

The influence of Economic Status on Distributive Justice: The mediating role of nonmonetary sharing mode: A case of Pakistan State Oil (PSO)

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Abstract

The primary purpose of the study was to examine and analyze the individual notion and belief of distributive justice and relative economic status by focusing on distributive justice non-monetary sharing mode by providing evidence from the Pakistan state oil (PSO) with an aim to enlighten the readers about the concept of distributive justice and the economic status from the context of Pakistan. A brief literature review was conducted to discuss the different variables of the topic. The quantitative research design was conducted, and primary data were obtained from 231 employees working in PSOs around the world. Data were analyzed with the help of SPSS and by using various statistical techniques like regression, correlation, and partial least square method. The findings of the study reveal that the individual notion of distributive justice varies depending upon the economic status of the individuals.

Keywords: Distributive justice, economic status, non-monetary sharing mode, partial square method, Pakistan State Oil

Introduction

Justice is an important component of a country that is established and founded on ethical principles where the rights of people are valued. Regions or nations that lack fair justice tend to stay behind in

terms of moral values and integrity. The concept of justice varies from individual to individual and from group to group. An idea or a notion that is fair for an individual belonging to a lower socio-economic class might not be fair for an individual belonging to a higher socio-economic class. Thus, it is important to understand and analyze the concept of distributive justice in order to ensure that the entire society is treated in a just and fair manner. Several social authors have directed their focus toward the following topic due to its implications for society and for different economic classes. Distributive justice has been the focus of research for ages. Schnaudt et al., (2021) carried out a study to identify the relationship between procedural and distributive justice on reactions to pay raise decisions. Konow (2001) conducted research to discuss the various components of distributive justice. Jafino et al., (2021) initiated a research paper to discuss what distributive justice actually is. The fact of the matter is that distributive justice has been studied extensively by researchers around the globe and a relatively high amount of focus is attributed to this socially important topic.

Background

The case organization that is selected for the following study is Pakistan State Oil (PSO). The inception of the Pakistan State Oil (PSO) can be drawn back to the year 1974 and in the month of January when the government of Pakistan under the prime minister ship of Zulfikar Ali Bhutto emerged the Pakistan National Oil (PNO) and Dawood Petroleum Limited (DPL) as a unified Premiere Oil Company Limited (POCL) (PSO, 2019a). POCL emerged as the State Oil Company Limited by the end of 1976 and thus was renamed as Pakistan State Oil (PSO). It is the country's largest energy manufacturing company that is involved in the marketing and distribution of oil and gas products such as high-speed diesel, furnace oil, jet fuel, LPG, and CNG (PSO, 2019b). Furthermore, the company also imports various products based on their demand in the Pakistani market. PSO has large numbers of oil stations throughout the country besides possessing huge capacity storage spaces ranging from Karachi to Gilgit. The vision of the company is to outrival the competitors in providing value to the customers as a dynamic and innovative company (PSO, 2019c). Some of the major competitors of PSO in Pakistan are Shell, Total Parco, and Caltex. However, PSO still remains to be one of the oldest and most trusted energy companies in the country.

Problem Statement

Despite a great amount of focus being attributed to distributive justice, uncertainty and ambiguity still persist in the literature regarding what's fair and what's not. This uncertainty is even more relevant in Pakistan leading Energy Company (PSO) Pakistan State Oil fuelling entire country at its maximum reach. The corporation has a tendency to provide effective work environment by upholds individual employee on priority, however when it comes to perception of justice with the relative economic status, it can be well said if a person is praised more for donating a million out of the billion as

compared to someone who has donated eighty dollars out of a hundred might not be fair. The person donating eighty dollars must be praised and applauded as he has donated most of the wealth that he possessed. Considering this notion and thinking of society, it is important to try to eradicate the vagueness that persists around us and in the literature regarding the concept of distributive justice and relative economic status. Furthermore, it has been identified that not much focus has been ascribed to these topics when it comes to research in Pakistan, despite the interest and importance that the western world has shown. Therefore, it is important to discuss the various variables of the study in the context of Pakistan and the attitude of the Pakistanis.

Purpose

The primary purpose of the study is to examine and analyze the individual notion and belief of distributive justice and relative economic status by focusing on distributive justice non-monetary sharing mode by providing evidence from the Pakistan state oil (PSO). The objective of the study is to enlighten the readers about the concept of distributive justice and the economic status of the context of Pakistan. The scope of the study is limited to the audience of Pakistan; however, the definition and explanation of the variables can be extended globally as well. The study is significant because of the reason that not much emphasis on the following subject matter has been given to the research in Pakistan.

Research Question

The following empirical study is aimed at evaluating the individual belief about distributive justice and relative economic status within Pakistan. Since the study is primarily based on literature adopted from previous literature, therefore, it is important to discuss each variable in length to achieve the research objectives of the study. In order to accomplish the objective of the study, the following research question has been proposed which the study will look to answer:

“What is the individual notion of distributive justice and relative economic status while focusing on distributive justice non-monetary sharing mode?”

Literature Review

Distributive justice

Van Hootegem et al., (2020) in his study have stated that distribution or circulation is justified only if each individual who possesses a certain holding is entitled to that holding. The author of his study has further identified that distributive justice might not solely be related to monetary motivation, other factors such as mutuality and self-interest can also motivate an individual which can lead to confusion about the implications of justice. Yang et al., (2022) carried out a study to identify the association between distributive justice, procedural justice, and psychological stress. The author found out that a lack of distributive justice within a workplace can lead to increased psychological distress among employees. Ciftci, (2019) conducted a study to discuss the concept of distributive justice from an

Islamic perspective. The authors of their study state that distributive justice is associated with the perception of justice and fairness of the recipients. These norms can be of any type such as need, merit, or equality. While identifying the Islamic view on distributive justice, the authors state that the Islamic view focuses more on the humanistic concerns that are based on '*Adl*,' '*Ihsan*' and '*Insaf*.'

Economic status

Economic status has a major impact on the personality, perception, and thinking of an individual (Kim & Park, 2015). It not only influences the upbringing of an individual but also the perception and behaviour of other people's interaction is also influenced by the economic status and standing of a person. This is a sad reality that people are treated and given respect as per their economic status. However, what's more, important and relevant from the context of the study is the difference in perception, thinking and beliefs of the individuals based on the socio-economic status that exists within the society. The definition and concept of justice might also vary from status to status and from individual to individual. According to the American Psychology Association (2019), economic status or socio-economic status is the social class or standing of a person or a group of persons that is generally measured as a blend of occupation, education, and income. However, income is more popularly used as compared to the other two factors. Examining the economic status frequently discloses the unequal distribution of resources besides exposing the issues related to power, authority, and privilege.

Non-monetary sharing mode

Sharing modes can be distinguished into two types; monetary and non-monetary sharing modes. The monetary sharing mode is the incentives that are provided in the form of financial or monetary rewards such as bonuses, increased salary, and profit sharing. On the other hand, the non-monetary sharing mode as the name suggests is the recognition that an individual earns because of his performance and value to an entity (Wroblewski, 2019). For instance, from an organization's perspective, an employee can be rewarded in a non-monetary manner for accomplishing sales goals or completing a training program. Some of the commonly given non-monetary benefits include promotions, vehicle allowances, or healthcare benefits. A strong debate in the literature persists regarding which technique is more effective in motivating individuals. Some studies suggest that non-monetary benefits enhance the performance of individuals (Pardupa, 2010), whereas some suggest that monetary rewards positively influence the satisfaction level of employees (Harunavamwe & Kanengoni, 2013). However, it is also found that the personality of a person has a significant influence in deciding whether he or she is satisfied with the reward or not.

The individual notion of distributive justice and relative economic status

Distributive justice and economic status have been discussed, and now the following section will be discussing the relationship between these two variables. The question about the elements that establish

distributive justice amongst the common man still remains unanswered. The major reason behind this is the alternative principles and theories that persevere in the literature regarding distributive justice and the beliefs of the individuals regarding it. The debate can be traced back to several decades. Schnaudt et al., (2021) in this study opines that unmerited and unearned inequalities noise out for reimbursement and the inequalities that an individual experience since his birth is unearned. Therefore it is important these inequalities are compensated for.

On the other hand, Ruger, (2020) opposing Schnaudt et al., (2021)opinion argues that distributive justice is based on a simple principle that the rights are delivered to the individuals that are entitled to them. Meindl et al., (2019) idea is similar to that of Ruger, (2020) and is based on the reasoning that every individual should be rewarded based on his or her performance to the task or the social product. This indicates that individuals tend to perceive distributive justice differently based on their personalities and statuses and the perception is purely based on how and under the circumstance that the recipients receive justice.

However, the equation regarding the perception of distributive justice based on the socio-economic status of individuals still stands. The theory of Ruger, (2020) is based on the opinion that people from less privileged socioeconomic statuses should be compensated whereas Meindl et al., (2019) opine that people should be rewarded for the efforts that they invest. In order to find solutions to these uncertainties, Barr et al. (2011) carried out a study to discuss the individual beliefs of distributive justice based on economic statuses. The authors carried out two experiments at two different places in two different economic classes. One experiment was carried Oxford, the United Kingdom, and the other in Cape Town, South Africa. The findings of the study reveal a difference between notion and perception in both locations. The study found out that in both these locations, individuals from comparatively higher socio-economic status make distributions to others that reflect those others' preliminary donations more when those donations were earned rather than random. Contrary to this, the case amongst relatively poor individuals or individuals belonging to lower economic statuses, was not the scenario. Thus, the study proves that individual notion of distributive justice varies from one economic status to the other which can also be considered as the findings of the following literature.

Conceptual Framework

Based on the literature and its findings, the following study proposes the below depicted Figure 1: Conceptual framework for the study.

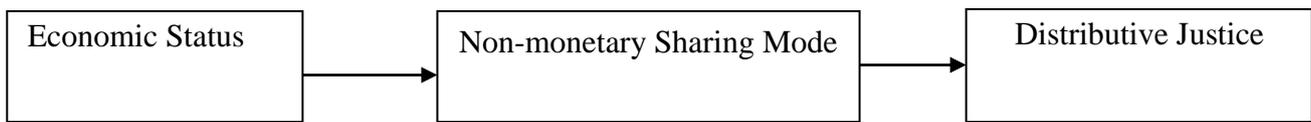


Figure 1: Conceptual Framework

Economic status is the independent variable in the following study whereas distributive justice is the dependent variable. The non-monetary sharing mode is considered as the mediating or the second variable of the study. The notion, belief, and perception of distributive justice will be discussed with respect to the relative economic status of the individuals.

Hypotheses

Based on the given conceptual framework, the investigator has framed the following hypotheses for the research:

H1: Distributive justice is significantly influenced by the difference in belief and perception of individuals' relative economic status

H2: Distributive justice is not influenced by the difference in belief and perception of individuals' relative economic status.

Methodology

The type of research that this research study possesses is the exploratory research type moreover; the study was quantitative in nature. This type of approach is generally utilized for the purpose of investigating the cause and effect association amongst the research variables that is to examine the impact or influence of the independent variable on the dependent variable (Wójcik, 2017). As the main objective of the following research is to examine the individual belief of distributive justice and relative economic status, i.e. to identify whether the belief regarding distributive justice varies based on the economic statuses of different individuals or not thus exploratory research type was adopted. The research design is an important element of the methodology chapter and is based on which the direction of the entire chapter is initiated. There are three types of research designs; quantitative research design, qualitative research design, and mixed method. The qualitative research design is based on subjective and non-numeric conclusions whereas the quantitative research design is based on numeric data (Neuman, 2013). The following research study has adopted a quantitative research design as it aims to answer the research questions with the help of numeric data and intends to formulate an objective conclusion. The mixed research design is the combination of both quantitative and qualitative research designs. The target population for the following study is the complete human

resource at Pakistan State Oil, and each individual is considered as a data source for the study. No accurate data was retrieved regarding the number of employees working at PSO. However, based on assumptions that PSO is a governmental organization and a large enterprise; therefore, the expected number of employees working at the firm would be in thousands. The approximate number of employees who are working at Pakistan State Oil (PSO) is over 3000 (Wikipedia, 2019). These 3000 plus employees are the target population and the sample size of the study. Since the employees of PSO are placed at different geographical locations or regions of the country; therefore, it was not practically feasible or possible for the investigator to research the entire target population that was considered for the study. Hence the sampling approach has been utilized to achieve the objectives of the study. In the sampling approach, the sample size is defined based on a standard formula (Good, 1953). This formula is:

$$n = N / 1 + N * e^2$$

Where,

n = sample size,

e = error term, which is equal to 0.05

N = total population that is 3,000 employees,

Hence:

$$n = 3,000 / 1 + 3,000 * 0.05^2 = 230.94 \sim 231$$

As PSO's operations are widely spread throughout multiple cities of the country and due to the considerably high level of assortment amongst the citizens of different regions of the country, the investigator has utilized stratified random sampling as a sampling technique for the following research study. The population is divided into different strata based on the regional differences that exist within the country. The sample was collected based on the density of the population that exists in different cities of the country. For instance, Karachi is the most populated city, and therefore the highest numbers of participants are from Karachi. Semi-structured questionnaires were utilized to collect primary data from the respondents. The instrument was distinguished into two sections; the first section comprised of questions about the demographic and personal information of the respondents whereas the second section was concerned about distributive justice, relative economic status, and non-monetary sharing mode. The questionnaire utilized a five-point scale to measure the response of the participants.

Data Analysis and Discussion

Reliability Analysis

The evaluation of the gathered primary data will be carried out based on the partial least squares as the modeling algorithm. The following statistical technique functions in a similar manner to structural

equation modeling. The aim of both these approaches is to reflect the combination of the dependent variable and the other concepts to clearly distinguish the associated errors along with the measurement-oriented methods. Cronbach alpha has been selected to carry out the reliability analysis related to the various parameters identified for the PSO's employees as can be seen in figure 2 below. Since all the items had a Cronbach Alpha value of more than 0.5, therefore they were considered as reliable for the implementation of this study and were thus accepted.

Table 1

Reliability Analysis

Scales	Items	Cronbach Alpha
Economic Status	8	0.882
Distributive Justice	8	0.954
Non-monetary sharing mode	8	0.778

Profiling of participants

The profiling or the description of the respondents that are included in the study revolves around PSO employees' potential relationship with the research variables and is based on considerable profiling which includes different categories of the respondents as can be seen in the following Table.

Table 2

Profiling

Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percentage
Gender	Male	150	65	65	65
	Female	81	35	35	100
Age	18-25	40	17.3	17.3	17.3
	25-35	87	37.6	37.6	54.9
	35-50	73	31.6	31.6	86.5
	above 50	31	13.4	13.4	100
Education Level	Illiterate	0	0	0	0
	High school	27	11.7	11.7	11.7
	Bachelors	71	30.7	30.7	42.4
	Masters	102	44.1	44.1	86.5
	PhD	20	8.7	8.7	95.2
	Other	11	4.8	4.8	100
Occupation Level	Operational Level	39	16.9	16.9	16.9
	Tactical Level	140	60.6	60.6	77.5
	Strategic Level	52	22.5	22.5	100

Partial Least Square Method and Regression Analysis

The collected data was analyzed using a partial least square method in order to evaluate the relationship between the research variables. By using the following approach, the researcher had a better opportunity to be less cautious in terms of taking a stance on the distributional assumptions and it also provided the advantage related to the restrictions of the sample size which the other analysis

techniques do not provide. The Smart Partial, Least Square method, is employed to allow the estimation performed on the basis of the measurement as well as the structural model simultaneously to comprehend the association between the different variables including the distributive justice (DJ), non-monetary sharing mode (NSM) and economic status (ES). The elements associated with the partial least squares technique can be regarded as noteworthy enough to evaluate the relationship between different variables of the study as can be seen in Table 3.

Table 3
Correlation Analysis

	Mean	Standard Deviation	NSM	ES
Distributive Justice	3.01	0.90		
Non-monetary Sharing Mode	2.71	0.86	.609**	
Economic Status	3.09	0.92	.273**	.358**

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The ES was found to be positively related to DS and DS was found to have a positive association with NSM. The establishment of this relationship based on the PLS model indicates the fact that there are many important considerations that can be perceived by individuals when it comes to distributive justice, and this varies from class to class. The t-values are calculated on the basis of bootstrapping with a 231 sample size. The results indicate that variance exceeds the threshold value of 0.50 as indicated in Table 4

Table 4
Partial Least Square Method

Block	Loadings	t values	Cronbach's Alpha	Composite Reliability	AVE ^c
ROE	0.88	5.183			
NSM					
NSM_1	0.76	4.016	.92	.78	.71
NSM_2	0.82	4.093			
NSM_3	0.76	4.181			
NSM_4	0.84	3.986			
NSM_6	0.85	3.971			
NSM_7	0.88	4.010			
DJ					
DJ_1	0.86	3.032	.84	.72	.56
DJ_3	0.76	3.190			
DJ_4	0.82	3.063			
DJ_5	0.64	3.167			
ES					
ES_2	0.64	4.106	.91	.85	.74
ES_3	0.68	4.093			
ES_4	0.72	4.172			
ES_5	0.83	4.203			

The results of regression analysis are presented in Table 4, which shows that all three independent variables DJ, ES, and NSM are positively associated with the dependent variable ROE. The relationship is significant at $p < 0.05$, i.e., at a 95% confidence interval, while the adjusted R-square value of 0.703 shows that the independent variables can cause a variation up to 70.3% in the dependent variable of the study. It also shows the goodness of fit index of the model and verifies that the results obtained from the regression model can be relied upon for reaching a conclusion of the present research.

Table 5
Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	β	Std. Error	Beta		
(Constant)	2.007	.210		5.128	.000
NSM	.396	.301	.031	4.089	.000
DJ	.293	.096	.022	3.208	.001
ES	.315	.092	.041	4.165	.000
Adjusted R Square = 0.703					

Conclusion

The primary objective of the study was to examine the individual notion of distributive justice and relative economic status by focusing on the non-monetary sharing mode. As a case, Pakistan State Oil (PSO) was selected. It was identified through the literature that the concept of distributive justice had though been studied extensively. However, vagueness regarding its perception still exists. The literature review found out the economic status of an individual had a significant impact on the meaning and acceptance of distributive justice. For the purpose of data collection, 231 employees from PSO were selected from various parts of the country. Data were analyzed with the help of SPSS and by using various statistical techniques such as reliability analysis, correlation, and partial least square method. The results of the study reveal that a significant impact and relationship exists between distributive justice and the economic status of individuals considering the non-monetary sharing mode as the mediating variable. Hence, hypothesis 1 which was that a relatively significant relation between the variables exists is accepted and hypothesis 2 is rejected.

Limitations and Future Implications

The two major limitations that the researcher faced during the course of the study were time and budget constraints. Nevertheless, after completion of the following study, the following implications are proposed to future researchers:

The research study is conducted on a single organization, i.e. Pakistan State Oil due to the limited time. Therefore, in order to test the validity and reliability of the study, it is recommended that a study of the same nature should be initiated on other firms with an increased sample size in order to evaluate whether the findings are consistent or not.

Another recommendation that the author suggests is to extend the scope of the study by extending the variables of the study. For instance, other than economic status, one can consider age or gender.

The company has encouraging work environment although company must promote energetic people to abide the policy matters in true spirit for satisfactory performance at work place. The unacceptable behaviour is observed such as lack of punctuality, habitual rest time during duty hours and discrimination in terms of procedural justice in various parts of the country where company operates. Hence, company must ensure implementation of policies to maintain harmony, decency and decorum according to its standard code of ethics.

Since, PSO is the largest company in oil marketing companies in the country. The government of Pakistan holds large number of shares. However, the company has undergone from challenging period during financial year 2019 and 2020. The volumetric decline in the sales has intense negative effect in the performance of employees due to insecurity and fear of job loss on the next level up. This tendency must be ascertain by the management to reduce this type of pain or worries among the employees to feed off their starving commitment to their jobs.

Another massive spill over due to dramatic decline of furnace oil has contagion effect resulted in decline in the revenue of PSO. The cognizable shift in the demand of furnace oil has reduced the revenues of the company which can detrimental effect over monetary affairs and can cause behavior strains in the workforce.

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