

# “The influence of perceptions of organizational trust and fairness on employee citizenship”

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## The influence of perceptions of organizational trust and fairness on employee citizenship

### Abstract

This study highlights the influence of organizational trust and justice on employees' organizational citizenship behavior (OCB). Research investigating the role and importance of trust and perceptions of fairness in citizenship is lacking (Guh, Lin, Fan and Yang, 2013). The primary objective of this study is twofold: firstly, to identify the potential influence of organizational trust and justice on employees' OCB, and secondly, to make practical recommendations on actions organizations can take to promote OCB. The sample for this study was drawn from 278 professional and white-collar employees employed at various organizations in the Eastern Cape, South Africa. The data collected were subjected to various statistical analyses, including Pearson's correlations, Cronbach alpha coefficients and Chi-square tests. The findings, based on proven hypotheses, were summarized and depicted in a theoretical model. Inferential statistical analysis emphasized the importance of positive justice perceptions and organizational trust in predicting OCB. Furthermore, the results indicated that employees may have a higher level of trust in the organization when they perceive their organization as being fair and equitable.

**Keywords:** organizational justice, organizational citizenship behavior, organizational trust.

**JEL Classification:** M12, J24.

### Introduction, problem statement and objective

Employee citizenship is critical for South African businesses. The Global Competitiveness Index emphasizes that large, emerging economies are growing less than they did in 2011 (Schwab, 2013). Even though South Africa is the most competitive economy in the Sub-Saharan region, the country has particular weaknesses to address. These weaknesses include labour market inefficiency, rigid hiring and firing practices, significant tensions in labor-employer relations, and a lack of flexibility in wage determination (Schwab, 2013).

In order to elevate South Africa to the next competitive landscape, organizations require employees' cooperation, benevolence, self-sacrifice and extra effort. Engaging the right employees in the right behaviors is vital for organizations to manage the turbulent business environment. Numerous studies have highlighted the relationship between organizational justice and organizational citizenship behavior (OCB) (Skarlicki & Latham, 1996; Moorman, Blakely & Niehoff, 1998; Niehoff and Moorman, 1993).

The role and importance of trust and perceptions of fairness in this relationship has not been explored sufficiently (Guh, Lin, Fan & Yang, 2013). The attitudes of South Africans towards the labor market, their jobs and organizations have also not received much attention in research (Roberts, Kivilu and Davids, 2010). This study investigated two factors that potentially affect OCB, namely organizational trust and organizational justice.

### 1. Operationalization of variables and literature review

In Figure 1 (the theoretical model) the selected variables, namely perceptions of organizational trust and perceptions of organizational justice which influence the dependent variable OCB, are depicted. The theoretical model proposes that these two factors have an impact on the level of OCB.

**1.1. Dependent variable: OCB.** OCB is discretionary behavior that is not formally part of an employee's formal job description, but that nevertheless supports the effective functioning of the organization (Robbins & Judge, 2006). OCB refers to the behavior of employees who do more than their usual job duties and who perform their jobs beyond expectations. This study postulates that trust and justice interactively enhance the development of OCB. When employees trust their employer to look after their best interests, they are more willing to voluntarily engage in behaviors that go beyond their formal job descriptions.

Subedi, Bhandari & Sahadeb (2011) categorize OCB as follows:

- ◆ *Altruism* refers to voluntary behavior that is directed at helping other people with an organizationally relevant task or problem, such as picking up the workload of employees who are absent.
- ◆ *Conscientiousness* refers to discretionary behavior that goes beyond minimum job requirements, such as not taking extra breaks and adhering to the company's policies and procedures at all times.

- ◆ *Sportsmanship* refers to the willingness of an employee to tolerate less than ideal circumstances without excessive complaining.
- ◆ *Courtesy* refers to behavior aimed at preventing work-related problems, such as considering the impact of one's actions on other employees.
- ◆ *Civic virtue* refers to voluntary behavior that indicates that the employee participates responsibly in, or is concerned about, the political life of the organization, such as staying up to date with company developments.

**1.2. Independent variables.** Various factors impact on employee citizenship. Empirical evidence and literature supporting the inclusion of the selected factors in the hypothesized model will now be discussed.

*1.2.1. Organizational justice.* Organizational justice was firstly introduced by Greenberg (1987) and is defined as employees' perceptions about the extent to which they are treated fairly in organizations and how these perceptions affect attitudinal and behavioral outcomes, such as commitment and satisfaction. Organizational justice research stems from the premise that employees sense the level of fairness in organizational systems and that these fairness perceptions shape their attitudes and behavior (Greenberg & Colquitt, 2013).

For the present study, organizational justice is examined under the following headings: distributive justice, procedural justice and interactional justice. These types, according to Yilmaz and Tasdan (2008), can be defined as follows:

- ◆ *Distributive justice* refers to the fair distribution of organizational resources such as payment, promotion, status and seniority.
- ◆ *Procedural justice* is the perception of justice in the organization's decision-making process. This type of justice is based on the perception that the way in which decisions are made by management are justified.
- ◆ *Interactional justice* refers to the extent to which an employee is treated with dignity, concern and respect.

Earlier research conducted by Moorman (1993) revealed strong relationships between perceptions of organizational justice and OCB. Yuan Chou, Chou, Jiang & Klein (2013) found that employees' perceptions of organizational justice contribute to job commitment.

Yung Chou & Lopez-Rodriguez (2013) investigated the relationship between organizational justice and service-oriented OCB, the latter being defined as discretionary behavior that extends beyond

employees' formal job requirements when providing customer service (Bettencourt and Brown, 1997). Results indicated that procedural justice significantly predicts service-oriented OCB, and confirmed the importance for organizations to establish and implement transparent organizational policies, processes and procedures (Yung Chou and Lopez-Rodriguez, 2013). Given the preceding discussion, the following is hypothesized:

*Hypothesis 1:* When employees have positive perceptions of organizational justice, they are more likely to exhibit OCB.

*1.2.2. Organizational trust.* Trust is a crucial factor in enhancing the long-term success of an organization. Mayer, Davis & Schoorman (1995) define trust as an individual's willingness to be vulnerable in relationships with other people, irrespective of whether the actions and decisions related to the other party can be monitored or controlled. Employees differentiate between two types of trust – trust in others (e.g. supervisors and co-workers) and trust in the organization (Sousa-Lima, Michel & Caetano, 2013). While other factors in the work environment may contribute to employee engagement, employees depend mostly on trust (Agarwal, 2014). Numerous studies have been conducted to investigate the relationship between trust and employee attitudes and behaviors. Research studies by Tan & Tan (2000) revealed that trust influences the continuance and affective components of organizational commitment, whereas Ferres, Connell & Travaglione (2004) found empirical support for the fundamental role of co-worker trust in predicting lowered turnover intentions, greater affective commitment and perceived organizational support.

With regards to OCB, Robinson & Morrison (1995) found that an employee's trust in the organization operationalizes citizenship behaviors. Furthermore, Van Dyne, Vandewalle, Kostova, Latham & Cummings (2000) found that an individual's propensity to trust predicted OCB. Sousa-Lima, Michel & Caetano (2013) investigated the importance of organizational trust in facilitating justice perceptions. The results indicated that distributive justice is important in predicting trust in the organization.

Altuntas and Baykal (2010) investigated the relationship between nurses' organizational trust levels and their OCB. The results showed that nurses who trust their managers, organizations and co-workers more regularly demonstrated citizenship behaviours of conscientiousness, civic virtue, courtesy, and altruism (Altuntas and Baykal, 2010). Given the above review of the literature, the following is hypothesized:

*Hypothesis 2:* OCB is positively associated with employees' perceptions of organizational trust.

*Hypothesis 3:* Employees' perceptions of trust are positively associated with their perceptions of justice.

Taken together, the above hypotheses imply a theoretical framework (Figure 1) in which employee perceptions of organizational justice and trust influence their level of OCB.

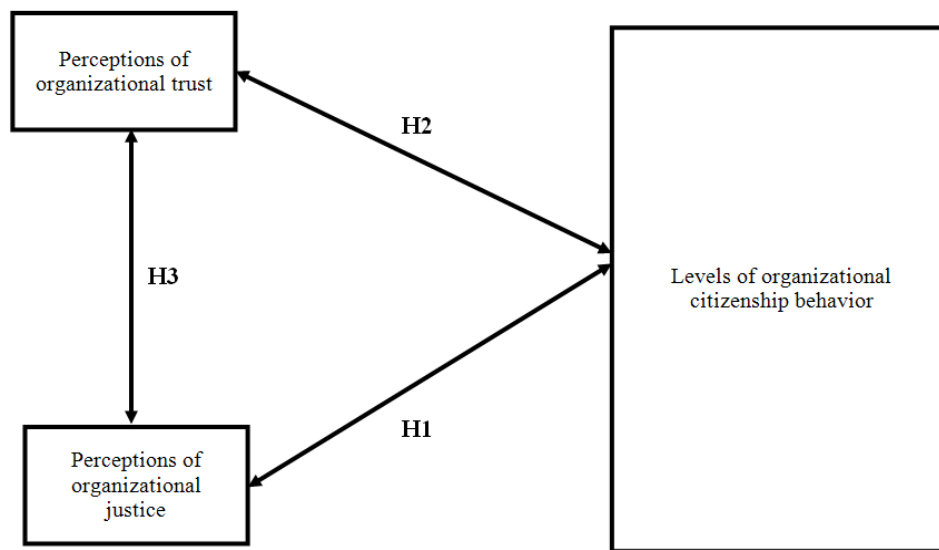


Fig. 1. Theoretical framework

## 2. Research design and method

**2.1. Data collection.** Before the study was conducted, ethical protocol was followed. The population for this study was drawn from professional and white-collar employees employed at various organizations in the Eastern Cape, South Africa.

The questionnaire was distributed by trained fieldworkers who were fourth-year registered students in the field of Human Resource Management. Participants were asked to complete the questionnaire and return it to the researchers by a specific date. Respondents were also asked to put their completed questionnaires into an attached envelope. This method ensured more confidentiality of responses. In total, 278 questionnaires were received. The data were centrally captured on Microsoft Excel and analyzed using the Statistical Package for Social Sciences, version 20 (IBM, 2011).

**2.2. Development of the measuring instrument.** The questionnaire included nine sections, including the three organizational justice indexes, one organizational trust index, and five OCB subscales. Apart from the basic biographical details, a Likert scale format was used throughout the questionnaire. In addition, the questionnaire consisted of previously validated measures to ensure that the content validity was verified.

**2.2.1. Organizational justice.** The questionnaire used in the present study was developed by Niehoff and Moorman (1993). The distributive justice subscale (five items) describes the degree to which employees

believe that their work outcomes, such as rewards and recognition, are fair. With regards to procedural justice, a six-item subscale described the degree to which employees believe that formal procedures are implemented in a way that takes employees' needs into consideration. For interactive justice (nine items), items focused on the extent to which employees perceive that their needs are taken into consideration when decisions pertaining to their jobs are made. Previous research confirmed satisfactory coefficient alphas for all subscales, ranging from 0.72 to 0.92 (Fields, 2002).

**2.2.2. Organizational trust.** The organizational trust scale was developed according to Robinson's (1995) seven-item trust scale. A five-point Likert scale was used, ranging from strongly disagree (1) to strongly agree (5). This scale measured the employee's degree of trust in his or her employer.

**2.2.3. OCB.** For OCB, the five-factor OCB scale developed by Podsakoff, MacKenzie, Moorman and Fetter (1990), was used. The five OCB scales include altruism, courtesy, sportsmanship, conscientiousness and civic virtue. Coefficient alphas from previous studies ranged from 0.67 to 0.91 for altruism, 0.76 to 0.89 for sportsmanship, 0.69 to 0.86 for courtesy, and 0.66 to 0.90 for civic virtue. The alpha for conscientiousness was 0.79. The coefficient alpha for the single OCB scale was 0.94 (Fields, 2002).

## 3. Empirical results

Certain demographic fields in the questionnaire were not completed by some respondents, which affected the sample size for specific questionnaire

items and sections. Due to the adequate sample size, this would not influence the overall results.

**3.1. Reliability of measurement items.** The internal reliabilities for the scale scores are reported in Table 1. The reliabilities of all the measures used were above the 0.70 minimum established by Nunally (1978). Of special interest in Table 2 is the reliability of the global organizational justice measure (0.84), which incorporates the distributive (0.85), procedural (0.88), and interactive justice (0.95) subscales.

Table 1. Cronbach coefficient alphas

Factors	Cronbach's alpha
Organizational justice (global)	0.84
Distributive justice	0.85
Procedural justice	0.88
Interactive justice	0.95
Organizational trust	0.86
Altruism	0.84
Conscientiousness	0.83
Sportsmanship	0.88
Courtesy	0.90
Civic virtue	0.79

**3.2. Demographic information.** From Table 2 it can be deduced that most of the 278 participating respondents occupied permanent positions (80%), were employed in the manufacturing sector (80%), and between the ages of 18 and 29 years (47.9%). Gender was well represented (46% male; 54% female). The results also indicate a fair distribution of length of service.

Table 2. Demographic variables of the sample

Demographic variable	Frequency	Percentage (%)
Gender (N = 277)		
Male	128	46%
Female	149	54%
Total	277	100%

Industry/Sector (N = 268)		
Manufacturing	90	34%
Retail	49	18%
Services	87	32%
Other	42	16%
Total	268	100%
Age (N = 236)		
18 to 29 years	113	47.9%
30 to 39 years	77	32.6%
40 to 49 years	32	13.6%
50 to 59 years	12	5.1%
60 to 63 years	2	0.8%
Total	236	100%
Employment type (N = 276)		
Permanent	221	80%
Temporary	20	7%
Fixed-term contract	35	13%
Total	276	100%
Length of service (N = 275)		
<1 year	50	18%
1 – 2 years	56	20%
3 – 4 years	58	21%
5 – 9 years	60	22%
10 – 14 years	13	5%
15+ years	38	14%
Total	275	100%

**3.3. Inferential statistics.** OCB, the dependent variable, was related to organizational justice and trust, the independent variables. Pearson correlations and chi-squares were calculated to investigate the proposed relationships postulated in Figure 1. Table 3 presents the Pearson correlations among all variables. Global scores were calculated for OCB (i.e. altruism, courtesy, conscientiousness, sportsmanship, civic virtue) and organizational justice (i.e. distributive, procedural, interactive justice) by integrating their various sub-components.

Table 3. Pearson correlations

N	Variable	1	2	3	4	5	6
1	Organizational justice		<b>.845</b>	<b>.902</b>	<b>.869</b>	<b>.674</b>	<b>.311</b>
2	Distributive justice	<b>.845</b>		<b>.631</b>	<b>.563</b>	<b>.570</b>	.252
3	Procedural justice	<b>.902</b>	<b>.631</b>		<b>.727</b>	<b>.577</b>	.245
4	Interactive justice	<b>.869</b>	<b>.563</b>	<b>.727</b>		<b>.616</b>	<b>.319</b>
5	Organizational trust	<b>.674</b>	<b>.570</b>	<b>.577</b>	<b>.616</b>		<b>.330</b>
6	OCB (global score)	<b>.311</b>	.252	.245	<b>.319</b>	<b>.330</b>	

Note: Statistically significant (for N = 278 and  $\alpha = 0.05$ ) if  $|r| \geq 0.118$ . Practically significant if  $|r| \geq 0.300$ . Practically significant correlations are highlighted in bold.

The findings provide support for hypothesis 1 as OCB was significantly related to distributive justice (0.252), procedural justice (0.245) and also practically related to interactive justice (0.319). A positive, practical significant relationship was found between OCB and overall organizational justice (0.845). These findings suggest that when

employees perceive that they are treated in a fair and equitable manner, they are more likely to engage in OCB. Hypothesis 2 is supported with a positive, practically significant relationship found between employees' perceptions of trust and OCB (0.330). The results suggest that when employees trust their organizations, they are more likely to

engage in OCB. With regard to hypothesis 3, Table 3 indicates that a positive, practical significant relationship exists between organizational trust and distributive justice (0.570), procedural justice (0.577) and interactive justice (0.616). Furthermore, a positive, practically significant relationship was found between overall organizational justice (global score) and organizational trust (0.674). These findings suggest that organizational justice is important in predicting an employee's trust in the organization.

3.3.1. *Research model and hypotheses testing.* Due to the categorical nature of the variables, a chi-

square test was performed to examine the relationships depicted in the research model and hypotheses. In the case of a statistical significant finding (i.e.  $p < 0.05$ ), an effect size measure (Cramer's  $V$ ) is provided to indicate the importance of the relationships. A chi-square test was performed to test hypothesis 1. A significant relationship was found between organizational justice and OCB ( $\text{Chi}^2$  (d.f. = 4,  $n = 278$ ) = 30.34;  $p < .0005$ ;  $V = 0.23$  Medium). Table 4 shows that employees who felt positive about their organizations being fair and equitable, were significantly more likely to engage in OCB.

Table 4. Contingency table – organizational justice and OCB

(Chi <sup>2</sup> (d.f. = 4, $n = 278$ ) = 117.93; $p < .0005$ ; $V = 0.46$ Large)								
Organizational justice	Organizational trust						Total	
	< Q1		Q1-Q3		> Q3			
< Q1	39	57%	29	42%	1	1%	69	100%
Q1-Q3	14	10%	110	78%	17	12%	141	100%
> Q3	1	1%	37	54%	30	44%	68	100%
Total	54	19%	176	63%	48	17%	278	100%

Table 5 shows a strong, significant association between perceptions of organizational justice and level of trust ( $\text{Chi}^2$  (d.f. = 4,  $n = 278$ ) = 117.93;  $p < .0005$ ;  $V = 0.46$  Large), and more so for respondents with higher (44%) than lower (12% and 1% respectively)

levels of justice perceptions. In other words, respondents who perceived their organizations as being fair and equitable were significantly more inclined to trust their organizations. The above findings provide additional support for hypothesis 2.

Table 5. Contingency table – organizational justice and organizational trust

(Chi <sup>2</sup> (d.f. = 4, $n = 278$ ) = 117.93; $p < .0005$ ; $V = 0.46$ Large)								
Organizational justice	Organizational trust						Total	
	< Q1		Q1-Q3		> Q3			
< Q1	39	57%	29	42%	1	1%	69	100%
Q1-Q3	14	10%	110	78%	17	12%	141	100%
> Q3	1	1%	37	54%	30	44%	68	100%
Total	54	19%	176	63%	48	17%	278	100%

Table 6 shows a strong, significant association between organizational justice and trust ( $\text{Chi}^2$  (d.f. = 4,  $n = 278$ ) = 117.93;  $p < .0005$ ;  $V = 0.46$  Large). Examination of the cell frequencies indicates that employees who were most positive about their organizations

being fair and equitable (organizational justice), were significantly more inclined to trust their organizations.

These findings provide additional support for hypothesis 3.

Table 6. Contingency table – organizational justice and organizational trust

(Chi <sup>2</sup> (d.f. = 4, $n = 278$ ) = 117.93; $p < .0005$ ; $V = 0.46$ Large)								
Organizational justice	Organizational trust						Total	
	< Q1		Q1-Q3		> Q3			
< Q1	39	57%	29	42%	1	1%	69	100%
Q1-Q3	14	10%	110	78%	17	12%	141	100%
> Q3	1	1%	37	54%	30	44%	68	100%
Total	54	19%	176	63%	48	17%	278	100%

**Conclusion**

The current research emphasizes the importance of organizational justice and trust in predicting positive organizational outcomes such as OCB. Statistical

analysis provided strong evidence that organizational justice and trust interactively enhance the development of employees' OCB. Furthermore, a strong, significant relationship was found between organizational justice and employee trust. These

findings support the notion that employees will have a higher level of trust in their organizations when they perceive their organization as being fair and equitable in the allocation of rewards and the implementation of formal procedures that take the needs of employees into consideration.

Employees also want to feel that they are treated with dignity, concern and respect. There are however several limitations of the present study that

may restrict its generalizability. Even though validated scales with acceptable coefficient alphas were utilized to measure the various constructs, they may not be able to capture their full meanings in other countries and cultures. The present study considered OCB as the only behavioral outcome variable. Future research may investigate other employee outcomes, such as organizational commitment, job satisfaction, and job performance.

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