Employee Engagement and Fairness in the Workplace

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Abstract

There is little doubt that employee engagement can be strengthened by fairness and its related elements, just as employee engagement can be weakened by unfairness and the like. As both the workforce and the workplace evolve, organizations may find that in order to win the "war for talent," they must first win the battle for employees' hearts. Justice, trust, perception and risks are only a few pieces of a greater puzzle; and their roles are can be made clearer. This paper clarifies these roles and addresses the links between fairness and engagement as well as discusses the impacts of perceived unfair treatment on engagement.

Keywords: Procedural justice, Distributive justice, Interactional Justice, Trust, Fairness, Perception.

Introduction

Employee engagement is argued to be associated with; a sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful and valued work (Saks, 2006). Similarily, according to a survey conducted in thirty-two countries by Walker Information, the factors that most influence employee commitment (and one could argue employee engagement) are fairness, care and concern for employees, and trust (Frank, Finnegan & Taylor, 2004).

However, while the debate over the existence and exact definition of employee engagement continues, there is little doubt about the importance of fairness in the workplace. Fairness strives to make the employees' place of work better and has become more than just adequate pay, benefits and opportunities. The thought is that if an organization treats its employees well, they will give back as much or more in terms of both physical and emotional commitment (Insightlink, 2005). But, employee engagement ultimately comes down an employee's desire and willingness to give discretionary efforts in their jobs (Frank, Finnegan & Taylor, 2004).

Organizational justice is defined as the impact of justice on effective organizational functioning and is best conceptualized as three distinct dimensions; procedural, distributive and interactional (Colquitt, 2001). The level(s) of justice influence the levels of perceived fairness by employees.

Procedural Justice

Procedural justice refers to an employee' perceptions of fairness in the means and processes used to determine the amount and distribution of resources (Saks, 2006). Higher perceptions of procedural justice by employees are more likely to reciprocate with greater organizational engagement (Saks, 2006) and an employees' positive evaluation of their supervisor (McFarlin & Sweeney, 1992). The basic tenet of procedural justice – a voice in the development of an outcome - enhances the

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perceived fairness in the workplace independent of the effects of its implementation (Greenberg, 2002).

For example, in terms of performance appraisals, procedural variables may be more important than distributive (outcome) variables as determinants of the perceived level fairness by employees (Greenberg, 2002). An organization that provides knowledge to employees about procedures demonstrates regard for employees concerns. Decision-making processes that are unclear to employees violate procedural fairness and trust – damaging the employer-employee relationship.

Distributive Justice

Distributive justice pertains to an employees' perception of fairness in decision outcomes and resource allocation (Saks, 2006). In order to be "just", the allocation of an outcome should be consistent with the set goals of a particular situation. The "equity rule" associated with distributive justice dictates that rewards and resources be distributed in accordance with contributions. Past research shows that distributive justice is strongly correlated with job satisfaction (Schappe, 1998) and pay satisfaction (McFarlin & Sweeney, 1992), which in turn can be said to be strong elements of employee engagement. An organization must be cognizant of efforts made by leadership and management to ensure that it show legitimate concern for employees regarding the distributive outcomes that not only the employees themselves receive, but those received by their colleagues.

Interactional Justice

This type of justice refers to the quality of interpersonal treatment employees receive when procedures are implemented (Colquitt et al, 2001). There are four criteria for interactional justice; justification, truthfulness, respect and propriety (Colquitt, 2001). Interactional justice consists of two specific types of interpersonal treatment – interpersonal justice and informational justice (Colquitt et al, 2001). Interpersonal justice deals with how employees are treated with politeness, dignity and respect by leadership and management – those who execute procedures and outcome distribution (Colquitt et al, 2001). Informational justice focuses on the explanations and information given to employees by leadership and management that provide detail on procedures and outcome distribution (Colquitt et al, 2001).

Fairness

The labelling of an organization as "fair" can be made off of the basis of perception and reality. Fairness is ideally seen and felt throughout all levels of the organization (thereby confirming it is real rather than just perceived) and can take many forms in the workplace; application of policies, procedures and the presence of unions to help level the playing field. Equity, and in essence - fairness, is a key driver of employee engagement.

Other factors that impact perceptions of fairness include; proximity (how close an employee is to the situation and their level of involvement), expectations and entitlement (Beugré, 1998). Demographic factors also impact perceptions of fairness; level of education, occupational status, occupational tenure and gender – where men are more likely to perceive fairness as equity, whereas women are more likely to perceive fairness as equality (Beugré, 1998).

Employees who perceive unfairness in the workplace may experience feelings of under-appreciation, lack of respect and recognition. Furthermore, the presence of hierarchal divisions and cliques increases the potential for perceptions of unfairness, breaks connections between employees and prevents groups from working together (Axelrod, 2000). There is little doubt that perceptions of unfairness (regardless of whether or not they are warranted) will lead to lower levels of employee engagement. Employees who do not see things as fair in the workplace are more likely to withdraw and display negative behaviours.

However, it is not clear as to what extent employee engagement can influence perceptions of (UN) fairness, nor how the reality of fairness affects employee engagement. However, fairness is considered to be one of the necessary conditions present leading to trust (Beugré, 1998), which is essential for employee engagement.

Trust

As in any relationship, trust is among the essential traits that keep commitment and engagement strong. The employee – employer relationship is no different. Relationships evolve over time into trusting, loyal and mutual commitments as long as the parties abide by certain "rules" of the exchange (Saks 2006). Trust is highly valued and can only be built up over time, but can be lost quickly.

The trust triangle was developed by Dr. John Carter at the Gestalt Institute and can be used by organizations as a guide to building trust. The first component of the triangle is straight talk. Ideally, leadership and management are "sharing all the information available in an honest and forthright manner" (Axelrod, 2000). Moving to the right along the base of the triangle, the next component is listening for understanding. By focusing closely on listening, more information is exchanged between the employer and employee and there is an increase in the level of trust in the sender by the receiver. Making commitments is the third element in the foundation of the triangle, as most importantly, "trust is built when commitments are kept" (Axelrod, 2000). If commitments cannot be fulfilled by the organization, going back to the first component of the triangle foundation (straight talk) to provide an explanation is necessary. Only after achieving the foundation can the organization move onto the next level of the triangle. Reliability is established by the organization through leadership and management over time following the foundation principles, eventually building up to the top level of trust.

It is obvious that trust lies in the hands of the organizations' leadership and management. In order to build trust within the organization it is necessary to ensure that these individuals are not only personally involved in the organization, but that they also submit themselves to the same vulnerabilities and risks as their employees (Axelrod, 2000). For example, an organization that requires 360-degree feedback for performance management should ensure that all leaders and manager go through the same process. These individuals should set the example for employee behaviour. With a strong bond of trust, employees are not only more likely to be engaged, but have faith and perceive that the organization is a fair place to work.

FIGURE 1: The Trust Triangle
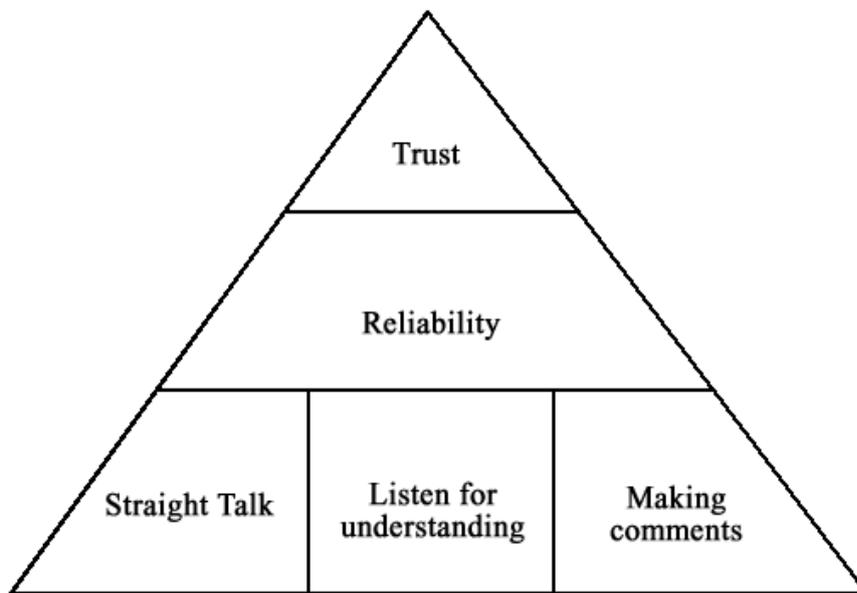
The Power of Perception

Perceptions held by employees can greatly affect their engagement levels. For example, perceptions of the procedures used to determine pay raises uniquely contribute to such factors as organizational commitment and trust in supervisors (both of which are strongly related to employee engagement). And, perceptions of outcomes are uniquely associated with an employee's own pay satisfaction (Greenburg, 2002). Justice perceptions, (including fairness in the workplace), are also related to organizational outcomes; job satisfaction, organizational commitment, organizational citizenship behaviour withdrawal and performance (Saks, 2006).

Organizations that wish to improve levels of employee engagement can focus on increasing and strengthening employees' perceptions of support they receive from the organization (Saks, 2006). Many organizations seem to have forgotten that perception begins at the onset of the employee-employer relationship with the application process. The saying "you never get a second chance to make a first impression" is extremely fitting. These first impressions serve as a reference point to the employee in many ways. A fair application process should be the first touch-point for each and every employee. Additionally, an increasingly important level of perception for an organization to monitor is the employees' perception of diversity within the organization. This is true for all employees regardless of their majority or minority status. While the composition of an organization can affect an employees' level of commitment, it is an employees' "perception of fit" in terms of demographics and culture within their immediate workgroup that affects the level of employee engagement.

Organizational changes (including cost-cutting, structural change and role reduction) can quickly and easily lead to perceptions of unfairness and a decrease in employee engagement. However, it is important for organizations to note that it is not the changes per se that lead to employee perceptions of unfairness and lower levels of employee engagement, but the way in which employees are treated (or perceived to be

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treated) during implementation of specific changes (Beugré, 1998). Communication and trust are important drivers that must be utilized to ensure that employees perceive that they are treated with care and respect during these turbulent times.

Possible Outcomes of Unfairness in the Workplace

Employees who perceive unfairness in the workplace may exhibit varying degrees of negative behaviour. However, because employees are individuals and the circumstances surrounding each employee and situation can and will differ greatly, reactions and outcomes to unfairness are not predictable.

It is possible, that at least temporarily; employees will change their behaviour, attitude or both in a negative manner, thereby lowering production and performance levels. Employees may also show signs of withdrawal behaviour resulting in absenteeism or by leaving the organization. High turnover rates are a sign of employee attitude, intentions specific to distributive justice and low levels of engagement. Other negative behaviours may include, but are in no way limited to; employee theft and workplace aggression. Additionally, an organization cannot ignore that employees may communicate their perceptions of unfairness with other individuals both within and outside of the organization.

In theory, an employees' level of engagement may be able to counter negative behaviour. Engaged employees may be better equipped to handle unfairness in the workplace, cognitively revaluating the workplace in order to "excuse" injustice more effectively than non-engaged employees. It is also possible that engaged employees who have a perceived level of unfairness may become less engaged, in addition to, or in replace of exhibiting negative behaviours. Ideally, but very unlikely, employees who perceive a level of unfairness in the workplace will simply choose to ignore or rationalize the unfairness and continue to be happy, productive employees.

Increasing Employee Engagement and Fairness in the Workplace

There are numerous steps an organization can take to increase levels of employee engagement and fairness in the workplace. A few examples are listed below; however the list is far from exhaustive. The most important aspect to note is that as the levels of reported involvement employees have throughout the employment life cycle increases (or in other words, the number of touch-points affected), the higher the reported levels of employee engagement and fairness.

For example, five procedural components, (thereby reinforcing the notion of procedural justice), specific to job evaluation were identified by Greenburg (2002) that can be easily incorporated by the organization.

1) Soliciting for and using input from others prior to evaluation, 2) Using two-way communication during the information gathering process, 3) Allowing the employee to have the ability to challenge/rebut the evaluation, 4) Rater familiarity with the ratees' work and 5) Consistent application of standards across the organization (Beugré, 1998).

Simply using rater diaries for performance evaluation decisions greatly enhances the ratees' perceived level of fairness. The diary also helps to ensure that information used for the evaluation is not simply the most recent – which is often what is most easily recalled and used by the rater. Additionally, any element of self-appraisal by the

employee is likely to increase the perceived level of fairness of the evaluation (Beugré, 1998).

In terms of compensation and benefits, allowing employees to participate in the setting of their own wages may seem somewhat outlandish, but it can be an effective way to promote an employees' belief in the fairness of those wages. As pay systems reflect the distribution of outcomes and distributive justice; organizations should ensure full-disclosure of the employee pay plan or at the very least, limit the level of secrecy. The ability to offer "cafeteria-style" benefits can not only assist the organization in reducing its overall costs, but the employee is then able to be involved in the decision-making process and is able to better understand the costs to both him/herself and the organization.

Organizations will undoubtedly find it quite difficult to incorporate employee involvement in all aspects of its internal and external operations. Therefore, at the very least, they should incorporate and leverage effective communication and frequent feedback throughout all touch-points of the employment life cycle – from start to finish. Both essential elements greatly contribute to both employee engagement and fairness in the workplace.

Conclusion

There are many opportunities for further research to explore the link between employee engagement and fairness in the workplace. Justice, trust and perception are only a few pieces of a greater puzzle; and their roles are can be made clearer.

There is little doubt that employee engagement can be strengthened by fairness and its related elements, just as employee engagement can be weakened by unfairness and the like. As both the workforce and the workplace evolve, organizations may find that in order to win the "war for talent," they must first win the battle for employees' hearts.

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