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Theoretical approaches to organizational justice and their implications for employee retention: A literature review of microfinance institutions in Kampala, Uganda

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Abstract

Employee retention continues to be a pressing problem for microfinance institutions (MFIs) in developing countries, where the stability of organizations is regularly threatened by factors such as a mobile workforce, competitive dynamics and the perception of workplace inequity. This paper presents a systematic literature review of theoretical perspectives on organizational justice and the potential role in employee retention, in the frame of MFIs in Kampala, Uganda. Using the theoretical lenses of four established organizational justice perspectives, distributive, procedural, interactional and informational justice, the review of global and regional literature demonstrates how perceptions of fairness in reward allocation, decision-making procedures, social interactions and communications impact employees' commitment, job satisfaction, and turnover intentions. The paper also draws on relevant organizational and behavioral theories to include equity theory, social (exchange) theory and organizational support theory to contribute to a conceptual framework of justice – retention. Specific attention is given to the microfinance industry due to its labor-intensity and reliance upon employee trust, motivation, and ethical behavior. This review reveals enduring lacunae in the extant literature, including a paucity of contextualized studies on Uganda-based MFIs as well as a limited exploration of interactional justice in the context of retention outcomes. The study ends with theoretical contributions and recommendations for future empirical studies to enhance employee retention strategies through promotion of organizational justice in MFIs in Kampala, Uganda.

Keywords: Employee retention, Microfinance, Organizational justice, Employee

Introduction

Retention of employees has become a vital issue for organizations functioning in a competitive and scarce resource environment, especially in the field of microfinance. The role of Microfinance Institutions (MFIs) in promoting financial inclusion and economic development of Uganda cannot be underestimated as they provide financial services to the unserved areas. However, these institutions frequently encounter ongoing problems of employee turnover at high rates, destabilizing the organization, raising the levels of operational expenses and diluting the quality of service. (Tumwesigye, 2010) In Kampala, where the microfinance sector is saturated and skilled manpower is hard to come by, it is increasingly difficult for these institutions to keep qualified staff, a challenge they have made central to sustainability.

One of the main organizational determinants considered as a driver of employee retention in both management and organizational behavior literature is organizational justice. Concept of organizational justice. Employees' perception of fairness in the manner in which decisions are made, how rewards such as pay and promotion are distributed, and the way they are treated by others at work, can be summed up in the concept of organizational justice. Theoretical work has traditionally distinguished organizational justice into distributive justice, procedural justice, and interactional justice, with each justice explaining a different part of a potential integrative model describing how fairness perceptions within the workplace influence employee attitudes and behaviors. Theoretical perspectives Predictions When employees perceive justice in the organization, they will be more satisfied, committed, and willing to stay with the organization."

Although the literature on organizational justice and employee turnover intention is expanding worldwide, there is still a lack of context-based theoretical discourse on microfinance institutions in underdeveloped nations with a specific focus on Uganda. Existing works are largely rooted in studies in developed economies or within industries such as banking, manufacturing, and public administration in which little consideration has been afforded to how microfinance organizations in Kampala operate within unique institutional, regulatory and socio-economic environments. This lacuna begs the question if organizational justice theories of dominance can be applied appropriately and effectively in the context of the Ugandan microfinance institution.

The study looked at examining the concept of organizational justice and how it's affects employees in the microfinance institution Kampala, Uganda. It has also integrated with the empirical literature and the theoretical to find out how the competing justice orientations affect employee retention and to explain the ambiguities in this literature. This review looks forward to contribute to a rich body of literature that would guide incoming empirical studies policy, formulations, and human resource practices in the microfinance sector Kampala, Uganda. Therefore, the aim of this study is to contribute significantly to the knowledge of organizational justice and its outcomes in the micro finance sector in Kampala, Uganda

Theoretical Framework

Organizational justice as a topic has received a lot of attention in research studies because there are countless organizational results that have been affected by it. Organizational Justice refers to refers to how employees perceive fairness, and it has three forms and one of them is distributive justice, which deals with fairness in the outcomes and procedure justice, which is about fairness in the procedures used to make decisions, and lastly interactional justice, which is about fairness in the communication surrounding the outcomes or how people interact with each other when we look at employee attitudes, choices and behaviors. These are all strongly influenced by the perception of organization of justice, and therefore it has been proven that the impact of organizational justice and employee turnover is particularly Strong.

In an institution such as Microfinance institution in Kampala, Central Uganda where employee turnover remains an acute problem grasping theoretical fundamentals on organizational justice becomes vital in fostering employee retention strategies.

Adams' Equity Theory

Adams' Equity Theory which was introduced by John Stacey Adams, a workplace and behavioral psychologist, in 1963 is one of the central hypotheses behind this study is that individuals desire fairness in their inputs (e.g., effort, learning, education) to their rewards (e.g., remuneration, benefits, recognition) compared to others (Shore & Strauss, 2012). Employees will become upset if under-rewarded or over-rewarded inequitably-and even this can lead to reduced motivation or exit intentions. In Microfinance institutions where workers have heavy workloads, stress, and relatively modest remuneration, felt inequity is bound to be a considerable contributor to exit intentions. Equity Theory thus provides an important analytical frame to view how distributive justice-or felt fairness in resource allocation-contributes to retention (Lora,2023).

Social Exchange Theory (SET)

Social Exchange Theory (SET) was developed by George C. Homans in 1958. Other sociologist such as Richard Emerson 1976, Peter Blau 1964 expanded the theory later on. This theory provides an active explanation of employee retention and justice processes within organizations. SET theory explains that social behavior is an outcome of an exchange process where individuals try to maximize rewards while minimizing costs (Jepsen & Rodwell, 2010). Employees treated fairly by their organizations tend to have positive attitudes like commitment, loyalty and longer stay with those organizations. However, employees treated unfairly most likely have attitudes of withdrawal, absenteeism, or resignation. SET explains that employer-employee relations become sealed when an employer invests in equitable treatment, thus creating an inner bond that makes individuals wish to remain in an employer's company (Cross & Dundon 2019)

Herzberg's Two-Factor Theory

Herzberg's Two-Factor Theory, which was introduced by Frederick Herzberg in 195 can also account for employee retention based on organizational justice. This theory classifies job factors as motivators or as hygiene factors. While employees might not necessarily be motivated by their remuneration, working environment, or company rules, the absence thereof will result in dissatisfaction and employee turnover (Shinde, 2025). Being just to the employees in these matters may thus prove to be adding to the factors of hygiene. Perceived justice in an organization thus becomes an important pillar in preventing dissatisfaction in order to have an efficient workforce. In Microfinance institutions, where salary as well as working environment is quite modest, keeping justice in terms of procedure as well as in terms of interactional justice can act as retention factors for the employees.

The Psychological Contract Theory

The Psychological Contract Theory was first introduced by Denise Rousseau in the 1980s. This approach explains that an implicit expectation is placed. Employees stay on if they feel that their psychological contract is being fulfilled by the company by being treated justly, developed, and respected (Tipples, 2009) Violation of that in terms of perceived injustice results in feeling betrayed, disengaging, and leaving. In Uganda's microfinance banks, where company formations tend to be rudimentary or on their way, claiming fairness is essential in supplementing employee retention and keeping their psychological contracts in equilibrium.

Self-Determination Theory (SDT)

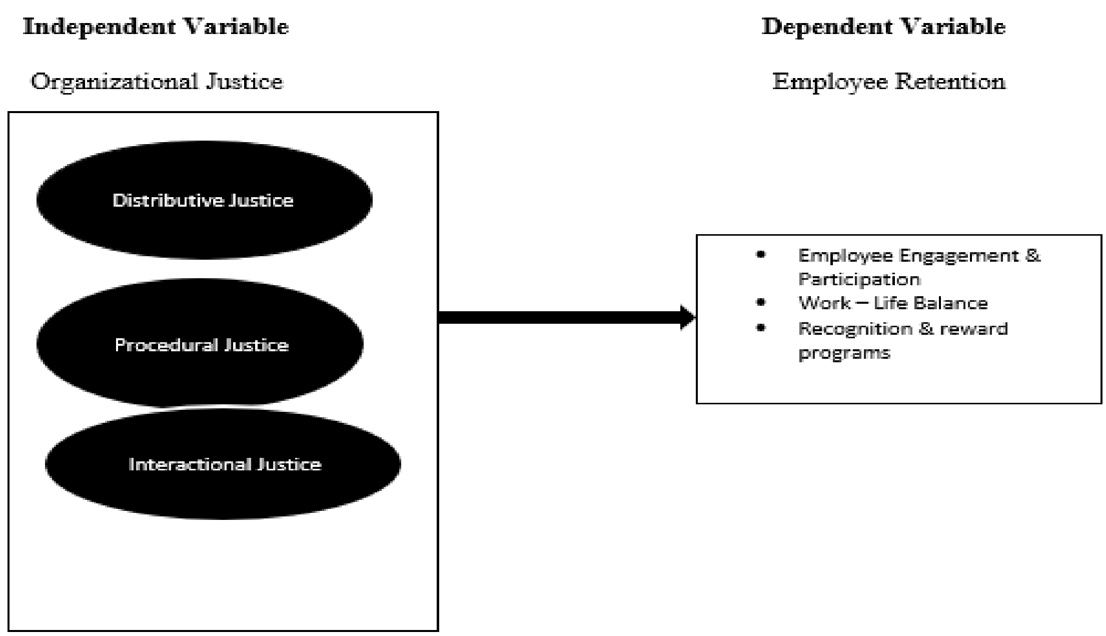
This theory was developed by psychologists Richard M. Ryan and Edward L. Deci in the mid-1980s. This theory emphasized autonomy, competence, and relatedness as basic psychological needs, as well as fairness in their satisfaction. Fairness in employment participation decision-making (procedural justice), respectful treatment (interactional justice), and impartial rewards (distributive justice) facilitate feeling autonomous and belonging (Deci et al., 2017). As workers feel treated respectfully and equally, intrinsic motivation is induced, thus increasing job satisfaction and reducing intentions to leave. This theory applies to most Microfinance institutions, where employee motivation makes all the difference in performance as well as retention in times of limited resources. Empirical research has confirmed this association between organizational justice and employee retention in all sectors, as well as in multicultural settings (Arthur & Abanis, 2013).

In Africa, and in Uganda, research has consistently indicated that employee behavior is impacted by perceptions of justice to an immense degree. Research has shown that if promotion, performance appraisal, or communication is felt to be unjust by workers, they look for external opportunities. Institutions with a workplace that is felt to be just, on the other hand, perform better in retaining people, in inducing loyalty, as well as in creating a positive organizational climate. In summary, six theories Equity Theory, Organizational Justice Theory, Social Exchange Theory, Herzberg's Two-Factor Theory, Psychological Contract Theory, and Self-Determination Theory collectively describe the main role justice perceptions play in moderating employee retention. Theories create a sound foundation for knowledge by which fairness in decision making, treatment by others at work, and outcome allocation influence desire to remain in an organization. To Microfinance institution in Kampala, Central Uganda, application of justice-based human resource practices is not just an ethics requirement but also an imperative for sustaining an engaged, stable workforce.

Conceptual Framework

Organizational justice has increasingly been applied in human resource management writing, especially in employee attitudes and behavioral consequences, such as employee retention. In a Microfinance institution in Kampala, central Uganda, where employee turnover is an ongoing business operational and strategic concern, employee retention in relation to organizational justice is pertinent. Organizational justice, theoretically, is mainly thought to comprise employee perceptions concerning fairness in organizational processes, outcomes, as well as interpersonal treatment. For instances employee perceptions directly impact employees' motivation, commitment, the company's trust, and ultimately staying or leaving intentions (Kumar, 2014).

Illustration of the connection between organizational justice (independent variable) and employee retention (dependent variable).



Source: Obtained from Cropanzano et al. (2001), and Greenberg (1990), Colquitt et al. (2001) modified by the researcher (2024).

Organizational justice

This is most commonly envisioned in terms of three dimensions: distributive justice, procedural justice, and interactional justice.

Distributive Justice;

This deals with perceptions about fairness in distributions of results, such as remuneration, benefits, promotions, as well as rewards (Cole & Flint, 2005). In a microfinance institution, where funds are scarce, such scarce rewards must be distributed equitably. Employees will be more committed to an association if they feel that rewards are distributed in an equitable manner in terms of performance and contribution.

Procedural Justice

Procedural Justice, on the other hand, deals with perceptions about fairness in processes, mechanisms used to arrive at decisions in terms of resource allotments, performance appraisal, redressal of grievances, and promotions. This involves interest in fairness, transparency, accuracy, morality, and employee participation in decision-making processes. In a microfinance institution, an employee will remain in an institution if she is confident that career development- related, as well as workplace environment-related, decisions were made through fair and unbiased decision processes (Greenberg, 2017). Perceived high procedural justice enhances management's credibility and employee's belief in an organization's promise to an organization, thus lowering employee attrition.

Interactional Justice

This refers to the manner in which managers and supervisors treat subordinates in application of processes and in explanation of decisions. It consists of two dimensions: interpersonal justice, that is, to what degree workers are treated with respect and dignity, or informational justice, that is, to what degree explanation is sufficient and accurate to subordinates. In Kampala Microfinance Institution, interactional justice plays a role in employee-employer relationships. Courteous communication, concern by managers, and openness in communicating news all heighten workers' affective identification with the company, leading to better retention.

Employee Retention

The theoretical mechanism connecting employee retention with organizational justice is also conditioned on workers being rational agents who process their experience cognitively to form fairness-based judgments. Workers experiencing high levels of organizational justice adopt positive attitudes such as organizational commitment, job satisfaction, and trust, which all form some of the most rudimentary retention predictors (Snyman & Coetzee, 2022). Experienced injustice, on the other hand, is likely to produce dissatisfaction, demotivation, as well as an overpowering desire to leave the institution. This impact is more hyperbolic in Microfinance institution since workers normally have high workload and stress levels, such that experiencing fairness in treatment is an all-important factor in deciding whether or not to remain. Further, the conceptual model recognizes that employee retention is an elaborately built variable with varied determinants other than organizational justice, such as other interrelated variables such as job satisfaction, organizational commitment, work environment, and management style. However, for purposes of this study, organizational justice is treated as the main explanatory variable. Greater perceptions of distributive, procedural, and interactional justice are likely to lead to improved employee retention in Microfinance institutions.

Microfinance institution

This conceptual consciousness is built on an awareness of the context realities in Microfinance institution in Kampala, Central Uganda, including the demands in terms of socio-economics, resources constraints, and competitive labor markets. The model is framed by the fact that in such contexts, fairness and openness in organizational processes is in high demand if such institutions hope to retain qualified and experienced workers, even more considering that in other financial sectors, prospects could prompt other workers to seek other employment in case of being treated unjustly in their workplaces (Kamukama & Sulait, 2017). Therefore, including such facets in human resource strategies in the context of organizational justice is an accessible path towards better employee retention in Microfinance institutions operating in such tough and resource-constrained contexts. In summary, the conceptual basis for this study puts in a position of critical importance measured in terms of its distributive, procedural, and interactional aspects in employee retention. This underlines the role that fairness in processes in an organization plays towards employee satisfaction, commitment, and continuity, most notably in such a specific institutional and socio-economic context in a Microfinance institution in Kampala, Central Uganda.

Literature Review

The review of literature has been done with the guidance of the specific objectives of the study.

Effect of Distributive Justice on Employee Retention

Distributive justice or employee fairness in distributing company resources has been widely recognized as one of the most potent predictors of employee attitudes and behaviors, including retention. Several researchers have examined distributive justice and employee retention, and highlighted some dimensions on which fairness in rewards, benefits, and promotion can have an impact on an employee's intentions to stay or leave an organization. However, even with numerous studies, there exists in this context knowledge that has not been developed to address the question of how distributive justice develops in the microfinance institution in Kampala, Central Uganda, where resource limitations, unusual socio-economic forces, and employee anticipation shape another reality from other organizational contexts. Adams' Equity Theory (1965) is used as the foundational lens to examine distributive justice. Employees were hypothesized by Adams to determine fairness in relation to their respective input-output rate in comparison to other employees. In cases resulting in imbalance, dissatisfaction, and ultimately turnaround could happen. Working on that theoretical premise, Cropanzano and Greenberg (1997) presumed employees to be highly sensitive to fairness in systems of remuneration and that felt unfairness is an elemental contributor to negative work performance, including resignation. Though their study had a solid theoretical basis, it was applied to Western business contexts, in terms that were nonspecific to financial institution or emerging economies. This study will bridge that contextual void by framing distributive justice theory to the working context in Microfinance institution in Kampala, where rewards appear to be constrained by financial sustainability considerations.

Also, Tang and Sarsfield-Baldwin (1996) demonstrated that workers who feel remuneration scales and reward systems are equitable have higher organizational commitment as well as less tendency to leave. What their study, however, encompassed were manufacturing companies as well as retailers in Asia alone, thus potentially failing to reflect the obtaining circumstances in Uganda’s microfinance sector, where institutional capability as well as budgetary considerations for remunerations to workers differ. This study will be complemented by putting their finding in context in Uganda’s microfinance sector, considering, to some extent, fairness as viewed under other economic circumstances. In an African context, Nwibere (2014) examined distributive justice's relationship with Nigerian banks' employee retention, finding that distributive justice is positively related to employee retention through greater job satisfaction and affective commitment. Though it added to justice research in sub-Saharan financial organizations, it was conducted on commercial banks with more developed remuneration systems as well as higher operating capacities. Microfinance institutions in Kampala operate on tighter margins with fewer funds to allocate, so it is therefore essential that their context has more localized work on this topic. This study will fill this gap by being directly targeted at Microfinance institutions, offering insight into distributive justice's influence on retention even in financially constrained organizational contexts.

Picho (2014) conducted a study to assess the relationship between employee reward and job satisfaction in Uganda Management Institute. and indicated that reward dissatisfaction was one of the leading factors in employee turnover. Though their study acknowledged the importance of equitable remuneration, it could not operationalize distributive justice as an independent concept and did not examine fairness perception in rewards in broad terms. This study will address this by specifically considering distributive justice in terms of an independent measurement, and its influence on the psychological contract between Microfinance institutions and workers.

Another correlational study, by Mwosi et al. (2024) used employee retention variables in Kabale District Local Government (KLDG), with remuneration and recognition being predictors. That study, however, used these variables independently of linking them to distributive justice theoretical underpinnings. By putting these variables within distributive justice in context, this study will have an improved explanation for retention decision impact. Generally, while extant literature documents the effect that fairness in rewards has on employee behavior, there is not much context specificity, sectoral priority, and theoretical integration, at least for Kampala's microfinance. Much of the literature is prone to generalizing across results from varied sectors or failing to tie empirical observation to an evidence-based theoretical construct.

This research attempts to address such gaps by extending distributive justice theory to Microfinance institutions in Kampala, to inform academic scholarship as well as applied practice in Kampala's financial services. By doing this, it attempts to offer information relevant to policy that can potentially enhance employee retention by encouraging fairness and equitability in reward dispensation systems.

Effect of Procedural Justice on Employee Retention

The relationship between employee retention and procedural justice has been an empirical focus in most settings in organizations. Procedural justice refers to the perception of justice in organization processes used in making decisions, particularly in promotion, conduct appraisals, disciplinary measures, and reward allocation. Researchers argue that when workers feel that there is justice in organization processes, their employer is more trusted, thus boosting their levels of organizational commitment as well as reducing their quit intentions. Procedural justice, following Greenberg (1990), becomes the focal point in employee perceptions of legitimacy in company decision-making. Greenberg highlighted that equitable processes create value as well as belongingness among workers, as well as good in-job loyalty and retention. However, Greenberg's work was very conceptual in nature, and it was written mainly to Western-based business organizations, thereby limiting applicability to Microfinance institutions in urban areas such as Kampala. This limitation is addressed in the current study by examining the applicability of the concept of procedural justice in the particular context of Microfinance institution in Kampala, an environment that has very unique operating dynamics and human resource issues.

Colquitt. (2001) conducted a quantitative study on perceptions of justice across different dimensions and their impact on employee attitudes. What they learned was that procedural justice was a reliable predictor for employee trust in management, and job satisfaction, both being intensely correlated with retention. The study was, however, conducted in multinational corporations with formalized processes for HR functions and formalized justice mechanisms. Microfinance institutions in Kampala lack such formalized processes and operate based on informal or semi-structured processes. Though relevant, Colquitt et al.'s study could therefore not fully reflect on such a resource-constrained, community-based institution. The study bridges this knowledge gap by putting procedural justice within the work contexts of Microfinance institutions in Kampala.

Similarly, Folger and Cropanzano (1998) formulated the "Fair Process Effect," which suggests that even in unfavorable outcomes, workers tend to accept decisions when they feel that processes are fair. Their study finds that fairness in process, through psychological processes, can improve employee morale as well as reduce employee turnover. While their model found wide acceptance, it does not account for the socio-cultural determinants of perceptions of justice, most notably in Africa. To cite an illustration, Ugandan workplace hierarchies with little employee voice will most likely transform perceptions and experience of procedural justice. This study expands on this model by examining in which ways these institutional and cultural factors in Kampala moderate employee retention-procedural justice

Aside from that, McFarlin and Sweeney (1992) examined distributive and procedural justice as predictors of satisfaction with personal and organizational outcomes and found out that where distributive resources were scarce, procedural justice has greater applicability. This study, however, did not examine whether such an association is relevant to low-income economies or retention outcomes as an independent variable. This study attempts to bridge this area by making such an association clear between procedural justice and employee retention in an environment where rewards are paltry and procedural justice could form an epicenter retention mechanism. Generally, while literature offers an empirical and conceptual basis for the role that procedural justice plays in employee retention, most such research has been Western or company-based or is short on details in small-scale, community-based institutions like those in Kampala. This study contributes to the literature in situating research on procedural justice and retention in local contexts, offering empirical evidence in Microfinance institutions in Kampala, thereby filling an important gap in justice theory practice as well as employee retention research in the Ugandan context.

Effect of Interactional Justice on Employee Retention

Interactional justice, one of the main pillars of organizational justice, has been of particular interest to research on human resources due to its dramatic impact, in particular, on employee attitudes and behavior, to employee retention. As value attached to interpersonal treatment accorded to workers by their managers in executing processes or in explaining company decisions, interactional justice encompasses two facets: interpersonal justice, as well as informational justice. While interpersonal justice represents the extent to which workers feel respected, valued, and treated with dignity by their managers, informational justice captures comprehensiveness, timeliness, and accuracy in the explanation of company decisions. Researchers such as Bies and Moag (1986) were some of the first to elaborate on this distinction, noting that communication fairness and interpersonal treatment influence employee trust and satisfaction, thus indirectly affecting employee retention. Such studies were done in most advanced economies, in most instances ignoring unique contextual forces in developing economies such as Uganda, most particularly in Uganda's microfinance sector, where there is limited resource availability, high workload, and high employee mobility.

In another study, Tyler and Blader (2003) proposed that interactional justice plays an important role in establishing organizational identity and ongoing legitimacy of authority. Employees, in their view, tend to remain in organizations where they feel respected and informed. In their study, their findings were limited to public organizations in North America with limited attention to the financial services industry or to microfinance institution-specific human resource settings. This study expands on their model by applying it to a Microfinance institution in Kampala, an environment where the legitimacy of managerial authority is likely to face informal organizational demands as well as low trust. Kim and Leung (2007) tested cross-cultural generalizability in their study on interactional justice, concluding that employee behavior is influenced by it in culture-dependent ways. Respectful treatment from the supervisor is shown to be an even more forceful predictor of employee loyalty in collectivist societies compared to procedural or distributive justice. The study neither included sub-Saharan Africa in culture comparisons nor controlled for sector-specific effects. Testing interactional justice in Kampala's Microfinance institution, this study contributes to cross-cultural validation of an interactional justice construction and examines sector-specific applicability in an African context.

There is employee turnover from their work due to breakdown in communication and lack of respect by supervisors, but not an outright declaration that these were brought about by interactional justice. This study tries to fill that gap by doing an in-depth study on interactional justice alone and exploring its impact on employee retention in a Microfinance institution in Kampala directly. In light of the literature reviewed, it is evident that even though theoretically interactional justice is widely believed to influence employee retention, there remains an empirical void in Microfinance institutions in Kampala, an urban context in Africa. The study bridges such gaps by drawing from interactional justice as an explanatory factor, applying it in an under-examined context, and analyzing primary data from a Microfinance institution in Kampala to derive context-specific yet practice-focused conclusions.

Empirical Review

This examines studies conducted in earlier years based on observed data relating to Organizational Justice & Employee Retention in a Microfinance Institution in Kampala, Uganda. This talks about the previous research studies that help us better understand organizational justice and employee retention.

Akanbi and Ofoegbu (2013) explored how organizational justice impacts organizational commitment in the food and beverage firm in Nigeria, emphasizing the transparent practices in the workplace. A sample size of about 250 employees from various organizations, and a method of survey was used and they discovered that recognized justice influences the loyalty, motivation, and job satisfaction of the employees. The study came to a conclusion that for someone to have a more committed and productive workforce, fairness in organizational practices has to be exercised, and this shows how important organizational justice is to the success of the organization and the employee's well-being.

Edeh and Ugwu (2019) explored the connection between organizational justice and teacher commitment within private secondary schools in

Nigeria. The research used a survey method of a sample size of 214 teachers as participants and showed that equitable distribution, procedural fairness and positive interactions greatly influence motivation and loyalty. The research shows that following justice principles is important for cultivating employee commitment and achieving organizational success.

Pasupuleti and Eric (2024) investigated the effects of organizational justice on burnout among U.S. social workers in the northwestern part of the U.S state of Ohio. The study used a survey of 255 participants, and it revealed that individuals perceive distributive justice (fairness in allocating resources like salary, rewards etc), procedural justice (fairness in processes used in decision making), greatly affect levels of burnout, most especially emotional exhaustion and depersonalization. A decrease in perception of fairness is connected to increased burnout, distributive justice having more influence on emotional exhaustion. Enhancing employee perception of fairness contributes greatly to reducing burnout among social workers.

Onyango et al. (2022) explored the relationship between organizational justice and employee engagement in the hospitality industry of North Rift, Kenya. The study used a sample size of 234 employees from star-rated hotels and used quantitative analysis with SPSS version 25.0 to assess the data collected from the field. The results showed that Organizational justice has a positive and significant influence on employee engagement, with fairness accounting for a considerable amount of the variance in engagement levels.

Additionally, the study underscored that enhancing perceptions of fairness could greatly improve employee involvement and commitment within the hospitality sector.

Aggarwal et al. (2022) investigated the influence of organizational justice and perceived organizational support on employee engagement, on which engagement affects organizational commitment, along with the desire to leave the organization among IT professionals in India. The relationships were tested on a sample of 432 employees, and also tested within a structural equation model. The results demonstrated that organizational support and distributive and procedural justice have a positive impact on employee engagement. More engagement was, thus, related to more organizational commitment and to less intention to leave. Keeping employees and enhancing the sense of belongingness in the organization has been revealed in research to be related to the promotion of fairness and support, whereas the mediating role of engagement is emphasized.

Chelangat et al. (2018) assessed the impact of perceived organizational justice on intentions of turnover among the banking staff in Nairobi city county, Kenya. This study focused on the perception of organizational justice, for example, of fairness relating to acknowledgement, contributions and their intentions to leave the organization. A survey of 326 employees across the selected six banks was used, using SPSS and STATA, which revealed that how employees perceive justice greatly connects with the practices of the organization and greatly lowers the possibility of employee turnover. In conclusion, Fairness in organizational policies does have a great effect on lowering employee intentions to leave the organizations, emphasising the need for exercising fairness when it comes to employee retention within the banking industry.

Mrwebi, Smith, and Mazibuko (2019) explored organizational justice in the South African financial services industry. The research used a sample size of 436 respondents and a quantitative research design. The study showed that distributive justice, procedural and interactional justice had a positive impact on employee retention and organizational citizenship behavior and this showed how important fairness perceptions are when it comes to the financial sector success.

Ndossy (2025) examined organizational justice in the public sector of Tanzania with emphasis on mwanga district council. The research assessed the influence of distributive procedure and interactional justice on job satisfaction, using a quantitative research design. The research used a sample size of 102 respondents, and the results revealed that job satisfaction was significantly and positively impacted by all the forms of organizational justice. This shows that workers are more satisfied when they perceive that the procedures used in decision-making and interpersonal relations. The research stresses how important it is to use justice best practices in local government agencies as a result to improve the public sector, delivery and employee well-being.

Namusoke (2023) examines how organizational justice and employee membership influence turnover intentions among non-teaching staff at Kyambogo University in Uganda. Employees' intentions to leave the organization remained high, regardless of the improvements in working conditions greatly because of perceived differences in pay and the conditions of work. The research utilized a correlation of survey design with 257 respondents and was guided by Equity theory, showing a strong positive relationship between organizational justice and reduced intentions of leaving the organizations. This shows how distributive and interactional justice can enhance a sense of community and excitement among employees. In addition to offering career development, social support, employment mentorship, and role modeling also showed a positive relationship with lowering turnover intentions, hence increasing staff commitment. When mentorship and organizational justice are put together, they both significantly predict turnover intentions.

Ghasi et al. (2020) explored how perspectives and variables affecting organizational justice among medical staff in two south eastern Nigerian academic hospitals. The research utilized a mixed methods approach involving 18 participants who were chosen for the qualitative interviews and randomly selected 360 medical professionals, which included the nurses and health staff. Regression best quantitative analysis, showed that different professional groups had various views on justice. The perceptions were greatly influenced by so many factors such as transparency in communication, equity in treatment and fairness in the procedures of decision-making. Quantitative data showed that performance and morale were not impacted by perceived fairness in workload, promotions and personal treatment or interpersonal treatment. The research emphasized or stressed that to increase employee service action, teamwork and service quality, hospital leadership must make organizational procedures fairer.

Ghosh, Rai, and Sinha (2014) examined the relationship between organizational justice and employee engagement in public sector banks in India. The research used collected data from 210 bank employees. The research revealed that the three forms of organizational justice are greatly connected. It also revealed that distributive and interactional justice are more significant factors of job engagement than procedural justice. Procedural and interactional justice were next in line as factors that influenced organizational engagement, after distributive justice. The research reveals that enhancing fairness could increase motivation and commitment in the public sector institution, and also reveals how perceived fairness, mainly with regard to results and interpersonal treatment, can influence employee engagement. This research increases our knowledge of justice as a multifaceted factor impacting participation in the Indian public sector.

Summary of Research Gap

The researcher has looked at the previous research studies on organizational justice and its effects on employee commitment, performance, engagement, job satisfaction and retention. The researcher aims to assess these studies and look at the three aspects of organizational justice, which are distributive, procedural and interactional justice and how each impacts employee commitment, performance, engagement, job satisfaction and retention. For instance, when there's fairness in pay, promotions, and recognition, it leads to employee loyalty and motivation by Edeh and Ugwu (2019), and Ngam et al. (2025). Similarly, Smith et al. (2019), and Ghosh et al. (2014) discovered that an increase in retention and decreased turnover is highly influenced by procedural fairness and transparency. Nevertheless, these studies emphasized industries like manufacturing, institutions, and education and banks or even looked at other nations outside Uganda, leaving out the microfinance sector in Kampala, Uganda

The researcher also looked into the research about procedural and interactional justice. For example, studies by Onyango et al. (2022), and Ghasi et al. (2020) explained that treating employees with respect and fair procedures improves employee cooperation and job satisfaction greatly. In addition to that, Namusoke (2023) emphasized the importance of equitable leadership and making decisions openly for sustaining employee engagement. Despite all these studies done about organizational justice and employee retention, there's no research done in 2025 or that specifically about the microfinance sector in Kampala, Uganda. And with that Organizational justice is not well understood in the Microfinance sector in Kampala, Uganda; therefore, these gaps highlight the need for further research.

Last but not least, research that combined employee behavioral outcomes like burnout and organizational citizenship behavior, they showed that unfairness undermines long-term performance and employee well-being. But in African Companies contexts, these results have hardly ever been studied in conjunction with perceptions of justice. The researcher noted that, particularly about Uganda's workforce, no study integrated all three aspects of justice into a single framework. This necessitates research that closes the methodological, contextual, and content gaps in order to advance knowledge of how commitment is influenced by perceptions of justice as well as performance in a Microfinance institution environment. In order to fill in these significant gaps and add to the body of literature in a timely and pertinent way, the current study attempts to present empirical data from a Ugandan perspective, specifically from a Microfinance institution in Kampala, Central Uganda.

Conclusion

This literature review focused on key theoretical perspectives of organizational justice and employee retention, particularly in relation to microfinance institutions in Kampala, Uganda. Based on such theories such as equity theory, social exchange theory, organizational support theory, and justice theory, the review suggests that employees' fairness perceptions regarding the distribution of rewards, the processes through which the decisions are made, and the way they are treated interpersonally can significantly influence their commitment toward the organization as well as their turnover intentions. In the literature, distributive, procedural, and interactional justice are collectively reported as important predictors of positive work attitudes, trust in management, and long-term employment.

The analysis also shows that justice is even more relevant in the MFI sector, with its high pressures to perform, low pay and stressful client-facing work. Employees who view fairness and openness in promotions, performance appraisal, workload distribution, and disciplinary measures tend to be more loyal and have less turnover intention. By contrast, perceptions of unfairness are associated with dissatisfaction, withdrawal behaviors and high turnover of employees, thereby destabilizing institutions and their delivery of services. This has a strong relevance to the fact that microfinance institutions in Kampala operate in a highly competitive environment and yet encounter staff retention problems.

In sum, the literature demonstrates that organizational justice is not just a moral /normative issue, but an HRM strategy to improve employee retention. Nevertheless, despite increasing international studies, there still exists a scarcity of context-based theoretical and empirical studies on microfinance institutions in Uganda. This gap identifies a potential avenue for further research of localized nature that combines theories of justice with the realities of the sector in order to contribute to policy and management-level practice. It is ripe, therefore, to argue that the promotion of organizational justice system within microfinance banks in Kampala will lead to the retention of employees, institutional survival and enhanced organizational efficiency.

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