



Ain Shams University
Faculty of Commerce
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The Effect of Organizational Justice on Leader-Member Exchange (LMX) and Withdrawal Behaviors

"An Applied Study on Ain Shams University"

**Thesis Submitted for the Master's Degree in Business
Administration**

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Abstract

The study of organizational justice has received great attention from the researchers, notably with regards to the employer-employee relationship. This research aims at investigating organizational justice dimensions as perceived by employees in Ain Shams University and its effect on leader-member exchange (LMX) (from both perspectives: subordinates and leaders) and whether this influence subsequently reflects on their behaviors. Data were collected using a self-administered structured questionnaire from a sample of 424 (subordinates and leaders), analyzed using the SPSS, studying the correlation and regression coefficients between the study variables and testing hypotheses took place. The research findings indicate that all the hypotheses are partially accepted except for H3 mainly is rejected. In addition, the interactional justice is the most effective and important dimension as it has a significant positive effect on all LMX dimensions followed by distributive justice and procedural justice regarding both employees and leaders. Moreover, the organizational justice has a remarkable effect since it has a significant negative effect on turnover intention regarding both employees and leaders. Based on this, several recommendations are developed to help managers to work effectively for the benefit of the organization.

Key Terms: Organizational Justice, Leader-member Exchange and Withdrawal Behaviors.

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List of Abbreviations

Abbreviation	Concept
ANOVA	Analysis of Variance
CWB	Counterproductive Withdrawal Behaviors
EFA	Exploratory Factor Analysis
F	F-Value
FA	Factor Analysis
KMO	Kaiser-Meyer Olkin
LMX	Leader-Member Exchange
P	Significance Level
PCA	Principal Component Analysis
R	Coefficient of Correlation
R²	Coefficient of Determination
SE	Standardized Estimate
VDL	Vertical Dyad Linkage

1.1 Introduction

Organizational justice has become the center for many studies as it is related to the success of every organization. Organization that is fair in its procedures, policies, distribution systems and interactions, its employees give better response to the organization in terms of productivity and positive behaviors (i.e., organizational loyalty, organizational citizenship behaviors, job engagement and job satisfaction) (Akanbi, Ayobami, Ofoegbu and Eugene, 2013).

Moreover, organizational justice perceptions have been identified as an important factor related to social exchange relationships in the workplace as the previous studies have revealed that organizational justice plays a critical role on employees' perceptions of leader-member exchange (LMX) (Williams, Scandura, Pissaris and Woods, 2016). LMX represents the social exchange process between an employee and his/her supervisor. Based on this reciprocal relationship, the subordinates are labeled as in-group (high quality LMX) or out-group (low quality LMX). In-group exchange goes beyond the formal contract which is characterized by reciprocity, extra-contractual behavior, mutual trust, respect and support. While out-group exchange is characterized by task- based relationship (Chernyak-Hai and Tziner, 2014; Jordan and Troth, 2011).

Furthermore, organizational justice literature proposes that employee's perceptions about fairness in organizational procedures, outcomes, and interpersonal exchanges may influence their work-related attitudes, behaviors and the way they react to performance of organizational activities (Choudhry, Philip and Kumar, 2011). Also, Jones (2009) revealed that organizational injustice is the main antecedent of any negative behaviors caused by the employees towards their organizations compared to any other feelings.

Therefore, the employees who are unfairly treated in their organizations, become annoyed, frustrated and sometimes disoriented which result of inappropriate behavior in the organization (Akanbi et al., 2013). Besides, they no longer remain satisfied and loyal with their