are working in private firms in Kuala Lumpur, Malaysia. Prior to answering the questions in the questionnaire, the respondents were informed of the purposes of the study. A convenience sampling was used for sampling purpose. Each respondent was invited to complete a set of self-administered questionnaires for this study. The questionnaire was subsequently distributed to 150 employees.

Measures
All items in the questionnaire were measured using a modification of items from Ponnu and Chuah (2010). A five point response was employed, ranging from 1 (strongly disagree) to 5 (strongly agree).

Analysis
In order to facilitate the analysis of the statistics generated from the data, this study employed two types of analyses: descriptive and correlation analyses. The Statistical Software of Social Science (SPSS) version 20 was used the above analyses.

RESEARCH FINDINGS

Demographical Profile of Respondents
a. Length of Employment
Table 1 shows that more than 74 percent of the respondents were in the length of employment 5 years and below. Only 14 percent of the respondents have worked for more than 10 years.

<table>
<thead>
<tr>
<th>Length of Employment</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>55</td>
<td>36.7</td>
</tr>
<tr>
<td>1 – 5 years</td>
<td>57</td>
<td>38.0</td>
</tr>
<tr>
<td>6 – 10 years</td>
<td>17</td>
<td>11.3</td>
</tr>
<tr>
<td>11 – 15 years</td>
<td>12</td>
<td>8.0</td>
</tr>
<tr>
<td>16 years and above</td>
<td>9</td>
<td>6.0</td>
</tr>
</tbody>
</table>

b. Monthly Income
Table 2 shows that majority of the respondents were in the category of RM5499 and below. This follows by monthly income groups under RM5500 – RM10999 (9.3 percent) and RM11000 and above respectively (6 percent).

<table>
<thead>
<tr>
<th>Monthly Income in RM</th>
<th>No of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM2499 and below</td>
<td>65</td>
<td>43.3</td>
</tr>
<tr>
<td>RM2500 - RM5499</td>
<td>65</td>
<td>43.3</td>
</tr>
<tr>
<td>RM5500 - RM10999</td>
<td>14</td>
<td>9.3</td>
</tr>
<tr>
<td>RM11000 and above</td>
<td>6</td>
<td>4.0</td>
</tr>
</tbody>
</table>
Reliability Test
The reliability of the questionnaire was tested according to Cronbach alpha measurements. The reliability coefficients (alpha) for variables of procedural justice and distributive justice were 0.845 and 0.753. Meanwhile, the alpha value for turnover intention was 0.888. In this study, the reliability coefficients of all the independent and dependent variables were above 0.7, which concurs with the description from Hair et al. (2006).

Correlation Analysis
Pearson correlation coefficients were applied in this study aimed at determining the relationship between Organizational Justice and Employee Turnover intention. The most common measurement of linear association is the simple bivariate association, which also called as zero-order correlation.

In order to find out the relationship between the different variables of Organization Justice (Procedural Justice, Distributive Justice) and Turnover Intention were correlated and presented in Table 3. As shown in Table 3 there was no correlation between Procedural justice and turnover intention because the correlation significance level is more than 0.01.

This indicates that distributive justice has a negative correlation with turnover intention (r=-0.365 p<0.000). The correlation test output shows that the significant values are less than 0.01, therefore the estimated coefficient can be believed with 99% confidence. This implies that the variable distributive justice and turnover intention change in different direction, the presence of distributive justice will lead to low turnover intention and less or no distributive justice will lead to higher turnover intention. The results in Table 3 show that there is no relationship between procedural justice and turnover intention. Therefore, it does not support Hypothesis 1. There is a significant negative relationship between distributive justice and turnover intention.

Table 3: Correlation Analysis of Procedural Justice, Distributive Justice and Turnover Intention

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedural Justice</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributive Justice</td>
<td>.579**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>-.127</td>
<td>-.365**</td>
<td>1</td>
</tr>
</tbody>
</table>

**, Correlation is significant at the 0.01 level (2-tailed).

DISCUSSION

The result shows that as the employees’ perceptions of distributive justice increases their intention to leave the organizational also reduces. This also means that when they perceive distributive justice to be fair in an organization employees normally do not have intentions to quit. This corresponds with Ponnu and Chuah, (2010) who stated that there is a negative relationship between distributive and turnover intention of employees. The study by Sarker (2003) also indicated that satisfied employees will stay longer in the organization where the employees do not have any intention to quit or leave. Thus, the Hypothesis 2 is accepted and supported.

The results showed that distributive Justice affects turnover intentions whereas there was no indication of correlation between procedural and turnover intention. There was a significant, but a moderate relationship between distributive justice and turnover intentions. This means that when the distributive justice is high in the organization, the intentions of employees quitting is very low.

This indicated that distributive justice plays a vital role in explaining whether employees will leave the organization or not. The findings are not in aligned to the results of Folger and Konovsky (1989), Ponnu and Chuah (2010) as well as the results of Farlin and Sweeney, (1992). Their findings reported that procedural justice is a better predictor of turnover intention when compared to distributive justice. Nonetheless the results were in line with the results from the study done by Ponnu and Chuah (2010). The findings reported that distributive justice was more important to turnover intention than procedural justice.
In this research it appeared that respondents were more concerned about the outcomes which are the fair pay, promotion, salary, annual increment, bonus, and rewards when they decide whether to quit or stay in the organization. This is of course not surprising looking at the fact that most of the people work to earn a living and to satisfy their needs. The other findings that supported that distributive justice can predict turnover intention of employees a study done by Ponnu and Chuah, (2010). The result of their study showed that distributive justice outcomes can be used as a judge to see whether the people will quit or stay.

It is worth noting that Procedural Justice did not show any correlation relationship with turnover intention. Previous researches showed that there is a negative relationship between procedural justice and turnover intention of employees.

This negative relationship is also affirmed by Ponnu and Chuah (2010) stated that to the extent employees perceive their organization to be unfair because it uses unfair procedures for resource allocations, employees will develop negative attitudes towards the organization and they will definitely quit. The results from the research done by Loi et al., (2006) was not in line and do not support findings from other researches as the results proved that there is a strong positive relationship between procedural justice and this is significantly related to turnover intentions.

LIMITATIONS AND FUTURE RESEARCH

This research has several limitations. Firstly there were only 150 respondents that were used in this study. The sample size was too small and focuses only in Kuala Lumpur which cannot represent the employees in Malaysia as a whole.

Secondly the survey technique that was used for this research was also one of the limitations. The respondent were to self-administer themselves when answering the questionnaire even in the online questionnaire survey. There were many errors in the data collected through the online questionnaire where some of the respondent did not fill the questionnaire completely. The respondent wanted us to explain to them the questionnaires especially the online survey because they perceived they don’t understand the question. We managed to help them and they answered the questions well therefore reducing the errors in the data collected.

Thirdly the respondent was a constraint for this study. It was not easy for us to give them the questionnaire as some of our respondent will say they are not interested, ignore us and tell us they are having their lunch so we have to stop disturbing them. Some of the respondents took the research questionnaires but they put answers without reading the questions.

Fourthly time was also a limitation for us during this research. This study was given only 3 months to complete data collection, data entry, data analysis and reporting the data. Therefore this ended up forcing us to work under pressure as we were running short of time.

Furthermore, through this study the findings results did not indicate that there is a significance relationship between procedural justice and turnover intention. There was no direction of causality in the correlation co efficient. In the hypotheses we predicted the relationship to be negative but the results shows does not demonstrate any the significance we found this results because we realized some of the respondents were not reading the questions before answering, they were just ticking the answer. Due to this respondent error we cannot tell whether the relationship is positive or negative.

Future researchers must study the relationship between organizational justice (procedural and distributive justice) towards turnover intention of employees among selected or certain industries. The turnover intention of employees and the level of organizational justice might be different in certain industries.

Future researchers are encouraged to increase their sample size of the respondents in order to receive more precise and also accurate results. The future researchers are also suggested to not use the online survey since it contains
CONCLUSIONS

In conclusion, from the results there was no relationship between procedural justice and turnover. There was no correlation and the level of significance between procedural justice and turnover intention. There was a negative relationship between distributive justice and turnover intention. The findings showed that distributive justice and turnover intention was significantly related, but in a moderate correlation.
REFERENCES


