ORGANIZATIONAL POLITICS AND PERFORMANCE OUTCOMES: INVESTIGATING THE BUFFERING EFFECT OF ORGANIZATIONAL JUSTICE

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Abstract

In current study, it was theorized that perceived fairness reduces the detrimental effects of perception of organizational politics on performance outcomes of organizations i.e. organizational commitment, managerial effectiveness and organizational performance. To test this exposition, data of 243 managerial employees of banking sector have been obtained and used to find out the moderating effect of organizational justice on perception of organizational politics and performance outcomes. The findings reached at the conclusion that distributive and procedural dimensions of the organizational justice safeguard the damaging effects of the perception of organizational politics on performance but interactional justice has not been verified as a moderator. This study extends the fairness theory and recommends the management to flourish fairness culture in organizations to reduce the injurious effects of organizational politics in the workplace.

Keywords: Perception, Organizational Politics, Managerial Effectiveness, Organizational Performance, Organizational Justice.

JEL Classification: L 290

Introduction

In the underdeveloped countries, organizations are struggling to generate better outcomes enabling them to maintain competitiveness and existence in the international industry (Ahmed & Ahsan, 2011). Being the part of globalized world, organizations in Pakistan are facing stiff competition due to which existence is based on their performance (Imran, Ilyas, & Fatima, 2017; Lal, 2002). Universally, stakeholders are interested in the period end results of their organizations to determine worth. Moreover, it is mandatory for organizations to perform well as compared to their rivals to keep on alive in their respective industry (Vargas, 2015). Organization-wide performance is evaluated at three levels i.e. employee level, managerial level and organizational level (Nguyen, Mia, Winata, & Chong, 2017). To evaluate performance at these three levels, different triggers have been analyzed but organizational commitment (employee level), managerial effectiveness (managerial level) and

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organizational performance (organizational level) have received considerable attention from academia and practice side (Albrecht et al., 2015; Gupta, 1996; Hochwarter et al., 1999; McKay, Kuntz, & Naswall, 2013; Meyer & Allen, 1991; Morse & Wagner, 1978; Porter, Crampton, & Smith, 1976; Shanker et al., 2017; Tsui et al., 1995). Organizational commitment refers to the affiliation of employees with their organizations that has three types i.e. affective, normative and continuous (Hanaysha, 2016; Meyer & Allen, 1991). On the other side, managerial effectiveness is considered as complex construct the nature of which vary from task to task and the determined on the basis of stability and the decision making power of the management in the best interest of the organization (Gupta, 1996; Nguyen et al., 2017). In comparison to managerial effectiveness, organizational performance is evaluated on the basis of achievements against short term goals of the organizations (Imran et al., 2017; Vargas, 2015). Whereas, individuals and groups involved in acts or actions that are detrimental to performance of others that are termed as organizational politics, these are denoted as the interest of individuals or groups at the cost of organizational benefits (Cho & Yang, 2017; Hochwarter et al., 1999). In last two decades, organizational politics gathers the attention of researchers because of its importance in shaping up the dynamic organizational output and concluded that it cannot be entirely eliminated from organizational life (Andrews & Kacmar, 2001; Bodla & Danish, 2009; Ferris & Kacmar, 1992; Garbuio & Lovallo, 2017; Miller, Rutherford, & Kolodinsky, 2008). Different researchers provided some compact solution to buffer the unfavorable nature of the outcomes caused by organizational politics i.e. reduced commitment level, job dissatisfaction, stressed working environment, intention to quit and managerial inefficiencies (Cohen-Charash & Spector, 2001; Moorman, 1991; Utami, Bangun, & Lantu, 2014). On the other hand, some scholars are of the view that organizational politics is a healthy phenomenon and can be used to get the desired results as well (Harris, Andrews, & Kacmar, 2007).

In organizational dynamics, organizational politics becomes the integral part and it’s very difficult to eliminate it in the routine life of organization but research proves that it can be buffered (Byrne, 2005; Cho & Yang, 2017). The top management can perform the job of buffering the effects of organizational politics by providing proper reward, dissemination of information, appropriate dignity, unbiased procedures, equality to all and justified promotions, in total it is called organizational justice (Batten & Swab, 1965; Bodla & Danish, 2009; Hochwarter, Witt, & Kacmar, 2000; Muqadas, Rehman, & Aslam, 2017). The perceived fairness in the workplace may ensure commitment level and performance in organizations and is divided into three broader elements i.e. procedural, interactional and distributive justice (Aryee, Chen & Budhwar, 2004; Erdogan, Liden, & Krammer, 2006). Contemporary literature about organizational politics contains theories, its destructive effects and elimination from organizational life that was also on initial level inquiries but rarely measure its quantitative effects and how it can be managed or buffered to achieve the organizational desired results with its existence (Cacciattolo, 2014; Chang, Rosen & Levy, 2009; Mayes & Allen, 1977; Utami et al., 2014; Witt, 1998). Further, the existing empirical research about the perception of organizational politics is about its linkage with employee learning, job stress, job dissatisfaction and intention to quit (Bodla & Danish, 2009; Chang et al., 2009; Garbuio & Lovallo, 2017). The current quantitative inquiry has addressed the unattended area in the organizational politics literature and measure how organizational justice buffers the unfavorable effects of organizational politics in relation to performance outcomes of organizations i.e. organizational commitment, managerial effectiveness and organizational performance. The results of this study opened up the avenues for management to safeguard the
detrimental effects of organizational politics and to be able to retain the commitment level of employees, effectiveness of management and ultimately achieve the overall performance.

**Literature Review**

*Organizational Politics and Performance outcomes*

In previous research, organizational politics is defined as behaviors and acts of employee for their concerns outside the norms circulated by organizations and may be detrimental for overall performance of organizations (Bacharach & Lawler, 1980; Cho & Yang, 2017; Ferris et al., 1996). Bacharach and Lawler (1980) explained that political actions of employees are normally used to gain control over the decision making that will be helpful to achieve personal objectives over organizational objective. On the other hand, most of the time gaining power is the objective of behavior caused by politics that is usually harmful for organizational wellbeing (Andrews & Kacmar, 2001; Garbuio & Lovallo, 2017). Ferris et al. (2002) argued that organizational politics is restricted to actions that are nearly opposite of what organization is demanding from the employees. Conversely, the proponents of politics believed that perception of organizational politics is a powerful tool used by the management for the betterment of the organization and it always depends on the management how to use the politics either positive or negative (Aryee et al., 2004; Davis & Gardner, 2004). However, consensus of the researchers is that political actions produce unwholesome outcomes for organizations (Byrne, 2005; Miller et al., 2008).

In general, managerial effectiveness is termed as the effective control of the management over the decisions and performance of the organizations by controlling the internal and external environment (Morse & Wagner, 1978). Gupta (1996) argued that managerial effectiveness varies from task to task and organization to organization and a commonly a multi facets construct. Moreover, managerial effectiveness is gaining the interest of the researchers because of its enduring effect on achieving the long term goals of the organization (Nguyen et al., 2017). The key bottleneck in the road map of managerial effectiveness is the political activities used by the individuals or groups and sometimes has been able to derail the standing of successful management (Cho & Yang, 2017; Ferris et al., 1996; Garbuio & Lovallo, 2017). Further, Byrne (2005) highlighted the human resource aspect of the politics that linked to wreck the managerial effectiveness by creating job dissatisfaction in employees. The above discussion revealed the following hypothesis:

\[ H1: \text{Organizational politics has negative effect on managerial effectiveness.} \]

Bacharach and Lawler (1980) were among the pioneering researcher who defined the link between politics and performance in organizational context. They explained that excessive political activities in organizations having very damaging effects on organizational health (Aryee et al., 2004; Byrne, 2005; Cho & Yang, 2017). Further, a group of researchers believed that behaviors that are backed by politics turned individual performance to non-performance of other non-involved individuals or groups (Wood, 2017). Earlier work by Batten and Swab (1965) presented a model to eliminate the political stance from organizational life but recent researchers believe that organizational politics can be a tool used by the management to achieve better results and contingent to the abilities of the managers to use it. This paradox creates the attention of the researchers to conclude the below
Universally, stakeholders are interested in the period end results of their organizations to determine enabling them to maintain competitiveness and existence in the international industry (Ahmed & Ahsan, 2011). Contribution of services sector in the economy of Pakistan. PIDE-ICPS-2010-06. Ahmed, A., & Ahsan, H. (2011). Contribution of services sector in the economy of Pakistan. PIDE-ICPS-2010-06. Recommendations of management to flourish fairness culture in organizations to reduce the injurious organizational justice on perception of organizational politics and performance outcomes. The geriatric employees of banking sector have been obtained and used to find out the moderating effect of organizational justice in current study, it was theorized that perceived fairness reduces the detrimental effects of perception of organizational politics is a healthy phenomenon and can be used to get the desired results as well as organizational politics is about its linkage with employee learning, job stress, job dissatisfaction and intention to quit. The quantitative effects and how it can be managed or buffered to achieve the organizational desired results and performance in organizations and is divided into three broader elements i.e. procedural, interactional and normative justice. Hence, existing theory, and practical implications. The common method variance and causality are the major concerns because data collected using structured questionnaires and at one point in time. Therefore, the study time horizon is cross sectional and the current study is causal in nature because it states that perceived fairness in the workplace is a key factor to retain the commitment level of organization as compared to continuous or normative commitment. Conversely, if the level of organizational commitment is strong then perception of organizational politics will have less effects (McKay et al., 2013). In this regard, researchers concluded the following:

H2: Organizational politics has negative effect on organizational performance.

Employees have different types of attachments with organizations that result in loyalty and a sense of ownership termed as organizational commitment (Rogiest, Segers, & van Witteloostuijn, 2015). Till date, three types have been identified partaking unique characteristics i.e. normative, continuous and affective (Meyer & Allen, 1991; Spanuth & Wald, 2017). Organizational commitment and perception of organizational politics are nearly adverse concept as organizational commitment has positive and perception of organizational politics has negative effect on organizational wellbeing (Cho & Yang, 2017; Garbuio & Lovallo, 2017; Hanaysha, 2016). Meyer et al. (2002) concluded that affective commitment is the most affected component due to organizational politics prevailed in the organization as compared to continuous or normative commitment. Conversely, if the level of organizational commitment is strong then perception of organizational politics will have less effects (McKay et al., 2013). In this regard, researchers concluded the following:

H3: Organizational politics has negative effect on organizational commitment.

Modest effect of organizational justice

“Perceived fairness in the workplace” or “organizational justice” is always being desirable and holds the attention of researchers to find out its connections with various organizational concepts (Muqadas et al., 2017; Yean, 2016). Broadly, extant research found out that organizational justice has three types; procedural justice, distributive justice and interactional justice (Cohen-Charash & Spector, 2001). Contemporary literature suggests that prevailing of organizational justice ensures the deterioration of harmful effects of various concepts including organizational politics (Folger et al., 2001; Kerwin, Jordan & Turner, 2015; Lilly, 2017). Folger et al. (2001) presented fairness theory that states that perceived fairness in the workplace is a key factor to retain the commitment level of employees and their performance in organizations. On the other hand, organizational justice has also positive relation with managerial effectiveness as employees have trust on standing management if they have been properly rewarded, receiving respectable attitude from the management and received proper information (Klendauer & Deller, 2009; Tekleab, Takeuchi, & Taylor, 2005). In this respect, the current quantitative inquiry examined the moderating effect of organizational justice on the perception of organizational politics and the contextual performance relationship.

H4: Organizational justice has a weakening effect on organizational politics and performance outcomes relationship.
Research Model

![Research Model Diagram]

*Figure 1: Hypothesized Research Model*

**Methodology**

The deductive reasoning approach relies upon the already existing literature and theory of organizational justice, outcomes, and organizational politics. The research considered as a quantitative in nature as well as following the assumptions of positivistic paradigm (Creswell, 2013). Additionally, the study time horizon is cross sectional and the current study is causal in nature because it aims to explain the cause and effect relationship between the proposed hypotheses.

**Instrumentation**

Causal comparative research design has been used by following the inner loop of quantitative method and data for the current research is obtained through structured questionnaires from the employees of private and public sector banks. The structured questionnaires of organizational politics has been adopted from a well-known study of Kacmar and Ferris (1991). While the scales of others constructs such as managerial expertise, organizational justice, and organizational performance are adopted from the previous studies respectively (Gupta, 1996).

**Sample**

The population of the current study includes Banking Service Corporation (BSC) which is operating under the control of State Bank of Pakistan (SBP). The population frame is known so three-stage sampling process is used to draw a representative sample for this study. Initially, stratified random sampling has been used to divide banking sector into public and private sector banks. Afterwards, simple random sampling has been used to collect data randomly from the strata.
Procedure

Overall, we distributed approximate 360 questionnaires among the employees of public and private sector banks. From 360 structured questionnaires, initially 198 responses have been received. Therefore, we started a quick follow-up using email and telephonic conversation. As a result, we are successful to get further 45 responses from the remaining respondents. Overall response rate (67.5-percent) is appropriate to complete the statistical analysis. The respondents of this study are working on key positions in banks such as branch manager, credit analyst, team leader, operation manager, business development manager, and risk manager.

Reliability and Correlation Analysis

In empirical study, the reliability and validity of an instrument has prime importance therefore we measured the internal consistency of structured questionnaires using Cronbach (1951) alpha method. The acceptable statistics for alpha value is above 0.6 (George and Mallery, (2003) Hair, (2010). Table 1 illustrated the ranges of alpha values which are in between .60 to .90. While correlation results indicated that there is a negative relationship found between the perception of politics and the performance outcomes. Organizational politics has destructive effects on performance parameters.

Table 1

<table>
<thead>
<tr>
<th>Variables</th>
<th>Total items</th>
<th>Reliability value</th>
<th>OJ</th>
<th>POP</th>
<th>OP</th>
<th>ME</th>
<th>OC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Justice (OJ)</td>
<td>12</td>
<td>0.782</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational politics (POP)</td>
<td>14</td>
<td>0.784</td>
<td>-0.216**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Performance (OP)</td>
<td>8</td>
<td>0.828</td>
<td>0.658**</td>
<td>-0.275*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial Effectiveness (ME)</td>
<td>11</td>
<td>0.886</td>
<td>0.710**</td>
<td>-0.281**</td>
<td>0.733**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Organizational Commitment (OC)</td>
<td>13</td>
<td>0.699</td>
<td>0.807**</td>
<td>-0.294*</td>
<td>0.811**</td>
<td>0.887**</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: * p <0.05 and ** p< 0.01

Regression Analysis

The core hypotheses (i.e. H1, H2 & H3) have been analyzed using regression analysis in SPSS. Table 2 has shown that statistical results indicated that organizational politics has damaging effects on performance parameters (i.e., ME: R²=10.1%, OC: R²=13.3% & OP: R²=13.4%) with beta numerical values for ME, OC & OP are -0.21, -0.277 & -0.293. The results also highlighted that employee commitment has been found as a major response variable for the perception of organizational politics.
Table 2

**Linear Regression Results (Independent Variable is POP)**

<table>
<thead>
<tr>
<th>Statistical terms</th>
<th>ME</th>
<th>OC</th>
<th>OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>$R^2$</td>
<td>0.101</td>
<td>0.133</td>
<td>0.134</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.077</td>
<td>0.122</td>
<td>0.126</td>
</tr>
<tr>
<td>Beta Coefficient</td>
<td>-0.218*</td>
<td>-0.277*</td>
<td>-0.293*</td>
</tr>
<tr>
<td>Standard Error of Estimate</td>
<td>0.061*</td>
<td>0.073*</td>
<td>0.087*</td>
</tr>
<tr>
<td>ANOVA Statistics</td>
<td>16.131</td>
<td>18.788</td>
<td>17.543</td>
</tr>
<tr>
<td>t-Values</td>
<td>-9.146</td>
<td>-13.878</td>
<td>-14.676</td>
</tr>
</tbody>
</table>

Note: DVs are ME: Managerial Effectiveness, OC: Organizational Commitment, OP: Organizational performance.
POP: Perception of Organizational Politics (IV) *p<0.05

**Moderation Analysis**

Aguinis (2004) moderation test has been applied by using Aiken, West, and Reno (1991) interaction term. The test was applied to examine the weakening impact of organizational justice on the association between performance outcomes and organizational politics. Comparative analysis has been done by using two models such as direct and interactive model. Based on the statistical results of two models, we found that organizational justice reduces the destructive impact of politics on performance parameters such as ME, OC & OP.

Table 3

**Moderation effect on organizational justice**

<table>
<thead>
<tr>
<th>DVs</th>
<th>ME</th>
<th>OP</th>
<th>OC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>$R^2$</td>
<td>$\Delta R^2$</td>
</tr>
<tr>
<td>Model</td>
<td>IVs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>POP</td>
<td>-0.237</td>
<td>0.092</td>
</tr>
<tr>
<td></td>
<td>PJ</td>
<td>0.755</td>
<td>0.836</td>
</tr>
<tr>
<td></td>
<td>DJ</td>
<td>0.721</td>
<td>0.579</td>
</tr>
<tr>
<td></td>
<td>LJ</td>
<td>0.788</td>
<td>0.741</td>
</tr>
<tr>
<td>2</td>
<td>POP*PJ</td>
<td>0.183</td>
<td>0.743</td>
</tr>
<tr>
<td></td>
<td>POP*DJ</td>
<td>0.158</td>
<td>0.565</td>
</tr>
<tr>
<td></td>
<td>POP*IJ</td>
<td>0.175</td>
<td>0.738</td>
</tr>
</tbody>
</table>

Note: POP : Perception of Organizational Politics, PJ: Procedural Justice, DJ: Distributive Justice, LJ: Interactional Justice, ME: Managerial Effectiveness, OC: Organizational Commitment, OP: Organizational performance, *p < 0.005

In table 3, the results of inner types of justice shown as an interactive variables. The results reveal that procedural and distributive justice has reduced the negative impact of organizational
politics on performance outcomes. However, interaction justice was unable to prove as an interactive variable and has no impact on the relationship between performance outcomes and organizational politics.

![Figure 2: Revised Model](image)

### Discussion

In this study, we used three variables such as managerial effectiveness, organizational commitment, and organizational performance to measure the level of performance in the banking sector. There are two models such as a direct model to test the linear relationship between organizational politics and performance outcomes; and a moderation model to test the interactive effect of organizational justice in between performance outcomes and the perception of organizational politics. The findings of hypotheses (H1, H2 & H3) revealed that organizational politics has destructive impacts on managerial effectiveness, organizational commitment, and organizational performance with different intensities. But the results of the current study strengthens the findings of previous studies (Côté, 2017; Garbuio & Lovallo, 2017; Hanaysha, 2016; Hochwarter et al., 1999; Imran et al., 2017). The findings of this study is important and promising because it highlights a clear picture regarding the detrimental effects of organizational politics on performance outcomes in the banking sector.

The existing theory on organizational politics suggested that it is one of the harmful organization parameter that should be decreased or eradicated at the workplace. The findings of the previous studies reveal that organizational justice inner types such as procedural and distributive justice are helpful to decrease the injurious impacts of organizational politics on the performance outcomes (Andrews & Kacmar, 2001; Bilal, Muqadas & Khalid, 2015; Lilly, 2017). The findings of the current study also highlighted and strengths the results of previous studies as well as suggested how organizational parameter such as organizational justice can reduce the detrimental effects of politics on the
level of performance.

**Conclusion**

In competitive era, the top management of organizations is interested to eradicate all the hurdles that decrease the level of performance to stay alive in the industry. The top management of these banks is concerned about the use of politics for their personal interests by using the time and resources of organization. Therefore, they are keenly interested to unfold those organizational parameters that can reduce the negative impact of organizational politics on performance outcomes in organizations. The study has revealed that organizational justice such as procedural and distributive justice is proved helpful to reduce the destructive effect of organizational politics on performance outcomes. In-depth analysis of results, showed that these justice inner types can moderate the destructive effects of organizational politics towards performance triggers. The level of employees’ performance and commitment can improve if justice practices exist in these banks.

**Research implications and limitations**

Justice practices can ensure the optimum balance between organizational politics and performance outcomes. The management of these banks should ensure the procedural and interaction justice practices to reduce the unhealthy effects of organizational politics on performance outcomes such as managerial effectiveness, organizational commitment and performance. This research is contributing in to the existing theory and also examined the rarely investigated impact of organizational justice between performance outcomes and organizational politics.

The current study has few limitations regardless of its contribution in the context of literature, existing theory, and practical implications. The common method variance and causality are the major concerns because data collected using structured questionnaires and at one point in time. Therefore, in future, multiple sources for data collection can be used by using longitudinal time horizon. Furthermore, the data collection is restricted to the banks of Bahawalpur region which raised question on the generalizability of the findings. In future, it is recommended to conduct a study with wider scope and by using multiple data collection tools. Also, the reliability value below 0.70 can raise the questions on the internal validity of an instrument.

**References**

Andrews, M. C., & Kacmar, K. M. (2001). Discriminating among organizational politics, justice, and


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Research Model

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2(1), 7-35.

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Organizational Politics and Performance outcomes

Keywords: organizational justice on perception of organizational politics and performance outcomes. The current study, it was theorized that perceived fairness reduces the detrimental effects of perception of organizational politics by providing proper reward, dissemination of information, appropriate communication, and folds the attention of researchers to find out its connections with various organizational concepts and performance outcomes. The management of these banks should ensure the procedural and interaction justice and fairness to the employees, human resource management practices and competitive advantage: An integrated approach.

Figure 1: Regression Analysis

Table 2: Correlation Matrix

Figure 2: Cronbach’s Alpha

References


