



# The effect of inter-organizational justice perceptions on organizational citizenship behaviors in construction projects

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## Abstract

Project management literature has long argued that inter-organizational justice is a key driver of successful construction project delivery. It is argued that when people believe business transactions are fair, they are more likely to exhibit positive organizational citizenship behaviors such as working harmoniously, giving discretionary effort, respecting others, and collaborating to resolve problems. However, there has been little empirical evidence to support these assertions. To address this knowledge gap, an online survey of 135 consultants, contractors, subcontractors, and suppliers from across the construction project supply chain was undertaken. The results show that project participants' organizational citizenship behaviors are influenced by their perceived interpersonal justice in business transactions. However, the findings also offer a more nuanced understanding of the complexities and inter-connectedness of these relationships in showing how one type of inter-organizational justice acts on another in influencing project organizational citizenship behaviors. The results indicate that interpersonal justice is a key ingredient in bringing about positive organizational citizenship behaviors in construction projects and that project performance can be enhanced if project managers treat project participants with politeness, respect, and dignity.

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## 1. Introduction

Over many decades, the discourse of construction project management has been replete with recommendations for the industry to move towards less confrontational, fairer, and more collaborative working practices (Latham, 1994; Walker and Rowlinson, 2008; Walker and Lloyd-Walker, 2011). Proponents of this approach point to the successful implementation of collaborative and relational procurement methods such as alliances as evidence shows that fairer working practices can benefit project performance, especially when supported by legislation such as Australia's Security of Payment Act (NSW) 1999 or soft

instruments such as the UK's Supply Chain Payment Charter. All these initiatives have placed considerable emphases on promoting inter-organizational justice with the aim of developing the organizational citizenship behaviors of project participants for improved project performance. Inter-organizational justice (or also known as inter-firm justice) refers to the perceived fairness by which project participants feel that they have been treated in terms of procedures (procedural justice), rewards (distributive justice), information exchange (informational justice), and interpersonal treatment (interpersonal justice) (Colquitt, 2001). Organizational citizenship behaviors (OCBs) are those discretionary behaviors that help in promoting the effective functioning of an organization (Organ, 1988a) and are important because they are key enablers for improved organizational performance (Podsakoff et al., 1997). In construction, as suggested by Fellows (2009), a construction project can be defined as a temporary multi-organization that comprises different project

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participants who are its peripheral employees, and that the ways in which those project participants perceive they have been treated could affect their citizenship behaviors, hence the overall project performance. Hereafter, the terms “OCBs” and “citizenship behaviors” are used interchangeably.

Despite the promotion of collaborative and relational approaches to construction project management, limited research has been conducted to explore the relationship between inter-organizational justice and OCBs in the construction and wider project management literature. Thus, there is little understanding of the mechanisms by which inter-organizational justice can be translated into OCBs and in turn positive project performance. For example, Kadefors (2005) investigated the role of fairness in inter-firm relations by examining the distributive, procedural, and interactional justice of two Swedish projects based on their contractual and procurement arrangements. Aibinu (2006) established the relationship between distribution of control, perceived lack of fairness and dispute based on two case study projects. Subsequently, Ng et al. (2007) embraced the concepts of distributive and procedural justice to develop a dynamic conflict project management system that involved a five-step dispute resolution process. In investigating the role of emotional attachment in construction projects, Dainty et al. (2005) related the notions of project affinity and chemistry to OCBs and claimed that participants' connection and commitment to project outcomes influenced the way in which the participants worked and their OCBs. Later on, Aibinu et al. (2008) demonstrated the interaction effect of procedural justice and outcome favorability on the cooperative behaviors of Singaporean construction contractors, and Aibinu et al. (2011) also found that perceived justice of outcome is a significant factor driving levels of conflicts and disputes on Singaporean construction projects. More recently, Loosemore and Lim (2015) explored the dimensions of inter-organizational justice and the level of fairness across different construction project types arguing that perceptions of inter-organizational justice between project participants are influenced mainly by the way that rewards are distributed, procedures followed, information communicated, and interpersonal relations conducted. However, like the other researchers cited above, Loosemore and Lim (2015) did not explore the inter-relationships between those dimensions of inter-organizational justice and how each of these dimensions could collectively affect participants' OCBs, thus leaving us with a poor conceptual understanding of how inter-organizational justice affects OCBs. This is an important gap in project management knowledge to explore since by better understanding the different dimensions of perceived inter-organizational justice and their impacts on project participants' OCBs, more targeted project management strategies can be developed to improve project performance. To this end, the aim of this paper is to examine the relationship between project participants' perceived inter-organizational justice and their OCBs. This is achieved through (1) a review of research in the wider field of mainstream behavioral research which has explored the concepts of organizational justice and OCBs and (2) an online questionnaire survey of 135 construction professionals in Australia.

## 2. Literature review

### 2.1. Organizational justice

Since Rawls' (1958) early publication of justice as fairness, there has been an ongoing debate as to how justice takes place in practice, and if it should be treated as a single- or multiple-dimensional concept. While this debate still goes on, it is widely accepted that there are four main forms of justice which exist in any organization: procedural, distributive, informational, and interpersonal. In this study, procedural justice refers to participants' perceived justice about the policies, processes, and procedures through which decisions were made in construction projects (Thibaut and Walker, 1975). Distributive justice refers to the perceived justice about the allocation of rewards received by project participants based on their inputs given (Folger and Konovsky, 1989). Interpersonal and informational justice refer to the degree to which participants were treated with politeness, respect, and dignity (Bies and Moag, 1986) and the quality of information exchange among the participants during enactment of decisions (Greenberg, 1993), respectively.

A considerable amount of research has sought to explain how justice affects organizational performance, mostly outside the construction and project management domains. For example, Thibaut and Walker's (1975) work on individual's reactions to dispute resolutions procedures, which led to the subsequent development of procedural justice, showed that fairness of decision-making policies and practices is an important consideration for individuals. Other studies have also shown that people's judgment of procedural fairness is characterized by (1) their ability to voice views and influence decision outcomes (Colquitt, 2001), (2) if the decisions were made based on accurate information (Leventhal, 1980), and (3) if the decision-making processes were (i) consistent (Leventhal, 1980; Moorman, 1991), unbiased (Leventhal, 1980; Luo, 2007), (iii) ethical (Leventhal, 1980; Folger and Konovsky, 1989), and (iv) clear and transparent (Folger and Konovsky, 1989; Luo, 2007). These authors indicate that if these criteria are met in project relations, then individuals will respond positively by accepting the project manager's authority and becoming more willing to comply with rules, decisions, and work collaboratively towards project outcomes. This further supports Welbourne et al. (1995) and Hauenstein et al.'s (2001) conclusions that procedural and distributive justice are highly associated and undifferentiated. However, researchers (e.g. Adams, 1965; Walster et al., 1978) argued that distributive justice should be perceived differently from procedural justice as distributive justice concerns fairness in (i) resource allocation, (ii) people's contribution and rewards for work done, and (iii) commensuration of rewards with the risks taken, effort, ability, and experience.

Adding to the complexity above, Bies and Moag (1986), Lind and Tyler (1988), and Greenberg (1990) conceptualized interactional justice as the social aspects of procedural and distributive justice, arguing that people's perception of fairness are constantly affected by their relationships and communications around them. In accepting this, researchers suggested that interactional justice

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