Procedural Justice and Employee Engagement of Insurance Firms in Port Harcourt, Nigeria

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Abstract: This study addressed the relationship between procedural justice and employee engagement of insurance firms in Port Harcourt. The study is designed as a cross sectional survey, with data generated from 92 respondents using the structured questionnaire. Procedural justice is the criterion variable, while employee engagement is operationalized using vigour and dedication as the predictor. The Spearman's rank order correlation was utilized in the assessment of the significance of the bivariate relationship between the dimension of procedural justice and the measures of employee engagement. The findings revealed that procedural justice have significant effects on all two measures of employee engagement, hence all null hypothetical statements were rejected. The study concluded by stating that the fair distribution, and the processes involved in the allocation of resources within the organization, as well as the features of the relationships between workers and their managers or leaders, significantly enhances the extent to which members of the organization are dedicated, vigorous about their work and the extent to which they are enthusiastic and absorbed in their work. It was thereby recommended that the distribution and allocation of resources as well as its procedures should follow clear and transparent guidelines which recognize and are based on agreed upon sharing ideals or patterns such that members do not feel sidelined or cheated in the distribution process. Also, practices and systems of justice should be upheld and emphasized through policies and discipline in the organization in such a way that deviance would attract strict penalties and recourse to appropriate formats.

Key words: procedural justice, employee engagement, Dedication, Vigour

INTRODUCTION

Employee engagement is currently drawing a lot of interest among various professionals, practitioners and consultants in the business world (Saks, 2006). It has evolved to become one of the most popular concepts in the field of organizational behaviour and management; forming a fundamental factor and feature of employee survey instruments utilized in the generation of social or management related data (Bailey, Madden, Alfes & Fletcher, 2017).
Its interest grows as a result of its key contributions to and implications for workplace relationships and the organization as a whole. This is as the past decade has seen a surge in academic research on the concept of engagement which has been lauded as the key to an organization’s effectiveness, competitiveness and a driver for an organization’s bottom line performance (Macey & Schneider, 2008; Saks & Gruman, 2014).

In one of the first empirical investigations on the possible predictors as well as consequences of employee engagement within organizations, Saks (2006) observed that employee engagement significantly impacts on workers satisfaction, employee commitment, lower turnover and also organizational citizenship behaviour. Employee engagement is essential to employee productivity and involvement. Employees who are high on their engagement scales tend to contribute to more and in substantial degrees to their organizations. Their levels of task performance and organizational citizenship behaviour will increase in line with their engagement which further results in competitive advantages for organizations (Rich, Lepine & Crawford, 2010). Similarly, Harter, Schmidt and Hayes (2002) affirmed that from their meta-analysis study which was carried out in 36 organizations that employee engagement is related to meaningful organizational results comprising of internal and external customer satisfaction, service quality, profit, employee retention and trust. Employee engagement can therefore be considered a factor for the overall success of the organization as it results in improved business outcomes and higher levels of employee productivity (Gruman & Saks, 2011; Alvi & Abbasi, 2012)

The conceptualization and meaning of the employee engagement construct has been varied among different scholars and schools of thought and to date there is no generally accepted or consensus on what engagement actually implies (Macey & Schneider, 2008; Saks & Gruman, 2014). This is as different constructs of employee engagement can be considered as distinct from one another and have been advanced to capture or illustrate the fundamental features or aspects employee engagement (Shuck, Adelson & Reio, 2016). Following the early works of Kahn (1990) on the concept of engagement as it relates to the work role, several researchers have developed several varieties of engagement constructs which cover mainly: work engagement, job engagement, organizational engagement, intellectual or social engagement and, the subject of this study, employee engagement sometimes as distinct and separate constructs or as components of one or the other (Macey & Schneider, 2008; Shuck et al., 2016).

Engagement can also be viewed as a positive anti-thesis of the construct of employee burnout whereby it is characterised by energy, involvement and efficacy (Maslach, Schaufeli & Leiter, 2001). In this regard, employee engagement is often presented as a pervasive instead of a momentary affective-cognitive state that is not particularly focused on a certain object, role or event (Schaufeli, Salanova, González-Roma & Bakker, 2002). It refers to a positive state of mind that is characterized by vigour, and dedication (Schaufeli et al., 2002). Vigour can be described as entailing mental exertion and persistence in the face of challenging events or circumstances and physically using high levels of energy while carrying out one’s role; dedication involves a cognitive and affective state of confidence, inspiration and strong drive (Schaufeli et al., 2002; Gan & Gan, 2014).
Kaplan and Norton (2004) note that the transition of business activities and functions from the industrial age to informational age has made organizations across the world increasingly dependent upon the human capital which in turn best flourish when dealt with fair and just way. Today’s organizational success largely depends and is predicted by the extent to which employees intimately melt themselves into the work environment of a business (Iqbal et al., 2012). Consistently high engagement by the employees in this competitive environment is a key to achieving the coveted success for the business. As such Employers and managers today are, therefore, more concerned with the attitude employees hold about their organizations. In this sense, procedural justice has been considered of great interest from different quarters such as from industrial psychology, behavioural management and human resource management as a means of endearing organizations to their employees and ultimately making the organizations more effective in terms of employee productivity (Cropanzano & Greenberg, 1997).

Though in the western and other developed parts of the world, there exists large number of studies have been produced which have focused on the effect of procedural justice on employee engagement (Schaufeli et al., 2002; Gruman & Saks, 2011; Alvi & Abbasi, 2012), however, very little empirical studies have been conducted within the context of Nigeria. This is as there exist significant dissimilarities and contextual factors which contribute to the distinct features of each context. For a country like Nigeria, where labours are always in surplus, concepts such as procedural justice and its impact on workplace relations might pose a different scenario compared to other developed contexts (Budhwar & Varma, 2011).

Based on the foregoing, this study departs from previous studies as it extends the research on the variables by testing hypotheses on workers within Insurance firms in Port Harcourt. This is as, over the last two decades, labour and workplace related issues in Nigeria has gained increasing importance in the world economic scene, due to its steady rise as well as opening up of its markets, following liberalization and reforms of several sectors initiated in the early 2000s (Budhwar & Varma, 2011). As one might expect, the liberalization of the Nigerian economy and the resultant growth in competition among service firms has led to significant changes in managerial policies and procedures, especially those related to human resource functions (Budhwar & Sparrow, 1998; Sparrow & Budhwar, 1997). These development and features necessitate the need for a study of this nature and form as a means of understanding and the role or significance of the relationship between the variables of the study within such a context. Hence this study will empirically investigate the relationship between procedural justice and employee engagement in insurance firms in Port Harcourt. Therefore, the objective of this study is to specifically examine the relationship between procedural justice and employee engagement in insurance firms in Port Harcourt firms in Port Harcourt. The study shall therefore be seeking answers to the following research question:

1. To what extent does procedural justice relate to dedication in insurance firms in Port Harcourt?
2. To what extent does procedural justice relate to vigour in insurance firms in Port Harcourt?
**LITERATURE REVIEW**

**Theoretical Framework**

The underpinning theory for this study is the equity theory is adopted as a theoretical foundation in prescribing possible outcomes and implications with regards to the relationship. Organizations are attempting to develop a work force that is self-managing and autonomous, a sense of justice becomes even more essential as the glue that holds the organization together and maintains teamwork (Cropanzano & Kacmar, 1995). The essential idea behind equity theory is that when individuals work for an organization, they present certain inputs (e.g., abilities or job performance).

Based on what they input in, people expect to get something in return, for example when people input high performance, they expect to get a high pay level (Cropanzano, 1993). Adams (1965) expressed this as a ratio of outcomes per inputs. The difficult thing for workers is to determine when a given ratio is fair. Adams argued that individuals determine fairness by comparing their ratio to the ratio of some comparison other; this allows someone to see if a reasonable amount were obtained.

Equity theory predicts that low rewards produce dissatisfaction; this would in turn motivate people to take action and reduce the discrepancy between their ratio and the ratio of the comparison other. For example, one might reduce inputs (lower performance), or if possible, increase outcomes. According to Adams (1965) when a person is over rewarded, he/she might experience guilt, shame, or remorse instead of anger or resentment. These emotions are negative and therefore should motivate individuals to move toward reducing the imbalance. Because individuals do not usually forego positive outcomes, people are generally likely to respond by increasing inputs. That is, they are expected to work harder.

The concept most often examined in studies of equity theory is pay equity, the degree to which employees perceive their pay to be fair. Equity theory suggests that individuals may
choose from one or more different referents in determining the equitableness of their pay. Among the most theoretically and empirically important referents are internal comparison with persons holding the same or different positions within the same organizations and external comparisons with persons similarly employed in other organizations. Employees may choose family members to measure how their pay meet their needs and compare it with the employee’s own pay history.

Equity theory suggests that overpaid workers avoid any inequity reduction techniques that result in (a) negative consequences to self-esteem or physical wellbeing or (b) devaluation of a good job outcome such as job satisfaction or monetary compensation. The preferred method is a psychological justification involving a higher valuation of one’s job inputs as indicated by the results of the study (Perry, 1993). When employees are not satisfied with their job they react negatively. This is consistent with what Adams has predicted in which workers who feel inequitably underpaid may respond by raising their outcomes.

According to equity theory people can readress states of inequity cognitively, for instance, altering their beliefs about the outcomes they received from their jobs. Equity theory asserts that workers who are underpaid financially may be able to re-establish overall level of equity by convincing themselves that they are well compensated with respect to other outcomes. A study on 114 salaried clerical workers, whose pay was reduced, felt that they were inequitably underpaid (Greenberg, 1989). Their pay cut created an underpayment inequity. In this case the employees followed two approaches. First, enhanced the perceived importance of other outcomes (work environment). Second, exaggerate the perceived level of these outcomes needed to establish equity.

The equity theory further tells us that cognitive revaluation of a situation will minimize the distressing effect of inequity (Greenberg, 1989). Heneman's (1985) review showed that pay satisfaction effects on overall levels of employee engagement and also has a big effect on behaviours such as turnover, absenteeism, and the effort exerted on the job. However, overpayment does not produce these results, usually underpayment does that consistently (Mowday, 1987)

**Procedural Justice**

The justice literature became more complex with the introduction of procedural justice as a complement to distributive justice. Original work on procedural justice was conducted in the context of legal procedures. Researchers noticed that parties in dispute resolution procedures not only responded to the outcomes they received but also to the process that was followed in determining these outcomes (Nowakowski & Conlon, 2005). This resulted in the development of the construct of procedural justice.

Procedural justice is defined as the fairness of the process that is used to arrive at decisions (Nowakowski & Conlon, 2005). Central to the development of procedural justice is the work done by Thibaut and Walker (1975). They determined that control or influence over the process, also called “voice”, plays an important role in creating high levels of procedural justice. Perceptions of procedural fairness seem to be universal, in that procedures such as granting of voice are recognised as fair in many cultures (Greenberg, 2001). Other
structural aspects of the procedures such as openness and clarity are also considered by several cultures to contribute to fairness.

**Employee Engagement**

Employee engagement is a relatively new concept in the academic community but has been heavily promoted by consulting companies (Wefald & Downey 2009). Scholars and practitioners in the HRM field tend to agree that the fundamental concept of engagement may help explain behaviour at work, but they present different definitions of it. Thus, while the concept of employee engagement seems on the surface to be compelling, the concept lacks clarity in its definition.

Using Kahn’s (1990) seminal work as the point of departure, the concept of engagement was first introduced by him to explain how people are personally engaged and disengaged at work. He defined ‘job engagement’ as ‘the harnessing of organisational members’ selves to their work roles where people express themselves physically, cognitively, and emotionally during role performances’ (Kahn 1990: 694). This definition clarified the concept of engagement as the manifestation of being ‘present at work’. Being ‘present at work’ requires a particular mental state.

Maslach and Leiter (1997) reintroduced the concept of engagement as an energetic state of involvement that is posited to be the opposite of burnout. Engaged employees who are seen as energetic and take their work as a challenge appear as the opposite to burnt-out employees who are stressed and see their work as demanding (Bakker, Schaufeli, Leiter & Taris 2008). Maslach and Leiter (1997) added to their argument by asserting that, if an employee is not engaged, he or she will be more likely to move to the other end of the continuum and experience burnout.

The state of engagement is characterised as having high energy (as opposed to exhaustion), high involvement (as opposed to cynicism) and efficacy (as opposed to lack of efficacy). Gonzalez-Roma, Schaufeli, Bakker and Lloret (2006) supported this view and further characterised it by activation, identification and absorption. Activation refers to having a sense of energy, identification is a positive relationship towards work, and absorption is being fully immersed in one’s job.

Engagement has also been defined as an individual’s involvement, satisfaction and enthusiasm for work (Harter et al., 2002). This definition was derived from items in the Gallup Workplace Audit, developed by the Gallup organisation, which were based on employee perceptions of work characteristics. Perceptions of work characteristics resulted in this definition having conceptual overlaps with job involvement and job satisfaction. First, job involvement is a concept that focuses on how a job helps define a person’s identity (Lawler & Hall, 1970).

To sum up, different school of thoughts have conceptualised employee engagement in various ways. The lack of agreement among scholars in establishing a solid foundation for the definition of employee engagement has caused many gaps in the research area. Some have defined engagement as being present at work, some as the opposite to burnout on a continuum, and some have overlapped it with other constructs such as job satisfaction and
job involvement. The arguments presented in the above sections justify why Schaufeli et al.’s (2002) conceptualisation of engagement is most thorough and precise.

Employee engagement focuses upon the positive and fulfilling aspects of doing work. For a person to be engaged, he or she must be vigorous, dedicated and absorbed in their job. This positive reflection is in line with the movement of positive organisational behaviour in seeking to understand how individuals thrive at work. For this reason, Schaufeli et al.’s (2002) view on engagement is seen as more dominant and comprehensive than others. Given these key attributes and following Schaufeli et al. (2002) conceptualisation, this study defines employee engagement as a positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption. This definition distinguishes it from other established measures of positive employment states such as job satisfaction and job involvement.

**Dedication:** The first element of employee engagement is dedication. This refers to being strongly involved in one’s work and experiencing a sense of significance, enthusiasm, inspiration, pride and challenge (Schaufeli et al. 2002). Being dedicated to one’s job includes motivated acts such as working hard and giving the best that one can at work. Work not only seems to be important but also requires self-disciplined behaviour, as demonstrated by following rules, taking the initiative to solve a problem at work and exceeding one’s personal job requirements (Van Scotter & Motowidlo, 1996). A person who is dedicated to work is veritably engaged to his or her job.

**Vigour:** The first element of employee engagement, vigour, is a positive affective response to an employee’s interactions with the elements of the job as well as the environment. The concept of vigour is drawn from the view that individuals share a basic motivation to obtain, retain and protect the things that they value, such as resources (in this case, energetic resources) (Hobfoll 1989). Energetic resources refer to physical strength, emotional energy and cognitive liveliness. According to Schaufeli et al. (2002), vigour is characterised by high levels of energy and mental resilience while working, the willingness to invest effort in the work and persistence even in the face of difficulties. Vigour relates to psychological capacities for exercising will power and developing alternative ways to achievement, optimism in expecting future success, and resilience to persist in the pursuit of goals. A person who is vigorous at work distinctly represents an engaged employee.

**Procedural Justice and Employee Engagement**

Thibaut and Walker (1975) introduced another dimension of organizational justice namely procedural justice. They defined procedural justice to be concerned with individual’s perceptions about the fairness of procedures governing decisions. Examples of procedural justice include the degree of voice a person has in the decision-making process and whether or not consistent rules are followed in making decisions (this means that procedural justice is also linked to employee influence).

Thibaut and Walker (1975), in other words, gave the concept of process control and decision control. Their work was mainly limited to legal procedures and disputant reactions. They suggested that if disputants had control over processes, they would still
view procedures as fair even if they had minimal control over decisions. By process control they mean the control over the presentation of argumentation and sufficient time to present the case.

Leventhal et al. (1980) introduced procedural justice in an organizational setting (in contrast to legal settings used by Thibaut and Walker in their studies) and introduced six measures of procedural justice. These include consistency across people and time, free from bias, accuracy of information used in decision making, existence of some mechanism to correct flawed decisions, conforming to standards of ethics and morality and inclusion of opinion of various groups involved in the decision process. Skarlicki and Folger (1997) explain the consequences of procedural justice. They argue that individuals accept responsibility for their problems if they perceive that fair procedures were used to arrive at decision outcomes. However, if they perceive that procedures used by the organization are unfair, individuals may show anger and resentment and consequently enter into retaliating behaviours (Skarlicki and Folger, 1997).

Employee perceptions of fairness in treatment and procedures enhances their quality of work, their performance, stimulates commitment and desirability of long-term ongoing relationship with organization (Cropanzano et al., 2001). Also procedural justice is expected to increase perceptions of organizational support, which, in turn, increase both citizenship behaviors directed toward the organization and organizational commitment (Cropanzano et al., 2001). Thus, it becomes important for employees that what is fair and what is not. Favourable outcomes are more likely to engender fairness, whereas unfavourable outcomes are more likely to engender perceived unfairness. This position was further reinforced by the previous findings of Wallgren (2011) as re-affirmed by the study hypotheses. Based on the foregoing, we hypothesized thus:

**H01:** There is no significant relationship between Procedural justice and dedication in insurance firms in Port Harcourt.

**H02:** There is no significant relationship between procedural justice and Vigour in insurance firms in Port Harcourt.

**METHODOLOGY**

The research design for this study will be cross-sectional survey design because it enhanced the gathering of data interpretations to be made based on the data gathered. The accessible population of the study comprises of 154 staff of the five selected insurance firms in Port Harcourt. The sample size for this study comprises of the 111 population with the aid of Taro Yamen formulae. The primary and secondary source of data collection were adopted using journals, magazine and structured questionnaire. The data were analyzed using tables, means and standard deviations. The Spearman’s rank order correlation coefficient (r) with the aid of SPSS version 20.0 statistical software to analyze the null hypotheses. Also a five (5) point Likert scales was used to measure the respondents choices and opinions, ranging from Very high extent to Very low extent.
DATA ANALYSIS AND RESULT

Test of Hypothesis One (Ho₁)

Ho₁: There is no significant relationship between procedural justice and dedication of insurance firms in Port Harcourt.

Ho₂: There is no significant relationship between procedural justice and Vigour of insurance firms in Port Harcourt.

Table 1.1 Procedural justice and employee engagement

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Source: Research survey, 2020

The relationship between procedural justice and dedication

The result for this hypothetical statement indicates that there is a significant relationship between the variables. The evidence shows that at a rho = .590 and a P < 0.05, procedural justice significantly impacts on employee dedication. Consequently, the hypothesis is considered as false and therefore rejected based on the lack of statistical evidence to prove otherwise.

The relationship between Procedural Justice and Vigour

The result for this hypothetical statement indicates that there is a significant relationship between the variables. The evidence shows that at a rho = .494 and a P < 0.05, procedural justice significantly impacts on vigour. Consequently, the hypothesis is considered as false and therefore rejected based on the lack of statistical evidence to prove otherwise.

DISCUSSIONS OF FINDINGS

The result the stated null hypotheses of bivariate nature are rejected based on the significance of their relationships. These findings indicate that procedural justice has a strong effect on the feelings and emotions of the workers, and also supports the view that procedural justice systems offer the workers equity and recognition. This corroborates with the findings of Greenberg (2001) who observed that procedural justice through its emphasis on representativeness, fairness, equity and recognition, deepens the bond between the organization and the worker (Cropanzano et al., 2005).
This finding also corroborates with the position of Ambrose and Scheminke (2009) who stated that the relationship between procedural justice and the emotions of workers is significantly strong given the implications of ill-treatment on the pride or assumed social status of most individuals. Further support is provided by Cohen-Charash and Spector (2001) who opined that the basis for correspondence and cohesiveness within most teams and work groups is often evident in their interpretations of self within the general workplace and the extent to which they consider themselves recognized and as valued members of the organization.

Furthermore, the changes in the behaviour employees have been linked to their definitions of self. Consequently, there is a high risk and greater chance of losing employees or high evidence of turnover when workers are not afforded their required level of recognition, respect and regard within the organization. In line with these observations it is evident the critical position procedural justice holds in enhancing employee engagement in insurance firms in Port Harcourt. The findings put forward herein provide substantial facts which support this argument and similar others put forward by previous scholars (Ambrose & Scheminke, 2009; Cohen-Charash & Spector, 2001).

CONCLUSION AND RECOMMENDATIONS

Conclusively, the study therefore concludes that there is positive relationship between Procedural justice and Employee engagement in areas of Dedication and Vigour. Based on this, the following recommends are therefore proffered.

1. Relationships within the workplace should be structured to allow for reciprocal respect and mutual understanding of roles and positions. As such relationships should be transformative and based on mutual respect and value for significant others within the organization.

2. Practices and systems of justice should be upheld and emphasized through policies and their embodiment in the cultural values and norms of the organization in such a way that deviance would attract strict penalties and recourse to appropriate formats.

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