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Organisational Justice: The Hidden Lever for Growth

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Growth problems rarely look like “fairness problems”

- Quiet disengagement
- Loss of key people
- Slowing execution
- Resistance to change
- Informal practices break down
- Manager capability gaps
- Leadership capacity doesn't scale

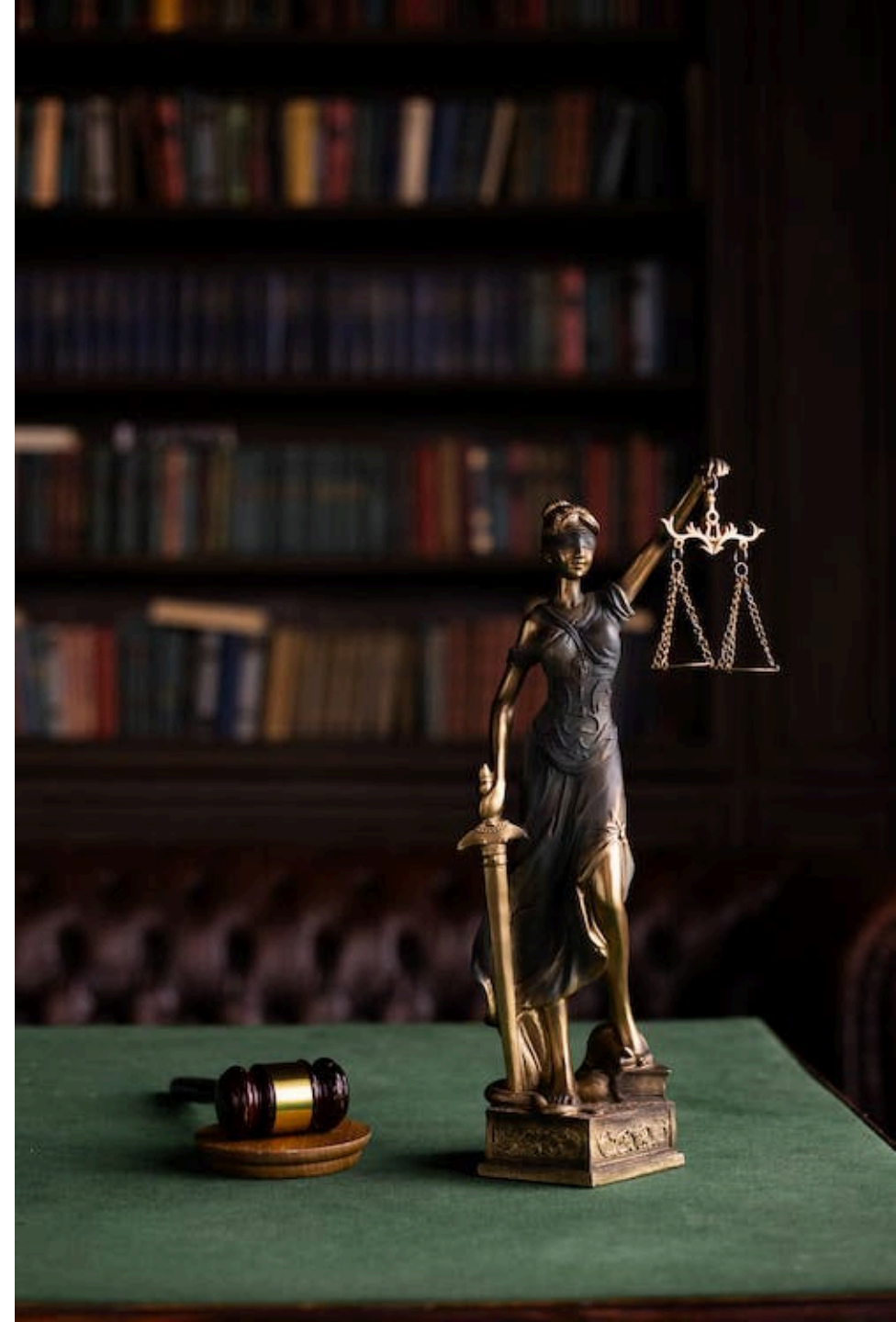
Significant effects on employee reactions – cognitions and emotions (*Colquitt et al., 2023*)



Justice theories suggest **above all else** people want fairness

Fairness: Impartial and just treatment or behaviour without bias, favouritism or discrimination towards some people or individuals.

Justice: Do, treat, or represent someone or something with impartial and just treatment. Defined according to ethics, religion, fairness, equity, or law.



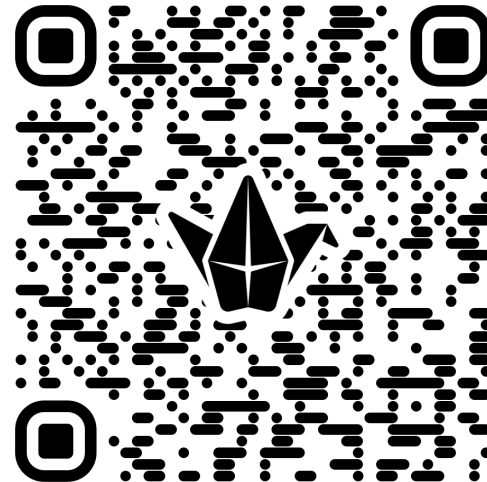
What does fairness mean to you?



When have you felt that something was unfair at work?



What changed in how you felt or behaved afterwards?



Organisational Justice

“...what is fair depends on what is **perceived** to be fair...” *(Colquitt et al., 2023, p.22)*

Assessments of workplace fairness, impact **attitudes** and **behaviours**, **motivation**, individual **performance**, and **organisational success**. *(Moorman, 1991; Baldwin, 2006)*

A practical framework, not an abstract ideal

1. Procedural Justice

Are reasons for decisions taken by the management justified?

- Whether processes are consistent, accurate, unbiased, correctable, and receptive to voice.
- Focuses on *how* decisions are made: processes, policies, systems.
- Are all stakeholders represented? decisions based on accurate information? mistakes corrected promptly?
- Often the most powerful lever for leaders.

Example: An SME is growing quickly and creates a new “Team Lead” role. The owner–manager appoints someone they trust into the role without advertising or consulting the wider team.

SME growth risk:

- ✓ Founder-led decisions
- ✓ “We’ve always done it this way”
- ✓ Decisions made behind closed doors
- ✓ Speed over process
- ✓ Consultation that feels tokenistic

Growth impact:

- ✓ Change resistance
- ✓ Loss of trust
- ✓ Slower execution
- ✓ Increased risk of turnover among ambitious employees

“It feels like the rules change depending on who you are.”

“Favouritism matters more than performance.”

“I don’t understand how my bonuses are decided - it doesn’t make sense.”

“I’m afraid to raise issues with my performance appraisal because nothing ever changes.”

“They’ve already decided - why bother?”

2. Distributive Justice

Have I received fair rewards in relation to others?

- Perceived fairness of *outcome distribution* (e.g. pay rise, promotion, development opportunities, hiring outcomes).
- People don't expect equality - they expect justification
- Each person has an equal claim to basic rights.
- Inequalities are just if they "raise the floor" as much as is possible.

Example: Two employees doing similar roles discover a pay gap with no clear rationale. The lower-paid employee doesn't complain - they simply stop caring.

SME growth risk:

- ✓ Favouritism (including nepotism and cronyism)
- ✓ Inconsistent rewards across teams
- ✓ Informal or legacy arrangements
- ✓ Over-focusing on “what” people get, ignoring “why”

Growth Impact:

- ✓ Reduced engagement and discretionary effort (within team)
- ✓ Increased turnover of key talent
- ✓ Lower productivity and goal achievement
- ✓ Risk of counterproductive behaviours (e.g., theft, absenteeism, cutting corners)

“Why should I bother?”

“Some people always get preferential treatment.”

“Promotions and training go to certain people, not those who deserve them.”

“Support is inconsistent - some people get help, others don’t.”

“It doesn’t feel like pay reflects what people actually contribute.”

3. Interactional Justice

Am I treated with respect and dignity? Are decisions clearly explained?

- Treating employees with respect, dignity
- Providing honest, timely explanations for decisions.
- Builds trust and strengthens the relationship between employees and leadership.
- This is the most visible and the most frequently violated.

Example: A line manager needs to address declining performance with an employee. Under time pressure, the manager raises the issue briefly in a corridor conversation, using blunt language and offering little explanation or opportunity for dialogue.

SME growth risk:

- ✓ Pressure on managers
- ✓ Poorly handled difficult conversations
- ✓ Efficiency over empathy
- ✓ Tone under pressure

Growth Impact:

- ✓ Disengagement and attrition
- ✓ Complaints (grievances) framed as 'attitude problems'
- ✓ Damage to leadership credibility
- ✓ Poor psychological safety

"I don't feel treated with respect - people talk down to me or ignore me."

"Decisions are never clearly explained; I'm left guessing why things happen."

"Even when I try to raise concerns, it feels like no one is listening."

"My manager doesn't care how this affects me."

"I was spoken to, not spoken with."

Positive Outcomes (High Perceived Justice)

Greater job satisfaction, trust and less misconduct

Organisational Citizenship Behaviour: “extra-role” behaviours, such as helping colleagues, volunteering, and protecting company assets

Organisational commitment and loyalty

Task performance, motivation to achieve organisational goals, productivity

Share ideas, innovate, and contribute creatively to the organisation’s long-term success

Negative Outcomes (Low Perceived Justice)

Knowledge hiding (*Jahanzeb et al., 2021*)

Presentism, absenteeism and cynicism with negative consequences e.g., financial and material loss.

Theft, vandalism, sabotage, and “cutting corners”

Reducing their work input, absenteeism or have higher turnover intentions.

Burnout and professional fatigue (*Sygit-Kowalkowska et al., 2024*)

Unfairly treated former employees are significantly more likely to file lawsuits against their former employers.

Overall...

Fair process can mitigate unfavourable outcomes.

Procedural justice can be *more important* than distributive justice in explaining judgements of fairness.

Employees are more likely to accept **unfavourable outcomes** if they believe the process was fair.

(Arnold et al., 2025; Bies & Shapiro, 1988; Colquitt et al., 2023; Cropanzano et al., 2007; Folger & Greenberg, 1985; Folger & Konovsky, 1989; Folger & Martin, 1986; Greenberg, 1985, 1987, 1994; Lind & Tyler, 1988; Martin & Nagao, 1989; McFarlin & Sweeney, 1992; Taylor et al., 1995; Thibaut & Walker, 1975; Tremblay et al., 2000).

Moral behavior in animals - Frans de Waal



<https://www.youtube.com/watch?v=GcJxRqTs5nk>

<https://www.youtube.com/watch?v=1wmUyOyM0m0>

Why justice matters more in SMEs

Small decisions, big signals

- Leaders are highly visible
- Justice strengthens leadership credibility
- Inconsistencies are noticed quickly
- Informality amplifies perceived unfairness



In SMEs, organisational justice is not a 'nice to have' - it's a growth enabler.

Actionable Steps for SMEs

Justice Type	Organisations	Managers
Procedural Justice (fair processes)	<ul style="list-style-type: none"> • Defined, consistent decision-making processes • Opportunities for employee voice • Use of accurate, relevant data in decisions • Mechanisms to challenge or review decisions 	<ul style="list-style-type: none"> • Follow agreed processes rather than shortcuts • Involve employees where appropriate • Communicate how decisions were made • Correct mistakes promptly and visibly
Distributive Justice (fair outcomes)	<ul style="list-style-type: none"> • Clear reward, promotion frameworks • Transparent criteria for bonuses, progression and opportunities • Consistent workload allocation • Regular review of legacy or informal arrangements 	<ul style="list-style-type: none"> • Apply reward and workload decisions consistently • Explain the rationale for outcomes clearly • Avoid favouritism or “special cases” without justification • Monitor equity within their team
Interactional Justice (fair treatment & relationships)	<ul style="list-style-type: none"> • Leadership expectations around respect and dignity • Training and support for people management skills • Clear standards for communication and conduct • Psychological safety in culture 	<ul style="list-style-type: none"> • Treat employees with respect, especially under pressure • Handle difficult conversations sensitively • Provide honest, timely explanations • Listen actively and acknowledge impact, not just intent

Group Exercise

Task: Work in small groups or at your table to identify **one current people or growth issue** in your organisation (e.g., pay, hybrid working, promotions, performance management, workload).

Pillar	Risk in our organisation	One action we will take
Distributive		
Procedural		
Interactional		



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