Fairness in the Workplace

Organisational Justice

Within academic literature, fairness is known as organisational justice, a theory first submitted by Greenberg (1987). Organisational justice refers to the extent to which employees perceive procedures, distribution of rewards, and interactions with superiors to be fair. The perception of fairness can affect the attitudes and behaviours of employees, both positive and negative. Examples of perceived injustice include unequal pay between men and women or between co-workers performing the same job, uninformed dismissals, or the inability to challenge the outcome of a performance review (Baldwin, 2006). Perceptions of injustice as a result of such actions can lead to negative business outcomes such as turnover, theft, vandalism, intentional idleness, absenteeism, employee fraud, exit behaviours, withdrawal behaviours, and grievance filing (Dailey & Kirk, 1992; Rae and Subramaniam, 2008; Skarlicki & Latham 1996, 1997). On the other hand, social exchange theory (Blau, 1964) suggests employees reciprocate perceived fairness with positive outcomes such as increased organisational commitment, increased organisational citizenship behaviours, increased job satisfaction, and good health and wellbeing (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Kivimaki et al., 2004). Therefore, it is important to understand the structure of organisational justice so that steps can be taken to ensure fairness among employees is perceived.

Distributional Justice

Organisational Justice theory proposes a model through which perceptions of fairness can be understood. Greenberg (1987) suggests organisational justice can be broken down into three factors. The first, *distributive justice,* refers to the degree to which employees feel the distribution of rewards is fair. This type of justice is best understood using the equity principle which stipulates that employees perceive fairness by comparing their relative work input to positive outcome ratio in relation to that of a co-worker (Adams, 1965). Fairness is perceived when employees feel they are receiving rewards and recognition that is relative to someone who is similar to them, i.e. a colleague with the same skill level, work effort, education, and training.

There are two common factors that affect whether employees perceive the distribution of rewards to be fair. First is whether or not employees perceive the appraisal system in relation to their performance to be fair. The outcome resulting from this is an employee's perception of their own performance which influences their self-perceived value and worth. Therefore, it is important that an employee's performance

rating accurately reflects their performance. The second is the degree to which any rewards such as pay increases, recognition, or promotions are perceived to be fairly distributed based on performance ratings. The resulting outcome is an employee's perception of the administration processes and consequences and this perception affects whether they perceive distributional justice.

Procedural Justice

The second type of organisational justice, *procedural justice*, refers to the perceived fairness of the processes and procedures used to make decisions or determine the allocation of rewards. This type of injustice can be understood using a performance appraisal model developed by Folger et al. (1992). This model suggests three features of procedural justice which must be satisfied in order for fairness to be perceived: adequate notice, a fair hearing, and judgement based on evidence (Narcisse & Harcourt, 2008).

Adequate notice refers to giving employees knowledge about how the performance appraisal procedures work and when they will actually occur. The procedures and objectives of performance appraisals should be well documented, placed so they are easily accessed by employees, clearly explained before any appraisals commence, fully understood by both team leaders and their subordinates, and preferably based on mutual agreement (Baldwin, 2006). *A fair hearing* allows employees the opportunity to access, influence, and challenge an evaluation decision (Folger et al., 1992). *Judgement based on evidence* is about convincing employees that their performance ratings accurately reflect their performance and that their ratings are based on performance-related evidence (Erdogan et al., 2001). Ratings founded on performance records and detailed performance notes come across as objective and unbiased, whereas ratings that aren't based on these types of evidence can be perceived as subjective and judgemental. Non-evidence-based ratings also allow for personal biases, dishonesty, and external pressure to influence outcomes (Folger et al., 1992).

Interactional Justice

The last factor of organisational justice is *interactional justice* which refers to whether employees perceive they are being treated fairly by the people in their workplace, but particularly their supervisor. There are four common factors that influence whether an employee perceives they have been treated fairly by their supervisor: deception, invasion of privacy, disrespectful treatment and derogatory judgements (Bies, 2001). *Deception* is perceived when there is an inconsistency between a supervisor's words

and actions. *Invasions of privacy* may include instances of gossip, rumour spreading, and disclosing confidential information (Narcisse & Harcourt, 2008). *Disrespect* is perceived when supervisors are abusive and thoughtless in their words and actions. *Derogatory judgements* can take the form of unfair statements regarding an employee's performance when the employee was perhaps not given the necessary resources to perform at their best (Narcisse & Harcourt, 2008).

Measurement of fairness

Given that there are three factors that make up organisational justice, it follows that it should be measured using items that reflect these factors. Price and Mueller (1986) have designed 6 items that measure distributive justice while Moorman (1991) has designed seven items that measure procedural justice and six items that measure interactional justice. Measuring fairness is important because it applies to so many business processes. For example, performance appraisals, disciplinary procedures, conflict resolution, layoffs and terminations, selection and staffing, and organisational change. As mentioned, perceived unfairness or injustice throughout these processes can lead to negative business outcomes whereas perceived fairness can lead to many positive business outcomes.

Management of fairness

For organisations to successfully manage a universal perception of fairness, they should consider both preventative and retrospective methods of management. Preventative methods may include a revision of procedures used to delegate rewards and make decisions which can help thwart any perceived injustice. Retrospective methods include the provision of support when injustice is perceived. Employees should know what they can do and who they should report to if they perceive injustice. Another crucial method is allowing employees to have a voice which can act as both a preventative and remedial means of ensuring fairness. Enabling employees to have an opinion and the ability to challenge or change decisions will go a long way in ensuring that fairness is universally perceived.

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