The Effects of Organizational Justice and Ethical Climate on Perceived Work Related Stress

Arzu Sert\textsuperscript{a}, Meral El\textsuperscript{c}, Tanyeri Uslu\textsuperscript{c}, İrge Şener\textsuperscript{d}\textsuperscript{a}\textsuperscript{*}

\textsuperscript{a,b}Gebze Institute of Technology, Kocaeli, 41400, Turkey
\textsuperscript{c}Yeditepe University, İstanbul, 34755, Turkey
\textsuperscript{d}Çankaya University, Ankara, 06810, Turkey

Abstract

Stress leads to negative consequences for employees and organizations. Therefore, understanding the relationship between stress and other variables is important. This paper examines the relationship between organizational justice, ethical climate, and perceived work related stress. According to the findings from 915 employees, there exists a significant negative relationship between distributional and procedural justice and work related stress. In addition, ethical climate also has a negative effect on work related stress. With this study, it can be inferred that development of ethical climate and organizational justice within the organizations help to decrease the work related stress of employees.

1. Introduction

“Do you truly believe that life is fair, Senor de la Vega? -No, maestro, but I plan to do everything in my power to make it so.” — Allende, Zorro, 2005.

Issues of justice are the greatest interest to all individuals. Especially in the workplace, statements are often heard by everyone such as “life is not fair”, “that is not fair” and “how can the problem be solved fairly”. Employees generally compare the rewards, which they receive, with the rewards, which are received by their colleagues who make the same contributions to the organization in the work setting (J. S. Adams, 1965; Leventhal, 1976). In addition they judge whether the decision making procedures which are used by organization are fair or not (Greenberg, 1986; Leventhal, 1980; Thibaut and Walker, 1975 in Judge and Colquitt, 2004:395). The researches on organizational justice have demonstrated that fairness can affect the attitudes and behaviors of employees (for reviews, see Colquitt and Greenberg, 2003; Cropanzano, Byrne, Bobocel, and Rupp, 2001; Cropanzano and Greenberg, 1997, in Judge and Colquitt, 2004: 395). Unfair distributions of outcomes and procedures, which are used in distributing outcomes, may...
create stressors that can cause stress ‘called work stress’ for employees. Thus, job stress leads to a great number of negative effects between employees and work relations. Many factors in work environment have been linked to job stress such as conditions that are associated with organization’s ethical climate and structure (Parker and DeCotiis, 1983). Hence distributive unfairness such as underpayment inequity can cause psychological problem as stress related sleep disorder (Greenberg, 2006); which stress can become a factor that threatens employees’ health and cause a number of undesired organizational outcomes such as turnover intention, job dissatisfaction, absenteeism and lower performance.

The purpose of the presented study is to examine organizational justice’s components distributive and procedural affects on employee perceptions of work related stress and then to examine the effect of ethical climate on the same issue.

2. Literature Review and Hypotheses

2.1 Organizational Justice

The term justice refers to ‘oughtness’ or ‘righteousness’ (Colquitt et. al., 2001:425). Organizational justice is a concept defined as the quality of social interaction in the workplace (Greenberg, 1990; Konovsky, 2000; Lind and Tayler, 1988), and organizational justice refers to the extent which employees are treated fairly in their workplace (Moorman, 1991; in Eloainio, van den Bos, Linna, Kivimaki, Ala-Mursula, Pentti and Vahtera, 2005: 2501).

Justice is a multi-dimensional construct that evolves from how much the employees get paid to how fairly the employees are treated by upper management. Because of its content; researchers divided justice into several dimensions such as distributive justice, procedural justice, interpersonal justice, and informational justice and examined the questions raised by different issues according to these dimensions (Greenberg, 2005: 37). According to Bornstein and Dietrich (2007: 72) the field of justice research resembles an ice cream market full of different flavors. In the center of this mixture of flavors, the most powerful ones – the chocolate and vanilla of the justice world – are procedural and distributive justice. In this study, we focused on the distributive and procedural components of organizational justice.

Distributive Justice

The oldest theory of distribution justice can be traced to Aristotle. In his Nicomachean Ethics, the philosopher maintained that justice distribution involved “something proportionate,” which he defined as “equality of ratios.” Adams (1965) rearranging this notion, represented effective equity theory of distribution justice in the context of social exchange (Cropanzano et. al., 2007: 37) which is indicated by the equation: Outcome1 / Input1 = Outcome2 / Input2.

Distributive justice is based on social exchange theory. According to the social exchange theory, each part provides something valuable to the other part and receives something valuable in return. For example, employees provide their knowledge, intelligence, skills, and labor to their superiors and they receive wages or salaries, rewards and other benefits in return. Adams (1965) investigated at which degree employees perceive such exchanges (proportion of outcome to input) as fair or unfair and how they respond to perceptions of unfairness (Poole, 2007:728). Arslan (2005:19-20) noted that employees who make the same contribution to the organization, compare the outcomes they received to the ones their colleagues receive. For instance imagine two employees who put in the same amount of energy for-similar jobs. It is expected that they be paid the same amount for their efforts. If one works two times harder than the other, then the harder worker is expected to be paid two times more in comparison to the colleague who works less.

Perceptions of distributive justice are important for organizations because of their effects on a number of organizational outcomes such as performance, commitment, job satisfaction, organizational citizenship behavior; and turnover intentions (Flint and Haley, 2013: 50).

Procedural Justice

Procedural Justice is concerned with the fairness of judgments about the process of decision making (Thibaut and Walker, 1975; in Kumar, Bakhshi and Rani, 2009: 26). Procedural justice focuses on the process which is used to determine the amount of punishment or reward and evaluates its fairness (Cropanzano and Schminke, 2001; De Conninck, 2003: 24). If individuals perceive the decision making process as fair, they are more agreeing to the
negative outcomes in their cases. This does not mean people are happy if they fail to get the outcomes they expect but if they trust the fairness of the decision (Burke and Leben, 2007: 6). In addition, when the individuals’ perceived degree of procedural fairness is low, they are relatively dissatisfied with favorable outcomes (Bornstein and Dietrich, 2007: 72). One of the important conclusions of research on procedural justice is that when employees are given “voice” in decision making process and provided an “explanation” for their case, they will be more likely to accept the outcomes even if they are negative about it (e.g., Bies and Shapiro, 1988; Cropanzano and Folger, 1999; in DeConinck, 2003: 24). Greenberg (2005) suggests that people take different criteria into consideration while they judge the fairness of procedures. (Greenberg, 2005: 39). These criteria are:

- Voice in the decision making: when people are given a voice in the decision, they perceive procedural justice.
- Consistency in applying rules: the rules used in decision making process must be equal and applicable for everyone.
- Accuracy in use of information: fair decision must be derived from accurate information.
- Opportunity to be heard: everyone must have an opportunity to correct any mistake that has been made.
- Safeguards against bias: there must not be any opportunity for decision makers to bias the results.

2.2 Ethical Climate

The concept of ethical climate was developed by Victor and Cullen (Shafer, 2009: 1091). Victor and Cullen (1988: 101) described ethical climate as “shared perceptions of what is ethically correct behavior and how ethical issues should be handled in the organization”. From cultural perspective, an organization resembles a tribe. Just as tribe members develop their languages, celebrations, power structures and stories, organizations develop their structures, politics and procedures, a set of values and norms that generate a unique perspective called organizational culture. How an organization responds to ethical issues is a part of this culture. Every organization enforces its ethical standards, values and develops guidelines for the ethical dilemmas it faces. “Ethical climate, in turn, shapes individual’s ethical decision making and behavior and their perceptions on what is right and wrong” (Craig, 2008: 267-268). Ethical climate does not only help organization’s members on moral decision to find the answer to the question of “what should I do?” but it also helps in the decision making process to answer the question of “how shall I do it?” (Cullen, Victor and Stephens, 1989: 51). De George (1995) who described ethical climate as procedures, practice and values that involve the moral attitudes of organization, stated that ethical climate provides the decisions to have moral contents and get these decisions applied into the relationship between the individuals and the stakeholders (Ferraro and Arruda, 2005:138).

2.3 Work Related Stress

The stress literature offers so many “stress definition”. However there are some differences, in common it is accepted that the individuals who are trying to fulfill the requirements over their capacities, are under stress (Carver, 1995; Vermunt and Steensma, 2003: 137). Parker and DeCotsis (1983: 161) defined work stress as “a particular individual’s awareness or feeling of personal dysfunction as a result of perceived conditions or happenings in the work settings”. Emotions have an important role in work stress as emotions response immediately to conditions which are perceived as stressful to individuals (Lazarus, 1991; Lovallo, 1997; Payne, 1999) and as they motivate physiological change (Cartwright and Cooper, 1997; Spector, 1998). Fox, Spector and Miles (2001: 292) defined emotions role as a mediator between job stressors and strains. Work related stress is a factor that threatens employees’ health. The English courts have recognized that work related stressors are associated with employees’ mental breakdowns and their physical health, and employers are responsible from the health of their employees (Onciul, 1996:748). Epidemiological studies show that the risks of musculoskeletal injuries or symptoms that can be increased by work stress (Bernard, 1997; Joksimovic et al., 2002; Gillen et al., 2007; Burgel et al., 2010; Eatough et al., 2012; Yu et al., 2012; in Lee, Lee, Gillen and Krause, 2014: 214).

2.4 Organizational Justice and Work Related Stress

Elovainio, Kivimaki and Vahtera (2002) found that organizational justice is one of the stress factors that can cause physical and psychological reactions. Virtanen and Kettikangas-Jarvinen (2003) stated that organizational justice can lead to stress related sleep disorder and Elovainio, Kivimaki and Helkama (2001) suggested that there is a relationship between stress reactions and procedural justice ( Elovainio, van den Bos, Limma, Kivimaki, Ala-Mursula, Pentti and Vahtera, 2005: 2503-2508). According to Greenberg (2004: 356), distributive justice is a great stressor when employees believe that distributive unfairness is caused by unfair procedures. Therefore, if perceived injustice
includes both distributive and procedural components, it causes higher stress reactions in comparison to the existence of distributive justice only. Lambert, Hogan and Griffin (2007: 651) found distributive justice has a significant effect on work stress. The findings suggest that employees have increased work stress when they feel outcomes are unfair. Judge and Colquitt (2004) found that procedural justice affects employee stress, even if this effect is mediated by work–family conflict. Overall, all these studies show that procedural and distributive justice have important effects on employees’ psychology.

2.5 Ethical Climate and Work Related Stress

Levy and Dubinsky (1983) state that when employees come across with ethical challenges, the level of their work related stress might increase. Although Jaramillo et. al. (2013) did not find a direct impact of ethical climate on work related stress in their studies, the findings showed that ethical climate had a significant positive impact on experienced meaningfulness which leads to lower stress. Jaramillo, Mulki and Boles (2013: 2302-2306) and Briggs, Jaramillo and Weeks (2012: 430) suggest that a salesperson’s perceptions of ethical climate have a direct effect on their work related stress and attitude. Although a great number of studies demonstrate that ethics has an important role in stress perceptions, the research on ethical climate associated with work related stress is limited.

The following hypotheses are proposed for testing:

*H1*: Distributive justice negatively influences work related stress.


*H3*: Ethical climate negatively influences work related stress.

3. Methodology

3.1. Research Goal and the Theoretical Model

In this study, it was intended to examine how ethical climate and organizational justice influence employees’ perception of work related stress. Theoretical model of the research is demonstrated in Figure 1.

**Figure 1**: The Conceptual Model

3.2. Sample and Data Collection

The study was conducted in Turkey. The data were collected from 915 employees from 44 different companies. Most of the participants were males (57.4%) and married (64.3%). 52.3% of the participants were employed in service
sector, 10.4% of them were employed in education sector, 19.2% were employed in finance and 18.1% of them were employed in health sector. The occupations of the participants included staff positions (39.3%), managerial positions (37.6%) and professional positions (23.1%). Most of the participants were employed in the private sector (68.4%) and their ages ranged from 18 to 63 years, in addition their tenure in the organization ranged from 1 year to over 27 years; most of the participants (71.6%) have a university degree.

Responses were obtained using 5 point Likert-type scale where (1) represents ‘strongly agree’ and (5) represents ‘strongly disagree’. Data obtained from the participants were analyzed by SPSS 17.0 statistical package program. Organizational ethical climate was measured by a scale which was adopted from Schwepker et al., (2001). Work related stress scale was adopted from Keller (1984) and organizational justice scale was adopted from Niehoff and Moorman (1993).

Table 1: Factor analysis for Ethical Climate, Organizational Justice and Work related Stress

<table>
<thead>
<tr>
<th>Item</th>
<th>EC</th>
<th>DJ</th>
<th>WRS</th>
<th>PJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>The top management of the company doesn't tolerate the unethical conducts definitely.</td>
<td>.860</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If someone who works in this company, acts unethical for her/his advantage, He/she gets punishment or to be censured officially.</td>
<td>.858</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To be successful at this company needs to act accordance with business ethics</td>
<td>.788</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The managers act in accordance with business ethics in the company</td>
<td></td>
<td>.735</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If someone who works in this company, acts unethical for the company's advantage, He/she gets punishment or to be censured officially.</td>
<td></td>
<td>.663</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I think my workload is quite fair</td>
<td></td>
<td>.874</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I think I am paid a fair salary</td>
<td></td>
<td>.833</td>
<td>.804</td>
<td></td>
</tr>
<tr>
<td>I think the general outcomes of my work is fair</td>
<td></td>
<td></td>
<td>.776</td>
<td></td>
</tr>
<tr>
<td>The working program which is given me by my manager is fair</td>
<td></td>
<td></td>
<td></td>
<td>.559</td>
</tr>
<tr>
<td>I feel my authority and responsibility are fair</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have difficulty in relaxing after the work</td>
<td>.890</td>
<td></td>
<td></td>
<td>.876</td>
</tr>
<tr>
<td>I keep worrying about the problems related to my work after the working hours</td>
<td></td>
<td></td>
<td></td>
<td>.830</td>
</tr>
<tr>
<td>I feel exhausted and well tired</td>
<td></td>
<td></td>
<td></td>
<td>.791</td>
</tr>
<tr>
<td>My work is stressful and it requires effort</td>
<td></td>
<td></td>
<td></td>
<td>.710</td>
</tr>
<tr>
<td>I often feel stress and anxiety related to my work</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before taking decisions, my manager makes sure that he learn all the employees' point of views</td>
<td></td>
<td></td>
<td></td>
<td>.820</td>
</tr>
<tr>
<td>While taking decision, my manager collects correct and exact information</td>
<td></td>
<td></td>
<td></td>
<td>.811</td>
</tr>
<tr>
<td>When my manager takes decision, he explains it exactly and gives further information when it is necessary</td>
<td></td>
<td></td>
<td></td>
<td>.792</td>
</tr>
<tr>
<td>My manager takes fair decisions</td>
<td></td>
<td></td>
<td></td>
<td>.584</td>
</tr>
<tr>
<td>My manager allows employees to question the decision</td>
<td></td>
<td></td>
<td></td>
<td>.552</td>
</tr>
</tbody>
</table>


Since the scales were applied to a Turkish sample, explanatory factor analyses were undertaken for each of them. The best fit of the data was obtained with a principal component analysis with a varimax rotation. The factor loadings for each scale are displayed in Table 1. A strong factor structure is resulted through the factor analyses performed upon variables concerned with distributive justice, procedural justice, ethical climate and work related stress. This indicates that the questionnaire statements used to measure these concepts were loaded to the variables. The total variance explained by this analysis is 68.865. The Cronbach’s alpha reliability scores of the factors are 0.90, 0.77, 0.88 and 0.88 respectively. The alpha coefficients demonstrate that the items are reliable (Table 2).
Table 2 shows the reliabilities, mean, standard deviations and correlations for the variables in the study. Hence, as can be seen along the diagonal of the correlation matrix, each scale has satisfactory reliability with Cronbach alpha above 0.70. Further, the correlation among ethical climate, organizational justice and work related Stress is demonstrated in Table 2.

Table 2: Correlations, Mean, Standard Deviations and Alpha reliabilities

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>N</th>
<th>Alpha</th>
<th>EC</th>
<th>DJ</th>
<th>PJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical climate</td>
<td>3.9266</td>
<td>.83082</td>
<td>913</td>
<td>a=0.885</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributive justice</td>
<td>3.3403</td>
<td>.97489</td>
<td>914</td>
<td>a=0.903</td>
<td>.484**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Procedural justice</td>
<td>3.4218</td>
<td>1.03580</td>
<td>914</td>
<td>a=0.773</td>
<td>.527**</td>
<td>.576**</td>
<td>1</td>
</tr>
<tr>
<td>Work related stress</td>
<td>2.9956</td>
<td>1.03035</td>
<td>914</td>
<td>a=0.884</td>
<td>-.042*</td>
<td>-.222**</td>
<td>-.163**</td>
</tr>
</tbody>
</table>

**p<0.01; *p<0.05

3.2. Data Analysis and Findings

A regression analysis was applied to explore the effects of ethical climate and organizational justice on work related Stress. Table 3 presents the results of the regression analyses. The model about the effect of ethical climate and organizational justice on work related stress is significant as a whole (Adjusted $R^2 = 0.057$; $F=19.396$; Sig=. 000). According to the results of this analysis, it was found out that work related stress was affected by both ethical climate ($\beta=-.117**; p value=. 003$), distributive justice ($\beta=-.224**; p value=. 000$) and procedural justice ($\beta=-.095**; p value=. 024$). Hence, H1, H2 and H3 are supported.

Table 3. The Effects of Ethical climate and Distributive/Procedural justice on Work related stress

<table>
<thead>
<tr>
<th>Dependent variable: Work related stress</th>
<th>Standardized Coefficients</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td>21.280</td>
<td>.000</td>
</tr>
<tr>
<td>Ethical climate</td>
<td></td>
<td>-.117**</td>
<td>2.981</td>
<td>.003</td>
</tr>
<tr>
<td>Distributive justice</td>
<td></td>
<td>-.224**</td>
<td>-5.496</td>
<td>.000</td>
</tr>
<tr>
<td>Procedural justice</td>
<td></td>
<td>-.095*</td>
<td>-2.262</td>
<td>.024</td>
</tr>
</tbody>
</table>

$R^2 = 0.057$

F=19.396

Sig=.000

**p<0.01; *p<0.05

Variance analyses were conducted in order to develop an understanding of the differences between different variables. According to the results of the t-test for sector, there can be traced results of differences between private and public sectors concerning participants’ perceptions of ethical climate, and there can not be any traced differences between the sector groups concerning their distributive and procedural justice and work related stress. As it can be inferred from Table-4, the perceptions of private sector employees of ethical climate perceptions are slightly higher than those of public sector employees.
Table 4: T-test for Sector Groups

<table>
<thead>
<tr>
<th>Sector</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Mean Difference</th>
<th>t</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical climate</td>
<td>private</td>
<td>625</td>
<td>4.0179</td>
<td>.82069</td>
<td>.28911</td>
<td>4.094</td>
</tr>
<tr>
<td>Ethical climate</td>
<td>public</td>
<td>177</td>
<td>3.7288</td>
<td>.85952</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributive justice</td>
<td>private</td>
<td>626</td>
<td>3.3633</td>
<td>1.02972</td>
<td>.07633</td>
<td>.907</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>public</td>
<td>177</td>
<td>3.2870</td>
<td>.82620</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procedural justice</td>
<td>private</td>
<td>626</td>
<td>3.4754</td>
<td>1.11367</td>
<td>1.2201</td>
<td>1.353</td>
</tr>
<tr>
<td>Procedural justice</td>
<td>public</td>
<td>177</td>
<td>3.3534</td>
<td>.83733</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work related stress</td>
<td>private</td>
<td>626</td>
<td>2.9875</td>
<td>1.08454</td>
<td>.11070</td>
<td>1.245</td>
</tr>
<tr>
<td>Work related stress</td>
<td>public</td>
<td>177</td>
<td>2.8768</td>
<td>.88880</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Conclusion

When employees are forced to obey organizational rules, policies and procedures that they believe to be unfair, and when they perceive that there is no ethical environment inside the organization, it will cause serious problems at the workplace associated with work related stress. The results of this research are consistent with the literature, indicating that both organizational justice and ethical climate are related negatively to work related stress. According to several studies (Babin et al., 2000; Jaramillo et al., 2006; Mulki et al., 2006), ethical climate has an influence on employees’ role stress and a study by DeConinck (2010) supported the findings as it was found that ethical norms is related negatively to role stress. Also a number of studies (Bowers and McIver 2001; Imants and Van Zoelen, 1995; Myburgh and Poggenpoel, 2002; Norton, 1998) show that when individuals perceive their workplace has low ethical values and principles of justice are not applied, they are prone to absenteeism associated with work related stress.

The finding that procedural Justice is related negatively to work related stress is consistent with a study concluded by Lucas, Alexander, Firestone and Lebreton (2008). The study indicated that the perceived procedural justice is associated with lower levels of stress. In addition, there have been several studies that found linkages between procedural justice and work related stress (Elovainio et al., 2001; Judge and Colquitt, 2004). Tomaka and Blascovich (1994) stated that individuals who believe that they don’t get what they deserve (distributive justice), perceive the task on hand as stressful. A study by Tepper (2001) about American employees’ perceptions of fairness indicated that when employees experience lower distributive justice and procedural justice, they endure greater stress.

“Justice is ethics” John Rawls (1971). In this context, where is ethics, there is justice. Perceived fairness of organizational outcomes such as salary, rewards and other benefits and perceived fairness of organizational outcomes, which are allocated to the employees, is important to build up better ethical work climates. Employees, who work in a work environment which has ethical climate, were more prone to perceive respect, more participation and they have better relationship with their superiors than the employees who work in a work place that has less ethical climate. Creating an ethical climate in the work place means enhancing perceived procedural justice (Newman, 1993:1510). Gilligan (1982) stated that ethical climate and justice both focus on responsibility, social relationship and protecting employees’ rights (e.g. rewards) by rules and some regulations (Shapira-Lishchinsky and Even-Zohar, 2011:432). Thus, an organization that has such characteristics lead to decrease work related stress. In addition, the decrease in work related stress saves organizations from undesired outcomes such as job dissatisfaction, intention to quit, absenteeism which may affect the organization negatively. Moreover, managers who make fair decisions become a
moral model for their subordinates and play an important role in developing ethical climate (Brown, Treviño and Harrison, 2005). Thus, they have the most direct effect on employee’s ethical behaviour and perceptions.

In literature, although there have been many studies which demonstrates that ethics have an important role in stress perceptions; the lack of research investigation link between ethical climate and work related stress indicates a need for further analysis.

References


