

**THE IMPACT OF "FAIRNESS" IN WORKING CONDITIONS ON ORGANIZATIONAL PERFORMANCE IN PAKISTAN TELECOMMUNICATION COMPANY, LIMITED, ISLAMABAD.**

**Sara Arshad, BBA Student<sup>1</sup>, Rabiya Asif, BBA student<sup>2</sup> and Mushtaq Ahmed Baloch<sup>3</sup>**

<sup>1</sup> *International Islamic University Islamabad*

E-mail: [sara\\_arshad89@hotmail.com](mailto:sara_arshad89@hotmail.com)

<sup>2</sup> *International Islamic University, Islamabad*

E-mail: [rabiya\\_libra@hotmail.com](mailto:rabiya_libra@hotmail.com)

<sup>3</sup> *Visiting Faculty Member*

*International Islamic University Islamabad*

E-mail: [mstq.ab@gmail.com](mailto:mstq.ab@gmail.com)

---

**ABSTRACT**

*The research has been initiated to study the impact of fairness in working conditions on organizational performance in PTCL Islamabad. The study is conducted by taking into consideration two variables that are "fairness" and "organizational performance" and the responses of the employees has revealed that there exists a very strong relationship among the two. If fairness in the system is increased it will lead to high organizational performance and vice versa. A very thorough survey has been conducted in all the offices and customer support centers in Islamabad to verify the relationship among fairness and organizational performance. The sample size of 200 is taken from Islamabad city. The results of the research have supported this statement that by improving the working environment and providing proper office infrastructure to the employees the productivity can be increased which will ultimately lead to high organizational performance. The companies facing the same problem can also go for this strategy. This research has the limitation that is carried out in a public sector Pakistani organization whose scenario and conditions may not be familiar with any international or private organization. Further studies can be carried out following the same pattern in a way that the study can be conducted by taking additional variables along with fairness. Also the sample size can be increased to conduct the research at a broader scope.*

**Keywords:** *fairness, employee performance, organizational performance motivation, incentives,*

---

**INTRODUCTION**

With the growing trends in business, it has become the requirement of the business to carry on the operations efficiently, World has become a global village and in order to compete and mover forward it is necessary that businesses should adopt such kind of practices that help generate maximum outputs. To achieve this goal it is very important that our Human Capital should be satisfied, so that they work at their level best to achieve organization's long term objectives.

Employees are the life blood of every organization, and in order to increase the organizational productivity it is mandatory that employees should be treated fairly. The unfair treatment in the organization leads to many negative behaviors from employees. The negative behavior involves "lack of commitment", lack of motivation" and lack of organizational loyalty". And with this mindset that the organization is treating unfairly they cannot work competitively, they cannot think of innovative problem solving, which in the long run leads to poor organizational performance. Personal satisfaction from the work place is very important in goal achievement.

Thus in this paper our focus is that if employees are treated fairly it will lead to increased organizational performance.

Under the umbrella of “Fairness” we will consider the fairness in reward system, availability of “required” resources to the employees, sustainable amount of workload, proper office infrastructure and fair appraisal system.

The reason to consider “fairness” as independent variable in our research paper is that in Pakistan this is one of the very serious issues in organizations, that employees are either not treated fairly or they “perceive” that they are not being treated fairly. This research is purely in Pakistani context, and we are giving our contribution to find out the reasons of ill performance of employees and how can this problem be solved, so that the Pakistani organizations should also stand in the group of competing international organizations.

We are conducting this research in a very prestigious semi private organization “Pakistan Telecommunication Company Limited. PTCL is proud to be Pakistan’s most reliable and largest converged services carrier providing all telecommunications services from basic voice telephony to data, internet, video-conferencing and carrier services to consumers and businesses all over the country.

PTCL operates in one of the most vibrant, deregulated and spirited markets in the world; Pakistan with a population of 165 million people is a fast budding economy with relatively low saturation of Information Communication Technology (ICT) services. PTCL intends to be the top ICT provider in the region by achieving customers' satisfaction and maximizing shareholders' value and as such PTCL perceives its future as a customer centric organization enhancing its infrastructure and investing in people.

In 2006, Pakistan's Privatization Commission held open bidding to sell 1.326 billion shares; along with management control of PTCL. Etisalat takes pride in being a partner in progress wherever it goes. To realize the dream of human progress, Etisalat is ever ready to harness new technologies, build new partnerships and grip the future as it comes. This is the vision that drives Etisalat and directs the Etisalat-PTCL interaction. The changed telecom environment requires PTCL to bring about changes in its corporate culture to flourish more in the new environment.

In Islamabad there are two offices of PTCL, The head quarter is in sector G-8, and the other branch office is located in sector F-5/1 along with customer care centers' located in almost every sector. We are looking forward to get responses from employees working in head office, regional office as well as customer care centers'. We will highlight this issue that due to non availability of required resources and unfairness in the system the performance of PTCL has declined.

We will be moving forward this research in PTCL with two variables initially, to check out whether our perceived relationship between “fairness” and employee performance which will ultimately lead to “organizational performance” compliments each other or not. The impact of fairness on organizational performance will provide us a platform to improve our productions; it will even serve as a guideline for PTCL to enhance their outputs, and also other organizations can also take such measures to retain and satisfy their human capital.

The research paper will be structured in a way that it will contain a literature review followed by theoretical framework and Hypothesis development and after that we will move towards data collection via questionnaires and finally the interpretation, findings and conclusion.

## **BACKGROUND OF THE STUDY**

PTCL was earlier considered as one of the most profitable and well organized organization of the country, but after privatization this trend changed. It is observed through the deep financial analysis of the company that the company failed to generate the revenues it used to generate before the privatization issue.

But the question arises in mind that is privatization the only reason of this decline? To answer this question logically this research has been initiated to see what other factors are contributing towards this decline. A single change cannot bring the company at loss but there are a number of reasons affecting the overall performance. As is shown in the graphs below the return on equity is showing a decreasing trend in 2010 as compared to 2005, and it is lowest in 2005.

The focus of this research is to find out that what other factors have played their role in this demise. Fairness in the system is considered as one of the contributing factor in this regard.

Fairness in the system, in compensation and salary structures can also be one of the contributing factors in this decline. In 2008 when government of Pakistan revised the salaries of the employees of PTCL, the higher authorities did not respond to it which caused de motivation in the employees, they felt that they are being treated unfairly. And when employees will not be satisfied it cannot be expected that they will give the desired output.

**Table:** Return on Operating Assets and Equity

	2010	2009	2008
Gross Margin (%)	28.67	39.66	47.86
Net margin (%)	23.96	30.07	35.02
Return on operating assets (%)	20.56	27.98	36.47
Return on equity (%)	14.45	20.21	25.43

#### KEY PERFORMANCE INDICATORS

The financial indicators are showing that there has been a consistent decline in the financial ratios of PTCL from year 2009 to year 2011 ( years of concern for research ). The performance indicators neseccary to represent the overall financial helath of a company are only taken into account that is gross margin, net margin, return on opeartaing assets and return on equity. Among number of other factors, which contributes to the poor performance of PTCL, one has been the poor work environment, non availability of proper office infrastructure, too much work load and low pay benefits as compared to work input, which ultimately demotivates the employees and dissatisfies them from their work. The net result, hence , is the bad performance of employees, which, ultimately affects the performance of the organization as a whole.this supports the null hypothesis 1 and null hypothesis 2 very strongly.



**Fig:** Key Performance Indicators of PTCL



**Fig.** Revenue and Trade Debts

### LITERATURE REVIEW

In organizational performance literature, no extensive research has been carried out to study the potential effects of “fairness” in working conditions on employee’s behaviors, moods, attitudes and to the overall performance. Previous researches have only focused on the relation of organizational performance with perceived justice and equality. The issue of fairness in working conditions in organizations has attained a devastating thought in HRM, especially for firms in Pakistan. Fairness is an important issue within an organization. When employees talk about fairness they are describing the organizational trust and respect. This research is devoted to study the impact of fairness in working conditions (which means availability of proper office infrastructure, workloads, compensation or benefits in relation to the work done or tasks performed by each employee) initially on employee’s moods and behaviors i.e. negative and positive behaviors and ultimately its impact on overall organizational performance.

An employee identifying self respect and faith, the impact of justness sensitivity would be low, if they feel the organization does not rely and values them the question of fair treatment rises in an organization work climate (Kickul, Gundry & Posig, 2005)<sup>1</sup>. Organizational justice basically deals with criteria of making proper rewards system, appropriate allotment of rewards, flow of information on the basis of which rewards are distributed and stability in rewards dealings (Ryan, 2002)<sup>2</sup>. Justice exists only then when the outcomes are distributed equally in proportion to inputs (Cohn, White & Sanfers, 2000)<sup>3</sup>. According to Sloat (1999), employees attempt to maintain a balance between their effort and expected return. The focus area of these researches was mainly on the “fairness in monetary terms”. However, there are certain jobs, which require a healthy and peaceful environment so that the outcome could be achieved efficiently and effectively. How well an organization is devoting its resources to provide the basic office needs and infrastructure to its employees? Does the organization pays attention only to provide these basic needs to white collared jobs? This research is carried out to answer such questions especially for the PTCL employees.

Organ (1988) argued that fairness cognitions are important, as employees who believe they are being fairly treated will be more likely to hold positive attitudes about their work, outcomes and supervisors.<sup>4</sup> It has been consistently shown that perceptions of fairness or justice, relate to important work attitudes and behaviors like OCB, turnover intentions, organizational commitment, employee theft, satisfaction and performance (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Folger & Konovsky, 1989; Greenberg 1990a, 1993a; Masterson, Lewis, Goldman & Taylor, 2000; Moorman, 1991).<sup>5</sup> Employees, who are satisfied with the working conditions of their organization, are least interested in monetary rewards. They are well satisfied and committed to their

organization. This built a sense of trust and loyalty towards the organization, and moreover, these employees have shown a high degree of Organization Citizenship behavior. On the other hand, employees who found working conditions not very upgraded have shown certain negative behaviors like high absenteeism, low productivity, and high intentions to quit.

### THEORETICAL FRAMEWORK

We have taken two variables in our research initially. The independent variable is “fairness” which leads towards “organizational performance”. By “fairness” we will be measuring fairness in the working environment, sustainable amount of work load for the employees, fairness in providing them with required facilities to work comfortably and fairness in appraisal system. After carrying out a thorough literature review we have found that “fairness” encompasses virtues such as moral rightness, equity, honesty, and impartiality. Fairness, or justice, is one of the most fundamental concerns in society. Cohen (1986b) claims that justice is “a central moral standard against which social conduct, practice, and institutions are evaluated”. Fairness and justice are often considered as synonyms.

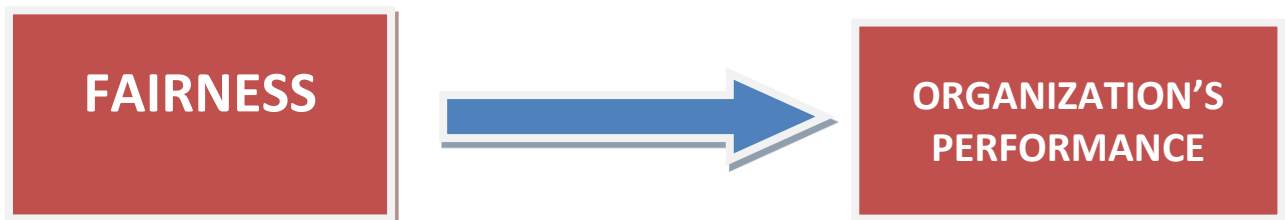
The dependent variable “organizational Performance” is a complex, multi-dimensional phenomenon that is difficult to understand and measure (Goodman and Pennings, 1977). Different organizations have different performance objectives and performance may vary according to the targets set, the time period observed, the criteria used and on whose perspective is being taken (e.g. the customers’, the managers’, the employees’ or the shareholders’). Though, organizations move towards to achieving satisfactory performance, independent of what defines it. Performance measures are needed in the organization to evaluate how well the firm functions. (Business strategy and organizational performance: an analysis of the Portuguese; mould industry by Susana c. s. f. Rodriguez (July 2002)

Organizational Performance has been defined as the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results. (Book : Human Resource Management by Bibhuti Bhusan Mahapatro, Ch # 10,page # 272 to 279.)

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). (According to Richard et al. (2009).

After defining the variables we can now show the relationship between the two variables diagrammatically as:

**Fig:** Theoretical Framework



We will now proceed towards making hypothesis on the basis of this model. We are assuming direct relationship among the two variables.

### HYPOTHESIS FORMULATION;

After analyzing the two variables deeply and studying their relationship in the theoretical framework and judging the need to address this problem we hypothesize our findings as follows:

- **Hypothesis 1 (Null Hypothesis)**  
*There is a positive impact of “fair working conditions” on employee’s moods, attitudes and behavior.*
- **Alternate Hypothesis**  
*Employees who do not find, working conditions, “fair” has shown certain negative behaviors.*
- **Hypothesis 2 (null)**  
*Positive employee behaviors makes them more satisfied with their jobs, hence contributing to overall increase in performance.*
- **Alternate hypothesis**  
*Employees, who are not given fair treatment in working conditions, will only be concerned about their own monetary benefits instead of improving the overall organizational performance.*

When an organization shows a sense of responsibility and care towards its employees, providing them the basic facilities required to perform a task, in return, the employees will be highly satisfied and loyal to the organization by showing their concern for the overall betterment of the organization.

However, if an organization, ignores this fact, and is only profit centered, that whatever the situations may be, the firm has to make profit; its employees will no longer be satisfied with their jobs and exhibit depressing behaviors, showing their least concern for the organization performance, rather they only want to get monetary benefit for what they have put their effort.

### RESEARCH DESIGN

Data has been collected from a sample of 200 employees from PTCL head office, branch office and customer service centers' in Islamabad via questionnaires that consisted of two variables "fairness" and employee and organizational performance".

### RESULTS AND DEMOGRAPHICS

Majority of the respondents were males. The education level of lower level employees was intermediate, while the middle and top management was master's degree holders. The working hours of majority of the employees were 7-8 hours per day.

After analyzing the data using SPSS software and applying a number of tests on each variable we got the following results:

- **Fairness**

Fairness, the independent variable has been evaluated through reliability test which showed a very positive response indicating that there does exist a problem in the fairness in the system in the organization. The value of cronbach's alpha is 0.870 which indicates that the data is highly reliable.

**Table:** Reliability Table of Fairness

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.870	.877	5

- **Employee Performance**

Employees are considered as the life blood of every organization, the performance of employees which will ultimately lead to organizational performance at a broader level are taken as the dependent variable in the model, the value of cronbach alpha for employee performance is 0.840 which is again highly significant.

**Table:** Reliability Table of Employee Performance

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.840	.842	5

- **Organizational performance**

The dependant variable at the broader level, that is organizational performance when checked for reliability it again showed a very positive result, value of cronbach alpha is 0.852 as shown in the table below



**Table:** Reliability Table of Organizational Performance**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.852	.858	9

- **Regression Analysis**

In order to check whether there exist a relationship between dependant and independent variable we carried out regression analysis. The value of R square is the key indicator of this relationship. The value of R square is significant in our case, which indicates that there exists a relationship between fairness and organizational performance.

**Table:** Return on Operating Assets and Equity Regression Table**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633 <sup>a</sup>	.401	.398	.37366

- **Correlation Analysis**

In order to measure the linear association between the variables the correlation analysis is carried out. The correlation is considered as highly significant with the values between -1 and +1. The steric on the values show that the results are highly significant at 0.01 intervals. And our data is highly significant in this regard.

**INTERPRETATION OF RESULTS**

After analyzing the data thoroughly and applying the tests discussed above we can say that our findings supports our null hypothesis that is

*There is a positive impact of "fair working conditions" on employee's moods, attitudes and behavior.*

And this attitudinal change in employees plays a very important role in overall organizational performance,

**LIMITATIONS OF THE RESEARCH:**

The purpose of this study is to investigate the fairness in working conditions on overall employee's performance in Pakistan telecommunication company limited, Islamabad.

Large number of research has been conducted in the field of fairness/justice but this study has its own significance, as its main focus point is fairness in working conditions which includes many other factors like office infrastructure, sustainable amount of work load, and proper balance of job effort with compensation received. There are certain limitations of this research study which, at times, becomes a hurdle in getting the accurate results.

- The study is based on Pakistani context and secondly Data is collected from the public sector organization in Pakistan. In public sector organization, it is very much difficult to understand the HRM practices as very few organization practice HRM as a whole.
- Employees in these organizations have to cope with variety of difficulties each day to secure their employment.
- In Pakistani culture, power and reference are given prime importance. An individual having good relations with the higher management may achieve rewards and benefits more precisely than those with little or no relations thus creation a pool of unfair conditions in organizational environment. Similarly, social support plays a vital role in motivating employees.
- The research was carried out in a short span of time, where in the researcher could not widen the study.

### **FUTURE DIRECTIONS**

The study is beneficial for PTCL, as well as for future study, as it highlights the issues in HRM practices in Pakistan and strategies to cope up with the issues evolved. It also focuses on adopting such HRM practices that creates flexible working environment for employees which motivates them to perform effectively.

In addition to overcoming the limitations of data gathering, additional research is needed to observe the relationships between job satisfaction and work conditions, pay and promotion, fairness and job security, relationship with supervisor and co-workers. For future research the following suggestions should be considered:

- It is suggested that for future research, a proportionate stratified random sample be used to compare several public sector institutions in Pakistan, using a larger sample. It could be a comparative study as well.
- The research is needed to further investigate the potential relationships and affects these variables and other unrelated variables, such as, job level, contingent rewards and supervisor support have on performance.
- Qualitative investigators must conduct research regarding the fairness in working conditions in Pakistani companies. (I.e. how fairness of working conditions affects employees moods, attitudes and hence overall behaviors). This research method will provide a different perspective of employees, job performance and contribute a more in-depth understanding of how employees view their job and the overall system.

### **MANAGERIAL IMPLICATIONS:**

Based on this study, and analysis of factors affecting Pakistan telecommunication company limited performance, this paper makes the following recommendations to the policy makers and managers of the telecommunication companies:

- Create favorable work conditions for the company. Guide the employee to communicate effectively, share his/her specific problems with at least peer level, and build a good interpersonal environment within the company, in order to create good work conditions.
- To improve the pay treatment of PTCL employees, PTCL should improve the overall salary packages of employees; on the other hand, two shifts or three shifts is a way to reduce the workload of employees.
- To improve fairness in PTCL, create a scientific performance appraisal system in the organization. Utilize the other developed countries' scientific performance systems, and use these systems to evaluate employee work performance.
- Demand biannually or annually, as per requirements, the proper operation and maintenance reports of all the office equipment and resources to ensure proper condition and work level of the employees.

### **CONCLUSION**

Fairness is gaining significance in management literature, although, several researches have been conducted in this field but not so. There is an increasing need to erect knowledge in public sector organization of Pakistan as there lays many managerial issues that need to be addressed in the field of HRM. The current research however, did not lead towards any theory formulation but it carries beneficial managerial implications which would be suitable for both managers and PTCL in creating strategic HRM. The results also indicate that PTCL should encourage management and staff relations as well as adopt such practices that motivate equity culture within the work place.

The focus of the present study is to investigate the impact of fairness in working conditions, which subdivides fairness as, availability of proper office infrastructure and resources, sustainable amount of work load and pay for performance to overall performance of PTCL. For this purpose, first we analyzed each employee performance and then its combined effect is taken, data is collected from the sample of around 200 employees from all PTCL customer cares, regional office F-5, and headquarter G-8 , Islamabad in the form of formal questionnaire.

Our findings supports the purpose of the study and the hypothesis that if the organization wants to achieve its long term goals by putting its best inputs – the employees, they should be at least provided with the basic facilities and a healthy and happy environment to work for the best interests of the organization. During our survey, we also observed that the reason behind the dissatisfaction of employees from their jobs is the working



environment in which they spend their day's most of the time. So organizations today, need not to be just remain focused on monetary rewards and benefits instead they should devise all such ways by which the employee doesn't feel his work as a burden or task but enjoy doing it. This would increase overall performance, satisfaction and commitment.

We believe, that the present study would bring into a new wave of "fairness" which just not only means fairness or justice in monetary rewards, rather it brings proper availability of office resources and its distribution, work load and compensation ( the non monetary things ) under the term 'fairness'.

## REFERENCES

- Kickul, J., Gundry, K. L., & Posig, M. (2005). Does Trust Matter? The Relationship between Equity Sensitivity and Perceived Organizational Justice. *Journal of Business Ethics*, Vol. 56, pp. 205–218.
- Ryan, J.J. (2002). "Work Values and Organizational Citizenship Behaviors: Values That Work for Employees and Organizations", *Journal of Business and Psychology*, Vol. 17: No.1, pp. 123-132.
- Cohn, S. E., White, O. S., & Sanders, J. (2000). Distributive and Procedural Justice in Seven Nations. *Law and Human Behavior*, Vol. 24(5)
- Organ, D. W. (1988). Organizational Citizenship Behavior. *Lexington, Lexington, MA.*
- Moorman, H. R., Blakely, L. G., & Niehoff, P. B. (1998). Does Perceived Organizational Support Mediate the Relationship between Procedural Justice and Organizational Citizenship Behavior? *The Academy of Management Journal*, Vol. 41(3), pp. 351-357.
- PTCL official website.

## APPENDIX

### Questionnaire

The following questions were asked using the likert scale.

- Do you think that the resources (equipment and office infrastructure) provided to LDC's are sufficient for performing job?
- Does your organization pays attention to your requirements and concerns on fair basis?
- Are the benefits (salary and others) you received fair in comparison with your work load/job duties?
- Does the tasks/activities assigned to you as part of your job is designed fairly?
- Do you feel that if some of the equipments, you are currently using is replaces, you can perform your job much better?
- How often you feel that your performance was higher among other workers on job?
- How often did you do not work at times when you are supposed to be working?
- How often you find yourself working not carefully as you should be?
- How do you experience the pressure of work and the demands made on you? Do you feel stressed?
- Do you enjoy doing your tasks?
- The number of employee's involvement has increased.
- Employee satisfaction has increased.
- Employee turnover has decreased.
- The number of services/products has increased.
- Efficiency has improved.
- Customer complaints have reduced.
- Profit has increased.
- Sales have increased.
- Firm's overall market share has increased.

### **EXECUTIVE SUMMARY**

*This paper shows the impact of fair working conditions on organizational performance in PTCL. The purpose of this study is basically to find out the reason of the performance decline in one of the most reputed organizations of Pakistan. By taking the sample size of 200 and analyzing their responses we have concluded that there is a very strong relationship among the two variables taken. And by improving the fairness in the system and redesigning the infrastructure available along with monetary benefits the performance can be improved. The analysis of the data using SPSS software has confirmed this hypothesis that there is a positive impact of "fair working conditions" on employee's moods, attitudes and behavior. And if the organization pays attention to the fairness issues the performance can be raised and organization can move forward successfully. This study can be used by other organizations as well facing the same problem.*

### **ACKNOWLEDGEMENTS**

*First of all we would like to thank almighty allah for the completion of this work successfully, after that the support of our family members acted as a catalyst for better performance. The class mates played a supportive role in attainment of the goal. And last but not the least the humble guidance of our course instructor Sir Mushtaq Ahmed baloch, who acted as a mentor for us and motivated us a lot during this period.*