

# Design of Justice based Human Resource Management Model at Iranian Public Organizations

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## Abstract

The aim of this study is design of justice based human resource management model at Iranian public organizations. The research method is a descriptive one-and simple stratified random sampling was applied in selecting the sample population and then based on Morgan's sample volume formula 150 questionnaires were distributed. The validity of the study was confirmed through using expert support and questionnaires, reliability and measuring Cranach's alpha ( $\alpha = .83$ ). For data analysis the relative importance technique was applied. The finding of this research indicate that procedural justice ( $b_2 = .290$ ) has the highest relative importance in training system and human resource improvement; distributive justice ( $b_2 = .187$ ) has the highest relative importance in compensation system; procedural justice ( $b_2 = .223$ ) has the highest relative importance in motivation and communication system and procedural justice ( $b_2 = .268$ ) has the highest relative importance in Planning system.

**Keywords:** Human Resource Management, Distributive Justice, Procedural Justice, Interactional Justice, Informational Justice

## Introduction

The basic configuration of organizations is their organizational charts. Human Resource Management is considered as the crucial function of organizations; since human is regarded as the main constituent element of the organizations and the main function of human resources management is efficiency and effectiveness management of human. Therefore human resources

management brings into attention the most appropriate from of using human resources to achieve organizations' goals. Thus human resources management is often considered as an effective approach in managing humans and its function has evolved from merely being responsible for keeping records to being a strategic partner. The development of the concept "human resources management" has started two decades ago and has experienced a variety of changes and evolutions. Since then, the issues and concepts of this domain have been introduced as one of the most widely recorded and documented ones in business management. These changes have been formed based on the changes in economy, technology, law, society and especially structural, trade and geographical location changes or the organizations' ever-increasing expectation from human resources. These changes have greatly changed the role and function of human resources as well as the methods of doing things (Shuler, 2001, pp: 49-60). In the past the statistics and roll-call department was in charge of leading the human resources. However, at present the affairs of human resources are organized with respect to the organizational duties and aims and environmental challenges and this is influenced by extra-organizational factors and especially the adaptation of leadership capability of employees' affairs to the newly emerged needs. Thus the importance of human factor and his unique and effective role as an organizational strategic source has adopted a much higher position than before. This has gone to the point that in the modern organizational thinking human often regarded as the most important capital for the organization. Therefore, these days the organizations attempt to achieve a fast development, continuous improvement, efficiency, effectiveness, profitability, flexibility, preparation for the future and enjoying the highest position in

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their domain and in this way they can survive, regulate and develop themselves. According to Baron and Kreps human resources are the key to organizations' success or failure. Thus, the strategies, approaches and functions of human resources must be in line with organizational strategy and the managers should have an appropriate understanding of human resources and they must be aware and sensitive to its consequences (Baron & Kreps, 1999). Armstrong believes that human resources management is a strategic approach. He maintains that human resources are the ones that, individually or collectively, play an effective role in achieving organizational strategies and goals and the organization intend to achieve the competitive advantage through a strategic development of the workforce that is highly skilled and committed. The organizations attempt to utilize the cultural and structural techniques in the best way. In the world's modern organizations human resources are not only their fundamental priority, but these organizations attempt to play an active and effective role in recruiting, improving, motivating and maintaining the human resources through applying a strategic planning for the human resources (Armstrong, 2000).

### *HR Management in Transition*

The field of HR management is undergoing transition because organizations themselves are changing. As a result, the terminology in the field is in transition. Traditionally called personnel departments, many of these entities have been renamed human resource departments. But more than the name has changed as HR management continues to be the "people" focus in organizations.

### *HR as Employee Advocate*

Traditionally, HR has been viewed as the "employee advocate" in organizations. As the voice for employee concerns, HR professionals traditionally have been seen as "company morale officers" who do not understand the business realities of the organizations and do not contribute measurably to the strategic success of the business. Some have even suggested dismantling HR departments totally because they contribute little to the productivity and growth of organizations (Stewart, 1996, pp: 105-106).

Despite this view, HR plays a valuable role as the "champion" for employees and employee issues. One example is the stress that many employees feel when balancing work and family pressures. HR professionals must be the advocate for employees, recognizing that they have other lives besides work, and ensuring that organizational policies and practices consider these

pressures. Otherwise, in many cases, the organization loses valuable human resources who do not want to continue working in a "family-unfriendly" environment. Closely related, HR professionals spend considerable time on HR "crisis management" dealing with employee problems that are both work and non-work related (Halcrow, 1998, pp: 73-80).

Another facet of employee advocacy is to ensure that fair and equitable treatment is given to people regardless of their personal background or circumstances. Some entity inside the organization must monitor employee situations and respond to employee complaints about unfair treatment or inappropriate actions. Otherwise, employers would face even more lawsuits and regulatory complaints than they do now.

As HR management has changed, it has become clear that there is a need for HR to balance being the advocate for employees and being a business contributor (Laabs, 1998, pp: 63-74). What this balancing means is that it is vital for HR professionals to represent employee issues and concerns in the organization. However, just being an effective employee advocate is not sufficient. Instead, the HR professionals must be strategic contributors, partners with operating managers, administratively efficient, and cost effective.

As Table 1 depicts, HR management has three roles in organizations. The traditional administrative and operational roles of HR management have broadened to include more strategic facets. It should be emphasized that as HR roles shift to the right, the previous roles still must be met and the additional ones performed. Also, the continuum shows that the primary focus of HR as it becomes more strategic, changes to considerations with longer time horizons and the broader impact of HR decisions.

### *Administrative Role of HR Management*

The administrative role of HR management is heavily oriented to processing and record keeping. Maintaining employee files and HR-related databases, processing employee benefits claims, answering questions about tuition and/or sick leave policies, and compiling and submitting required state and federal government reports are all examples of the administrative nature of HR management. These activities must be performed efficiently and promptly. However, this role resulted in HR management in some organizations getting the reputation of paper shufflers who primarily tell managers and employees what cannot be done. If limited to the administrative role, HR staffs are seen primarily as clerical and lower-level administrative contributors to the organization (Galford, 1998, 24-26).

**Table 1: HR Management Roles**

	Administrative	Operational	Strategic
Focus	Administrative processing and record keeping	Operational support	Organization-wide, global
Timing	Short term (less than 1 year)	Intermediate term (1–2 years)	Longer term (2–5 years)
Typical Activities	<ul style="list-style-type: none"> <li>• Administering employee benefits</li> <li>• Conducting new employee orientations</li> <li>• Interpreting HR policies and procedures</li> <li>• Preparing equal employment reports</li> </ul>	<ul style="list-style-type: none"> <li>• Managing compensation programs</li> <li>• Recruiting and selecting for current openings</li> <li>• Conducting safety training</li> <li>• Resolving employee complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Assessing workforce trends and issues</li> <li>• Engaging in community workforce development planning</li> <li>• Assisting in organizational restructuring and downsizing</li> <li>• Advising on mergers or acquisitions</li> <li>• Planning compensation strategies</li> </ul>

In some organizations these administrative functions are being outsourced to external providers, rather than being done inside the HR departments. Also, technology is being used to automate many of the administrative tasks.

### *Operational Role of HR Management*

Operational activities are tactical in nature. Compliance with equal employment opportunity and other laws must be ensured, employment applications must be processed, current openings must be filled through interviews, supervisors must be trained, safety problems must be resolved, and wages and salaries must be administered. In short, a wide variety of the efforts performed typically are associated with coordinating the management of HR activities with the actions of managers and supervisors throughout the organization. This operational emphasis still exists in some organizations, partly because of individual limitations of HR staff members and partly because of top management's resistance to an expanded HR role.

Typically, the operational role requires HR professionals to identify and implement operational programs and policies in the organization. They are the major implementers of the HR portion of organizational strategic plans developed by top management, rather than being deeply involved in developing those strategic plans.

### *Strategic Role of HR Management*

Organizational human resources have grown as a strategic emphasis because effective use of people in the organization can provide a competitive advantage, both domestically and abroad. The strategic role of HR management emphasizes that the people in an organization are valuable resources representing significant organizational investments. For HR to play a strategic

role it must focus on the longer-term implications of HR issues (McIlvane, 1998, pp: 36-38). How changing workforce demographics and workforce shortages will affect the organization, and what means will be used to address the shortages over time, are illustrations of the strategic role. The importance of this role has been the subject of extensive discussion recently in the field, and those discussions have emphasized the need for HR management to become a greater strategic contributor to the success of organizations.

### *Evolution of HR Management*

Before 1900, improving the working life of individuals was a major concern of reformers. Some employees attempted to start unions or strike for improved conditions. However, HR management as a specialized function in organizations began its formal emergence shortly before 1900. Before that time, most hiring, firing, training, and pay-adjustment decisions were made by individual supervisors. Also, the scientific management studies conducted by Frederick W. Taylor and others, beginning in 1885, helped management identify ways to make work more efficient and less fatiguing, thus increasing worker productivity. As organizations grew larger, many managerial functions such as purchasing and personnel began to be performed by specialists. The growth of organizations also led to the establishment of the first personnel departments about 1910. Work by individuals such as Frank and Lillian Gilbreth dealt with task design and efficiency. The Hawthorne Studies, conducted by Elton Mayo in the mid- 1920s, revealed the impact of work groups on individual workers. Ultimately, these studies led to the development and use of employee counseling and testing in industry.

1930s TO 1950s In the 1930s, the passage of several major labor laws, such as the National Labor Relations Act of 1935, led to the growth of unions. The impor-

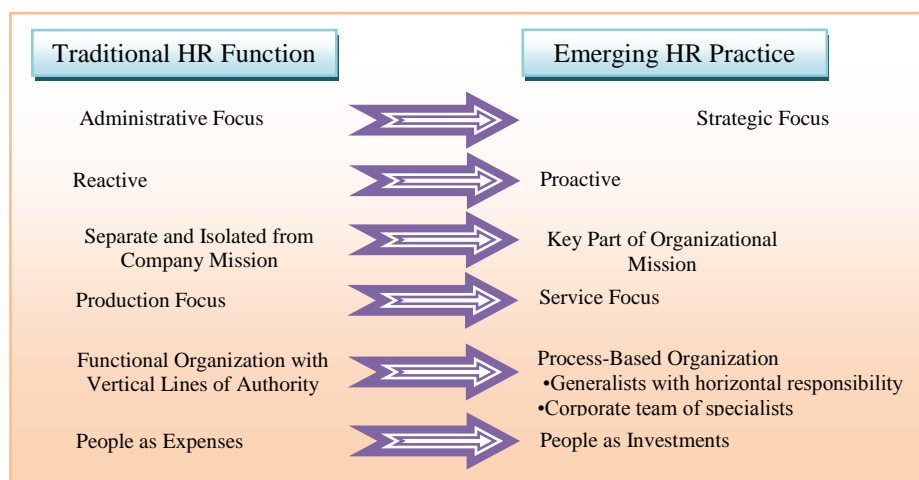
tance of collective bargaining and union/management relations following the labor unions' rise to power in the 1940s and 1950s expanded the responsibilities of the personnel area in many organizations, especially those in manufacturing, utilities, and transportation. Such work as keeping payroll and retirement records, arranging stockholder visits, managing school relations, and organizing company picnics was often the major role of personnel departments. The role of the HR department in the organization as a staff function to support operational (line) departments expanded during this period, and line/staff issues grew to influence HR departments in the following decades.

1960s TO 1980s increased legal requirements and constraints arising from the social legislation of the 1960s and 1970s forced dramatic changes in the HR departments of most organizations. HR departments had to become much more professional and more concerned about the legal ramifications of policies and practices. Also, organizations took a new look at employee involvement and quality of work as a result of concerns about the impact of automation and job design on worker productivity. During the 1980s, the strategic

role of HR management became essential as organizations reduced staff, closed plants, or "restructured." Out placing employees and retraining the rest became prime concerns of HR departments. Containing the costs of health-care benefits also grew in importance.

1990s During the 1990s, organizational restructuring continued. A study of HR executives involved in reengineering the HR management in their companies found that the traditional HR function began shifting its emphases.

As Figure 1 indicates, the HR managers of the future will need to be more strategic and proactive. Changing demographics and increasing shortages of workers with the needed capabilities have grown in importance. Related to the demographic shifts, HR management has had to address the issues and implications of work- force diversity. Both the outsourcing of HR activities and the computerization of the administrative aspects of HR activities, even in small firms, have received attention as well. Finally, growth in issues involving employee rights, such as drug testing and smoking restrictions, are affecting how HR activities are managed.



**Figure 1: Shifts in HR Management**

### Justice

It's often difficult to assess the ability, integrity, and benevolence of authorities accurately, particularly early in a working relationship. What employees need in such circumstances is some sort of observable behavioral evidence that an authority might be trustworthy. Justice provides that sort of behavioral evidence because authorities who treat employees more fairly are usually judged to be more trustworthy. As shown in Table 2, employees can judge the

fairness of an authority's decision making along four dimensions: distributive Justice, procedural Justice, interpersonal Justice, and informational Justice.

### Distributive Justice

Distributive Justice reflects the perceived fairness of decision-making outcomes. Employees gauge distributive Justice by asking whether decision outcomes such as pay, rewards, evaluations, promotions, and work assignments are allocated using proper norms.

In most business situations, the proper norm is equity, with more outcomes allocated to those who contribute more inputs. The equity norm is typically judged to be the fairest choice in situations in which the goal is to maximize the productivity of individual employees.

However, other allocation norms become appropriate in situations in which other goals are critical. In team-based work, building harmony and solidarity in work groups can become just as important as individual productivity. In such cases, an equality norm may be judged more fair, such that all team members receive the same amount of relevant rewards. The equality norm is typically used in student project groups, in which all group members receive exactly the same grade on a project, regardless of their individual productivity levels. In cases in which the welfare of a particular employee is the critical concern, a need norm may be judged fairer (Levering & Moskowitz, 2007, pp: 94-114).

### *Procedural Justice*

In addition to judging the fairness of a decision outcome, employees may consider the process that led to that outcome. Procedural Justice reflects the perceived fairness of decision-making processes. Procedural Justice is fostered when authorities adhere to rules of fair process. One of those rules is voice, which concerns giving employees a chance to express their opinions and views during the course of decision making (Folger, 1977, pp: 108-119). A related rule is correct ability, which provides employees with a chance to request an appeal when a procedure seems to have worked ineffectively. Research suggests that voice improves employees' reactions to decisions, largely because it gives employees a sense of ownership over the decisions that occur at work. In fact, employees value voice even when it doesn't always result in the outcomes they want or when their appeals didn't always reverse the decisions that were made (Korsgaard & Roberson, 1995, pp: 657-669). Why? Because employees like to be heard the expressions of opinions is a valued end, in and of itself, as long as employees feel those opinions were truly considered.

Aside from voice and correct ability, procedural Justice is fostered when authorities adhere to four rules that serve to create equal employment opportunity. The consistency, bias suppression, representativeness, and accuracy rules help ensure that procedures are neutral and objective, as opposed to biased and discriminatory. These sorts of procedural rules are relevant in many areas of working life. As one example, the rules can be used to make hiring practices fairer by ensuring that interview questions are unbiased and asked in the same

manner across applications. As another example, the rules can be used to make compensation practices fairer by ensuring that accurate measures of job performance are used to provide input for merit raises.

### *Interpersonal Justice*

In addition to judging the fairness of decision outcomes and processes, employees might consider how authorities treat them as the procedures are implemented. Interpersonal Justice is fostered when authorities adhere to two particular rules. The respect rule pertains to whether authorities treat employees in a dignified and sincere manner, and the propriety rule reflects whether authorities refrain from making improper or offensive remarks. From this perspective, interpersonal injustice occurs when authorities bad-mouth employees; criticize, berate, embarrass, or humiliate them in public; or refer to them with racist or sexist labels (Bies, 2001, pp: 85-108).

Indeed, research indicates that violations of interpersonal Justice Rules reduce employee's job satisfaction, life satisfaction, and organizational commitment while increasing feelings of depression, anxiety, and burnout (Tepper, 2000, pp: 178-190).

### *Informational Justice*

Finally, employees may consider the kind of information that authorities provide during the course of organizational decision making. Informational justice reflects the perceived fairness of the communications provided to employees from authorities. Informational justice is fostered when authorities adhere to two particular rules. The justification rule mandates that authorities explain decision-making procedures and outcomes in a comprehensive and reasonable manner, and the truthfulness rule requires that those communications be honest and candid. Although it seems like common sense that organizations would explain decisions in a comprehensive and adequate manner, that's often not the case. Ironically, that defense mechanism is typically counterproductive because research suggests that honest and adequate explanations are actually a powerful strategy for reducing retaliation responses against the organization (Shaw *et al.*, 2003, pp: 444-458).

In fact, low levels of informational justice can come back to haunt the organization if a wrongful termination claim is actually filed. How? Because the organization typically needs to provide performance evaluations for the terminated employee over the past few years to show that the employee was fired for poor performance. If manager

refrained from offering candid and honest explanations on those evaluations, then the organiza-

tion can't offer anything to justify the termination (Orey, 2007, pp: 52-62).

**Table 2: The Four Dimensions of Justice**

Distributive Justice Rules	Description
Equity vs. equality vs. need	Are rewards allocated according to the proper norm?
Procedural Justice Rules	Description
Voice	Do employees get to provide input into procedures?
Correct ability	Do procedures build in mechanisms for appeals?
Consistency	Are procedures consistent across people and time?
Bias suppression	Are procedures neutral and unbiased?
Representativeness	Do procedures consider the needs of all groups?
Accuracy	Are procedures based on accurate information?
Interpersonal Justice Rules	Description
Respect	Do authorities treat employees with sincerity?
Propriety	Do authorities refrain from improper remarks?
Informational Justice Rules	Description
Justification	Do authorities explain procedures thoroughly?
Truthfulness	Are those explanations honest?

(Colquitt and et al, 2010, p.127)

## Methodology

With respect to aim, this study is a functional one regarding the data collection method, the present study is a descriptive one and a subcategory of survey research. In this study the researcher describes and studies the dimensions and indicators of organizational justice in Iranian public organizations' compensation system. For studying these factors, it is necessary to describe the indicators of organizational justice in this domain and also study the present conditions of these indicators in the public organizations. Thus the appropriate method for doing this descriptive research was surveying.

### Society and Statistical Sample

The statistical society involved in this study was a group of people and units sharing at least a feature. The population being studied here was Iranian public organizations. Statistical sample is a limited number of the entire statistical population that represents the main features of the larger community. The present studies statistical sample 150 people, was measured based on Morgan's chart using the following formula. In this study 150 people were considered.

$$n \geq \frac{Z_{\frac{\alpha}{2}}^2 \times P \times Q}{d^2} = \frac{1.96^2 \times 0.05 \times 0.5}{0.08^2} = 150$$

In this formula, sampling was done with %95 of assurance, bearing in mind %5 of possibility for error.

$$\alpha = 0.05 \sqrt{a^2 + b^2}, \frac{\alpha}{2} = 0.025, Z(0.025) = \pm 1.96$$

The amounts P and Q were considered with a caution %50. The possibility for the error of measuring tool was considered as %8. Sampling was done using a stratified and random approach. The stratified method was applied in determining the organization (ministry) to be studied and the random method was applied in selecting the employees for answering the questionnaires. (Table 3)

### Methods of Data Collection

In order to collect information two approaches were applied: Field and Library. For providing the review of related literature and offering the primary model of the project library approach was applied and field approach was used for measuring the study's variables and exam.

**Table 3: The ranking of Iran's executive organizations based on the total score of general and specific indicators of 2012 "Management and Human Resources Development vice-presidency" ShahidRajaeiProject"**

Name of the Ministry	Ranking	Rate of general indicators (Score roof 1000)	Sample size
Ministry of the Energy	1	716/99	20
Ministry of Agriculture	3	672/17	40
Ministry of Co-operative	6	657/61	15
Ministry of Commerce	10	593/91	17
Road & Transportation Ministry	16	569/68	25
Ministry of Welfare and Social Security	18	457/75	33
Sum			150

**Data Collection Tool**

Data collection tool used in the present study was questionnaire. For getting to know the dimensions of

organizational justice of the Iranian public organizations' employees in the field compensation system improvement a research- made questionnaire was applied.

**Table 4: Data collection tool: Questionnaire**

	Dimensions	Index	Number of Questions
Human Resource Management	Distributive Justice	Equity vs. equality vs. need	24
		Distribution	
	Procedural Justice	Bias suppression	32
		Correctability	
		Representativeness	
		Effectiveness	
Standardization			
Interactional Justice	Accuracy	12	
	Empowerment		
	Consistency		
	Respect		
Informational Justice	Propriety	8	
	Feedback		
		Justification	
		Truthfulness	

**Questionnaire's Validity and reliability**

By validity we mean that the measurement tool must measure the intended feature correctly. In other words validity determines that how far the designated tool can measure intended feature. For testing the appropriateness and quality the following measures were done: The present study enjoys a much higher validity through knowing the nature and function of the research, preserving the respondents' mentalities and interests, paying attention to questions writing, selecting the best method for answering, removing

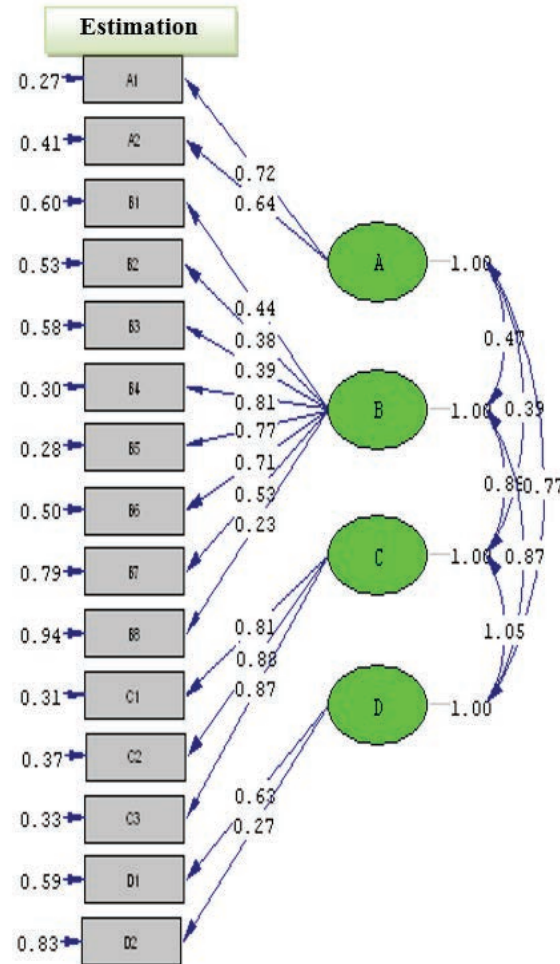
ambiguities from the questions (through helps offered by advisors and readers) and paying attention to surveying collected information and their analysis. In this way the main questionnaire was prepared and utilized through the guidance of advisor, reader and other professors in the department of management. By reliability it is meant that how similar, exact and reliable are the finding of the study, if the studied feature is measured with the same questionnaire and conditions. A questionnaire's reliability must have a correlation coefficient of at least. /70. In the present

study Cronach alpha was used to measure reliability coefficient. Cranach alpha is measured according to the average of the internal correlation of a series of questions that assess a concept. The closer the Cranach alpha is to 1, the greater the validity of the internal consistency is. The reliability of a questionnaire must have at least Cranach alpha which is .70 and this measured in the distributed questionnaire for the stud's variables as follow.(Table 5)

**Table 5: Questionnaire's reliability**

RELIABILITY ANALYSIS - SCALE (ALPHA)		
Reliability Coefficients		
N of Cases	N of Items	Alpha
60.0	71	.8308

*Confirmatory Factors Analysis*



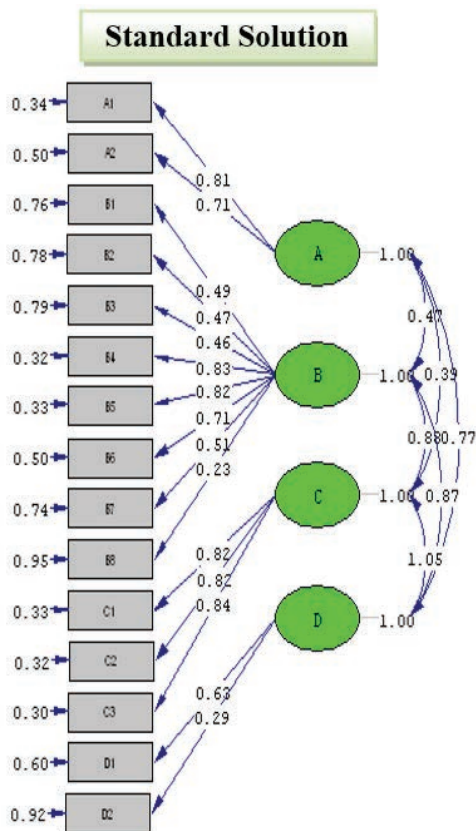
Chi-Square=217.93, df=84, P-value=0.00000, RMSEA=0.061

**Figure 2: The estimation of the parameters influencing organizational justice in human resource management**

**Table 6: Confirmatory factor analysis of the factors affecting human resource management for equity-based**

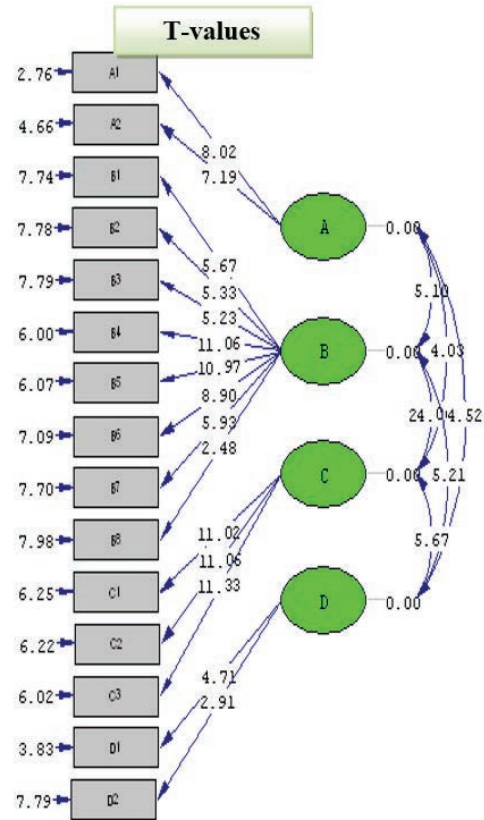
AGFI	GFI	RMSEA	P - value	df	Chi-Square	Agent
0.91	0.94	0.061	0.000	84	217.93	Factors influencing organizational justice





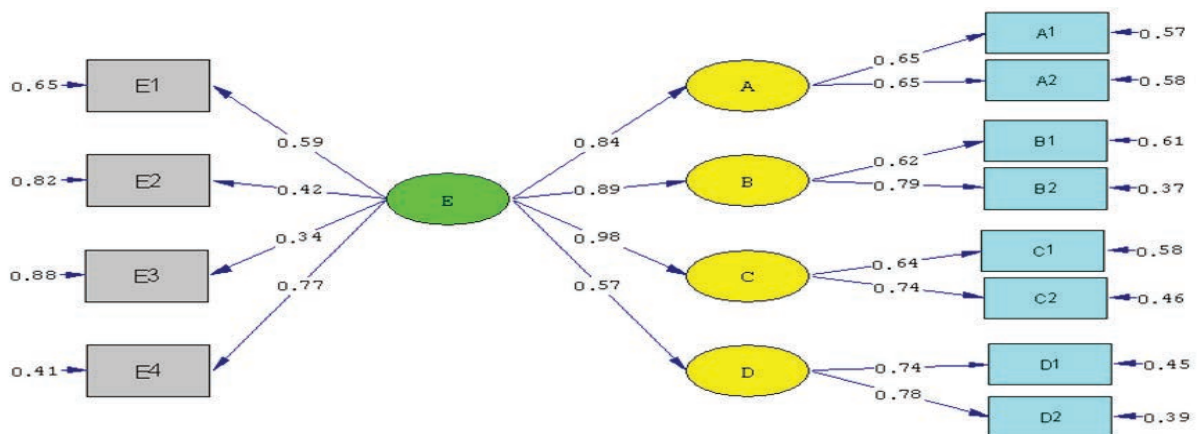
Chi-Square=217.93, df=84, P-value=0.00000, RMSEA=0.061

Figure 3: The Standard Solution of the parameters influencing organizational justice in human resource management



Chi-Square=217.93, df=84, P-value=0.00000, RMSEA=0.061

Figure 4: The T-Values of the parameters influencing organizational justice in human resource management



Chi-Square=169.34, df=84, P-value=0.00000, RMSEA=0.021

### Analysis Data

Johnson, J.W (2000) proposed an alternative solution to the problem of correlated variables. Green *et al* (1978) attempted to relate the orthogonal variables back to the original variables by using the set of coefficients

for deriving the orthogonal variables from the original correlated predictors. Because the goal is to go from the orthogonal variables back to the original predictors, however, the more appropriate set of coefficients are the coefficients that derive the original predictors from the orthogonal variables. In other words, instead of regress-

ing the orthogonal variable on the original predictors, the original predictors are regressed on the orthogonal variable. Because regression coefficients are to the uncorrelated variable rather than to the correlated original predictors, the problem of correlated predictors is not reintroduced with this method. Johnson termed the weights resulting from the combination of the two sets squared regression coefficients epsilons ( $\epsilon$ ). They have been more commonly referred to as relative weights (e.g., J.W.Johnson, 2001), which is consistent with the original use of the term used by Hoffman (1960, 1962). A graphic representation of J.W. Johnson's (2000) relative weights is presented in Figure 5. In this three-variable example, the original predictors ( $x_j$ ) are transformed to their maximally related orthogonal counter-

parts ( $Z_k$ ), which are then used to predict the criterion ( $Y$ ). The regression coefficients of  $Y$  on  $Z_k$  are represented by  $\beta_k$ , and the regression coefficients of  $x_j$  on  $Z_k$  are represented by  $\lambda_{jk}$ . Because the  $Z_k$ s are uncorrelated, the regression coefficients of  $x_j$  on  $Z_k$  are equal to the correlations between on  $Z_k$ . Thus, each squared  $\lambda_{jk}$  represents the proportion of variance in  $Z_k$  accounted for by  $x_j$  (J.W.Johnson, 2000). To compute the relative weight for  $x_j$ , multiply the proportion of variance in each  $Z_k$  accounted for by  $x_j$  by the proportion of variance in  $Y$  accounted for by each  $Z_k$  and sum the products. For example, the relative weight for  $x_1$  would be calculated as

$$\epsilon_1 = \lambda_{11}^2 \beta_1^2 + \lambda_{12}^2 \beta_2^2 + \lambda_{13}^2 \beta_3^2$$

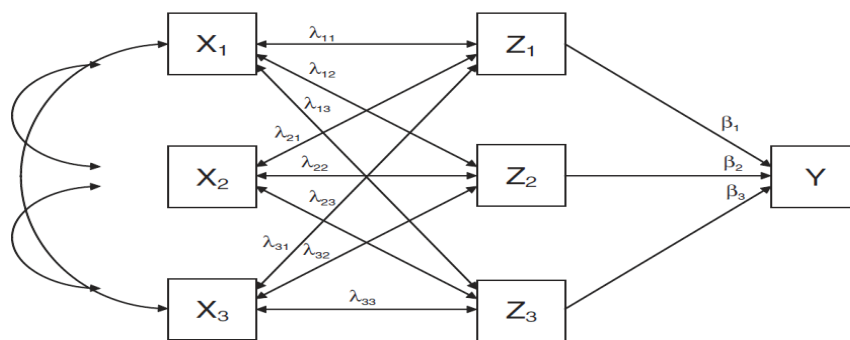
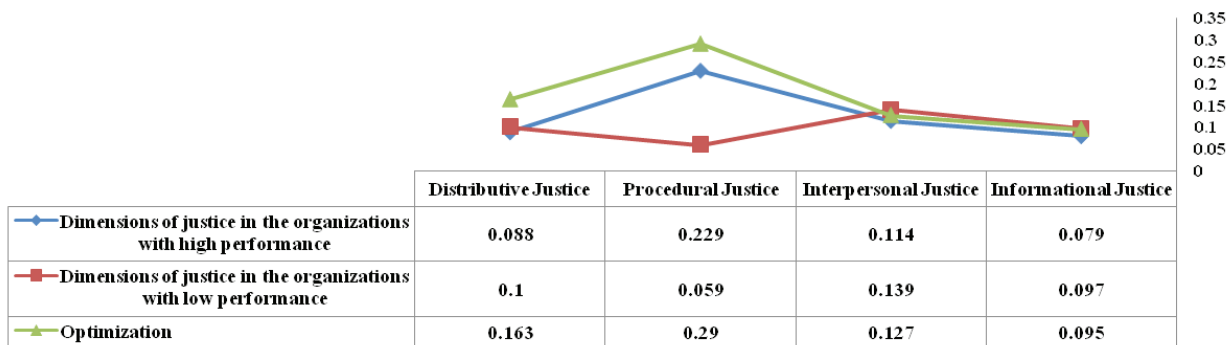
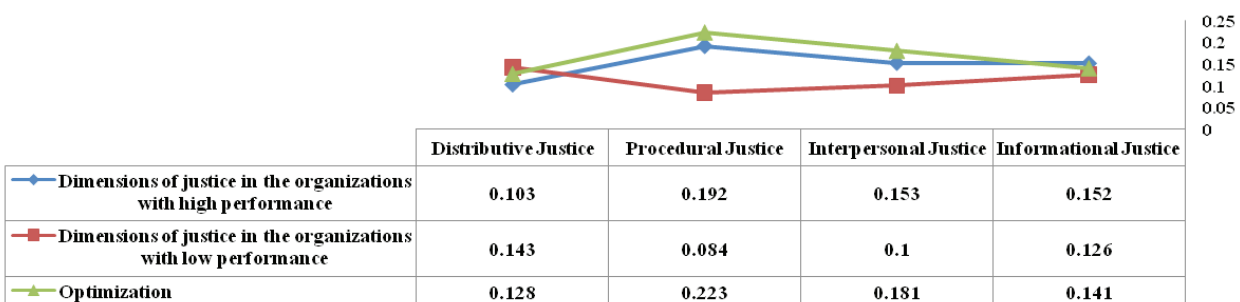


Figure 5: Graphic Representation of J.W. Johnson's (2000) Relative Weights for Three Predictors

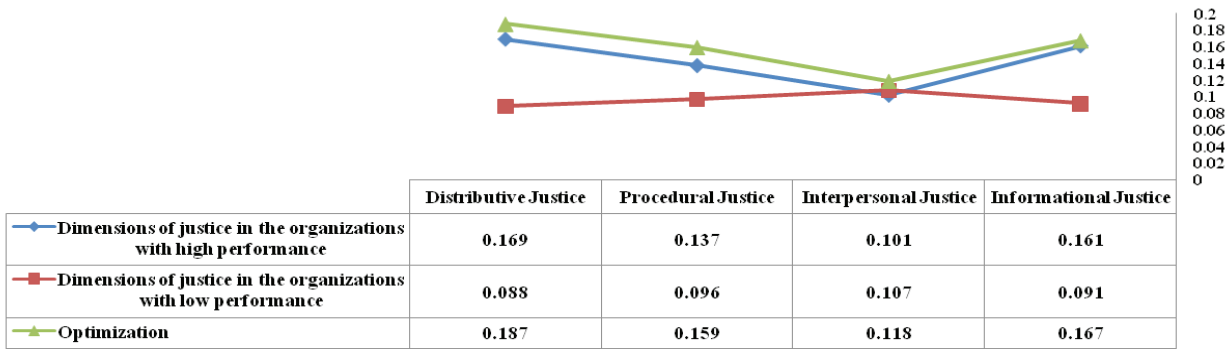
### Training System and Human Resource Improvement



### Motivation and Communication System



### Human Resource Compensation System



### Human Resource Planning

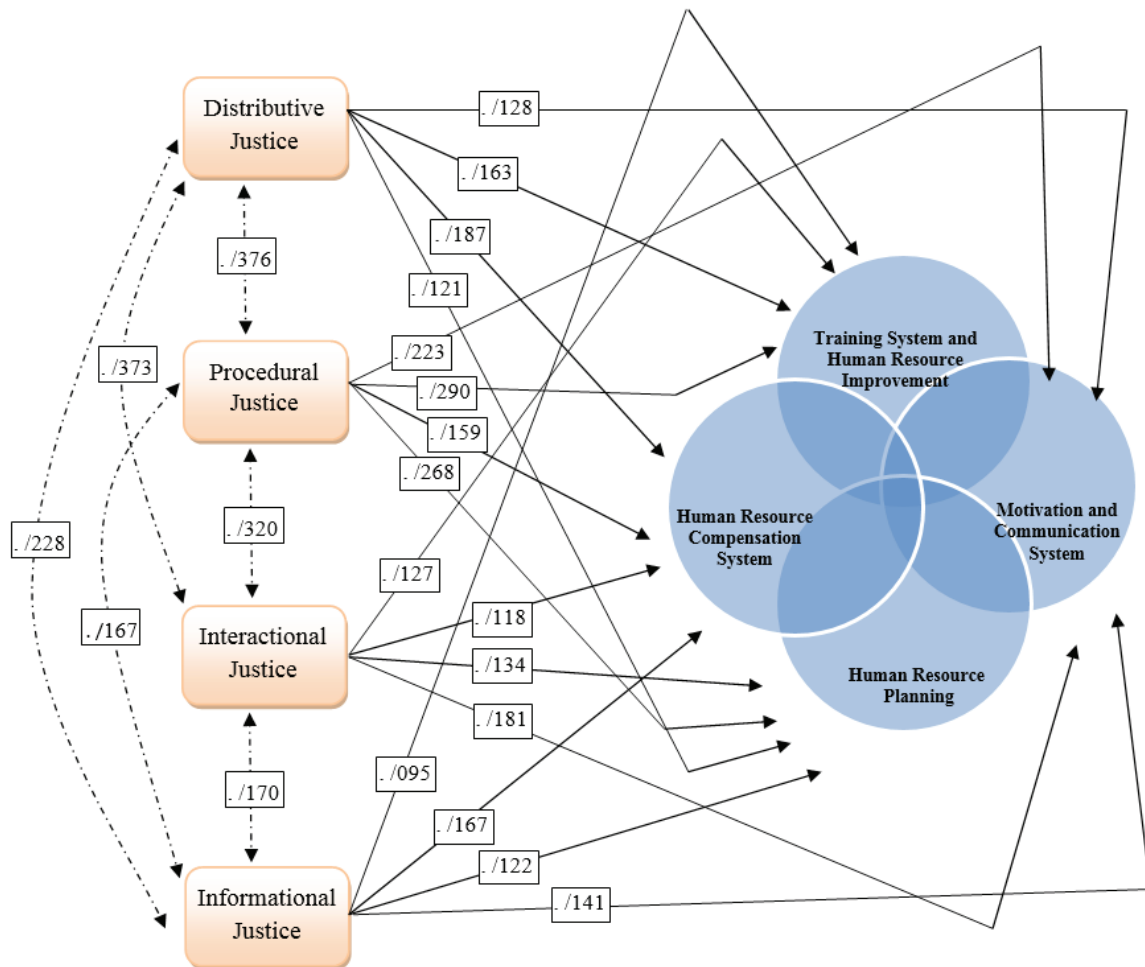
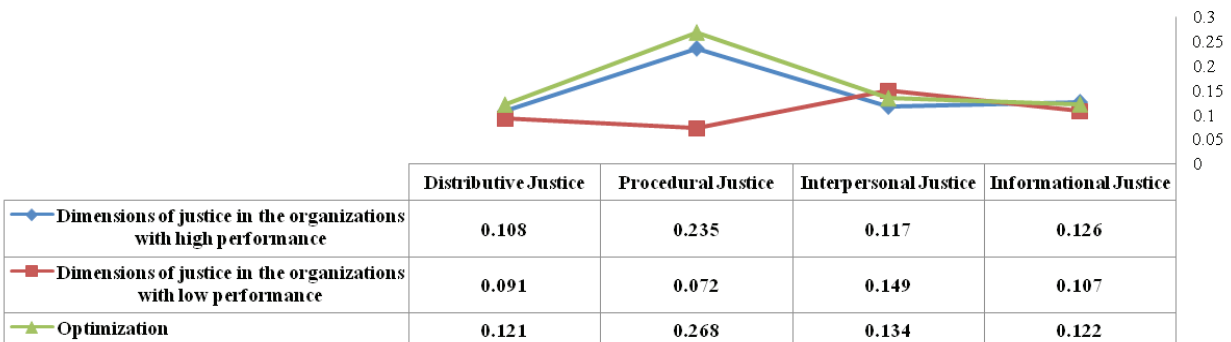


Figure 6: The Relative Importance of the Dimensions of Organizational Justice in Human Resource Management

## Conclusion and Implications

As human resources have become viewed as more critical to organizational success, many organizations have realized that it is the people in an organization that can provide a competitive advantage (Gratton, 1998, pp: 13-14). The finding of this research indicate that procedural justice ( $b_2=.290$ ) has the highest relative importance in training system and human resource improvement; distributive justice ( $b_2=.187$ ) has the highest relative importance in compensation system; procedural justice ( $b_2=.223$ ) has the highest relative importance in motivation and communication system and procedural justice ( $b_2=.268$ ) has the highest relative importance in Planning system. Due to the importance of procedural justice and indicators of procedural justice (which include: bias and prejudice, the potential of reform, popularity, efficacy, standardization, correctness and coordination) the organizations must do the following to increase the level of procedural justice:

Make the compensation system simple and understandable: Another equity issue concerns the degree of openness or secrecy that organizations allow regarding their pay systems. Pay information kept secret in "closed" systems includes how much others make, what raises others have received, and even what pay grades and ranges exist in the organization. A growing number of organizations are opening up their pay systems to some degree by informing employees of compensation policies, providing a general description of the basis for the compensation system, and indicating where an individual's pay is within a pay grade. Such information allows employees to make more accurate equity comparisons. It is crucial in an open pay system that managers are able to explain satisfactorily any pay differences that exist.

Competency Based Pay: Paying for competencies rewards employees who are more versatile and have continued to develop their competencies. In knowledge-based pay (KBP) or skill-based pay (SBP) systems, employees start at a base level of pay and receive increases as they learn to do other jobs or gain other skills and therefore become more valuable to the employer. Under a KBP or SBP system, press operators increase their pay as they learn how to operate the more complex presses, even though sometimes they may be running only two-color jobs. The HR Perspective describes research on such a plan. When an organization moves to a competency-based system, considerable time must be spent identifying what the required competencies are for various jobs. Then each block of competencies must be priced using market data. Progression of employees

must be possible, and they must be paid appropriately for all of their competencies. Any limitations on the numbers of people who can acquire more competencies should be clearly identified. Training in the appropriate competencies is particularly critical. Also important to a competency-based system is a means for certification of employees who have acquired certain competencies. Further, a process must exist for verifying that employees maintain competencies. In summary, use of a competency-based system requires significant investment of management time and needs a continuous commitment by top management.

- The Fair Labor Standards Act (FLSA): It requires most organizations to pay a minimum wage and to comply with overtime provisions, including appropriately classifying employees as exempt or nonexempt and as independent contractors or employees.
- They must learn to remove bias and prejudice in Human Resource Management Process. The opportunity for expressing ideas and reforming the Human Resource Management Process must be provided.
- Vocational and improvement needs must be relevant to the employees' vocational domains. An evaluation must be done with respect to the effectiveness of the Human Resource Management Process.
- The indexes and standardization must be preserved regarding the Human Resource Management Process.
- Exact informational systems must be provided regarding the Human Resource Management Process.
- The Human Resource Management Process must be in line with developing employees' skills, knowledge and abilities.
- The Human Resource Management Process must be held with coordination and for all of the employees.

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