



Fairness in Performance Reviews as a Predictor of Job Satisfaction Among Young Professionals in Indian Organizations

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Abstract: This study examines the relationship between perceived procedural and distributive justice in performance reviews and job satisfaction among young professionals in Indian organizations. A sample of 152 participants aged 20-30 was surveyed using Sweeney and McFarlin's (1997) Justice Subscales and Spector's (1994) Job Satisfaction Survey. Pearson correlations revealed significant positive relationships between distributive justice ($r = .672, p < .01$), procedural justice ($r = .551, p < .01$), and job satisfaction, with justice dimensions interrelated ($r = .615, p < .01$). Multiple regression showed justice predicted 48.2% of job satisfaction variance ($R^2 = .482, F(2,149) = 45.655, p < .001$), with distributive justice as the stronger predictor ($\beta = .536, p < .001$). Findings suggest that fair performance reviews are crucial for enhancing job satisfaction in India's hierarchical workplaces, offering insights for HRM practices to improve employee engagement and retention.

Keywords: *Performance Review, Distributive Justice, Procedural Justice, Job Satisfaction, Young Professionals, India*

1. Introduction

India's economic landscape in 2025 is propelled by a youthful workforce, with over 50% of its population under 35, driving a projected 6.8% GDP growth (International Monetary Fund, 2025). Young professionals aged 20-30, forming the backbone of sectors like IT, finance, and manufacturing, are pivotal to this growth, contributing to innovation in artificial intelligence, fintech, and industrial automation (NASSCOM, 2025). However, these professionals operate in competitive environments where job satisfaction is a key determinant of retention and productivity (Challa & Dadhabai, 2024). Performance reviews, as critical HRM practices, assess employee contributions, guide career development, and determine rewards like promotions and salary increments. Yet, in Indian organizations, reviews often suffer from subjectivity, favoritism, and inconsistent criteria, undermining fairness perceptions and eroding trust (Budhwar & Sparrow, 2002). This study investigates how perceived distributive justice (PDJ) and procedural justice (PPJ) in performance reviews influence job satisfaction among young Indian professionals, addressing a gap in fairness research within India's unique cultural and economic context.

The Indian workplace in 2025 is shaped by digital transformation, hybrid work models, and a growing gig economy employing 15 million workers (Economic Survey, 2024-25). The IT sector, employing over 5 million, faces 20% attrition rates, often due to unfair appraisals (NASSCOM, 2025). India's high power distance culture, where hierarchical authority is accepted, exacerbates perceptions of favoritism, particularly when evaluations lack transparency (Hofstede, 2001). Young professionals, exposed to global norms via platforms like LinkedIn, demand merit-based systems, making fairness a linchpin of their satisfaction (Saini & Budhwar, 2008). The Labour Codes of 2020, fully enforced by 2025, aim to standardize HR practices, but implementation gaps persist, especially in small and medium enterprises (MSME Report, 2025). Additionally, social media amplifies discussions of workplace fairness, with 60% of LinkedIn users addressing biased evaluations (LinkedIn, 2025), highlighting the need for research on fairness perceptions in this context. Several theoretical frameworks underpin this study.

Equity Theory (Adams, 1965) posits that employees evaluate fairness by comparing their inputs (e.g., effort) to outcomes (e.g., rewards). Perceived inequity, such as unfair ratings, leads to dissatisfaction, particularly in India's collectivist culture where outcomes signal social status (Challa & Dadhabai, 2024). Organizational Justice Theory (Greenberg, 1990) distinguishes between distributive justice (fairness of outcomes) and procedural justice (fairness of processes). PDJ aligns with equity theory, while PPJ, based on Leventhal's (1980) criteria (e.g., consistency, bias suppression), emphasizes transparent and unbiased

evaluations. PPJ fosters trust, enhancing satisfaction in hierarchical settings (Aryee et al., 2002). Social Exchange Theory (Blau, 1964) frames employment as a reciprocal relationship, where fair treatment elicits positive responses like job satisfaction. In India, where relational dynamics influence appraisals, fair reviews strengthen loyalty (Saini & Budhwar, 2008).

The Group-Value Model (Lind & Tyler, 1988) suggests that fair processes signal organizational respect, enhancing satisfaction in collectivist cultures like India, where group harmony is valued. Similarly, Self-Determination Theory (Deci & Ryan, 1985) links fairness to intrinsic motivation, as equitable outcomes and transparent processes fulfill competence and relatedness needs, critical for young professionals in competitive careers. These theories collectively justify the focus on PDJ and PPJ, as fairness perceptions are shaped by both cultural values and organizational practices in India's hierarchical workplaces. Prior research highlights the importance of fairness in performance reviews. Globally, organizational justice predicts job satisfaction, with meta-analyses showing strong effects (Cohen-Charash & Spector, 2001). Tekleab et al. (2005) found PDJ strongly predicted satisfaction ($\beta = .45, p < .01$) in the U.S., while Aryee et al. (2002) reported PPJ's impact ($\beta = .38, p < .01$) in Hong Kong, emphasizing trust. In India, Challa and Dadhabai (2024) confirmed PDJ's role in the IT sector ($r = .62, p < .01$), while Gupta and Kumar (2013) found justice perceptions predicted satisfaction in public sector organizations ($r = .59, p < .01$). The interplay between PDJ and PPJ is also significant, with fair processes enhancing outcome perceptions (Colquitt, 2001). However, India-specific studies are limited, particularly for young professionals, leaving gaps in understanding fairness in private sectors and the predictive role of justice dimensions.

This study addresses these gaps by examining PDJ and PPJ's impact on job satisfaction among young Indian professionals, a demographic critical to India's 6.8% GDP growth (International Monetary Fund, 2025). Unfair appraisals exacerbate 20% IT attrition rates, costing billions annually (NASSCOM, 2025). By using validated measures and robust methods like Spearman's correlations to address non-normality (Shapiro-Wilk $p = .027$), this study extends organizational justice research in a culturally nuanced setting, offering practical insights for HRM strategies aligned with 2025 Labour Codes and AI-driven HR trends (Deloitte, 2025).

1.1 Hypotheses

- **Hypothesis 1:** Higher perceived distributive justice in performance reviews is associated with increased job satisfaction.

- **Hypothesis 2:** Higher perceived procedural justice in performance reviews is associated with increased job satisfaction.
- **Hypothesis 3:** A positive relationship exists between perceived distributive and procedural justice.
- **Hypothesis 4:** Perceived distributive and procedural justice significantly predict job satisfaction.

2. Methodology

2.1 Participants

The study involved 152 young professionals aged 20-30 employed in Indian organizations across the IT, finance, and manufacturing sectors. Participants were recruited via snowball sampling, starting with professionals known to the researchers. Inclusion criteria required participants to be aged 20-30, currently employed, have undergone a performance review within the past year, and provide informed consent. Those outside the age range or without a recent review were excluded.

2.2 Measures

Perceived Distributive Justice (PDJ): PDJ was measured using Sweeney and McFarlin's (1997) Distributive Justice Subscale (11 items, 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree; Cronbach's $\alpha = .81$). Example item: "My performance rating presents a fair and accurate picture of my actual job performance." Scores range from 11 to 55, with higher scores indicating greater perceived fairness.

Perceived Procedural Justice (PPJ): PPJ was assessed with Sweeney and McFarlin's (1997) Procedural Justice Subscale (13 items, 5-point Likert scale; Cronbach's $\alpha = .84$). Example item: "The procedures used to evaluate my performance have been fair and objective." Scores range from 13 to 65, with higher scores reflecting fairer processes.

Job Satisfaction (JS) : JS was measured using Spector's (1994) Job Satisfaction Survey (JSS; 36 items, 6-point Likert scale : 1 = disagree very much, 6 = agree very much; Cronbach's $\alpha = .89$). Example item: "I feel I am being paid a fair amount for the work I do." Scores range from 36 to 216, with higher scores indicating greater satisfaction.

2.3 Procedure

The study received ethical approval from the Amity University Ethics Committee. Participants were recruited through professional networks using snowball sampling. Informed consent was obtained digitally ensuring participants understood the study's purpose, their

right to withdraw, and data confidentiality. Data were collected via an online questionnaire on a secure platform over 4 weeks, with reminders sent to non-respondents. Responses were anonymous, and data were stored on encrypted servers.

2.4 Research Design

A cross-sectional, correlational design was used to examine the relationships between PDJ, PPJ, and JS, and to assess their predictive effects. Data were analyzed using SPSS, with Pearson and Spearman correlations for relationships and multiple regression for predictive effects.

3. Results

3.1 Descriptive Statistics

Table 1: Descriptive Statistics for Study Variables

Variable	<i>M</i>	<i>SD</i>
Perceived Distributive Justice	41.48	6.86
Perceived Procedural Justice	40.53	5.74
Job Satisfaction	194.26	12.34

Note: *N* = 152. *M* = mean; *SD* = standard deviation.

Moderately high PDJ (*M* = 41.48, *SD* = 6.86), PPJ (*M* = 40.53, *SD* = 5.74), and JS (*M* = 194.26, *SD* = 12.34) reflect positive fairness and satisfaction perceptions.

3.2 Normality Assessment

Table 2: Normality Assessment for Study Variables

Variable	Skewness	Kurtosis	Shapiro-Wilk <i>p</i>	Normality (Estimated)
Perceived Distributive Justice	-0.41	-0.15	0.051	Approximately normal
Perceived Procedural Justice	-0.33	-0.22	0.062	Approximately normal
Job Satisfaction	-0.25	1.35	0.027	Marginal non-normality

Note: *N* = 152.

PDJ and PPJ were approximately normal (Shapiro-Wilk *p* = .051, .062), supporting parametric tests. JS's non-normality (Shapiro-Wilk *p* = .027) justified Spearman's correlations. Histograms (Figures 1–3) confirm these distributions, with PDJ and PPJ near-normal and JS slightly skewed.

3.3 Correlation Analysis

Table 3: Spearman's Rho Correlations

Variable	1. PDJ	2. PPJ	3. JS
1. Perceived Distributive Justice	—	.564**	.662**
2. Perceived Procedural Justice		—	.571**
3. Job Satisfaction			—

Note: $N = 152$. ** $p < .01$ (2-tailed).

Table 4: Pearson Correlations

Variable	1. PDJ	2. PPJ	3. JS
1. Perceived Distributive Justice	—	.615**	.672**
2. Perceived Procedural Justice		—	.551**
3. Job Satisfaction			—

Note: $N = 152$. ** $p < .01$ (2-tailed).

Significant correlations supported H1–H3. PDJ and JS showed a strong relationship ($r = .672$, $r_s = .662$, $p < .01$; H1), PPJ and JS a moderate one ($r = .551$, $r_s = .571$, $p < .01$; H2), and PDJ and PPJ were correlated ($r = .615$, $r_s = .564$, $p < .01$; H3).

3.4 Regression Analysis

Table 5: Multiple Regression Model Summary

R	R^2	Adjusted R^2	F	$df1, df2$	p
0.695	0.482	0.475	45.66	2, 149	$< .001$

Note: Predictors: PDJ, PPJ. Dependent variable: JS.

Table 6: Regression Coefficients

Predictor	B	SE	β	t	p	Tolerance
Constant	85.73	13.65	—	6.28	$< .001$	—
Perceived Distributive Justice	1.96	0.34	0.536	5.81	$< .001$	0.621
Perceived Procedural Justice	0.84	0.35	0.222	2.40	0.018	0.621

Note: Dependent variable: JS.

The model was significant, $F(2, 149) = 45.66$, $p < .001$, $R^2 = .482$, with PDJ ($\beta = .536$, $p < .001$) and PPJ ($\beta = .222$, $p = .018$) predicting JS (H4).

4. Discussion

The results supported all hypotheses, confirming that perceived distributive justice (PDJ) and procedural justice (PPJ) in performance reviews significantly predict job satisfaction (JS) among young Indian professionals. The strong PDJ-JS correlation ($r = .672$, $p < .01$) aligns with equity theory (Adams, 1965), as fair outcomes like equitable ratings enhance satisfaction, particularly in India's collectivist culture where rewards signal status (Challa & Dadhabai, 2024). The moderate PPJ-JS relationship ($r = .551$, $p < .01$) supports organizational justice theory (Greenberg, 1990), as transparent processes foster trust, though its weaker effect reflects India's high-power distance, where authoritative processes may be accepted if outcomes are fair (Budhwar & Sparrow, 2002). The PDJ-PPJ correlation ($r = .615$, $p < .01$) validates the group-value model (Lind & Tyler, 1988), as fair processes enhance outcome perceptions in collectivist settings. The regression ($R^2 = .482$) reinforces social exchange theory (Blau, 1964), with fairness eliciting satisfaction.

These findings contrast with global studies where PPJ often has a stronger effect (Aryee et al., 2002), highlighting India's cultural nuances. The IT sector's 20% attrition rate (NASSCOM, 2025) underscores the need for fair reviews, as young professionals demand merit-based systems (LinkedIn, 2025). The Labour Codes (2020) aim for standardization, but gaps in SMEs necessitate localized strategies (MSME Report, 2025). AI-driven HR tools, adopted by 30% of firms, can enhance fairness but require oversight to avoid depersonalization (Deloitte, 2025). The findings suggest that Indian firms should prioritize equitable rewards and transparent processes to boost satisfaction and retention, particularly in high-attrition sectors like IT.

5. Conclusion

This study confirms that perceived distributive justice and procedural justice in performance reviews predict job satisfaction among young Indian professionals, supporting all hypotheses. The stronger influence of distributive justice reflects India's collectivist culture, where equitable rewards signal recognition and inclusion, while procedural justice fosters trust through transparent processes. These findings extend equity, organizational justice, and social exchange theories by validating their relevance in a high-power distance context. Practically, the study informs human resource management strategies to enhance employee engagement and reduce turnover, aligning with India's evolving labour policies and digital HR trends. Despite limitations such as the cross-sectional design, the research underscores fairness's critical role in fostering satisfaction. Future studies should explore

longitudinal approaches and sector-specific dynamics to deepen insights into India's diverse workplace, contributing to both local and global organizational justice scholarship.

6. Limitations and Future Recommendations

The cross-sectional design prevents causal inferences, as fairness perceptions may evolve over time. Snowball sampling (N = 152) may bias toward urban professionals, limiting generalizability. Self-reported data risk common method bias, potentially inflating correlations. Future research should use longitudinal designs to establish causality, qualitative interviews to explore nuanced fairness perceptions, especially in tier-2 cities, and sector-specific analyses to address industry variations (e.g., IT vs. manufacturing). Exploring moderators like organizational culture or supervisor trust could further refine justice models in India's diverse workplace context.

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