

# **The Effect of Psychological Capital on Employees' Voice and Loyalty Responses to Organizational Injustice-A two Dimensional Approach**

Syed Tahir Hussain Rizvi\*

## **Abstract**

*The present study examined the relationship of two dimensions of organizational justice- distributive injustice and procedural injustice with employees' voice (V) and loyalty (L) responses. The main assertion of the study is psychological capital, further delineated in hope, efficacy, resilience and optimism, which was studied as an intervening variable in the relationship between Organizational Injustice and VL. The study used a quantitative and empirical approach with descriptive and causal research design and based on the deductive methodology with a developing country perspective using structural equation modeling technique, the results of the study revealed that perceived distributive injustice and procedural injustice causes an increase in voice response and a decrease in loyalty response. Psychological Capital was found to be a strong moderator of these relationships and weakened these relationships.*

**Keywords:** Organizational injustice, Employee voice response, Employee loyalty response, Psychological capital

## **Introduction**

Fairness or justice is a fundamental concept in human social interaction. Justice at the workplace is vital (Ambrose, 2002). Perception of injustice negatively affects employee attitudes and behaviors. Their workplace aggression increases (Baron and Richardson, 1994), they exhibit organizational misbehavior (Vardi & Wiener, 1996), feel anger and disrespect (Miller 2001), they show counterproductive work behavior (Spector & Fox, 2002).

Peoples may respond to any dissatisfied situation with exit, voice, loyalty or neglect. This EVLN framework of employee responses can also be applied to explain the responses of such employees who are dissatisfied as a result of perception of injustice and unfairness in the organization. In this research we focused on only two vital responses – voice and loyalty.

Further, Psychological Capital (PsyCap) is one of the emerging concepts of positive organization psychology and positive organizational behavior

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(POB) which has gained a lot of attention from the positive psychologists and organizational behavior practitioners in the recent years. It is defined as “an individual’s positive psychological state of development”.

There is no such research that focused on the direct or interactive effect of psychological factor like psychological resource capacity- Psychological Capital of the employees on the V and L responses to perceived organizational injustice, which may alter ultimate workplace outcomes. Therefore, this research has also examined the role of PsyCap in the relationship between perceived organizational injustice and employees’ V&L responses for understanding the predictive capacity of justice dimensions in explaining outcome with a developing country perspective.

### *Research Questions*

Thus, following two questions were addressed in this study:

- i). What is the relationship of perceived organizational injustice (distributive, procedural) and employees’ Voice and Loyalty response?
- ii). How psychological capital (PsyCap) affects the relationship between perceived organizational injustice (distributive, procedural and employees’ Voice and Loyalty response?

### **Literature Review**

Historically organizational justice is categorized as distributive justice, procedural justice and interactional justice (Colquitt et al. 2005) but later researches introduced further dimensions of organizational justice like interactional justice, interpersonal and informational justice (Colquitt et al. 2005).

#### *Distributive justice*

Distributive justice refers to the perceived fairness of outcome distribution, typically includes pay, benefits and rewards (Adams 1965; Leventhal 1976a). If this distribution is in accordance with the ‘equity theory’ it is perceived to fair. According to the equity theory people generally match the ratio of their contributions (inputs) towards the organization and return they receive from the organization (outcomes) with the ratio of someone else. If these ratios are unequal, it leads to perceived inequality and gives rise to two possibilities. A man who feels that his ratio of inputs to outcomes is lower than the ideally required ratio or just ratio he feels himself guilty of being over paid. Whereas a man who observes that his ratio of inputs to outcomes is higher he gets angry over being underpaid. Such guilty and angry people attempt to come out of this unhappy state of inequity by different approaches. One, they alter their inputs (contribution) or outcomes (returns) through cognitive

distortion of either inputs (contribution) or outcomes (returns). Two, by terminating the exchange relationship. Three, by changing the reference of comparison and four, by changing the inputs or outcomes of the others (Fortin, 2008).

#### *Procedural Justice*

Procedural justice is referred to as the fairness in procedures leading to outcome distribution. Procedural justice establishes the role of process control (i.e. the ability to express one's opinion during the procedure) and decision control (i.e. the ability to influence the outcome). Thibaut and Walker investigated that those procedure were to be accepted as fair if there was sufficient space available for process control during outcome decision (Thibaut & Walker, 1975) and evaluation of outcomes with accurate procedures (Crawshaw et al, 2013).

Research in this area has confirmed that perception of justice positively affects employee behaviours and attitudes. Their commitment to job and organizational citizenship behavior increases (Colquitt et al., 2001; Williams et al., 2002; Wat and Shaffer, 2005). Their performance at workplace increases (Colquitt et al., 2001) and they feel satisfied with their jobs (Colquitt et al., 2001). They are satisfied with the performance evaluation procedures (Parake, 2005) and exhibit psychological empowerment. They show high organizational trust (Wat and Shaffer, 2005), have high commitment to the job and possess team loyalty (Murphy et al., 2006).

#### *Economic and Psychological Impact of Organizational Injustice*

Organizational justice is relevant from economic and psychological perspective. The perception and experience of injustice in the organization by the employees can lead to counter productive work behaviours (Nerdinger, 2000, 2007), attempts to harm the interests of the organization (Bies & Tripp, 2005); Colquitt et al., 2001; Greenberg, 1990; Marcus & Schuler, 2004).

The damage caused in commercial enterprise by such counterproductive work behaviours is estimated between two to three billion dollars (Muphy 1993). Whereas another study in Germany reports an estimated loss of income of fifty billion Euros arising of dismissal, conflict at workplace and sick leave (Dissel Kamp 2004).

#### *Employees' EVLNC Responses*

Turnly and Feldman (1999) has identified that peoples may respond to any dissatisfied situation with either exit, voice, loyalty or neglect. This EVLN framework of employee responses can also be applied to explain the responses of such employees who are dissatisfied as a result of perception of injustice and unfairness in the organization.

EVLN typology has undergone through various developments, modifications and extension with respect types and dimensions. Previous studies have clarified these concepts through expository framework (Farrell 1983 and Rusbult et al., 1988). Considering types, distinction was made between actual exit and desire to exit, aggressive voice, considerate voice and constructive or prosocial voice, active loyalty and passive loyalty, fatal neglect and mild neglect and addition of cynicism in EVLN typology.

Rusbult arranged all these four responses into a two-dimensional framework:

- i). Constructive or destructive dimension and
- ii). Active or passive dimension.

The 'voice' and 'loyalty' responses are considered as constructive behaviours, because their purpose is to regain satisfactory working conditions and better organizational relations. Exit and neglect are considered to be relatively destructive responses, because the objective of these responses is to reduce or even terminate the relationship between the organization and the employee. Exit and voice are categorized as active behaviours, as these imply active actions whereas neglect and loyalty responses are considered relatively passive responses because these imply inactive and patient reflections.

Present research investigated the relationship of only two fundamental dimensions of organizational injustice (distributive and procedural) and only positive responses to organizational justice i.e. voice (V) and Loyalty (L) in the local context, to find out which type of organizational justice has a stronger impact on employees' positive responses in a context not considered earlier.

### *Psychological Capital*

Psychological Capital (PsyCap) is one of the emerging concepts of positive organization psychology and positive organizational behavior (POB) which has gained a lot of attention from the positive psychologists and organizational behavior practitioners in the recent years. It is defined as "an individual's positive psychological state of development". This psychological state of development can have four characters: first is hope (H) i.e. persistent toward goals and, redefining and redirecting the paths, if necessary, to achieve goals for success. Second is efficacy (E) i.e. confidence for taking on and putting in the necessary effort to be successful at any tough and difficult tasks. Third is resilience i.e. when weighed down by problems and adversity, sustaining and bouncing back and even beyond to get success. And fourth one is the optimism (O) i.e. making a positive ascription to succeed now and in future (Luthans, Youssef, & Avolio, 2007, p. 3). Simply, Psychological Capital is

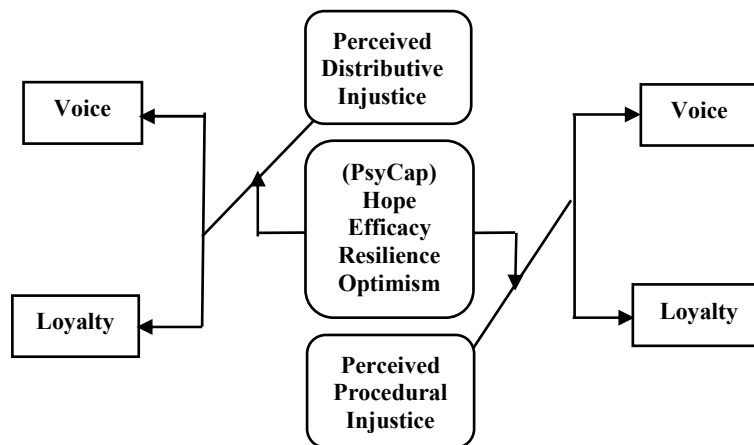
interpreted as “who you are” and “how you can develop yourself for positive organizational behaviour” (Avolio & Luthans, 2006). It is different from human capital (which represent “what you know”), social capital (representing “who you know”), and financial capital (i.e. “what you have”) (Luthans et al., 2004).

### Theoretical Framework

This research was conducted to examine the impact of two dimensions of perceived organizational injustice on employees' Voice (V) and Loyalty (L) responses.

In the next phase of the research the moderating role of psychological capital—hope, efficacy, resilience and optimism constituting the positive Organizational behaviour (POB) will be studied. The study of employee responses and moderation of POB is important because these responses determine the ultimate employees' workplace outcome.

The integrated two factor model of organizational injustice—PDIJ, PPIJ, and their impact on employee responses of Voice and Loyalty may be represented as follows.



### Theoretical Support and Hypotheses development

#### *Social Exchange Theory*

The basic assumption of social exchange theory is that human relationship develops over a period of time into mutual commitments and these commitments are influenced by various exchange principles (Homans, 1961). The most influential principle is the principle of reciprocity.

The resources like money, status, services and information can be exchanged in a reciprocal relationship. Reciprocity in social exchange are central in organization justice principle, such that if an individual feels a lack of balance in the exchange, he will perceive this exchange situation as unfair (Homans, 1961).

Further, the theory asserts that if an individual perceive balance and fairness in the reciprocal exchange of contribution and return, he will try to strengthen the exchange relation by a constructive and pro-social response (voice or loyalty) but if he perceives the exchange relation as unfair, the tendency of a pro-social and constructive response will diminish and the tendency of anti-social, destructive response (exit, neglect or cynicism) will increase.

#### *Reactive Content Theories*

Reactive Content Theories describe how individuals respond to an unjust situations, decisions or relationships. These theories explain that people respond to unfair dealings by showing various depressing and negative emotions such as resentment, anger, dissatisfaction, disappointment and unhappiness (Folger, 1984). They attempt to remove the inequity and try to restore inequity, by engaging themselves in retaliatory behavior or restore psychological equity by justifying the injustice or leaving the organization.

#### *Cognitive Mediation Theory*

This theory states that emotions must have some cognitive intentionality. The understanding of an emotional situation involves conscious or unconscious cognitive activity that may or may not take the form of conceptual processing (Lazarus, 1991, 1993, 2006). Lazarus argues that emotion is disturbance that occurs in a specific order.

First, Cognitive appraisal (cognitive assessment of the event), then Physiological changes (start of biological changes due to cognitive reaction) and then action (feeling emotion and selection of choice how to react).

#### *Emotion Regulation Theory*

Emotion regulation refers to the process by which individuals influence which emotion they have when they have them, and how they experience and express them (Gross 1998). Although individuals often try to decrease negative emotion but Individuals increase, maintain, and decrease negative and positive emotions (Parrott, 1993). The attempt of emotion regulation may be conscious or unconscious. Whether it be on a conscious or unconscious level, individuals have the ability to control their emotions and react only in ways they deem to be appropriate in a specific social setting.

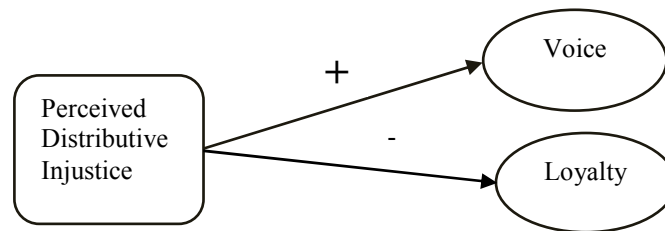
### Hypotheses Development

If an individual perceives balance and fairness in the reciprocal exchange of contribution and return, he will try to strengthen the exchange relation by a constructive and pro-social response (voice or loyalty) but if he perceives the exchange relation as unfair, the tendency of a pro-social and constructive response will diminish and the tendency of anti-social, destructive response (exit, neglect or cynicism) will increase.

Therefore, it is expected that perceived distributive injustice (PDI) would have a significant and positive relation with voice while it would have a significant and negative relation with loyalty response.

In the model given below Perceived Distributive Injustice PDI is independent variable and Voice and Loyalty are Dependent variables.

Model 1: PDIJ-Independent Variable and V&L dependent Variables



Hypothesis 1: Perceived Distributive Injustice is significantly and positively related to employee Voice response.

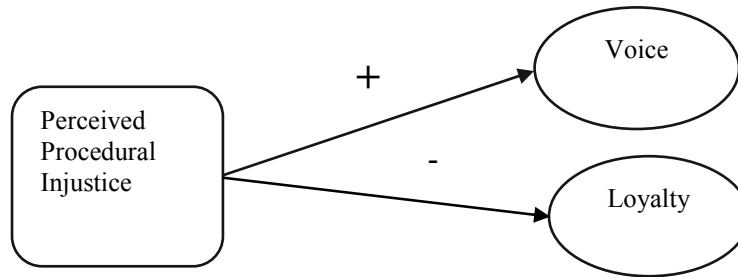
Hypothesis 2: Perceived Distributive Injustice is significantly and negatively related to employee Loyalty response.

Reactive Content Theory focuses on how individuals act in response to unjust situations, decisions or relations. These theories explain that people respond to unfair dealings by showing various depressing and negative emotions such as resentment, anger, dissatisfaction, disappointment and unhappiness (Folger, 1984). In an attempt to restore perceived inequity, employees will seek amendments and engage in retaliatory behavior or restore psychological equity by justifying the injustice or leaving the organization.

Therefore, it is expected that perceived procedural injustice (PPI) would have a significant and positive relation with voice while it would have a significant and negative relation with loyalty response.

In the following model PPI is independent variable and Voice and Loyalty are dependent variables.

Model 2: PPIJ-Independent Variable and V&L dependent Variables



Hypothesis 3: Perceived Procedural Injustice is significantly and positively related to employee Voice response.

Hypothesis 4: Perceived Procedural Injustice is significantly and negatively related to employee Loyalty response.

#### *Moderating Effect of Psychological Capital*

Cognitive theory suggests that the victim of injustice will be influenced positively and his aggressive cognition may be reversed altogether and expectedly moderate the relationship between the perception of organizational injustice and its consequent responses.

Positive psychologist Csikszentmihalyi (Kersting, 2003, p. 26) noted that such psychological capital “is developed through a pattern of investment of psychic resources that results in obtaining experiential rewards from the present moment while also increasing the likelihood of future benefit.

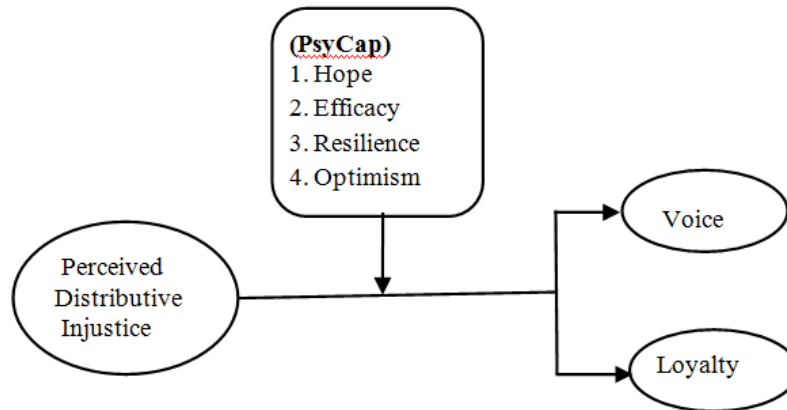
It is about the state of the components of your inner life. Optimism, hope, resilience and efficacy are the components of the core construct of PsyCap- a positive organizational behavior of the employee. This would expectedly moderate the negative responses of the employees exhibited as a result of perceived organizational injustice.

This helps us to hypothesize that PsyCap will moderate the relationship between perceived organizational injustice and employees' EVLNC responses (Avey et al., 2010).

#### *Moderation of (PsyCap) in model I*

PsyCap will moderate the relationship between distributive injustice and employees' V&L responses.

#### Moderation of PsyCap into the Relation between PDIJ and V&L



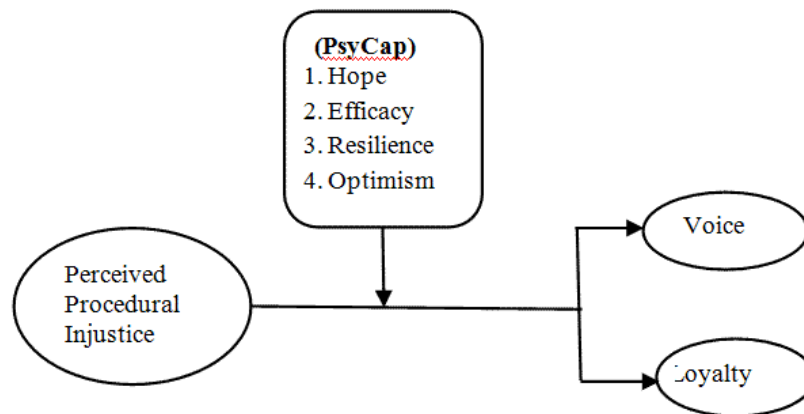
Hypothesis 5: PsyCap significantly moderates the relation between Perceived Distributive Injustice and Voice response.

Hypothesis 6: PsyCap significantly moderates the relation between Perceived Distributive Injustice and Loyalty response.

#### *Moderation of (PsyCap) in Model II*

PsyCap will moderate the relationship between procedural injustice and employees' V&L responses.

Moderation of PsyCap into the Relation between PPIJ and V&L



#### **Methodology and Sample**

This research is a cross sectional field study which usually depends on survey strategy (Easterby Smith et al., 2002; Robson, 2002).

The population of the research comprised of the employees of a variety of occupational groups and organizations so that participation and

representation of wide range of individuals and variety of jobs can be ensured. The respondents of the research were the employees of banks- both national and international -working in Pakistan, universities, national and multinational telecommunication companies, healthcare services sector and engineering services of private and public sector of Pakistan.

The instrument was translated into Urdu using translation and back translation method after consulting experts from English language and Urdu language and seeking help from experts of psychology sociology and management sciences such that the instrument would become fully understandable to the local respondents.

### **Measures and instruments of Independent Variables**

#### *Perception of Injustice*

Perceptions of organizational injustice from two dimensions were measured by well-known justice measure introduced and validated by Colquitt et al. (2001). This measure contains 20 items containing four items to measure distributive injustice and seven items for procedural injustice on a 5-point Likert scale from 1 (strongly disagree or very unfair) to 5 (strongly agree or very fair). This measure has an overall reliability of .92.

The instrument used by Colquitt (2001) was originally devised for measuring justice and not injustice. The scale on Colquitt's original instrument included 1 for 'to a small extent' and 5 for 'to a large extent'. This means the instrument was designed for measuring only justice and not injustice. Following the later researchers (Judge & Colquitt, 2004 and Johnson, 2008) the current study revised the scale of the instrument as 1 for 'strongly disagree' and 5 for 'strongly agree'. Even then it became unclear that whether the respondents would use the low end of the scale to mean unfairness and injustice or instead they would mean low level of fairness and justice. Therefore, to overcome this problem the present study followed the course of research adopted by Johnson (2008) and fairness wording was added to the scales of the instrument and a description of what is fair and what is unfair was added so that the respondents may be clear of the intention of the instrument. For further clarity of the measure Fairness is described as impartial, equitable, unprejudiced, decent and honest, while unfairness is described as biased, prejudice, discriminatory, inequitable and one-sided. All items were then reverse coded so that high score on the scale i.e. above 3 indicated perception of injustice, low score on the scale i.e. less than 3 indicated justice and score 3 represented neither fair nor unfair (Johnson, 2008).

- i). Measure and Instrument of Dependent Variables (Voice and Loyalty): Employee responses (VL) are the dependent variable

in this study. The responses were measured using the scale of Hagedorn and colleagues (1999) for voice and loyalty. The measure contained 10 items for measuring Voice and Loyalty responses on a seven point Likert scale from 1 (strongly disagree) to 7 (strongly agree).

- ii). Measure and instrument of Moderating Variables Psychological Capital (hope, optimism, Resilience and self-efficacy): All the constructs of psychological capital-hope, optimism, Resilience and efficacy were measured using PsyCap questionnaire (PCQ) developed by Luthan (Luthans, Youssef, and Avolio 2007); which has 24 items divides the response choices into a 6-point Likert type scale (1 = *strongly disagree*, 2 = *disagree*, 3 = *somewhat disagree*, 4 = *somewhat agree*, 5 = *agree*, 6 = *strongly agree*).

The reliability for hope in PCQ was found to be .89 for 'hope' and a sample item for measuring hope is, "There are lots of ways around any problem". The reliability for efficacy was .87 and the sample item for 'efficacy' is, "I feel confident in analyzing a long-term problem to find a solution". The reliability of 'resilience' was .91 and the sample item for 'resilience' is, "I usually manage difficulties one way or another at work". The reliability for 'optimism' was .89 and the sample item for 'optimism' is, "When things are uncertain for me at work, I usually expect the best".

### *Analysis*

Main survey was conducted after the reliability test of the pilot survey. Analysis of the data was conducted in two stages.

- i). Preliminary Data Analysis (PDA) using MS Excel and SPSS 21
- ii). Analysis for Hypothesis testing using SEM through SPSS Amos 22.

Structural equation modeling (SEM) was employed for main data analysis and hypotheses testing. The analysis of the results from the measurement model are presented along with the details, analysis and results obtained from structural model testing. Descriptive statistics were calculated for the sample and variable description.

### *Demographic Composition of the Data*

The data for the research was collected through personal contact with the respondents by the representative of the researcher. The sample of the data was stratified which was collected from five sectors (banking services, engineering services, health services, higher education and telecom service).

Out of total respondents of 905, 195 (21%) from banking, 182 (20%) from engineering, 177 (about 20%) from health services, 177 (about 20%) from higher education and 174 (19%) from telecom services. Majority of the respondents were male 769 (85%), married 753 (83%), in the age group 36-45 i.e. 456 (50%), 506 (56%) having post graduate degree (MA/MSc.), engaged in middle management 529 (58%) with a service experience of 5-10 years 524 (58%).

### Data analysis

#### *Test for Normality*

The normality test was conducted through looking at skewness and Kurtosis values. Though the data was found negatively skewed but fell into the acceptable range of normality as the skewness and kurtosis value for all the variables fell between -1 and +1 and -2 and +2 respectively.

#### *Test for Reliability*

The reliability of the construct was judged through conducting reliability test and observing the Cronbach Alpha values of the constructs. Cronbach's Alpha based on standardized items for all the constructs were found to be greater than 0.7 thus confirming the data for further analysis.

#### *Correlation*

The study of the correlation matrix tells that the hypothesized relation between independent variables and dependent variables exist.

	Mean	Std. D	PDIJ	PPIJ	V	L	H	E	R	O
PDIJ	19.43	5.42	1							
PPIJ	15.8	3.74	.58	1						
V	22.46	6.26	.01	.26	1					
L	22.03	5.72	-.21	-.13	.27	1				
H	24.40	5.40	.012	-.06	.47	.43	1			
E	23.18	6.12	.11	-.02	.55	.32	.66	1		
R	22.94	5.10	.12	-.00	.44	.29	.62	.59	1	
O	22.88	4.28	.08	.06	.43	.36	.59	.54	.68	1

#### *Correlation Matrix*

#### *Factor Analysis*

In order to test the robustness of the constructs of each variable the researcher employed Confirmatory factor analysis. Although the constructs are adapted from established studies that have used properly

validated scales. Still, to validate these scales in the particular context CFA is utilized.

#### *Perceived Organizational Injustice*

As far as the standardized regression weights of PPIJ are concerned all of the seven items have the values above 0.5 (from minimum value for ppij1 .60 to maximum value of .75 for ppij4 and ppij5) and shows that all the items are loading well onto the extracted construct of Perceived Procedural Injustice (PPIj)

#### *Voice and Loyalty (V& L)*

Factors loadings for voice and loyalty were found well as the standardized regression weights for all the items of these construct were greater than 0.5 (ranging 0.61 to 0.86 for voice and 0.65 to 0.84 for loyalty).

#### *Psychological Capital*

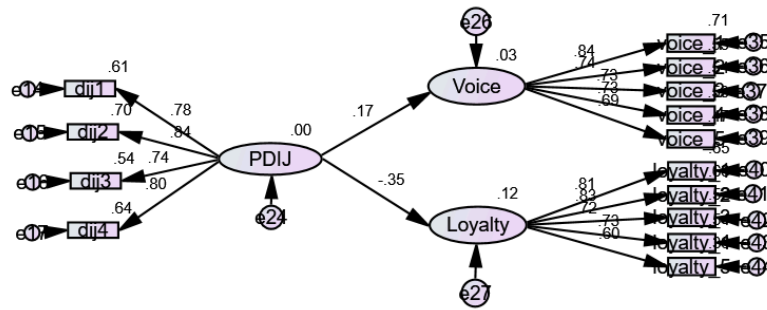
Factors loadings for core construct PsyCap were found well as the standardized regression weights for all the items of sub construct hope, efficacy, resilience and optimism (HERO) were greater than 0.5 (ranging from 0.435 to 0.736 for hope, 0.429 to 0.688 for efficacy, 0.031 to 0.695 for resilience, and 0.233 to 0.554 for optimism).

#### *Relationship between Perceived Distributive Injustice and Employees' Voice and Loyalty Responses*

The initial model did not fit well to the data. Examination of, modification indices suggested some theoretically meaningful changes in the model. 08 error covariance were added to the model and the final modified model showed great fit to the data.

The path model examining the relationships between distributive injustice and expected outcomes fitted the data well,  $\chi^2 (1) = 7.779$ ,  $p = .738$  (shows that the model is internally consistent), the CMIN/df ratio = 3.890, CFI = .990, RMSEA = .057 (90 % CI = .019 -.101; P Close = .326).

Path Diagram showing the relationship between PDIJ and V&amp;L



Distributive injustice was found to be a significant and positive predictor of Exit ( $\beta = .17$ ,  $p < .05$ , significant and, significant and negative predictor of Loyalty ( $\beta = -.35$ ,  $p < .05$ ). Overall, distributive injustice accounted 3% in Voice and 12% in Loyalty.

#### *Distributive Injustice and PsyCap Moderation*

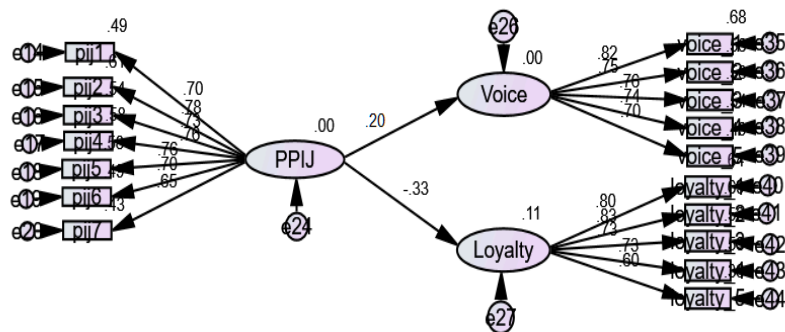
For investigating the effect of PsyCap on the relationship between distributive injustice and employees' responses, Zhao and Cavusgil (2006) technique was adopted in this research. According to Zhao and Cavusgil (2006), a two-group model is useful because it could determine whether Psychological Capital moderates the relationship between perceived organizational injustice and Voice and Loyalty responses. The sample was split into 2 groups according to the median score of PsyCap 3.94. The results indicates strong role of PsyCap.

In the low PsyCap model distributive injustice was found to be a significant and positive predictor of Voice ( $\beta = .45$ ,  $p < .05$ ), a significant and a negative predictor of Loyalty ( $\beta = -.52$ ,  $p < .000$ ). Overall, distributive injustice accounted for 20% in Voice, 27% in Loyalty.



Procedural injustice was found to be a significant and positive predictor of Voice ( $\beta = .20$   $p < .02$ ), a significant and negative predictor of Loyalty ( $\beta = -.33$   $p < .00$ ). Overall, procedural injustice accounted for 0% of variance in Voice and 11% in Loyalty.

Path Diagram showing the relationship between PPIJ and V&L



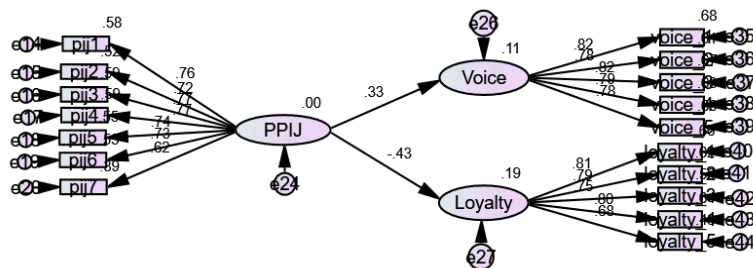
#### *Procedural Injustice and PsyCap Moderation*

For investigating the effect of PsyCap on the relationship between procedural injustice and employees' Voice and Loyalty responses, the sample was split into 2 groups according to the median score of PsyCap 3.94 as previous.

In the low PsyCap model procedural injustice was found to be a significant and positive predictor of Voice ( $\beta = .33$ ,  $p < .000$ ) and a significant and negative predictor of Loyalty ( $\beta = -.43$   $p < .000$ ).

Overall, procedural injustice accounted for 11% of variance in Voice and 19% in Loyalty.

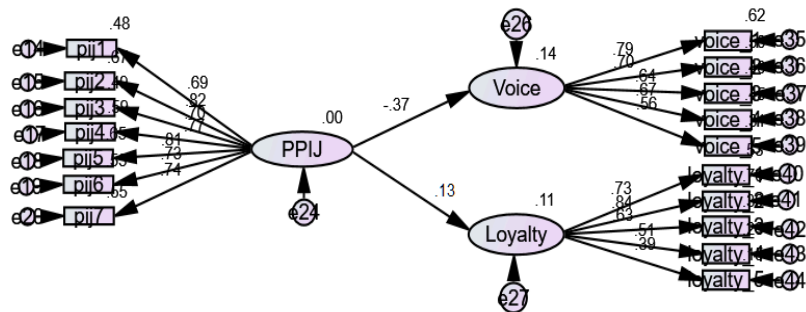
Path Diagram showing the effect of low PsyCap on the relationship between PPIJ and V&L



In case of high PsyCap model procedural injustice turned out to be a significant and negative predictor of Voice ( $\beta = -.37$ ,  $p < .000$ ) - strong moderation of PsyCap, a significant and positive predictor of Loyalty ( $\beta = .13$ ,  $p < .01$ ) – strong moderation of PsyCap

Overall, procedural injustice accounted for 14% of variance in Voice and 11% in Loyalty.

Path Diagram showing the effect of high PsyCap on the relationship between PPIJ and V&L



### Discussion and Conclusion

The objective of the study was to investigate the relationship between two dimensions of organizational injustice and Voice and Loyalty responses i.e. to find out how perceived distributed injustice and procedural injustice is related to voice and loyalty responses of workers in an organizational settings and to know that how psychological capital affects these relations in a context not considered earlier

	PDIJ	PPIJ
Voice	.17( $p < .05$ )	.20( $p < .02$ )
Loyalty	-.35( $p < .05$ )	-.33( $p < .00$ )

The results of this empirical study has indicated that perception of distributive injustice and procedural injustice has a positive impact on voice response and negative impact on loyalty response. Perception of procedural injustice has a relatively higher impact on voice than distributive injustice. ( $\beta = .17$  and  $\beta = .20$  respectively), while distributive relatively lower impact on loyalty than procedural injustice ( $\beta = -.35$ ,  $\beta = -.33$  respectively). It is quite obvious that employees are relatively more sensitive towards loyalty response than voice response with respect to distributive injustice and procedural injustice. A culture of high power distance where the effort from the employees to improve the situation

through voice instrument seems unlikely and employees are more inclined towards patiently waiting for the situation to improve. But at the same time it is obvious that the tendency of patiently and silently waiting for the unfair situation to improve itself (loyalty) decreases sharply as the perception of injustice increases.

The perception of distributive and procedural injustice can be explained on the basis of instrumental approach to organizational justice along with the deontological model of justice. The instrumental approach uses two theoretical frameworks: economic rationality theory and social exchange theory (Rupp et al., 2002). According to economic rationality theory human beings tend to maximize their self-interest by logically comparing costs and benefits to obtain an estimate of value. Therefore, individuals care about justice because fair systems provide guarantee to obtain valued economic gains (Crawshaw et al., 2013). This is very similar to Adam's equity theory which assumes that justice is a comparative calculation of one's inputs and rewards from a decision making system (Moliner et al., 2013). If valued economic gains are estimated to be less than the estimated benefit, self-interest is damaged and perception of injustice arises. While deontological model which is also termed as moral virtue model implies that people are not only concerned about fairness to protect their self-interest but also expect fairness because it is a moral obligation to be fair to all others- a motive for moral virtue rather than a selfish motive.

The results of the study have also confirmed the moderating role of psychological capital. (PsyCap). PsyCap appeared as a strong moderator of the relation between perception of distributive and procedural injustice and voice and loyalty responses. PsyCap has significantly weakened voice and loyalty cynicism responses. This moderation can be explained on the basis of cognitive appraisal theory. According to these theories primary cognitive appraisal of an event has a simple positive or negative relevance with the person's well-being which in turn leads to a significant attenuation of the emotional reaction. The secondary appraisal is translated into some specific emotion which determines a person's ultimate attitude and behavior. In fact a series of multiple appraisals, reappraisal, cognitive changes and emotional regulations occur from event perception to generation of emotion at the work place as explained in the work of Gross, Richard & John (1998)

#### *The Strengths of the Study*

This research is therefore examining the effect of perceived organization injustice on employee responses in an Asian emerging economy like economy of Pakistan. Pakistani society is unique society with power distance index 55, uncertainty avoidance index 70, and masculinity index 50 on the Hofstede cultural dimension index, showing the

tendency to accept the unequal distribution of power in organization and institutions, living with uncertainty and high assertive role of males in the society, self-centeredness, individual achievements, focusing on material success.

The current research has been completed in a culture of high power distance with risk averter population of a developing country like Pakistan, where the economy is growing with respect some of the socio-economic indicators, like GDP, per capita income, literacy rate etc. but at the same time the economy is facing high unemployment, heavy debt burden and decrease in the profitability of the businesses. Therefore the results of the study about organizational injustice, employees' response and PsyCap moderation in such cultural and economic context will provide a unique contextual contribution to the justice literature. The study has validated and confirmed results of those studies in a context not considered earlier.

Majority of the studies measured justice scale i.e. low justice =1 to high justice = 5, whereas present study measured the injustice directly using the reverse coding method of the justice scale i.e. low injustice =1 to high injustice =5.

The most important aspect of the present research examined the moderating role of positive organizational behavior –psychological capital (PsyCap) in the relation between four dimensions of organizational injustice and exit, vice, loyalty, neglect and cynicism responses.

### **Future Research Directions**

The current study focused on Voice and Loyalty responses to organizational injustice but there may be many more responses that are needed to be investigated in future research, like exit, neglect, Cynicism, adaptation (accepting injustice painlessly without any objection) or opportunism (availing the opportunity to be the part of injustice and justifying to secure the personal benefits) etc.

Future research on the subject may use longitudinal study model with random sampling technique and may also replicate in a different cultural settings to further validate and confirm the results of the present study.

### **Conclusion**

Workers are the most important resource for the organization. Their skills and experience play an important role for the betterment of the organization (Acquaah and Tukamushaba, 2009: 359). Although organizations require a number of resources for accomplishing the organizational goals, like financial, material and informational resources but human resources is the most important resource to obtain the

organizational objectives (DeNisi & Griffin, 2008). Thus it is very important that organizations manage effectively their human resources to achieve these organizational objectives (Hays et al., 2009). But an important aspect of human resources, organizations normally do not consider is the impression of fairness and justice at workplace and eliminating the perception of injustice of the employees (Ponnu & Chuah, 2010).

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