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RESEARCH ARTICLE

IMPACT OF ORGANIZATIONAL JUSTICE, COMPENSATION AND MONETARY BENEFITS ON EMPLOYEE'S OUTCOME

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ABSTRACT

Changing competitive and complex business environment has accounted to highlight the importance of the employee's performance and outcome. Presently, employees are more focused and professionalized in comparison to past. However, it is analyzed that there are number of factors which directly as well as indirectly impact on the employee's outcome and performance. This research study will be revolving around to investigate the impact of organizational justice, compensation and monetary benefits on employee's outcome. This research study is quantitative in nature. Simple Random Sampling has being utilized. Questionnaire research instrument has being applied for the extraction of the data from the selected number of respondents. Respondents are the employees working in the private sector of Pakistan. SPSS has being utilized for the analysis of the collected data. The research findings have reflected that organizational justice, compensation and monetary benefits positively impact on the employee's outcome and performance.

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INTRODUCTION

Today, presence of the competitive business market emphasizes the role of organizational justice connecting with compensation and monetary benefits of employees working in private organization (Soon Lay Khuan, 2007). People of an organization are the core source of getting competitive advantage over other organizations (Lubit, 2001). Proper formulation and implementation of human resource practices can ensure success of any organization, not in short run but even in long run. Since recent years, greater emphasize has been given on the employees outcome in relation to HR practices because of its direct association with organizational performance (Brayfield, Arthur, Walter and Crockett, 2005). HR practices include the justice of organization, compensation, monetary benefits and many other related activities performed in many of the developing countries but their outcome is adversely affected by the factors such as economic, political and legal instability as well (Fitz and Jac, 2000) (Abbas, Qaisar, Abdul and Aamer, 2011). Many organizations are investing on large scale in their human resource activities because this will encourage employees to give more and more devotion to their work and eventually resulting into achievement of greater organizational goals (Agba, Nkpoyen, and Ushie, 2010).

Providing respectable compensation package, appropriate training and a transparent selection procedure is highly important not for organization but also the employees working in any organization. Few years back, Pakistan was considered as an emerging market because its GDP growth rate was growing at the rate of 7% but now the same rate has been dropped down to 3% and Pakistan is now under the category of developing countries (Barro and Robert, 1996). One of the most difficult challenges confronted by developing countries is development of a strong administrative, legal, political, economic and social institutional system and finding the different ways in which human resource can be enabled to run this system effectively (Thompson, 2011). Organizations provide various options to management for enhancing the performance of their employees and this can only be done by mean of conducting researches on different HR practices.

HRM plays a vital role in achieving organizational success. Organization justice, compensation and monetary benefits are not considered as new concept of human resource management practices. These aspects directly influence the employee's outcome in any organization. The main functionality of HRM is associated with employees hiring, development, benefit plans and firing related activities perform for success of any organization (Tiwari, Pankaj, Karunesh, and Saxena, 2012). Human resource factor achieves the competitive advantage by using the effective human resource skills, abilities, and capabilities transforming the resources into machine, money and required output of the organization (Egan, Toby, Baiyin,

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and Kenneth, 2004). The competitors can imitate other resources like technology and capital but the human resources are unique. Now a day, competition increasing in the market well reputed organization investment is made on the employees so that the organization can be able to train the employees and while selecting, leading and developing them all the hurdles can be diminished (Cummings and Thomas, 2009). All the organizations believe that employees are the asset for them and their importance and value can't be denied, however it's intangible but it can't be easily duplicated (Aydem and Ciftcioglu, 2007). In the same manner, within an organization the managers should give importance to the employees as they are the assets and injectors to success of the organization. The success of the organizations is associated with HRM and it contributes a lot for the well performing the operational activities, no matter what is the size of the organization. Research Study has been conducted which shows that an organization make and execute its strategy more effectively when this strategy is managed with appropriate management of HR practices (Cropanzano, Howes, and Grandey, 2007). This research study has being deeply examining and investigating the role of organizational justice, compensation and monetary benefits on the employee's performance and outcome at private sector of Pakistan.

Problem Statement

The changing complex and competitive business environment has highlighted the significant role of the employees in an organization, with providing increased awareness to the employees. Presently, employees are more focused and professionalized in comparison to past. However, it is analyzed that there are number of factors which directly as well as indirectly impact on the employee's outcome and performance. This research study will be revolving around to investigate the impact of impact of organizational justice, compensation and monetary benefits on employee's outcome.

Objective Of the study

The main objectives of the research study are presented as followed:

1. To deeply examine and investigate the role of organizational justice on the employee performance and outcome,
2. To analyze the impact of providing adequate monetary rewards and benefits to the employees on the performance and outcome,
3. To examine and analyze the role of compensation on the employee's job satisfaction and outcome.

Significance of the study

Significance of the study is revolving around the functionality of organizational justice, employee compensation and monetary benefits directly influencing the employee's outcome in the organization. In this era of human resource management every organization is trying to attract and motivate its employees by offering certain incentives to get efficient and effective performance for its employees. Policy makers in field

of human resource enable to know the outcomes of application of human resource practices. By testing and significantly explored, the operational activities of human resource practices impact the compensation and monetary benefits will be in position to increase the performance of employees in organizations. By using human resource practices as primary mean organizational goals can be accomplished by shaping the behavior, attitude and skills of the employees to do their work.

Literature Review

Today, increasing competitive in the business internal and external environment is dynamically leading towards the success of the organization (Baron, 2000). Most of the organizations reflect the various human resources practices in term of organization justice, compensation of employees and monetary benefits connected with employee performance (Colquitt and Jason, 2001). The human resource practices were taken for determination of the results and the research claimed a positive and a significant correlation with performance of employees of organization (Kochan, 2007). The research paper highlighted the impact of organizational justice, compensation and monetary benefits on employee's outcome revealing the fact that HR practices are positively associated with the performance of employee (Harter, James, Frank, Schmidt and Theodore, 2002).

The process department of Human Resource practices including training, employee performance evaluation, selection and recruitment, compensation, social security, promotion, grievance procedures and placement (Thompson, 2011). All of these taken HR practices are showing more than 75% response towards the perceived performance of employee that implies that HR practice have significant influence on the performance of employees (Ajzen, 2002). It was analyzed that from past literature connected with aforesaid studies have highlighted the relationship between the justice of organization, compensation, monetary benefits and employee performance (Weibel, Antoinette, Katja and Margit, 2010). Research study took different practices as measuring the analytical tool as the time changes. The human resource management department of any organization is considered as the back bone, gaining competitive advantage, career development of employees, train them according to their specialization and improve their outcome (Tiwari, Pankaj, Karunesh and Saxena, 2012) (Thompson, 2011).

It was analyzed that satisfied employees, satisfy the customers. But satisfying the employees, there must be an efficient and smart human resource department of an organization which timely revise and always update the minor and major practice of human resource and strategies in accordance with the needs and expectations of its employees (Cummings and Thomas, 2009). The HR departments of organizations prevailing in developed countries are very efficient and always revise their practices in order to cater the needs of the employees to satisfy them and enhance their performance and productivity (Brayfield, Arthur, Walter and Crockett, 2005). In developing countries, organizations especially public sector departments and private sector department do not revise their human resource practices, policies and even not implement appropriately the prevailing human resource practices due to

political and many other reasons (Abbasi and Al Mharmah, 2000). So, research study pinpoints the gap and tries to fill this gap and add contribution in human resource management in the public and private sector of any region or country which is ignored by the previous researchers. Similarly, if we look at public sector departments of Pakistan then their human resource practices are not according to international standards and due to political instability every Government will have their own motive regarding HR practices (Soto and Marcelo, 2000). One political Government will favor the public sector employees through enhancing allowances and other benefits while on the other hand when other Government will be in power then they restricts the funds and not provide appropriate benefits to public sector employees (Blickle and Gerhard, 2012). The factor employee outcome is correlated with the job performance based on required contribution and input. Consequently, an employee who has devoted and invested a huge quantity of input such as time, money and energy would receive and obtain from the employees (Moen and Doyle, 2004) (Thomas, 2009).

Organization allocates the resources in a form of rewards, and benefit of employees based on the costs on equity (Folger, 1977). It is analyzed that the justice of the organization contribute to well performing in terms of fair pay or wages, different scale of medical insurance, compensation, monetary benefits, rewards, safety and health, equal right, equal opportunities for promotion (Herzberg, 2003). All of these factors are directly involved in the employee motivation, top management of the organization connected with employee required outcome (Agba, Nkpoyen, and Ushie, 2010). The processes of employee's performance and their outcomes influences on the leadership behavior that provides the direction, participative and accomplishes the leader behavior in the organization (Liden, Robert, Talya and Berrin, 2004). The main keyword of this study was leadership behavior, attitude, and goal path theory approach and employee job satisfaction.

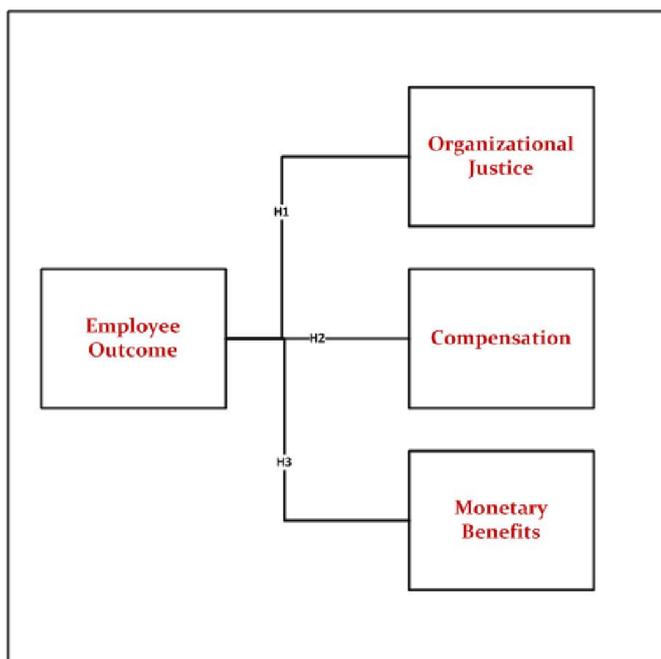


Fig. 1. Theoretical Framework

The outcome of this study was in the favor of leadership attitude connected with job satisfaction and employee performance in the organization. Employee behavior and attitude is always dependent upon the job performance of the individual (Emery, Charles, Katherine and Barker, 2007). Most of the organization improves their human resource department because employees are entering through this gate. Organization are trying that recruitment system should be crystal clear (Thompson, 2011). Only component employees are hired for the organization is the beneficial to the organization. This department improves the employee's knowledge, skills and ability to develop the career; its helps the employees to jump from one position to higher post (Tiwari, Pankaj, Karunesh, and Saxena, 2012). This aspect increases the employee's motivation to work for the organization and achieve their targets according to the given time frame.

Suggested hypotheses derived from theoretical framework model are as followed:

- H1: There is a positive relationship between organizational justice and employee outcome.
- H2: There is a positive relationship between compensation and employee outcome.
- H3: There is a positive relationship between monetary benefits and employee outcome.

MATERIALS AND METHODS

The research methodology of utilized in this paper is based on various components. All of these research components are interconnected with each other and plays dynamic role in conduction of the study. The process of the first factor is defining the research problem which refers to the base of the study or structure such as "the changing complex and competitive business environment has highlighted the significant role of the employees in an organization, with providing increased awareness to the employees. Presently, employees are more focused and professionalized in comparison to past. However, it is analyzed that there are number of factors which directly as well as indirectly impact on the employee's outcome and performance". Second factor is concerned about the literature review based on the past and previous research, related model and theories covers the main variables as mentioned above.

Third factor is the formulation of the hypotheses derived from theories and model. Forth factor explains the research design in which the research idea and views into transformed meaningful form. Fifth factor covers the methods of research data collection and application of various tests for testing of hypotheses. In the last step, development of the interpret report for the betterment, improvement of human resource practices and employee performance in private Sector Organization of Pakistan. Non probability sampling method is used for collection of research data with the help of questionnaires. The limit of sample size is not more than 105 employees working in different private sectors working of Pakistan. The data analysis is based on the following processes and procedures related to the data collection, data entering technique, editing

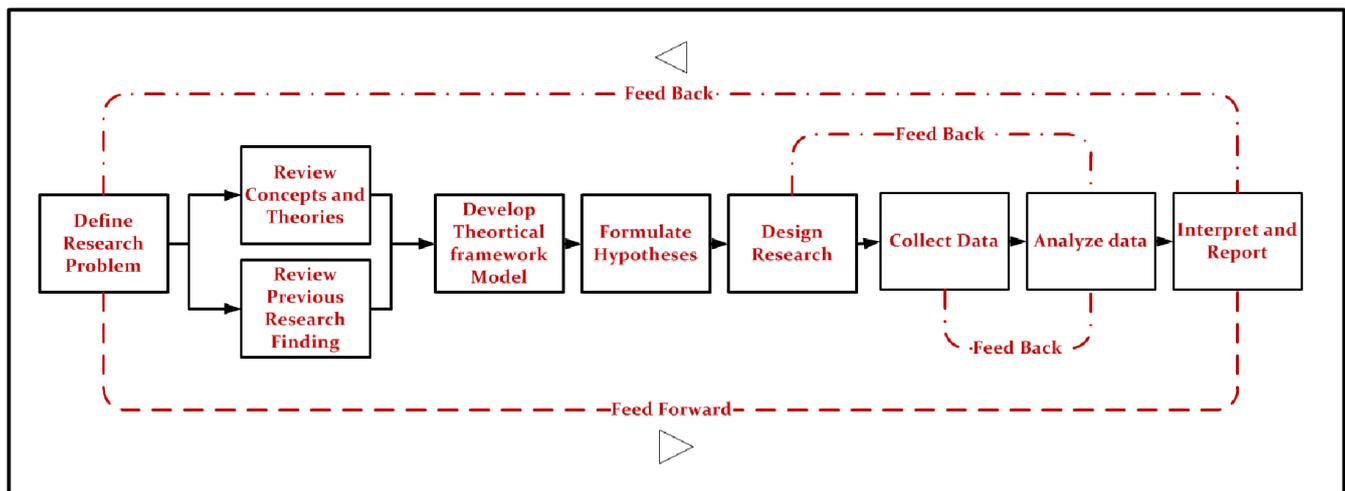


Fig. 2. Research Methodology

and management is done through statistical package SPSS. The data analysis in this study is done by two statistical software tools that are SPSS. In order to explore the relationship and impact of organizational justice, compensation and monetary benefits on employee's outcome, correlation and multiple regression analysis is used for required outcome.

RESULTS AND DISCUSSION

This data analysis and discussion is based on two statistical test analyses such as correlation analysis and the other one is regression analysis. Results are as followed:

This correlation analysis is interconnected with suggested hypotheses derived from theoretical framework model. According to the results, the description of first hypothesis is about "there is a positive relationship between organizational justice and employee outcome". The value of organizational justice is correlated with employee outcome i-e .314**, sig level i-e 0.000. Second hypothesis is about "there is a positive relationship between compensation and employee outcome". The value of compensation is correlated with employee outcome i-e .269**, sig level i-e 0.002. Third hypothesis is about "there is a positive relationship between monetary benefits and employee outcome".

Table 1. Correlations

		Correlations			
		Organizational Justice	Compensation	Monetary Benefits	Employee Outcome
Organizational Justice	Pearson Correlation	1	.094	.394**	.314**
	Sig. (2-tailed)		.290	.000	.000
	N	129	129	129	129
Compensation	Pearson Correlation	.094	1	.248**	.269**
	Sig. (2-tailed)	.290		.005	.002
	N	129	129	129	129
Monetary Benefits	Pearson Correlation	.394**	.248**	1	.343**
	Sig. (2-tailed)	.000	.005		.000
	N	129	129	129	129
Employee Outcome	Pearson Correlation	.314**	.269**	.343**	1
	Sig. (2-tailed)	.000	.002	.000	
	N	129	129	129	129

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

Table 2. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.838 ^a	.915	.373	2.68544

a. Predictors: (Constant), Monetary Benefits, Compensation, Organizational Justice

Table 3. Coefficients

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.252	1.443		2.253	.000
	Organizational Justice	.200	.082	.213	2.433	.000
	Compensation	.230	.097	-.197	2.377	.000
	Monetary Benefits	.284	.121	.210	2.336	.000

a. Dependent Variable: Employee Outcome

The value of monetary benefits is correlated with employee outcome i-e .343**, sig level i-e 0.000. Hence, all the hypotheses are proved and support this model or study. This model summary table is normally used for finding the value of regression connected with the main predictors such as monetary benefits, compensation and organizational justice. It is analyzed that regression is denoted by "R" having the value i-e .838, R square i-e .915 and standard error of estimation i-e 2.68544, so it's simply means that value support this study and relationship between the independent variables with dependent variable. The main predictors of this coefficient table are organizational justice, compensation and monetary benefits directly influences the employee outcome. In this coefficient table standardized coefficient value of beta plays an important role in term of determining the best predictor from framework model. The variable compensation is considered as the best predictor having the beta value i-e (.197), second predictor is the monetary benefits having the beta value i-e .210 and organizational justice is the third predictor beta value i-e .213 extracted from respondents response contribution for conduction of the study.

Conclusion

Role of organizational justice cannot be neglected at any instance as it leads towards the success of the organization. In accordance to the results and data analysis, organizational justice it's very difficult to operationalize the organization operational functions or system for accomplished their set mind goals. All of the results show that proper formulation and implementation of human resource practices in terms of organizational justice, compensation and monetary benefits directly influences the employee outcome in private organization. All of these major activities are very helpful for the organization connect with ensuring the success process of any organization, not in short run but even in long run. In most of the recent researches greater emphasize has been given on the employees outcome in relation to HR practices because of its direct association with organizational performance. It is concluded that various suggestions and recommendations to the contribution of top management involvement with private organization working in Pakistan should properly job design and implement human resource management practices that enhance the job satisfaction and performance of employees.

To enhance employee's performance, they must improve compensation practice and effectively implement performance evaluation practice and bring improvement in the organizational justice practice. It is analyzed that satisfied employees can improve satisfaction of customers, development of organization worth and provide edge to market value in the form of business. But to satisfying the employee there must be an efficient, shows better efficiency and smart human resource department of an organization which timely revise and always update the minor and major practice of human resource and strategies in accordance with the needs and expectations of its employees and also promote the culture of organizational justice in the organization.

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