RELATIONSHIP BETWEEN WORK ENGAGEMENT AND EMPLOYEE TURNOVER INTENTION: ORGANIZATIONAL JUSTICE AS A MEDIATOR

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ABSTRACT

Organizations strive hard to retain the best talent. Organizational justice is difficult to measure because it involves a number of personal and social factors, but some researchers have been able to come up with valid methodologies for doing so. This paper attempts to measure the level of employee engagement and level of perceived organizational justice. Employee engagement is the degree to which employees identify with the organization and are committed to organizational goals. Organizational justice is the degree to which employees perceive that the culture of an organization is fair. In a series of surveys of approximately 207 employees from 12 IT organizations, (having offices in the Mumbai Metropolitan Region) with suitable measures for organizational justice and employee engagement, answers were averaged per factor. The results are displayed in tables that reflect these values over time and across organizations for both "employee engagement" and "organizational justice". The results of the study indicate that Level of perceived organizational justice plays a mediating variable's role between employee engagement and turnover intention. This research provides evidence that employees desired to be treated fairly by their organizations had a lower turnover intention. If organizations want to close the engagement-turnover gap, they need to be willing to create more and better opportunities for people who are in undervalued roles.

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1. Introduction

Organizational justice is the perception that an employee has of the fairness of treatment based on his or her work. The perception is made by comparing what actually occurred with what was expected to occur. Justice refers to a state of affairs in which rules, procedures, and operations are viewed as being consistent, transparent and trustworthy. This system is viewed as just when it treats all parties involved with competence and respect (Nakasone and Peterson 2007). In other words, there must be equity between employees and organizational goals (Huselid 1997). Justice can be categorized into three separate types: distributive justice, procedural justice, and interactional justice. Distributive justice involves perceptions of fairness regarding outcomes (equity, equality). Procedural justice involves perceptions of fairness regarding the rules that govern proceedings (fairness, honesty, and trust). Interactional justice involves perceptions of fairness when relating to the expectations of treatment by others. Although these different types may seem similar, they are each unique in their own way. Organizational justice is a construct that is used in many ways. Organizations can use it as a

way to identify what employees expect from the organization. Organizational justice can also be used as a measure for employee engagement and organizational satisfaction (Nakasone and Peterson 2007). Employee engagement is a concept that refers to the degree to which employees identify with their job, organization and its goals (Huselid 1997). The concept of organizational justice contributes in establishing an understanding of what a person considers fair or unfair. The way in which one perceives organizational justice is shaped by prior experiences and socialization, which helps develop expectations for how an individual will be treated by an organization (Sackett, Zedeck and Fogli 2001).

Researchers have found that there are links between employee engagement and organizational justice that may have negative consequences. These consequences include lower job satisfaction, lower commitment to the organization, higher turnover intentions, greater job stress and greater emotional exhaustion (Warr 1987). For example, Cropanzano, Weiss and Passey (2000) found that managers' perceptions of injustice had negative effects on employee retention. It was found that employees who perceive the culture within their company to be unjust have lower

levels of employee engagement and higher levels of turnover intentions. The results show that if managers are able to increase employee engagement, then there is less likelihood of employee turnover, which means that there is more productivity from the employees. This leads to lower costs for hiring and training new employees (Warr 1987).

Organizations strive hard to retain the best talent. Organizational justice is difficult to measure because it involves a number of personal and social factors, but some researchers have been able to come up with valid methodologies for doing so. This paper attempts to measure the level of employee engagement and level of perceived organizational justice. Employee engagement is the degree to which employees identify with the organization and are committed to organizational goals. Organizational justice is the degree to which employees perceive that the culture of an organization is fair. In a series of surveys of approximately 207 employees from 12 IT organizations, (having offices in the Mumbai Metropolitan Region) with suitable measures for organizational justice and employee engagement, answers were averaged per factor.

2. Review of Literature

Perceived organizational justice is at the core of the relationship between justice perceptions and other aspects of the workplace, such as job satisfaction and performance, commitment to an employer, stress and turnover intentions (Warr 2004). Justice consists of three main components: distributive justice, procedural justice and interactional justice. Distributive justice concerns the tendency of employees to view the outcomes of their interactions with management as fair or unfair. In turn, distributive justice is related to other structural variables, such as job satisfaction and turnover intentions (Warr 2004). Procedural justice refers to the degree in which a respondent views a specific procedure as fair. Interactional justice is the perception that an employee holds of a specific interaction with management. Organizational justice impacts employee behavior and job performance through perceptions of fairness (Brockett and Feldman 2004). Justice perceptions are powerful

predictors of employee behavioral responses such as turnover intentions, stress, and commitment (Warr 2004).

There are four components of the justice mechanism: (1) the situation, (2) the actor, (3) the criterion, and (4) the outcome. The situation refers to things that happened prior to this point in time. The criterion refers to expectations of how each person should be treated by others in a given situation. On top of that is the outcome that each person expects from their interactions with others (Brockett and Feldman 2004). When all four of these factors are considered, then an individual may be able to perceive justice or unfairness in various situations. For example, if a person is dismissed from their position for no reason, then they may have a basis for thinking that this was unfair. All four of the components are important to consider when defining justice and injustice. Individuals who report less injustice may be seen as passive or uninformed, while those who report more injustice may be seen as overly emotional or irrational (Hobfoll et al. 1999).

The mechanism is a means by which individuals form perceptions of justice in their environment that is directly influenced by their experiences with organizational political factors such as power and influence (Brockett and Feldman 2004). When one receives what they perceive as equal treatment from others, they are more likely to perceive the organization and its leadership in a positive light. Employees will view their superiors, peers, and organizations through the lens of justice. Employees will also have their own self-image of what they should be receiving. Employees who believe that they are not receiving what they deserve may act out accordingly (Brockett and Feldman 2004).

Perceived organizational justice is a part of fairness-- the concept that different people should be treated equally regardless of their status, race, sex, or ethnicity. Fairness is a cultural element that influences how individuals perceive others in the workplace (Sackett, Zedeck and Fogli 2001). People expect to be treated fairly by others in their workplace regardless of the culture in which they grew up. Perceptions of fairness can impact how employees view others in the

workplace, their co-workers and their superiors. In addition, perceptions of fairness can impact how employees engage in behaviors such as cheating or sabotage.

A common example of how people perceive unfairness is when they are not given a raise at work. In the eyes of the employee, a pay raise should have been issued to them. This unfair behavior creates feelings of frustration and anger for the employee. Researchers have found that organizations with higher levels of perceived justice have decreased levels of employee stress and increased productivity (Sackett, Zedeck and Fogli 2001). Organizational justice plays an important role in determining how employees view their companies and react to situations within their companies (Zhao 2006).

The perception of justice is a concept that is defined by employees' beliefs in how they perceive their superiors, peers, and organizations to act. Justice can be determined on a micro level or on a macro level (Shao 2005). When individuals evaluate the ways in which they are treated in terms of the norms of those working around them, they are evaluating the behavior not only of their company but also its officials. These types of evaluations occur when individuals look at superiors and make assumptions about whether they are fair or unfair (Brockett and Feldman 2004). Individuals tend to judge fairness by comparing themselves to other similar employees who are involved in similar circumstances throughout the company.

Employee engagement is also closely related to organizational justice and employee retention. Individuals who are more engaged in the workplace are more likely to stay on the job. Research shows that individuals who engage more with their work place tend to experience higher levels of employee engagement. Employees who feel that they are treated with respect and do not experience unfair treatment are likely to be engaged (Brockett and Feldman 2004)

When employees feel that their peers and superiors have behaved in a manner that is unfair, it can cause them to feel angry towards others in the organization. An individual's perception of injustice will impact how they will respond to this situation. Employees who experience injustice may either stop working or begin behaving negatively towards others in the company (Hobfoll et al. 1999).

Organizational justice has a direct impact on turnover intentions. Employees who feel that they are treated unfairly are more likely to plan to leave their organization. In addition, perceived injustice also impacts performance in that employees who experience injustice may begin to act out and perform poorly at their jobs. Research shows that individuals who experience injustice are likely to work less hard and will be less productive when they do work (Brockett and Feldman 2004).

The Taylor's model of the justice mechanism was developed by Fred Luthans (1975).This model proposes that there are three consequences which result when employees perceive a situation as being unjust: (a) effort, (b) behavior, and (c) attitudes. All three consequences have been observed in the workplace. Some employees will work harder and better when they are treated fairly, while others may respond by engaging in destructive or unethical behavior (Luthans 1975). Employees who perceive that they have not been treated fairly may also change their attitudes towards their organization and its leadership. When an employee has a negative attitude towards their company, they may also be aware that they are behaving in a manner that may affect others in the organization.

Organizational justice can also cause employees to experience stress, distress, and anxiety at work. This type of behavior creates negative feelings in the workplace for employees of all levels. Research shows that when employees are stressed or feel a sense of injustice, they tend to engage in behaviors such as quitting or displaying unethical behavior. It has also been shown that individuals who are experiencing injustice will also have increased levels of stress on the job (Brockett and Feldman 2004).

When one is treated fairly, they will have a higher sense of self-worth. Individuals who experience justice at work will feel as though their work is more meaningful, and are more likely to stay motivated in their work. Employees who experience fair treatment in the workplace may be less likely to engage in anti-social behavior such as cheating or

stealing. Employees who are treated fairly at work are more likely to perform well and stay on the job (Brockett and Feldman 2004).

When employees feel that they are not being treated fairly, it impacts their well-being and their health. Employees who believe that they have been treated unfairly are more likely to experience higher levels of stress or anxiety at work. When employees feel as though they have been mistreated, it can cause them to lose interest in their work, be less productive, or even quit their jobs. In addition to feeling unappreciated at work, the person will also feel dissatisfied with the organization overall.

The Taylor's model posits that these consequences of injustice are connected to a third element in the workplace, namely value. The individual has an opportunity to perceive the consequences of injustice and then choose how they respond to it. If the employee chooses to recognize their grievances, they will take action based on the perceived injustice. Individuals who are mistreated by their superiors or peers may be motivated by emotions such as anger and resentment (Luthans 1975). If individuals continue to see others around them being treated unfairly, this can cause them to engage in less ethical behavior at work as well (Brockett and Feldman 2004).

Numerous factors influence employee decisions about whether or not to stay at a job.Many people believe that their personal experiences at work or with specific colleagues or supervisors may influence their decision to stay. However, there is only limited evidence supporting this belief. One study found that employees are more likely to stay at a job if they believe that their supervisor has treated them fairly, but no more so than if they do not (Hoyt 1998). Another study found that work environment—in particular workplace safety and organizational climate—predict 30-day attrition (Valdez et al. 2012).

Factors that impact the decision to stay at a job are also less clear. One study found that personal characteristics of employees (e.g., age, marital status, income) affect their decision to stay or leave. Researchers have proposed several explanations for these findings. Sometimes, the age or marital status of employees is an indicator of their likelihood to become fired. For example, older employees often become more expensive due to health care expenses and other costs associated with them (Beck et al. 2001). Younger employees may experience greater turnover because they are more concerned about being promoted or having a chance at being hired by another organization. The study found that marriage did not appear to be a factor when it came to employee retention (Beck et al. 2001).

In another study, researchers explored the impact of gender on employee decisions to leave. The study found that women often leave their organizations because they have been victims of harassment or discrimination. In this study, gender was a better predictor of staying at a job than marital status or age (Kahn and Summers 1986). While these studies provide some support for factors that predict employees' decisions to stay at their job, they also highlight the fact that there is not much research on this topic.

Certain characteristics of jobs affect job stability. One factor affecting employee turnover is how likely it is for an employee to move up in their organization (the vertical dimension). Some organizations promote employees quickly while others wait longer before they promote individuals.

3. Methodology

Following methodology was designed for the study to collect primary data.

a. Identify a sample of 207 IT employees from 12 organizations using convenience sampling (organizations were having their offices within the limits of the Mumbai Metropolitan Region)

b. Design and validate a (minimum 10-point) questionnaire for ascertainment of
    i.   Level of employee engagement (15 items)
    ii. Level of perceived organizational justice (20 items)
    iii. Turnover Intention (10 items)

c. Seek responses on a 5-point agree-disagree scale

d. Conduct the survey

e. Summarize the responses

f. Apply correlation and regression analysis and check the model fit.

g. Analyze the results

The hypotheses set in this regard were as under:

Ho1: Level of perceived organizational justice does not play a mediating role between employee engagement and turnover intention.

Ha1: Level of perceived organizational justice plays a mediating role between employee engagement and turnover intention.

The study was conducted across the Mumbai Metropolitan Region (MMR).

Scheme formed for testing of hypotheses

a. Responses were collected under 4 sections:
    i. First section of the questionnaire was dedicated to the profile information of the employees
    ii. Second section was dedicated to Level of employee engagement
    iii. Third section gathered responses for the Level of perceived organizational justice
    iv. Fourth section gathered responses for measuring the level of Turnover Intention
b. For each of the sections an average was calculated.
c. Percentages to questions under a particular section of the questionnaire were averaged to get a single score for that section,

d. The section-wise average score was considered for the purpose of conducting a multiple regression analysis using suitable macros by Andrew F. Hayes, Ph.D.
e. P-values were calculated, and the null hypotheses was checked for rejection or non-rejection.

Cronbach's alpha score for the questionnaire was calculated the results have been discussed in the next section of the paper.

4. Results and Discussion

Table 1: Results of the Cronbach's Alpha

Sr. No.	Section of the questionnaire	Number of Items	Cronbach's Alpha value
1	Level of employee engagement	15	0.821
2	Level of perceived organizational justice	20	0.801
3	Turnover Intention	10	0.807
4	Complete Questionnaire	45	0.776

The above table shows that the values of Cronbach's alpha was above 0.7 in each of the cases. This shows the level of internal consistency and proves the validity of the measures that have been calculated.

Table 2. PROCESS Procedure for SPSS Version 4.0

Model : 4 (From the macro design by Andrew F. Hayes, Ph.D. (www.afhayes.com)

TI- For Turnover Intention (Dependent Variable)

EE- For Employee Engagement (Independent Variable)
PLOJ- For Perceived Level of Organizational Justice (Mediating Variable)

Sample
Size: 207

OUTCOME VARIABLE: PLOJ

Model Summary

R	R-sq	MSE	F	Df1	df2	p
.5266	.2773	.1794	78.6713	1.0000	205.0000	.0000

The above table shows that the value of the coefficient is 0.5266 and it is significant at the 0.01 level.

Table 3. OUTCOME VARIABLE: Turnover Intention (TI)

Model Summary

R	R-sq	MSE	F	df1	df2	p
.2528	.0639	.1532	6.9646	2.0000	204.0000	.0012

Model

	Coeff	se	t	p	LLCI
Constant	4.0859	0.2202	18.5581	0.000	3.6518
EE	0.0105	0.0616	0.1704	0.8649	-0.1109
PLOJ	-0.2103	0.0645	-3.2591	0.0013	-0.3376

The above table shows that without Perceived level of Justice, the relationship between Employee Engagement and Turnover Intention is not Significant.

Table 4. Total, Direct and Indirect Effects Of X On Y

Total Effect of X on Y						
Effect	se	t	p	LLCI	ULCI	c_cs
-0.0952	0.0536	-1.7773	0.077	-0.2008	0.0104	-0.1232

Direct effect of X on Y						
Effect	se	t	p	LLCI	ULCI	c_cs
0.0105	0.0616	0.1704	0.8649	-0.1109	0.1319	0.0136

Indirect effect(s) of X on Y:				
Variable	Effect	BootSE	BootLLCI	BootULCI
PLOJ	-0.1057	0.0328	-0.1786	-0.0489

From the above tables we can see that the lower limit confidence interval and the upper limit confidence interval do not include 0 in the indirect effects of X on Y suggesting that there is a significant mediating effect of the variable PLOJ.

This leads us to accept that Level of perceived organizational justice plays a mediating variable's role between employee engagement and turnover intention.
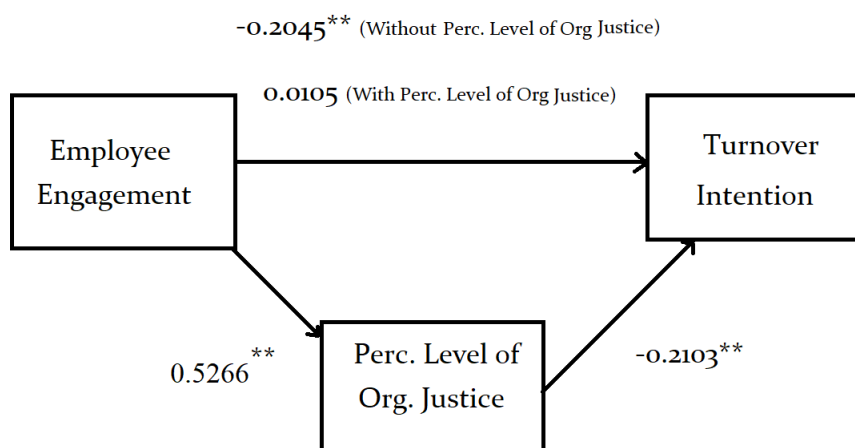

Figure 1: The model

5. Conclusion

Figure1 shows that the Level of perceived organizational justice plays a mediating variable's role between employee engagement and turnover intention. This research provides evidence that employees desired to be treated fairly by their organizations had a lower turnover intention. If organizations want to close the engagement-turnover gap, they need to be willing to create more and better opportunities for people who are in undervalued roles.

Employee engagement is an important predictor of employee intent to stay with an organization throughout their career. This study found that perceived organizational justice had a mediating effect between employee engagement and turnover intention.

The findings reinforce the importance of creating opportunities for underrepresented groups within organizations. Institutions should create pathways for underrepresented groups, as well as promote fair treatment for those in positions such as this, so employees can flourish at work. The results indicated that employees who perceived their organization was fair in its treatment of underrepresented groups were more likely to be satisfied with their working conditions as well as stay employed for longer than those whose organizations were not fair. Fair treatment proved to be an important variable for employees between satisfaction and duration with the same employer. The results also indicated that fair treatment is important for employee satisfaction.

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