

# Effect of Psychological Climate and Organizational Justice on Employee Engagement

## Dr. Monika Jain

Assistant Professor,  
Shri Ram Institute of Information Technology,  
National Expressway,  
Opp. Narrow Gauge Railway Station,  
Banmore, Near Gwalior

## Dr. Uday Sing Rajput

Assistant Professor,  
Shri Ram Institute of Information Technology,  
National Expressway,  
Opp. Narrow Gauge Railway Station,  
Banmore, Near Gwalior

## Abstract

The study was an attempt to explore the relationship between Psychological climate, Organizational Justice and Employee Engagement. The climate of an organization determines the extent to which an individual would like to engage in the job. However, it does include the role of Fairness perception too. The finding of this research recommended that there was a positive association of Psychological climate, Organizational Justice and Employee Engagement (Saks, 2006). This implies that if we improve the climate of the organization and fairness perception among employees, we can get engaged workforce.

**Keywords:** Psychological Climate, Organizational Justice and Employee Engagement

## Introduction

The psychological climate is a measurement of work answers to the "why", "what" and "how" in organization. It is applied to measure tool, consistent for the scientific community a confirmatory cross-validation procedure with work on psychological climate (James's, 1979). The psychological climate is basically effect on organizational results and behaviors' of individuals and it's a scientific measurement of work climate (Parker, 2003).

Organization Justice is one of the important aspects of an organization as it is related with daily working of employees. Organization justice includes the dimensions such as Distributive Justice and Procedural Justice. The means of distributive justices is the outcomes of distribution stand for the equality, the fairness of organization and the means of procedural justice is employee fairness regarding sharing of resources and measuring the amount.

Employee engagement is the main focus on growing interest in organizational phenomena. Employee engagement is now many of the organization is higher of priority in both the private and public sectors. The term of engagement is applied to business leaders and human resource Employee perceptions of benefits to their work environment. They also proposed two definitions of engagement define to engaged employee 1) knows what to do at work and 2) wants to do the work (Ellis and Sorenson, 2007).

## Literature Review

Psychological climate and employee engagement both are very important part of organization psychological climate promotes awareness of employee safety and availability of work environment for individual (Brown & Leigh, 1996; Kahn 1992; Wagner & Harter, 2006 & Kahn, 1990). Employee engagement affects an employee's work of experience, job challenge, clarity of the role, and the main part of the supportive supervisor (Buckingham & Coffman, 1999; Czarnowsky, 2008; Fleming & Asplund, 2007; Harter et al., 2002; Harter et al., 2003; Towers Perrin, 2003, 2007; Wagner & Harter, 2006).

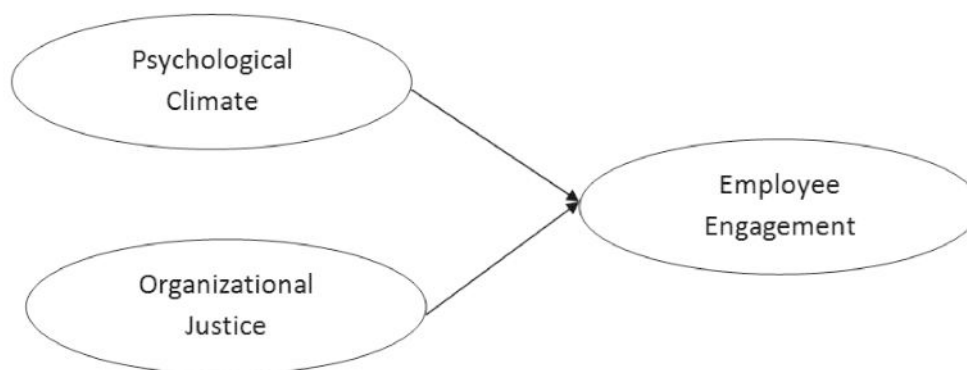
Rejoice Thomas (2012) stated that engaged people express their role of performances physically, cognitively and emotionally. Employee engagement is the level of the involvement an employee has towards its values and its organization. Employee engagement is to improve performance with work, colleagues within the benefit of the

job in the organization. Engagement requires the relationship between employer and employee that is a two-way relationship. Mostly researchers found that engagement plays an important role in determining job satisfaction (Mathur & Jain, 2015; Saks, 2006), Organizational commitment (Saks, 2006), Turnover intentions (Schaufeli and Bakker, 2004) and many more.

The firstly stated by Greenberg (1987) 'organizational justice', it is Greenberg conception and the fairness or response in an organization. Tabibnia Satpute et al. (2008) also stated that fairness or organization justice both are equally same as both concepts are related to the terms explained as ethic, religion, law, and fair-play.

## Model

The independent variables selected for this research was Psychological climate and the dependent variable analyzed in this research was employee engagement.



Proposed Model showing the relationship between variables

## Objective of the Study

1. To standardized the measures to evaluate psychological climate, Organizational Justice, and employee engagement.
2. To identify factors underlying psychological climate, Organizational Justice, and employee engagement.
3. To measure the impact of psychological climate, Organizational Justice and employee engagement.

## Hypothesis

Ho1: There is no effect of Psychological Climate and Organizational Justice on Employee Engagement.

Ho2: There is no impact of psychological Climate on Employee Engagement.

Ho3: There is no impact of Organizational Justice on Employee Engagement.

## Research Methodology

### Sample

The study was conducted in different organizations located in Gwalior. The study is experiential analysis aimed at finding out the significant relationship between three variables. For this purpose 300 employees of middle and the top level were contacted personally and requested to fill up the questionnaire.

### The Measure

Likert-type 5 point scales were used to measure all the variables, 1 stands for "Minimum Agreement" and 5 stands for "Maximum Agreement".

**Psychological Climate:** The variable measured using 21-item scale proposed by Serge Gagnon, Maxime Paquet, François Courcy, and Christopher P. Parker (2009). Three items measuring Good Emphasis, Work Facilitation, three items measuring Autonomy, Challenge, two items

measuring innovation and 2 items measured job, workload and two items measured role, workload.

**Organization Justices:** The variable measure included 12-items extracted from the scale developed by Abbas Ali Rastgar, Nina Pourebrahimi (2013). This was measured with a six -item-scale Procedural Justice, Interactional Justice, three-item scales measured Distributive Justice.

**Employee Engagement:** The variable was measured by

using 16-items. The questionnaire was the short version of (Aligned 2008). This was measured with a four -item scale of Employee Attraction, three-item scale measured performances or profitability, and three-item scale measured Profitability.

### Reliability of the measures

Reliability of all the measures of the research paper was calculated using PASW 18 the results are as follows:

S. No.	Variable Name	Cronbach's Alpha	No. of Items
1	Psychological Climate	.823	12
2	Organizational Justice	.882	16
3	Employee Engagement	.902	21

### Statistical Analysis of Data

#### Factor Analysis

Exploratory factor analysis is used on a set of data to determine the underlying factor structure. Many methods were used to analyze the data to convert to useful information,

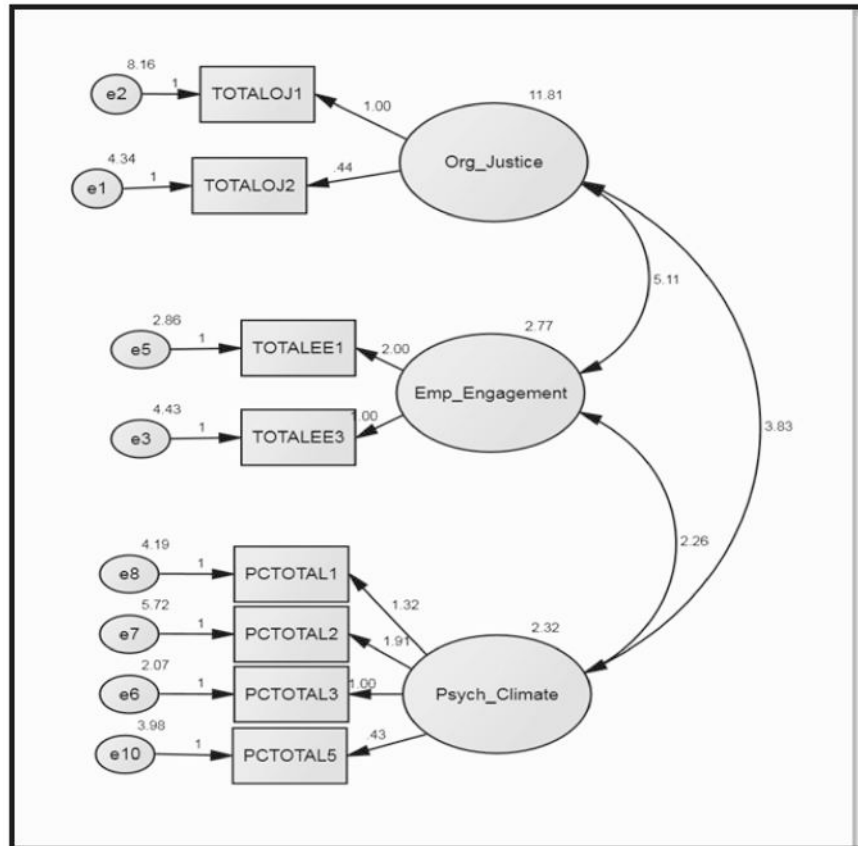
such as internal consistency was established through the Cronbach's alpha. To ensure construct validity, exploratory and confirmatory factor analyses were employed. Single and Multiple Regression tests were applied in the research to measure the impact of antecedents on Employee Engagement.

**Table showing Factor Analysis**

Factor Name	Eigen Value (Total)	Relia bility	Variable Convergence	Load ings	No. of item	
Procedural Justice Interactional Justice	3.711	0.841	OJ7. My managers make sure that all employee concerns are heard before Job decisions are made.	0.660	9	
			OJ8. To make job decisions, my manager collects accurate and complete information.	0.721		
			OJ9. When decisions are made about my job, the manager treats me with respect and dignity.	0.628		
			OJ10. When decisions are made about my job, the manager is sensitive to my personal needs.	0.755		
			OJ11. When decisions are made about my job, the manager treats with me in a truthful manner.	0.786		
			OJ12. When decisions are made about my job, the manager shows concern for my right as an employee.	0.801		
Distributive Justice	2.232		OJ1. In organization, my work schedule is fair.	0.736		
			OJ3. I consider my workload to be quite fair.	0.763		
			OJ5. I think my job has several responsibilities.	0.674		
Employee Attraction	4.153	0.824	EE4. Here, senior leaders value employees.	0.803	10	
			EE9. Senior leaders have the capability to make my organization successful.	0.607		
			EE10. I am encouraged to take ownership of my work.	0.590		
			EE14. My organization allows me to maintain a reasonable balance between my family and work life.	0.640		
Performance, Profitability	2.600			EE1. I have a clear understanding of what is expected of me at work.		0.715
				EE6. I can concentrate on my job when I am at my work area.		0.632
				EE8. I clearly understand my organization’s mission.		0.640
				EE7. My personal work objectives are linked to my work area’s business plan.		0.749

Profitability	1.843		EE12. There are career opportunities for me at my organization.	0.580	
			EE13. You can balance work and personal interests at my organization and still progress.	0.662	
Good Emphasis, Work Facilitation	3.263	0.849	PC13. My supervisor stresses the importance of work goals.	0.666	13
			PC14. My supervisor shows me how to improve my performance.	0.755	
			PC15. My supervisor helps me solve job-related problems.	0.667	
Autonomy, Challenge	3.218		PC4. Control is assigned so that I have authority to make decisions within my own work area.	0.550	
			PC5 My job challenges my abilities.	0.580	
			PC6, I am able to make full use of my knowledge and skills in my job.	0.720	
Innovation, Justice	2.723		PC18. I am encouraged to try new ways of doing my job.	0.701	
			PC19. Before decisions about my job are made, all of my concerns are heard.	0.770	
Job (Importance), Role (Workload)	2.095		PC1. I feel that my job is important to the functioning of my work team.	0.752	
			PC2. I feel that my work makes a meaningful contribution.	0.783	
		PC10. I have more work to do than I could ever get done.	0.569		
Role (Conflict), Role (Workload)	1.700		PC9. There are too many people telling me what to do.	0.536	
			PC11. The amount of work I am assigned keeps me from doing a good job.	0.795	

CFA total of psychological climate, organizational justice and employee engagement



### Model Fit Summary CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	19	45.513	17	.000	2.677
Saturated model	36	.000	0		
Independence model	8	877.600	28	.000	31.343

Chi Square was found to be 45.513 with a p-value of 0.00 indicating that the Chi-square value was significant indicating overall good fit of the model to data. The finding

is also supported by a smaller than 5 value of CMIN/DF (2.677).

### RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.356	.964	.924	.455

The other goodness of fit statistics also supports the overall goodness of fit. As can be seen from the table above the value of GFI is .964 and AGFI are 0.924 for a good fit.

Similarly, the value of RMR, which needs to be lowest for the best model, is .356, and was lowest for all the variant of the model.

### Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.948	.915	.967	.945	.966

The next set of goodness of fit statistics relate to improvement and as can be seen from the table above all the

five statistics NFI, RFI, IFI, TLI and CFI are above 0.9 it is indicating good fit of the model.

### RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.075	.049	.102	.056

The badness of fit index RMSEA needs to be smaller than 0.08 for the model that fits the data adequately. As can be

seen from the table above the value of RMSEA is 0.075 indicating a good fit of the model to the data.

### HOELTER

Model	HOELTER .05	HOELTER .01
Default model	182	220

Hoelter test indicates the maximum sample size for the model for which the model would remain a good fit. As it can be seen at 5% level of significance the sample size limit is 182 and at 1% level of significance it is 220. The sample size for the current study is 300.

**Psychological Climate:** Five factors were identifying through EFA and all factors are including CFA.

**Organization Justices:** Three factors were identified through EFA and on the third factor only one item was loaded so it was dropped in CFA.

**Employee Engagement:** Three factors were identifying through EFA and all 3 factors are including CFA.

### Result of Hypothesis Testing

Regression analysis was used to test the hypotheses. To test the direct effect hypotheses, the dependent variable

(Employee Engagement) was regressed to independent variable (Psychological Climate and Organizational Justice). The model used for regression has very good fit as indicated by F- value 37.147 which is significant at 0% level of the model. The regression model presents ( $R^2 = 0.717$ ,  $\beta = .511$ ,  $p = 0.000$ ). The result supports the hypothesis and indicates the statically significant relationship between both the variables.

Multiple regression was then applied to test second hypothesis which states that both the Psychological Climate and organizational justice are positively related to Employee Engagement. The data reported that both personal characteristics (Standardized  $\beta = .445$ ,  $p = 0.000$ ) has significant positive relationship with employee engagement where adjusted  $R^2$  showed 71.7 percent variance in the dependent variable is explained by independent variables.

Figure: SEM model showing relationship between variable

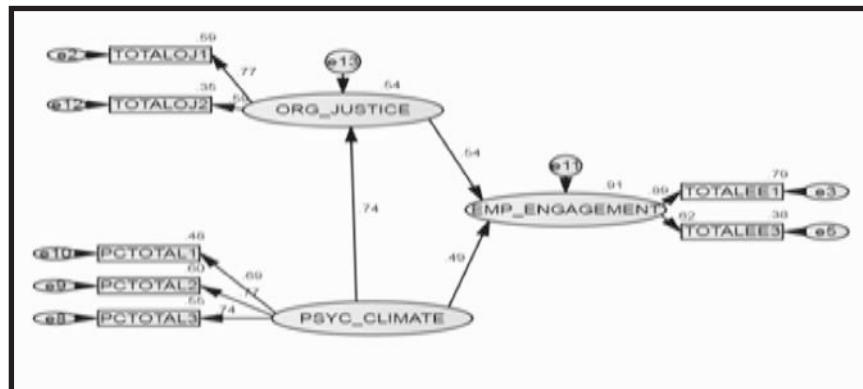


Figure: SEM model showing relationship between variable

**SEM Results**  
**Table 10: SEM Results**

	X <sup>2</sup>	DF	P- Value	CIMN/ DF	GFI	RMSE A	NFI	CFI	AGFI	TLI
Criteria	-	-	>0.05	1<CMIN/DF<3	...	<0.05	≥0.90	≥0.90	≥0.90	≥0.90
Obtained Value	22.703	11	.019	2.064	0.979	.060	0.973	0.986	0.974	0.986
	Chi- Square		DF- Degrees of Freedom							
GFI	Goodness of Fit Index			RMSEA- Root Mean Square Error of Approximation						
NFI	Normated Fit Index			CFI- Comparative Fit Index						
AGFI	Adjusted Fit Index			TLI- Tucker – Lewis Index						

The results revealed that value of chi square (22.703, DF. = 11) with p- value .019 indicated that model was absolute fit to the data. Other fit indices, viz. GFI, NFI, CFI, AGFI, TLI and badness of fit indices such as RMSEA, it can be seen from the table above that the values of various fit indices and RMSEA are as per the specified criteria these parameters clearly indicate that this model fits to this data and there is no further requirement to refine the model.

The present study sought to examine the role of the concept of psychological climate and Justice Perception in determining engagement among employees. The justice perception helps in lessening negative thoughts such as Cynicism (Mathur et al, 2013) and enhances extra role behaviors (Mathur et al, 2013; Gutheling, 2011). The role of Organizational justice has always been an issue of concern for the managers to ensure energy, enthusiasm, persistent and pervasive employees (Saks, 2006). The main findings of Saks (2006) declared the dominant role of Procedural Justice in determining employee engagement. Similarly, (Maslach et al., 2001) also reported that positive perception of fairness improves engagement. Nevertheless, the role of psychological climate can be demeaned. James (1982) and James et al. (1990) reported that psychological climate perception induces feelings of satisfaction and identification with his job and organization.

## Conclusion

The main objective of the research was to identify the relationship between independent variables Psychological Climate and Organization Justice with dependent variable Employee Engagement. The results indicated the significant relationship was found between psychological climate and organization justice. That means the public sector employees the employee engagement can be achieve by improving the quality of climate as well as either generating or enhancing the fairness perceptions among them.

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