

Perception of Justice and Trust in Software Industry of Pakistan

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Abstract

The present study concentrates on how organizational justice influences trust and performance of employees in an organization. Trust level of employees is affected by how employees perceive justice in organizations and hence, it also affects the performance of the organization. It may be inferred that trust is a vital component in mediating the connection of organizational justice and organizational performance. The industry used for the present research is the software industry of Pakistan. A structured questionnaire was sent to 350 employees, randomly selected, working in various software firms in Punjab, Pakistan. Structural Equation Modeling - AMOS was applied for analyzing the data. The findings from the research revealed that trust played a strong mediating relationship between fairness and performance of the organization. The results provide useful insights for organizations, particularly the software firms of Pakistan since this study considers factors other than economic gain that may be more important to the employees in improving the performance of the organization.

Keywords: organizational justice, organization trust, organizational performance, software industry

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1. Introduction

Retaining productive employees and maintaining their performance to an optimal level is a major challenge that organizations have to confront to stay in this competitive market place. Companies employing high technology professionals face a great problem in managing turnover of the employees (Dockel et al., 2006). A great responsibility lies on the shoulder of the managers to make their employees feel like an intellectual asset for the company and not a burden so that employees are retained for a longer time period (Pare', Tremblay, & Lalonde, 2000). For employees to stay committed with the organization, it is vital to create an environment where trust prevails. Researchers (Argyris, 1964; Gambetta, 1988; La Porta et al., 1997; Goergen, 2012) tend to agree with the fact that organizational trust has a lot of visible results for the firms and it promotes workers' performance (Barney & Hansen, 1994).

Huff and Kelley (2003) suggested that the capability of an organization to beat the competition is dependent on its ability to build an environment based on trust. Organizational trust is considered to be a lubricant that increases the efficiency and effectiveness of an organization (Culbert & McDonough, 1986). On the other side, an environment of mistrust leads to many negative outcomes. Organizational trust is referred as a standing perception of confidence or hopefulness of employee to get fair treatment from organization in any future transaction (Cohen-Charash & Spector, 2001).

In this study, the term organizational justice is used to express employees' perception of a fair treatment from the organization. The concept of fairness is evident when employees consider that they were treated as they deserve in past transactions. Byrne and Cropanzano (2001) suggested three facets of fair treatments or justice i.e., distributive justice, procedural justice and interactional justice. Organizational justice and organizational trust are both important phenomenon to be studied from employee and employer's perspective. Trust level gradually builds up when employees perceive repetition of justice or fair treatments within the organization. It is also expected that building trust level may take several consecutive fair treatments while reducing trust level may become evident with only few unfair treatments or perceptions. It is vital to assess

the employee's perception of fairness since it helps in better understanding of how to build employees trust level.

MacNeil (1985) stated that trust is dependent on exchange. Exchange can be economic exchange or social exchange (Konovsky & Pugh, 1994; Settoon et al., 1996). Economic exchanges are usually for a short term and are based on economic transactions. Social exchanges are dependent on relational contracts that are not written down but only experienced.

Exchanges, employees' perception of fairness and trust are important constructs to study from employer's perspective since they directly affect the performance of the organization. Performance is referred to as the outcome of work as it gives details about the organizational progress. It is considered to be a tool to measure if the organization is able to achieve its strategic goals, mission and values. Organizations use performance management system to measure if the efforts and goals of the employees are in line with the goals of the organization. Organizations are interested to know regarding the determinants of organizational performance since it helps them to increase the performance of their firm. To observe the impact of different antecedents on performance the model was divided into two parts.

In the first part of the model, the direct impact of justice on employee's performance is observed (Dirks & Ferrin, 2001). Later, the impact of trust in mediating the relationship between justice and workers performance was checked (Kramer, 1999). Argyris (1972) pointed that increasing the level of trust in management can increase employee's performance. It was also stated that trust works as a binding force to keep employees together and increase their output (Gilbert & Tang, 1998). Applying the same analogy, it is hypothesized that trust has a strong role in mediating fairness and organizational performance.

For empirical analysis, data is collected from the software industry of Pakistan. Limited research is available specific to (Information Technology) IT sector employees. This study is an effort to better describe the function of trust as a mediator between perception of fairness and organizational performance of the IT sector employees. IT sector is considered to be one of the fastest growing industry in Pakistan. Government of Pakistan has announced several

steps including tax exemptions, and zero income tax on IT exports till June 2019 to further boost the growth of this sector.

National Incubation Centers (NICs) is another initiative by the government to equip the IT industry and to provide opportunities to young entrepreneurs of Pakistan with infrastructure and mentorship. Growth and competitiveness in this industry emphasize the effective utilization of human capital by optimizing their output. Since, this sector is providing services to the clients thus; employee's creativity, ambitiousness and quality of output are important factors to gain success. Cross sectional data i.e. data from individuals at one point in time was collected and analyzed.

In the present research, firstly, the literature on organizational justice or perception of fairness and organizational performance is assessed. From the literature, a model is derived that assimilates the effect of organizational justice effect on trust level in the organization and eventually its impact on the organizational performance is proposed. In this research structural equation modeling (SEM) has been used to test the model.

From the present research, it was concluded that organizational justice has a significant function in setting the performance level of the employees. Partial mediation was observed proving that organizational justice and organizational trust both play a positive and significant role in improving organizational performance. This study would help the policy makers in improving human resource strategies and training programs. It would also aid the managers in implementing fair means of formal procedures and incorporate a proper system to allocate rewards and bring into practice fair interpersonal treatments which would lead to employee retention (Donovan, Drasgow, & Munson, 1998).

Literature is filled with evidence where researchers have probed the association between employee fairness perception and performance outcome of employees (Cropanzano & Greenberg, 1997; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Theorists also empirically analyzed that a clear relationship exists between fairness in organizations and employee outcomes (Konovsky & Pugh, 1994). However, these researches have taken place in the individualistic

states of west and their generalization to a collective state like Pakistan is questionable. Thus, in the present study a mediating variable i.e. organizational trust is added and its effect on organizational performance is monitored.

The aim of this study is to highlight the employees' perceptions of organizational justice and enhanced organizational performance when trust mediates the relationship. Trust affects the way in which employees interact with one another. In organizational settings, trust is believed to affect the way in which the trust allocates resources while interacting with the trustee and this relationship leads to enhanced performance (Ambrose & Schminke, 2003; Dirks & Ferrin, 2002; Mayer & Gavin, 2005). Another important facet of this research is that organizational justice is considered to be a single construct consisting of the three dimensions of justice. It is different from the work conducted by Masterson, Lewis, Goldman, and Taylor (2000) who have either considered two dimensions to measure organizational justice or only one dimension is taken (Moorman et al., 1998).

2. Literature Review

Organizational justice is the employees' perceptions of justice within an organization (Greenberg, 1990). Distributive justice, procedural justice and interactional justice are the main facets of fairness that firms must practice in order to improve the productivity and efficiency of employees (Adams, 1965; Walster, Walster, & Berscheid, 1978; Leventhal, Karuza, & Fry, 1980; Bies & Moag, 1986). Distributive justice highlights the fairness of rewards that an employee gets in form of rewards and promotions (Greenberg, 1990). Among several other concepts that emerged from distributive justice, equity theory is the direct manifestation of the perception of distributive justice (Lee & Mowday, 1987; Lind & Tyler, 1988).

Perceived inequality occurs if an employee cannot find a balance between the ratio of his/her input and output and the ratio of input and output of his/her reference. On the other hand, a balance between the said ratios will create perception of fairness and justice (Greenberg, 1990). Procedural justice deals with the fairness of alignment and analysis of procedures used in determining employee's outcome (Folger & Konovsky, 1989). Byrne and Cropanzano (2001) stated that procedural justice is the most valuable

organizational construct of perception of justice. Interactional justice explains the behavior workers receive from supervisors and the way decisions and rules are communicated in the organization (Kim & Leung, 2007).

Past research explains the perception of three dimensions of justice, having a direct impact on performance, satisfaction level, trust, organizational citizenship behavior and commitment of employees (Colquitt et al., 2001; Nowakowski & Conlon, 2005; Whithman et al., 2012).

Perception of fairness plays a vital part in directing and controlling workers future behavior (Colquitt et al., 2001). Research suggests that employees evaluate the exchange relationship with their supervisors and then set their targets and future performance (Wayne, Shore, & Liden, 1997). For instance, workers with a perception of unfair treatment does not show commitment towards the firm and maintain a bare minimum output (Skromme & Baccili, 2006). These studies suggested that perception of organizational justice that is created in the minds of the workers affected their behavior.

Research suggests that there are several things that count in forming the organizational justice perceptions. The first antecedent is employee's participation in forming procedures (Greenberg, 1982). The second antecedent is the decisions of leaders reflecting fairness towards the employees. The third antecedent is communication i.e. how well the manager communicated information to the employees to reduce uncertainty (Greenberg, 1982). It has been proved empirically that organizational justice impacts organizational trust strongly (Zaheer, McEvily, & Perrone, 1998; Mayer & Gavin, 2005; Heavey, Halliday, Gilbert, & Murphy, 2011).

Trust has a multidisciplinary perspective due to which its literature is filled with definitions having different viewpoints (Rousseau et al., 1998; Hart et al., 1986). Blau (1964) measured trust as a construct embedded in the social exchange theory. This theory builds on the fact that relationships are built on trust. Social exchange increases the level of trust and helps in building a sense of obligation. In fairness heuristic model, trust takes a similar stance.

This theory insists that trust plays a vital role for employees in assessing whether to work in collaboration with the employers especially in an uncertain situation (Lind, 2001). Meyer et al., (1998) described trust as being vulnerable to willingness.

Mayer, Davis, and Schoorman (1995) mentioned that trust involves a factor of risk in a relationship which arises during transaction. Risk is assumed when the other person may not oblige the expectation. Positive hope, actions and confidence one exhibits on the other person are considered to be as important factors of trust (Lewicki & Bunker, 1995).

For this research, trust is considered as the willingness to be vulnerable to the trustee and this is only possible if a person is confident regarding positive expectations of the other party. There is no formal contract between the two parties especially in a situation when risk is involved. Thus, for this research, willingness to be vulnerable, positive expectations and hope is considered to be two sides of the same coin. Trust is also considered to be the result of employees' belief. If an employee believes that decisions taken by the firm presently are fair then they will be sure that the future organizational decisions will be fair too (Deconinck, 2010).

Trust is not only important from organizational stance but also from economic point of view. Business that takes place internationally is also based on trust which eventually affects the economic performance of the country (Niazi & Hassan, 2016). A number of studies have been conducted to propose that trust is an essential component for understanding group and individual behavior (Hosmer, 1995).

Management theorists believe that trust is important in conduct of human affairs. According to Lewis and Weigurt (1985), term trust is equivalent to cooperative behavior. The ultimate goal of net benefit and willing interpersonal cooperation are associated with concept of trust in behavioral literature (Lewis & Weigurt, 1985; Meeker, 1984). According to the relational exchange theory of trust, personal relations play a vital role in generating trust and daunt opportunistic behavior within organizations (Zaheer, McEvily, & Perone, 1998).

Organizational performance is a vast concept and hence financial and non-financial performance measures are important to

study. It is considered to be an important area to probe especially when empirical research is conducted in the area of social sciences. Organizations are continuously striving to improve the organizational performance thus; they are putting in endless efforts to understand the factors which are important for their growth. Literature suggests that factors such as satisfaction, commitment and motivation directly effects performance (Cranny, Smith, & Stone, 1992; Skarmeas, Katsikeas, & Schlegelmilch, 2002; Kusurkar, Ten Cate, Vos, Westers, & Croiset, 2013). It may be concluded from the present study that if organizations want to grow and gain competitive advantage then they need to focus not only on the marketing campaigns, motivation of employees and financial profits but they also need to consider the employees; their trust level and justice system in addition to the rules and regulations prevailing in the firm.

The administration of justice functions as bedrock upon which societies are built (Jafari & Bidarian, 2012). When employees within an organization perceive its procedures, employee dealings and consequences of its decision as fair, they feel secure and develop confidence, giving rise to organizational trust. Risk taking behavior of employees is also dependent on the perception that the employees build and trust as a whole regarding their organization.

Trust is a multifaceted variable and a complex construct with various determinants, operating at various positions in the firm to assist organizational performance. Trust further gives rise to positivity in the employees in form of commitment, satisfaction and professionalism. Procedures that are based on a fair structure help employees feel more secure about the system along with the decision making power of the key personnel. On the other hand, appropriate dealing of conflicts led to more confidence in the employee-employer interaction (Jafari & Bidarian, 2012). A study conducted by Polat and Celep (2008) on educational institutions determined a positive relationship between justice and trust. Thus, in this research it is also proposed that:

H1: Organizational justice has a direct impact on organizational trust.

Blau (1960) considered trust as an important factor in social exchange relationships. Employees would reciprocate more pleasingly if they receive support and encouragement from the employer. Gouldner (1960) provided an interdisciplinary review on Social exchange theory.

Fukuyama's (1995) theory gave a stance on the phenomenon of trust. He stated that organizations have to spend extra money to bridge the gap between employees and employers when perception of fairness decreases in the firm. Performance of the employees is affected by the perception of fairness and the practices that organizations follow. Both justice and trust bring out positive behaviors in employees such as loyalty, organizational citizenship behavior, satisfaction and commitment. Organizational trust is the faith and confidence in the organization, its overall goal achievement, its leaders, their actions and decisions that they will be valuable for workers (Gilbert & Tang, 1998; Ismail, 2015). Fukuyama (1995) asserted that firms and nations grow when trust increases among the members of the society or organizations. Fukuyama (1995) proved in his study that a significant effect of trust exists on the performance of the organizations.

According to Dore (1983) trust in organizations works as a facilitator in exchange relationships. Cummings and Bromiley (1996) also stated that organizations that have high organizational trust reduces the need of negotiation in contracts which also lowers the transaction cost and hence makes it easier for the corporations to trade. Whiteley (2000) stated that trust decreases the amount spent by corporations on policing the employees and contracts which in essence reduces the financial burden on firms. This also improves the performance of the organization. A vital component to attain prosperity in any economy and organization is to maintain trust. Hence, for the purpose of this research it is proposed that:

H2: Organizational trust has a direct impact on organizational performance.

Organizational justice is a crucial factor for effective and efficient performance of any firm. It is believed to be the basic component for employee's loyalty with the organization or to depart from the firm (Folger & Konovsky, 1989). Several studies prove that justice is an imperative factor for firms to gain market share in the

industry. The focus of employees in an organization is on the fair treatment among the worker which motivates them to perform better. According to Owolabi (2012) there are numerous facets that count towards employees' retention but fairness perception is the most important out of all to increase organizational performance. Thus, for this study it is proposed that:

H3: Organizational justice has a direct impact on organizational performance.

The proposed model of the research is depicted in Figure 1.

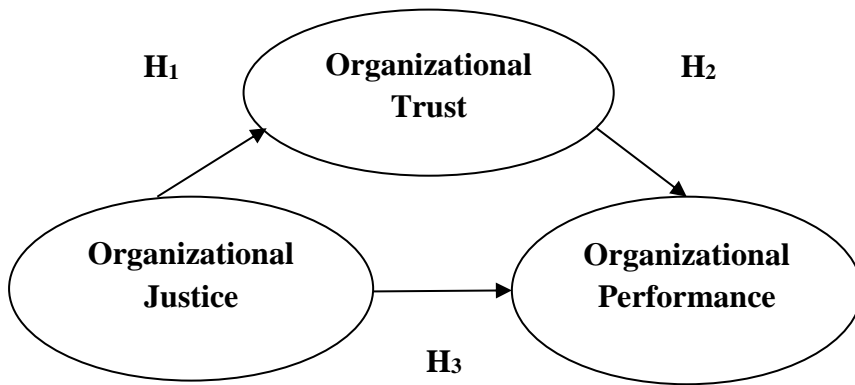


Figure 1. Theoretical Model of the Study

3. Data and Methodology

The main aspect of the present research was to discover the impact of organizational justice on organizational performance and also observe the impact on this relationship when organizational trust mediates this relationship. The purpose of this research was inclined towards explanatory research which attempted to connect variables in a cause-and-effect relationship through quantitative analysis. The research design adopted was cross-sectional, as the data were collected from the software industry at a specific point in time. The target population for this research consisted of both male and female employees working at middle to upper management positions in various software organizations in Punjab, Pakistan.

Moreover, the research strategy which encapsulated the plan of action was to survey the sample using a structured-questionnaire. The technique used for sampling was probability sampling under which random sampling technique was used since employees were randomly selected and then a questionnaire was given to them to collect data. Before distributing the questionnaires a pilot study was undertaken. Pilot testing helps in evaluating the questionnaire for mistakes and recommendations are welcomed before a complete study is conducted (Jenkins & Dillman, 1995). Thus, for the present study, 30 questionnaires were sent to software engineers in software houses to check the adequacy of the research instruments. The feedback of the pilot study pointed that the instrument was easy to comprehend and well understood by the respondents and thus actual data collection was started.

The researcher left the questionnaire with the respondents once the purpose of the research and confidentiality of the study was clearly communicated. This was done since the questionnaire was comprehensive and required sometime to be completed. A sample of 400 employees was selected for the study however, 350 complete responses were received and used for data analysis.

All the respondents were requested to respond the questions related to the organizations that they are working for. In the questions pertaining to non-financial performance measure, participants were required to reply the questions based on their knowledge and opinion. After data collection, all the data was entered to SPSS software and then SEM was applied to measure the relationship between the latent variables (Hoyle, 1995). Amos-21(Analysis of Moment Structure) was used to test the hypothesis presented in the model. Since the questionnaire had sensitive data thus anonymity was assured to the respondents.

The questionnaire used consisted of two parts; the first section consisted of questions pertaining to the demographical aspects of the target sample. The second section consisted of measurement scales used to measure organizational justice, organizational trust and organizational performance.

4. Measures

4.1 Organizational Justice

The present research divided the construct of organizational justice into three measurable components: distributive justice, procedural justice and interactional justice. The questionnaire consisted of seventeen items on justice perception. To measure distributive justice five items were adopted from the instrument developed by Price and Mueller (1986). In the present study it refers to the fairness in relation to the decisions and the distribution and allocation of resources (Loi et al., 2006). Instrument developed by Moorman (1991) was used to measure procedural justice and six items were extracted for the present study. Procedural justice in this research is referred to as the fairness in process and procedures that lead to the distribution of rewards (Loi et al., 2006). Again, six items were shortlisted to measure interactional justice from the instrument developed by Moorman (1991). As defined by Bies and Moag (1986) interactional justice is the treatment that a worker gets as decisions are made.

4.2 Organizational Trust

Organizational trust is an important component for organizations to function properly and since risk is involved in trust and it requires both parties to be vulnerable to each other it is required more than anything in this crisis situation (Mishra, 1996). In literature, three widely used survey instruments (Nyhan & Marlowe, 1997; Mayer & Davis, 1999; Schoorman & Ballinger, 2006) are used to measure organizational trust. For the purpose of this research six items were selected from the questionnaire developed by Schoorman and Ballinger (2006) since, it is recommended to be valid and reliable having cronbach alpha = 0.84. Keeping in view the organizational level context, slight changes were made to the original items to customize it according to the need of the present study. The response scale ranged from strongly agree (5) to strongly disagree (1).

4.3 Organizational Performance

From organizational stance, it is significant to measure performance since, it is one of the indicators that highlights the progress of the firm (Cagnazzo, Taticchi, & Brun, 2010). The present research presents a comprehensive performance construct to include non-financial indicators of organizational performance. Four dimensions were

used to measure performance which included in these constructs were based on customer loyalty, sales growth, profitability and return on investment. For the present research subjective evaluation technique was applied to measure performance of the firms. Subjective measures were preferred due to the difficulties and problems used in accounting methods (Dechow, Sloan, & Sweeney, 1995).

Many social researchers (Powell & Dent-Micallef, 1997; Spanos & Lioukas, 2001; Inmyxai & Takahashi, 2010) argue that financial data is unreliable and manipulated for certain purpose hence, subjective data is considered to be more reliable. In the present study, six items purposed by Tippins and Sohi (2003) were used to measure organizational performance proving validity and reliability of the instrument. Respondents were requested to answer regarding their firm performance in competition to the direct competitors in relation to the performance during the last 3 years.

5. Results and Discussion

The descriptive statistics presents the demographic characteristics of the respondents of the research study. Data were collected from 400 participants, who were employees of software firms of Punjab. Data from 50 respondents were deleted from the research due to incomplete data. Thus, data were analyzed using 350 employees. The demographic statistics indicated that majority of the male members (62%) participated in the survey as compared to female employees (38%).

As far as the age was concerned, 09% of the employees were in the age bracket of 18 to 24 years of age and majority i.e. 43% of the employees was in between 25 to 30 years of age. Out of 350 respondents, 250 respondents were married. It was observed that most of the employees did not gain higher qualification than Bachelors thus, 287 participants out of 350 had Bachelor's degree. Among the total respondents and on per month basis, 20% of the participants had income in between Rs.45,000 to Rs.55,000; 26% had income between Rs.56,000 to Rs.65,000 and 42% of the employees had income between Rs.66,000 to Rs.75,000. It was interesting to note that employees had a higher turnover ratio in this sector and the average tenure with the same organization was in be-

tween two to four years. Data was collected from only two departments i.e. Quality Assurance (42%) and Software Development (58%).

As recommended by Anderson and Gerbing (1988) for analyzing the data, a two-step approach was used in the present research. In the first part measurement model analysis was conducted and in the second part the structural relationships among latent constructs were tested. The aim of the two-step approach was to evaluate the reliability and validity of the measures before they were used in the full model. This section of the research validates the measurement of the variables selected by applying confirmatory factor analysis (CFA). This section also addresses the convergent validity, discriminant validity and reliability of the data. CFA serves the rationale of testing the uni-dimensionality of the variable. According to Cossé, Mueller, Dem, and Clément (1996) CFA evaluates the data set by verifying the structure on the basis of the theoretical ground.

According to Coakes, Steed, and Ong (2007) there are many methods of calculating reliability. The most commonly used method to calculate the reliability is via Cronbach alpha (Baron & Kenny, 1986; Hair et al., 1998; Coakes & Steed, 2007). In the present research, the internal reliability was assessed by calculating cronbach alpha. The cronbach alpha for organizational justice was 0.832, organizational trust = 0.840 and for organizational performance = 0.840. The values of the cronbach alpha were greater than 0.70 for all the constructs proving, that the instrument was internally consistent.

In the current research, to examine the construct validity, confirmatory factor analysis (CFA) was applied. In CFA each measurement item loading was checked if it loaded significantly with the construct that it was associated with. As recommended by Grewal et al. (1998) if the factor loading is greater than 0.5 than a construct does converge on the same construct. The result drawn after the analysis showed that all the loadings were greater than 0.6. All the factor loadings were significant, proving convergent validity.

The second step in CFA is to check for discriminant validity. To test discriminant validity, six measurement models were created

among the various factor models. Each measurement model was developed using various factor structures beginning with a baseline model. The Comparative Fit Index (CFI), Incremental Fit Index (IFI) and Goodness-of-Fit Index (GFI) is recommended to be higher than the standard level of 0.9 (Hu & Bentler, 1999) which indicates an excellent model fit. The threshold value of Root Mean Square Error of Approximation (RMSEA) is suggested to be less than .07 (Steiger, 1990). The baseline model fitted well with the data with $\chi^2 = 474.024$. The results for the CFA specified that all relationships between the items and their corresponding latent variables were significant ($p < 0.01$). The result of the baseline model indicated a good model fit having GFI = 0.901, IFI = 0.908, CFI= 0.905 and RMSEA = 0.07. The result of the discriminant validity is presented in Table 1. The findings from each of the pair wise comparisons represented that the model fit was the best in the baseline model which is an affirmation to the discriminant validity of the latent variables.

Table 1
Results of Confirmatory Factor Analyses

Model	CFI	IFI	GFI	RMSEA
Baseline model	0.905	0.908	0.901	0.07
Two-Factor Model 1: Performance & Justice combined	0.780	0.783	0.865	0.09
Two -Factor Model 2: Justice and Trust combined	0.717	0.722	0.836	0.10
Two -Factor Model 3: Justice and Performance combined	0.698	0.702	0.802	0.11
Two -Factor Model 4: Trust and Performance combined	0.769	0.772	0.859	0.097
One-Factor Model 5: Trust, Justice and Perfor- mance combined	0.551	0.556	0.764	0.131

6. Correlation Analysis

Table 2 depicted the means, standard deviations, correlations, and reliabilities among research variables. The bivariate correlations indicated that organizational justice was positively related to organizational trust. Trust in organization was positively associated with organizational performance and a positive association between organizational justice and organizational performance was also observed.

Table 2
Mean, Standard Deviation and Correlations

	Variables	Mean	SD	1	2	3
1	Organizational Justice	3.438	0.623	(0.799)		
2	Organizational Trust	3.495	0.656	0.225	(0.701)	
3	Organizational Performance	3.642	0.681	0.311	0.522	(0.711)

Note: All Correlations are significant at the 0.01 level (2-tailed). Alpha reliabilities appear in parentheses.

The research showed that justice, positively and significantly affects the level of trust of employees' and further it effects the performance level of the organization. From the empirical analysis it may be inferred that trust has a vital part in mediating the relationship between justice in organizations and its performance level. The success of a firm is closely linked with the observation of employees' trust in organizations, justice and their affective commitment to it. The current analysis builds on the notion of the past researches which suggests that a direct effect of organizational justice on the performance of the organizations exists. Employees would perform exceptionally well if the perceived level of justice and trust is high in the organization.

Empirical data from Table 3, prove that organizational justice and organizational trust have important role in impacting the organizational performance in software industry of Pakistan. From the statistical analysis, it is inferred that a positive and significant

relationship is found between organizational justice and organizational trust. A direct significant positive effect of organizational justice and organizational trust was found. Organizational trust and organizational performance have significant positive relationship at 1% significance level which indicates that the hypotheses assumed are valid. The positive beta values also show strong impact of organizational justice on organizational trust. Thus, from the empirical data it may be inferred that organizational justice has a significant impact on the performance of the organization. However; in this relationship trust plays a vital role. The results from this study support a partial mediation because the estimated value of organizational justice to organizational performance is significant and the estimated values of organizational justice to trust and performance are also positive and significant.

Table 3
Regression Weights

	Estimate	S.E	C.R	P
Organizational Justice → Organizational Trust	0.764	0.174	4.387	***
Organizational Justice → Organizational Performance	0.414	0.121	3.423	***
Organizational Trust → Organizational Performance	0.431	0.080	5.368	***

Note: ***, p<0.01

From a theoretical perspective, the results imply that justice represents an important factor in contributing towards organizational performance but the perception of trust is also an important component to increase organizational performance. The results suggest that if employers wants to control the turnover ratio, they might consider improving the perception of justice in the organization since literature suggests that perception of justice has many positive outcomes and decrease in turnover ratio is also one of the consequences of positive perception of justice (Donovan, Drasgow, & Munson 1998).

7. Conclusion

The goal of the research was to explore the effect of organizational justice on organizational performance while trust played the role of

a mediating variable. To investigate the association, software industry of Pakistan was taken into consideration. This research would be significant for the upper management and policy makers to keep the employees motivated and implement such policies which would enhance the performance of the organization.

This research adds to the previous work of Byrne and Cropanzano (2001); Dirks and Ferrin (2001) that justice may not be the only factor in prompting performance of employees but perception of trust which the employees create is an important and integral factor in enhancing performance. Thus, from the research it was concluded that organizational justice promoted trust level in the organization and thus increased the organizational performance. Employees are much aware of their rights and thus, if organizations are not able to treat them well or cannot create a good perception of fairness and build trust in the organization then employees would either switch to other organizations or they would not try to meet the performance level which the organization expects from them. From this empirical study, it may be inferred that if organizations want to progress then they should not only practice equality but they should be able to create a perception of justice in the minds of their employees.

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