Testing the causal relationships between procedural justice, trust and organizational citizenship behavior

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Abstract

This study examines the impact of procedural justice on employees' trust in their organization and on Organizational Citizenship Behaviour (OCB). The research reported here portrays the paths which link OCB to procedural justice, while employees' trust in their organization acts as a mediating variable. The results indicate a significant and positive influence of procedural justice as a determinant of employees' trust in their organization and subsequently on OCB. The findings based on a four step regression analysis support the suggested model. Both theoretical and managerial implications are discussed.

LES RELATIONS ENTRE LA JUSTICE PROCEDURALE, LA CONFIANCEDES SALARIES ET LE COMPORTEMENT ORGANISATIONNEL CITOYEN

Résumé

Cette étude examine l'impacte de la justice procédurale sur la confiance des salariés envers leur entreprise et sur le Comportement Organisationnel Citoyen (COC). La recherche développée ici décrit les relations entre le COC et la justice procédurale. La confiance des salariés envers leur entreprise agit comme une variable modératrice. Les résultats indiquent une influence positive et significative de la justice procédurale comme déterminant de la confiance des salariés envers leur entreprise et par la suite sur le COC. Fondés sur une analyse de la régression à quatre étapes, les résultats confortent le modèle proposé. Les implications à la fois théoriques et pratiques sont examinées.

Introduction

Scholars and practitioners' recognition of the importance of Organizational Citizenship Behavior (hereafter OCB) in organizations has grown dramatically in recent years (Chattopadhyay, 1999; Korsgaatd, Brodt & Whitener, 2002; MacKenzie, Podsakoff & Rich, 2001). The abundance of published work attempting to understand the phenomenon from a variety of perspectives (Deluga, 1994; Ryan, 2001) testifies to this appreciation. Different scholars have examined OCB antecedents and outcomes (Bolino, Turnley & Bolldgood, 2002; Konovsky & Pugh, 1994; Koys, 2001). Among OCB antecedents, procedural justice and organizational trust were one of the most frequently studied variables (Bulent, 2000; Moorman, Blakely & Niehoff, 1998). For example, Masterson, Lewis, Goldman, and Taylor (2000) found a positive impact of procedural justice on organizationally-directed OCB. In addition, Konovsky and Pugh (1994) support the role of supervisory trust in enhancing citizenship behavior. Tzafrir et al (2004) found that procedural justice is a key element in building organizational trust (see also, Flaherty & Pappas, 2000; Kim & Mauborgne, 1993). Therefore, it is interesting to explore the possible casual relationship among these three important variables.

Current research has examined the structural model of these three variables within a context of a mediation model. A case in point is Bulent's (2000) findings of which procedural justice was related to OCB both directly and indirectly through trust in sales manager as a partial mediator in the Turkish sale managers' sample. In a similar vein, Aryee, Budhwar and Chen (2002) work in one of the eight subsidiaries of the Coal India Limited report that trust in organization and trust in supervisor were found to mediate the relationship between organizational justice and work outcomes, but trust in organization did not mediate the relationship between procedural justice and OCB. In addition, according to Doney, Cannon and Mullen (1998), the growing trend towards globalization–establishing alliances,

managing and hiring employees, and entering new markets – signals a need to view the concepts of work attitudes from the perspective of a national culture (Greenberg, 2001).

As an extension of these previously reported findings, the present research examines the role of trust as a mediator of the relationship between organizational justice and work behaviors whilst controlling for an employee hierarchy level (Chattopadhyay, 1999). More specifically, this paper aims to contribute to the scholarly literature in two main respects. First, it investigates whether there is any difference in the relationship between procedural justice, organizational trust, and OCB. Second, it attempts to find out whether the positive correlation between these variables in the US and India also applies to different cultures (Greenberg, 2001). The latter may contribute to testing the validity of a universalistic nature of OCB and procedural justice.

Theory and Hypotheses

In most of the studies that explored justice and trust consequences, the dependent variables were work attitudes and perceptual work behaviors (Pillai, Schriesheim & Williams., 2001; Pillai, Schriesheim & Williams, 1999; Tremblay, Sire & Balkin, 2000; Rahim, Magner, Antonioni & Rahman, 2001; Konovsky & Pugh, 1994; Aryee et al, 2002). For example, Rahim et al. (2001) examined the relationship between organizational justice and organizational commitment and turnover intentions. Pillai et al. (2001) explored the role of procedural and distributive justice in influencing supervisory trust, job satisfaction and organizational commitment. In a similar vein, Aryee et al. (2002) explored the mediating role of organizational trust in the relationship between organizational justice and several outcomes such as job satisfaction, turnover intentions, organizational commitment and OCB.

Procedural justice and trust: Organizational justice denotes "the individual's and the group's perceptions of the fairness of treatment (including, but not limited to allocations)

received from organizations and their behavioral reactions to such perceptions" (James, 1993). Procedural justice refers to the perceived fairness of the procedures used to determine outcome distributions or allocations (Colquitt, Conlon, Wesson, Porter & Ng, 2001; Lind & Tyler, 1988). While procedural justice can be fostered through several rules, such as consistency rule, bias-suppression rule, accuracy rule, correctability rule, the representativeness rule, and ethicality rule (Leventhal, 1980), research had used invariably all or some of these.

Colquitt (2001) mentioned the "voice during a decision-making process", through exertion of influence over the outcome or by adherence to fair process criteria as types of procedure to enhance procedural justice. Other scholars (i.e. Brockner & Siegel, 1996) suggested that positive perceptions about organizational processes and procedures were expected to be related to a higher level of trust in the organization.

Procedural justice has been shown to be related to employee attitudes (Dailey, Kirk, 1992; Konovsky & Folger, 1994; Lemons & Jones, 2001; McFarlin & Sweeney, 1992), as well as trust in organization (Pillai et al., 2001; Aryee et al., 2002). Saunders and Thornhill (2003), drawing on 28 in-depth interviews found that a general perception of procedural justice had some influence on feelings of trust. Cohen-Charash and Spector (2001) found that procedural justice in the form of either, distributive or interactional predicted trust in organization. Aryee et al. (2002) found that procedural was related to trust in organization among a sample of Indian employees. Pillai et al. (2001) found that organizational justice was an important predictor of trust in samples from U.S., Indian, German and Hong Kong organizations. In a similar vein, Flaherty and Pappas (2000) gathered data from salespeople employed by eleven automobile dealerships in the US, and found a strong positive correlation between procedural justice and employees' trust in their manager. Drawing on the

above, we propose the following hypotheses regarding the relationship between organizational justice and trust.

> *Hypothesis 1: procedural justice will be positively related to organizational trust.*

Trust and OCB: Organizational Citizenship Behavior (OCB) represents "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the effective functioning of the organization" (Organ, 1988, p.4). Tsui, Pearce, Porter and Tripoli (1997) emphasize that OCB is an open-ended behavior that is neither specified nor expected, and it is one example of activities that go beyond the employee's immediate tasks. Wech (2002) suggested that trust could serve as a trigger to increase OCB. Bulent (2000) findings support the notion that trust operates as an antecedent to OCB; her research in the Turkish context reveals that trust in managers was an antecedent of OCB among Turkish salespeople.

Additional evidence linking trust and OCB has been provided by Konovsky & Pugh (1994) and Aryee et al. (2002). More specifically, Aryee et al. (2002) found that trust in supervisors was related to two separate constructs of OCB - individual oriented and organizational oriented. Similarly, in a study of 477 sales agents MacKenzie et al. (2001) found that trust in manager was positively related to helping behavior and sportsmanship but not related to civic virtue. By contrast, Podsakoff MacKenzie, and Bommer (1996) have shown a weak correlation between trust in leaders and certain dimensions of OCB. Yet, Robinson and Morrison (1995) found a significant relationship between trust and civic virtue as well as. Korsgaard et al (2002) report a positive correlation between trust in manager and OCB.

Thus, where employee-organizational relationship are characterized by a high-level of trust, we would expect employees to express a higher level of OCB. The following hypothesis summarizes the expected relationship between trust and OCB:

Hypothesis 2: organizational trust will be positively related to OCB.

Trust as mediator between organizational justice and OCB: Aryee et al. (2002) examined the potential mediating influence of the trust foci of supervisors and organizations on the relationship between organizational justice and employee work attitudes and behaviors among a sample of Indian workers. They established and explored a model in which three dimensions of organizational justice (distributive, procedural and interactive) were hypothesized to be differentially related to foci of trust in superior and in organization. These in turn differentially related to employee work outcomes, including organizational citizenship and turnover intentions. They found partial support for their propositions in the sense that the two trust foci would fully but differently mediate the relationship between the organizational justice dimensions and the work attitudes and behaviors examined. According to these authors, only trust in supervisors mediates the relationship between procedural justice and OCB while trust in organizations did not. However, Pillai et al. (1999) found strong support for their hypotheses whereby trust in supervisor mediates the relationship between procedural justice and OCB. In addition, Konovsky and Pugh (1994) found that an employee's trust in a supervisor mediated the relationship between procedural fairness in the supervisor's decision-making and employee citizenship.
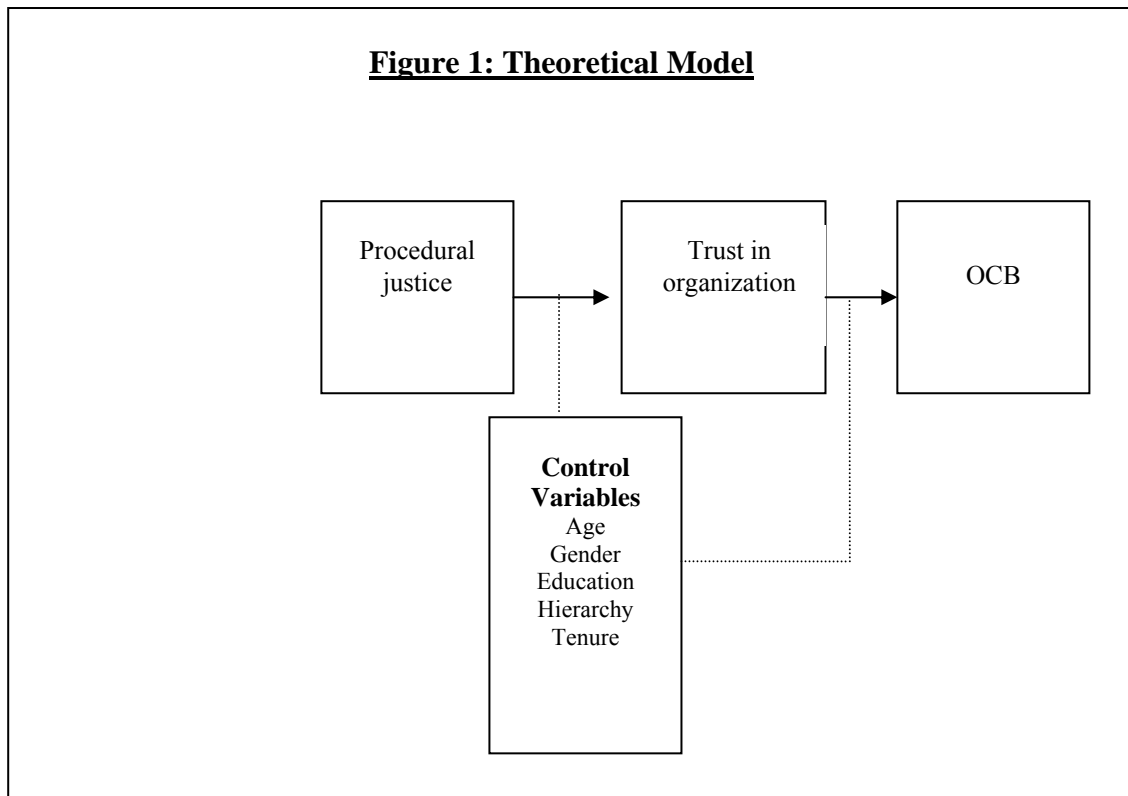
The mediating role of trust is based on the social exchange theory. Exchange is perhaps the most basic form of social interaction (Blau, 1964). Social exchange is based on the norm of reciprocity namely we help those who help us (Gouldner, 1960). Of course, the norm of reciprocity might take a negative form as well, which includes the expectations that hostilities, fear, insincerity, and other distrusting acts will be dealt with in a similar manner.

Taken together, the dynamics of exchange between actors and the need to rely on the goodwill and obligation of the other actors may create uncertainty (especially at the beginning of the exchange). Thus, social exchange emphasizes the development of relations over time and indicates that a successful social exchange circle involves both trust and uncertainty. For example, organizations that are attempting to empower lower level employees in order to enhance performance might run risks and create uncertainty in connection with employees' reactions to such initiatives. To ensure a balance in their exchange, employees will feel obligated to reciprocate the good deeds of the focal exchange partner.

Thus, assuming that OCB is included among such contributions, it is proposed that the extent to which trust is a manifestation of social exchange, trust will mediate the relationship between organizational justice and OCB.

> *Hypothesis 3: organizational trust will mediate the relationship between procedural justice and organizational citizenship behavior.*

Bringing together the three constructs into a single framework, we propose the following model (see Figure 1 below). As seen, a number of possible extraneous individual factors such as hierarchy level, age, and tenure were added, following Wright, et al. (2001).

Figure 1: Theoretical Model

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┌──────────────┐       ┌──────────────┐       ┌──────────────┐
│  Procedural  │──────>│   Trust in   │──────>│     OCB      │
│   justice    │   ┆   │ organization │       │              │
└──────────────┘   ┆   └──────────────┘       └──────────────┘
                   ┆
            ┌─────────────────┐
            │    Control      │
            │   Variables     │
            │      Age        │
            │     Gender      │
            │    Education    │
            │    Hierarchy    │
            │     Tenure      │
            └─────────────────┘
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Legend: Solid line/arrow _____ Assumed Moderator or direct relationships
              Dotted Line   …………..   Assumed Control variables

Methods and Procedures

Sample

Data were collected via a national random sample of 450 participants in the Israeli labour force between the ages of 18 and 70. A sixty per cent (60%) response rate was obtained but missing cases reduced the final sample to 230 employees stratified by gender, age, and geographical location. The average age of the respondents was 38.4 years (s.d. = 10.3). Women comprised forty-five percent of the total sample compared with forty-four percent of the Israeli labour force (Israeli Labour Statistic). Twenty eight percent of the respondents indicated that they hold middle or high-level management positions. No significant differences were found between the respondents' characteristics and the characteristics of the employees in the general Israeli labour force.

Measures

A short version of four items from Konovsky and Pugh (1994) was used to measure *procedural justice.* In order to conform to the size limitation of our questionnaire, we used part of Konovsky and Pugh (1994), measuring eight items. The alpha reliability for the scale was .76 (acceptable as it is higher than .70, albeit somewhat lower than the original). The smaller number of questions used by us probably causes this difference in the reliability (for extended discussion on this issue, see: Cortina, 1993). A sample item is: "employee remuneration is based on performance appraisal."

The mediated variable, *employees' trust in their organization*, was assessed with a modified version of Podsakoff et al (1990) scale. We used only part of their scale and changed the subject of the scale from leader to organization. A short version of three-item scale ranging from (1) "strongly disagree" to (7) "strongly agree" (The alpha coefficient of reliability was .73). An example item is "the extent that I feel confident that my organization will always try to treat me fairly".

The dependent variable, *organizational citizenship behaviour* was pooled from two sources (O'Reilly & Chatman, 1986; Smith, Organ & Near, 1983). We selected seven items that measure citizenship behaviour directed at promoting the effective functioning of the organization. These items asked respondents how frequently, on a 7-point scale from never (1) to always (7) they engage in this behaviour. Example of the items included is "I make suggestions to improve the organization". The alpha coefficient of reliability was .87.

It is clear that a wide range of factors influences organizational attitudes. Unless these are controlled for, there is a possibility that the results will be biased. Following the recommendation of Wright, et al. (2001) we used a number of possible extraneous sources of error such as hierarchy level, age, and tenure in the organization. In addition, in the trust

literature, certain individual differences such as education and gender have been found to influence the perceptions of individual's level of trust (Scott, 1980; Saal & Moore, 1993). For this reason, information was collected on respondents' gender and years of formal education and has been controlled for.

Results

The issue of mono-method biased emerges when perceptions about work attitudes comprehend the model. We analyzed the data with the AMOS structural equation modeling software. We followed Bollen's (1990) recommendation to examine multiple indexes of model fit, since it is possible for a model to be adequate on one fit index but inadequate on others. Thus, a confirmatory factor analysis was performed on the 14 items that measured procedural justice, organizational trust, and OCB. The results supported a three-factor model, with a Normed-fit index (NFI) of .92 and the root-mean-square error of approximation (RMSEA) was .04.

Table 1 shows summary statistics and correlations among the model variables. The correlation results are consistent with previous research involving these variables (Aryee at el., 2002). For example, organizational citizenship behavior was more closely related (r = .54, p < .01) to organizational trust than to procedural justice (r = .35, p < .01). In addition, no significance relationship was found between the primary research variables and the control variables, similarly to findings previously reported by Lee and Jiing-Lih (1999) who also found no moderating effect of gender between the relationship of procedural justice and supervisor.

Table 1: Means, Standard Deviations, Reliabilities, and Correlations among Research Variables

Variable	Mean	s.d.	1	2	3	4	5	6	7
1. OCB	3.81	1.02	(.87)						
2. Org. Trust	4.43	1.22	.54**	(.73)					
3. Procedural Justice	3.10	0.79	.35**	.36**	(.76)				
4. Age	38.4	10.9	.08	-.09	-.13				
5. Gender	0.55	0.49	.03	.10	.04	.08			
6. Education	3.10	0.93	-.06	-.07	-.03	.13$^+$	-.04		
7. Hierarchy	0.29	0.46	.09	.06	.23**	.20**	.16*	.13$^+$	
8. Org. Tenure	8.20	7.96	.06	.05	-.06	.64**	.04	.10	.17*

$^+$ P < .10; * P < .05; ** P < .01

The results of the regression analyses are shown in Table 2. Following Baron and Kenny's (1986) analytic approach to test whether organizational trust mediated the relationship between procedural justice and OCB we performed several regression equation. Accordingly we first tested whether the independent variable, procedural justice, significantly effect the dependent variable, OCB. Second, we tested whether the proposed intermediate variable, organizational trust, significantly effect the dependent variable, OCB. Third, we tested whether the independent variable affects the intermediate variable, organizational trust. Finally yet importantly, we tested if the effect of the independent variable, procedural justice, on the dependent variable, OCB, was reduce when the intermediate variable, organizational trust, add to the equation.

Hypothesis 1 predicted that procedural justice would have positive effect on organizational trust. As shown in Table 1, procedural justice had positive and significant correlation with organizational trust. In addition, we conducted a regression analysis for procedural justice to explain organizational trust. As shown in Table 2 procedural justice explained a significant though moderate amount of the variance in organizational trust (R^2 = 0.14; F = 4.04; p < .01). These findings provide support for hypothesis 1. Hypothesis 2

predicted that organizational trust would have positive effect on OCB. As shown in Table 1, organizational trust had strong positive and significant correlation with OCB.

Table 2: Regression analysis

Dependent Variable	Org. Trust	OCB		
		Model 1	Model 2	Model 3
Control Variables				
1. Age	-.19	.06	.11	.18*
2. Gender	.10	.01	-.00	-.05
3. Education	-.06	-.07	-.06	-.04
4. Hierarchy	.01	.09	.02	.02
5. Org. Tenure	.16	.02	.01	-.06
Independent Variable Procedural Justice	.31**	No	.31**	.15*
Intermediate Variable Organizational Trust		No	No	.50**
Constant	3.72**	3.78**	2.26**	0.85*
R^2	.14	.02	.11	.327
ΔR^2		.02	.09	.22
F		.82	22.3**	72.9**

[+] $P < .10$; * $P < .05$; ** $P < .01$

Hypothesis 3 proposed that organizational trust mediate the relationship between procedural justice and OCB. To test this moderate regression analysis was performed. As can be seen in Table 2, all the four conditions mentioned by Baron and Kenny (1986) are met. The procedural justice's effect on OCB is reduced when organizational trust is added into the equation. When organizational trust was regressed with procedural justice on OCB, organizational trust has a significant positive effect ($\beta = .50$; p, .01), and the effect for procedural justice reduce dramatically ($\beta = .15$; p, .05). These findings fully support hypothesis 3, by providing evidence that organizational trust partially mediate the relationship between procedural justice and OCB.

Discussion

The results of this study clearly show that procedural justice has both direct and indirect effect, via organizational trust, on OCB. Our findings provide evidence that when employees believe that the employment processes are just, their trust in the organization

increases and they are more likely to be engaged in pro-active citizenship behavior. Specifically, employees were more likely to report organizational citizenship behavior when they felt that organizational procedures were more consistent, correct, and representative (Leventhal, 1980). This relationship was partially mediated by organizational trust. Our results extended the literature on OCB by exploring the type of relationship between procedural justice, organizational trust, and OCB in one specific country (Israel). The findings, however, should not be confined to the Israeli environment, since the Israeli context provides microcosm for studying individual and organizational phenomena in the developed countries (Harel & Tzafrir, 1999).

We first hypothesized that procedural justice will have a positive and significant effect on organizational trust. Our results clearly show a positive and significant relationship between procedural justice and organizational trust. This finding goes in a similar line with those of Folger and Konovsky (1989), that procedural justice has a strong influence on employee attitudes such as commitment, satisfaction, and trust. In addition, Aryee et al., (2002) found that procedural justice had an effect on organizational trust. This finding is consistent with several other studies that found a positive and significant effect of procedural justice on trust (Cohen-Charash & Spector, 2001; Flaherty & Pappas, 2000). For example, Konovsky and Pugh (1994) found a strong effect of procedural justice on trust in supervisors. In addition, Kim and Mauborgne (1993) found a strong positive correlation between procedural justice and trust in head office management.

Relating to our second hypothesis, organizational trust positively related to OCB. In contrast to Aryee et al. (2002) who found no relationship between trust in organization and OCB, we observed that a high organizational trust was associated with a high OCB. This is an important finding given that we controlled for several demographic variables (Chattopadhyay, 1999). We could explain our results with the fact that many theories of trust

are grounded in the social exchange theory (Whitener, Brodt, Korsgaard & Werner, 1998), which assumes that trust emerges through the repeated exchange of benefits between two parties (Blau, 1964). As Lewis and Weigert (1985) pointed out, "when we see others acting in ways that imply that they trust us, we become more disposed to reciprocate by trusting in them more. Conversely, we come to distrust those whose actions appear to violate our trust or to distrust us" (p. 971). Our findings are consistent with Konovsky and Pugh (1994) and Bulent (2000) who found a strong relationship between trust in supervisors and trust in sale managers with citizenship behavior. Future research should be conducted using different groups of respondents (i.e. rank and file, middle managers), maintaining the same variables as well as the same measurement framework to test the relationship between organizational trust and different kinds of OCB.

Turning our attention to the indirect effect of procedural justice, we hypothesise that organizational trust mediates the relationship between procedural justice and OCB. Our analysis revealed only partial mediation by organizational trust. Recent research suggests a similar pattern (Aryee, et. Al., 2002; Bulent, 2000). For example, Pillai et al. (1999) found that trust mediates the relationship between procedural justice and OCB as well as direct and indirect effects of procedural justice on organizational commitment. In their field study at a large public university in the US, Masterson et al. (2000) found a direct positive relationship between procedural justice and organization-directed OCB. In addition, Wong, Ngo, and Wong (2002) found that trust in organizations mediates the relationship between procedural justice and employee attitudes. Although organizational trust partially mediated the relationship between procedural justice and OCB, the findings also reinforce evidence for a direct effect between those variables.

Focusing on the direct effect of procedural justice on OCB, it is apparent from the research of Martin and Bennett (1996), Mossholder, Bennett, and Martin (1998), Pillai et al.

(1999), and Robinson and Morrison (1995) that when employees feel that the procedures were fair they increased cognitive, affective, and behavioral reactions towards the organization such as job satisfaction, organizational commitment, and trust in their manager. Moorman (1991) also found a direct effect of procedural justice on most of the citizenship behavior dimensions. Bulent (2000), who found a direct relationship between procedural justice and several dimensions of OCB, supports this pattern of result. The influence of procedural justice on OCB in several countries may express a universal model of fair procedures that goes beyond the granting of voice (Greenberg, 2001). Further analysis from a cultural perspective can be taken as a continuation of the present study.

An interesting result from this study is that older employees showed higher level of citizenship behavior than younger employees. This result is contrary to Chattopadhyay's (1999) findings. Nevertheless, our result is in line with Lawrence's conclusion that older employees are known to be more committed to their jobs (Lawrence, 1996). Future research needs to account for the effects of other demographic and organizational elements and investigate such effects over time.

In conclusion, the results of the current study demonstrate that procedural justice affects OCB directly through the mediating effects of organizational trust. These findings are of conceptual and practical significance. They enhance our understanding of the employees extra role behavior, extend our knowledge about the universal approach of procedural justice and OCB, offer management and practitioners an indication of managerial activities that will enhance employees extra role behavior, and present an opportunity for future research.

Managerial Implications

The encouragement of OCB is subtle and cannot be directly prescribed. Thus it is of high importance to progress and enhance its antecedents, and these, as indicated in our study,

are manageable: issues of organizational justice are usually dealt mostly within the HR context, while the role of generating organizational trust should not be confined to HR managers.

HR managers and others charged with managing organizational trust and justice in organizations should work to develop a trust system. This starts with an actual fair and true set of practices which will naturally fit together (for example, selection and recruitment; compensation; career system). Interestingly, the findings lend further support to the idea that age discrimination is not only a violation of legal rights, but also bad for business, as older employees were found to have a higher level of OCB.

Managers need to consider the possible implications of the relationships between the OCB and other factors, in particular organizational culture and climate, which, although not easily measured, are of high relevance for organizational success. The results from the organizational culture literature have pointed out the importance of appropriate and positive culture on the well-being of people and the organizations. It is important for managers to consider not only what is desirable but also what is possible, given the organization's current culture, and not to set unrealistic goals.

As discussed in the initial sections, there has been a good deal of research published in the trust and justice area in recent years. However, much of it has been theoretical and not well connected to empirical work. This study contributes not only to the theory development but has a high potential for practical applications.

Limitations

The results of this study must be interpreted with some caution. The more items an instrument has, the greater the likelihood that the content domain has been covered, thereby reducing the likelihood of measurement error (Cascio, 1991). The validity of our results

might be hampered by the fact that our regression analysis relies on the assumption that organizational trust mediates the relationship between procedural justice and OCB. Also, the use of self-reporting of all research variables in this study is a limitation because the relationship between research variables may have been influenced by common method variance. Therefore, the possibility of a simultaneous relationship between procedural justice, organizational trust, and OCB cannot be excluded. However, we believe that this is an unlikely explanation for the results. Furthermore, these results provide additionalsupport for several other researches from different countries (Aryee et al., 2002; Bulent, 2000; Konovsky & Pugh, 1994). In addition, by calculating the confirmatory factor analysis we found strong evidence for the three factor solution. If possible, future studies should draw on multiple sources. Future research should attempt to collect data with time lags between predictor and outcome measures, to enable longitudinal analysis.

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