

## EXAMINE THE MEDIATING EFFECT OF ORGANIZATIONAL JUSTICE ON EMPLOYEE TURNOVER INTENTION AND APPRAISAL PERFORMANCE: PERSPECTIVES FROM MANUFACTURING AND TRADING SMES

<sup>1</sup>Ghulam Ali, <sup>2</sup>Mashooque Ali, <sup>3</sup>Prof. Dr. Rahim Bux Soomro

<sup>1</sup>Shah Abdul Latif University

<sup>2</sup>Faculty Management Science, Institute of Business Administration,  
Shah Abdul Latif University

<sup>3</sup>Faculty Management Science, Institute of Business Administration,  
Shah Abdul Latif University

Email: [Solangighulamali@gmail.com](mailto:Solangighulamali@gmail.com)

### Article History

**Keywords:** Organizational justice, turnover intention, appraisal performance. Small and medium-sized businesses

#### Article History

Received on 17 April 2026

Accepted on 01 May 2026

Published on 02 May 2026

Copyright © Author

Corresponding Author: \*

### Abstract

*This study investigates the impact of audit quality on earnings quality and the cost of capital, with particular attention to the mediating role of earnings quality and the moderating effect of financial crises in Pakistan. Using panel data from non financial firms listed on the Pakistan Stock Exchange, the study employs descriptive statistics, correlation analysis, panel regressions and mediation moderation analysis to examine these relationships. Audit quality is proxied by auditor type, earnings quality is measured through discretionary accruals and the cost of capital is computed using the weighted average of equity and debt costs. The results reveal that high audit quality significantly improves earnings quality ( $\beta = 0.087, t = 4.21, p < 0.01$ ), indicating that reputable auditors constrain managerial opportunism and enhance the reliability of financial reporting. Audit quality is also associated with a lower cost of capital ( $\beta = -0.021, t = -3.76, p < 0.01$ ), while higher earnings quality independently reduces financing costs ( $\beta = -0.039, t = -4.11, p < 0.01$ ). Mediation analysis shows that earnings quality partially transmits the effect of audit quality on the cost of capital (indirect effect  $\beta = -0.012, t = 3.58, p < 0.01$ ). Furthermore, the interaction between audit quality and financial crisis periods is significant ( $\beta = -0.018, t = -2.95, p < 0.01$ ), indicating that audit quality plays a more pronounced role in lowering financing costs during economic uncertainty. These findings highlight the importance of high quality auditing and reliable financial reporting in reducing information asymmetry and improving capital market efficiency in emerging markets. The study provides practical implications for regulators, corporate managers and investors in strengthening governance and enhancing investor confidence, particularly during periods of financial distress.*



## Introduction

In order to assess employee performance and make choices about pay, promotions, and other job-related outcomes, organizations frequently use performance evaluation procedures (Francis et al., 2021). Employee attitudes and behaviors, especially organizational commitment and turnover intentions, are thought to be influenced by these practices (Sameul & Engelbrecht, 2021). The nature of these connections is still complicated and poorly understood, though.

Employee attitudes and actions have been found to be significantly impacted by organizational justice (Maskaly et al., 2021). Distributive justice (fairness of results), procedural justice (fairness of decision-making procedures), and interactional justice (fairness in interpersonal treatment during decision-making) are its three main components. According to earlier research (Deressa et al., 2022), workers who believe their companies are more equitable are more likely to show more organizational loyalty and less plans to leave (Mengstie, 2020). In the SMEs industry, for example, Biskakarma (2017) found a negative correlation with turnover intentions and a positive correlation between organizational commitment and performance assessment methods. Similar results in Pakistan's manufacturing sector were reported

by Akhter, Karim, and Islam (2022). The direct connection between employee outcomes and organizational fairness has also been studied. In Pakistani public sector organizations, Hassan and Hashim (2011) discovered that organizational justice lowers turnover intentions while having a favorable impact on organizational commitment. Similar trends were also noted by Khawaja et al. (2022) in private sector settings. Additionally, studies have looked at organizational fairness as a mediating factor between employee outcomes and performance appraisal procedures (Deressa et al., 2022; Faeq & Ismael, 2022). Research suggests that the association between performance assessment methods and job satisfaction is somewhat mediated by procedural justice, whereas the relationship between appraisal practices and turnover intentions is partially mediated by interactional justice (Gang, Eric, & Aino, 2021).

## 1.2 Research Gap

The mediating function of organizational justice in the link between performance assessment methods and turnover intention within manufacturing and trade SMEs in Pakistan has received little attention, despite the rising corpus of literature. High staff mobility, a lack of formal HR systems, and fierce market competitiveness are some of the particular difficulties these industries confront. Thus, by

offering empirical insights into how organizational justice affects employee retention in this particular setting, this study seeks to close this gap.

### 1.3 Problem Statement

In recent years, Sindh, Pakistan's manufacturing and trading SMEs have grown significantly, becoming an important part of the country's economy. Despite these advancements, the industry still faces serious issues with staff retention and high turnover rates, which might have a negative impact on the sustainability and performance of organizations. In order to overcome these obstacles, a greater emphasis must be placed on efficient HRM procedures, especially performance evaluation systems and the advancement of organizational justice. While earlier research has examined how organizational justice and performance appraisal practices influence employee attitudes and behaviors, including organizational commitment and intentions to leave, little focus has been placed on these dynamics in the particular context of Pakistani microfinance banks. This gap emphasizes the need for a more targeted study.

Thus, the purpose of this study is to investigate how organizational justice functions as a mediator in the link between administrative performance rating procedures and employee turnover intentions in Pakistani manufacturing and trading SMEs type organizations. By

tackling this problem, the study hopes to improve knowledge of the variables affecting employee behavior in these enterprises and offer insights to assist companies in creating more efficient and equitable HRM procedures.

### 1.3 Research Questions

**RQ1.** Is employee turnover intention much impacted by administrative performance assessment practices?

**RQ2.** Does the link between administrative performance assessment procedures and employee turnover intention become mediated by organizational justice?

## 2. Review of the Literature and Hypotheses Development

### 2.1 Performance appraisal practices and Turnover Intention

In small and medium-sized businesses (SMEs), where effective use of human capital is crucial for competitiveness, performance appraisal practices are an integral aspect of human resource management. Appraisal systems that work well provides workers helpful criticism, make performance standards clear, and foster professional growth. Such methods can improve work satisfaction and lower employees' intents to leave the company when they are used equitably and openly (Aguinis, 2023). Because they promote trust and perceived organizational support, recent empirical research indicates that well-structured performance assessment systems are inversely correlated with turnover intention

(Kuvaas et al., 2021). On the other hand, poor or biased assessment procedures may lead to discontent, a decline in motivation, and a rise in the intention to leave. In manufacturing and trade SMEs, where staff retention is crucial for sustaining productivity and cutting recruiting expenses, this issue is especially important.

## 2.2 Turnover Intention and Organizational Justice

Employee views of justice in organizational procedures, results, and interpersonal interactions are referred to as organizational justice. Distributive justice, procedural justice, and interactional justice are the three categories into which it is typically divided (Colquitt et al., 2021). Together, these factors influence workers' attitudes and behaviors at work. The body of research shows that organizational justice and turnover intention are significantly correlated negatively. Workers are more likely to stick with their companies if they believe that decision-making procedures and results are fair (Kim & Park, 2022). According to research, organizational justice significantly lowers employee turnover intention in Pakistan by boosting employee engagement and trust (Khan et al., 2023). Because it guarantees fairness in policies and evaluation procedures, procedural justice is frequently shown to be the strongest predictor of lower turnover intention among the three aspects.

## 2.3 Organizational Justice and Performance appraisal practices

Because workers assess justice depending on how performance appraisal is carried out and consequences are distributed, performance appraisal systems and organizational justice are intimately related. While courteous communication during appraisal enhances interactional justice, fair appraisal methods improve views of distributive and procedural justice. According to Aguinis (2023), employees' views of justice are enhanced by open and consistent appraisal procedures, which in turn affect their attitudes toward the company. Similar findings were made by Faeq and Ismael (2022), who discovered that organizational justice judgments are strongly predicted by performance appraisal methods, especially in underdeveloped nations where formal HR systems may be less organized. Fairness impressions become even more crucial for maintaining employee confidence in SMEs, since assessment processes may not be standardized.

## 2.4 Organizational Justice's Mediating Function

Based on social exchange theory, organizational justice has been extensively studied as a mediating factor between HR policies and employee outcomes. This idea states that although perceived injustice results in unfavorable consequences

like the intention to leave, employees respond to fair treatment with positive attitudes. The link between performance assessment procedures and employee outcomes is mediated by organizational fairness, according to empirical research. For instance, Deressa et al. (2022) discovered that the association between work satisfaction and appraisal practices is partially mediated by procedural justice. Similarly, recent research suggests that the connection between management practices and turnover intention is mediated by interactional justice (Khan et al., 2023). These results imply that unless employees believe performance reviews are fair, they may not have a direct impact on employees' turnover intentions. Thus, organizational justice serves as a crucial psychological mechanism that clarifies how employee retention is impacted by appraisal systems, especially in SMEs that operate in cutthroat industries like manufacturing and trading enterprise.

### **1.1 Distributive justice and Salary adjustments.**

Because employees assess justice based on the parity of outcomes like pay raises, salary adjustment are a crucial factor in determining distributive justice. Employees evaluate fairness by comparing their input and outcome ratio to that of others, according to equity theory (Adams, 1965; reviewed in Colquitt

et al., 2013). According to recent research, fair and performance-based pay changes greatly improve views of distributive justice (Kim & Park, 2021; Shrestha & Baniya, 2022). In both the industrial and service sectors, employees are more likely to experience high distributive justice when they believe that pay increases are fair and commensurate with their efforts (Iqbal et al., 2023). Thus, according literature this hypothesis was developed.

### **H1.1: Distributive Justice → Salary Adjustments**

### **1.2 Procedural justice and salary adjustment**

Fairness in decision-making procedures, as opposed to results, is the focus of procedural justice. Employee trust in organizational procedures is enhanced by transparent and consistent wage adjustment mechanisms (Leventhal, 1980; modified by Cropanzano et al., 2017). According to recent empirical studies, companies that use standardized compensation review procedures improve workers' opinions of procedural justice (Nawaz et al., 2022; Khan & Abbas, 2023). Uncertainty in the processes used to determine salaries lowers perceptions of justice and raises discontent.

### **H1.2: Procedural Justice → Salary Adjustments**

### **1.3 Interactional justice and salary adjustment.**

Justice in interpersonal interactions and communication during decision-





making is reflected in interactional justice. Employees feel more interactional justice when pay changes are conveyed in a courteous and open manner (Bies & Moag, 1986; reviewed in Li et al., 2022). According to recent research, courteous explanations of compensation choices increase perceived fairness and foster supervisor trust (Iqbal et al., 2023). Employee morale and perceptions of fairness are lowered when compensation increases are poorly communicated.

### H1.3: Interactional Justice → Salary Adjustments

#### 2.1 Distributive justice and promotion decisions.

Because employees assess fairness based on career progression results, judgements about promotions have a considerable impact on distributive justice. Perceptions of fairness are strengthened by merit-based promotion schemes (Cropanzano et al., 2017). Favouritism lowers distributive justice judgements, but transparent and performance-linked promotions increase them, according to recent research (Nawaz et al., 2022; Ali et al., 2023). Distributive justice becomes even more delicate in SMEs, where informal promotion techniques are prevalent.

### H2.1: Distributive Justice → Promotion Decisions

#### 2.2 Procedural justice and promotion choices

Fairness, consistency, and

transparency in the selection criteria are essential for procedural justice in promotions. Procedural fairness rises when workers believe that promotion processes are uniform and objective (Thibaut & Walker, 1975; modified in Kim & Park, 2021). According to recent research, structured promotion systems decrease perceived favoritism and enhance perceptions of fairness (Khan & Abbas, 2023). Hence, this hypothesis was developed from literature.

### H2.2: Procedural Justice → Promotional Decisions

#### 2.3 Interactional justice and promotion decisions

The degree to which results are disclosed in a courteous and open manner determines interactional justice in promotion choices. When promotions are announced, employees appreciate explanations, constructive criticism, and courteous treatment (Bies, 2001; Li et al., 2022). According to recent HRM study, courteous communication during promotion choices improves views of interactional fairness and builds supervisor confidence (Iqbal et al., 2023).

### H2.3: Promotional Choices → Interactional Fairness

#### 3.1 Turnover intention and distributive justice.

Reducing turnover intention is mostly dependent on distributive justice. Employees are more likely to depart the company if they believe their awards are unfair (Adams,



1965; Colquitt et al., 2013). According to recent empirical research, turnover intention is greatly increased by perceived unjust compensation and benefits (Javed et al., 2021; Shen et al., 2023). Fair results decrease withdrawal behaviors and increase psychological connection. Therefore, this is hypothesis that formulated from previous research studies which based on justice and turnover intention.

**H3.1: Turnover Intention → Distributive Justice**

### 3.2 Turnover intention and procedural justice.

By boosting confidence in organizational structures, procedural justice lowers the desire to leave. When workers feel that decision-making processes are equitable and consistent, they are less likely to quit (Leventhal, 1980; Cropanzano et al., 2017). According to recent research, employee turnover intention is greatly increased by unjust HR decision-making processes (Li et al., 2022; Khan & Abbas, 2023) and shows positive and significant relationship between turnover intention and procedural justice. Thus, hypothesis was developed from literature reviews.

**H3.2: Turnover Intention → Procedural Justice**

### 3.3 Turnover intention and interactional justice

Supervisor trust and emotional connection are impacted by

interactional justice. Psychological disengagement and turnover intention are increased by poor interpersonal treatment (Bies & Moag, 1986). According to recent studies, are courteous communication and encouraging management lower employees' intentions to quit (Iqbal et al., 2023; Zhao & Liu, 2024).

**H3.3: Turnover Intention → Interactional Justice**

### 4. Mediator effect of Organizational Justice

4.1 The link between salary adjustments and turnover intention is mediated by distributive justice.

Salary changes are linked to turnover intention through a psychological phenomenon called distributive fairness. Through views of equality, fair income rises lower the desire to leave (Shrestha & Baniya, 2022). Research demonstrates that the connection between pay equity and employee retention is somewhat mediated by distributive justice (Shen et al., 2023).

**H4.1: Distributive Justice → Salary Adjustments → Turnover Intention**

4.2 The association between compensation adjustments and turnover intention is mediated by procedural justice.

The impact of wage schemes on turnover intention is explained by procedural justice. Transparent pay practices decrease withdrawal behavior and foster confidence (Cropanzano et al., 2017). According to recent research, the link between

pay practices and turnover intention is largely mediated by procedural justice (Khan & Abbas, 2023).

**H4.2: Salary Adjustments → Procedural Justice → Intention to Leave**

**4.3 The association between Salary adjustments and turnover intention is mediated by interactional fairness.**

The impact of salary adjustment on turnover intention is mediated by interactional justice. According to Iqbal et al. (2023), a courteous explanation of pay choices increases trust and decreases the propensity to quit. Employee connection is weakened by poor communication, which raises the turnover intention.

**H4.3: Salary Modifications → Interactional Justice → Turnover Intention**

**5.1 The connection between turnover intention and promotion decision is mediated by distributive justice.**

Through distributive justice judgments, fair promotion results lower the inclination to leave. When promotion outcomes are seen as equitable, employees stay loyal (Nawaz et al., 2022). According to empirical research, distributive justice mediates the link between promotion and turnover (Ali et al., 2023).

**H5.3: Turnover Intention → Interactional Justice → Promotion Decisions**

**H5.1: Turnover Intention → Distributive Justice → Promotion Decisions**

**5.2 The connection between turnover intention and promotion choices is mediated by procedural justice.**

The link between turnover intention and promotion schemes is mediated by procedural justice. Employee attrition and perceived unfairness are decreased by transparent promotion criteria (Kim & Park, 2021). Strong mediation effects in HR fairness models have been confirmed by recent study (Shen et al., 2023).

**H5.2: Turnover Intention → Procedural Justice → Promotion Decisions**

**5.3 The association between turnover intention and promotion choices is mediated by interactional fairness.**

The relationship between turnover intention and communication in promotion choices is explained by interactional justice. Employee withdrawal behaviour is decreased by courteous treatment and unambiguous feedback (Li et al., 2022). Research validates interactional justice-based mediation in leadership communication settings (Zhao & Liu, 2024).

Conceptual Framework

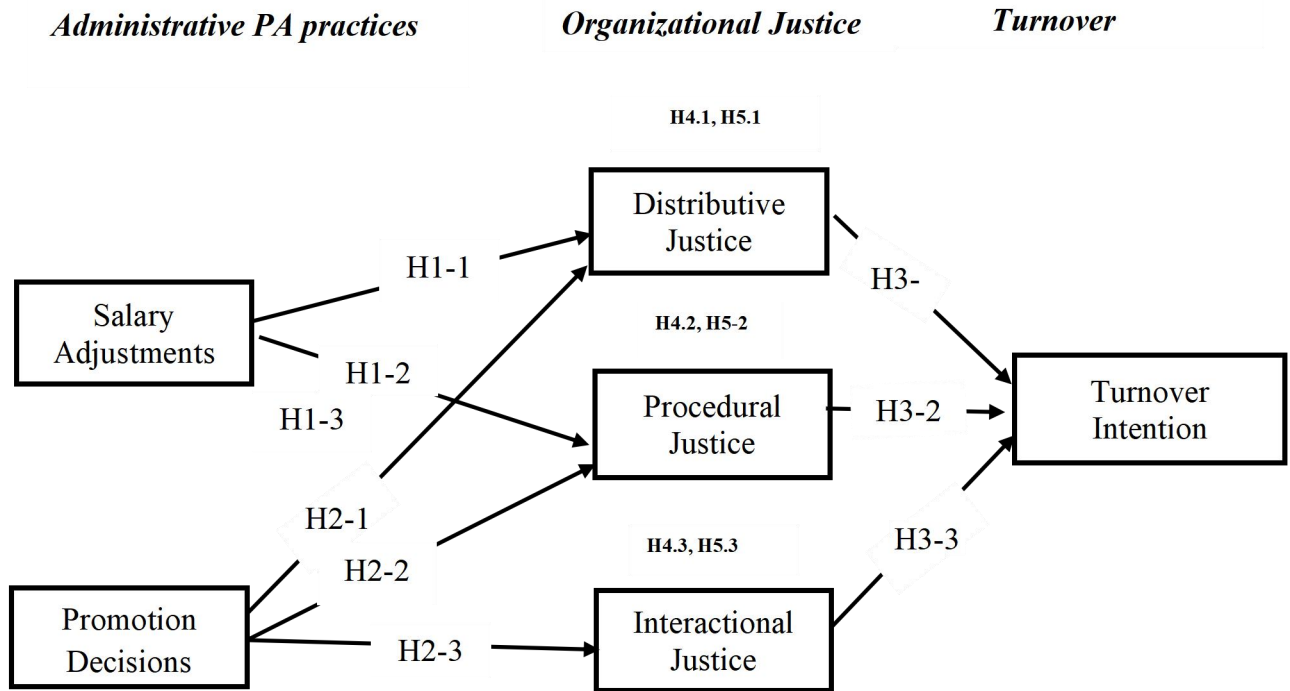


Figure 1 Research Model

**Justifications:** these variables were used in manufacturing company Taiwan by Shih Yu (Cheryl) Cheng 2014. While same variable used in Manufacturing and Trading SMEs Sindh, Pakistan.

3. Methods of Research

3.1 Design of Research

The general plan that directs data collection, measurement, and analysis in a study is referred to as research design (Saunders et al., 2019). It offers a methodical framework for reliably and validly addressing research issues and evaluating hypotheses. Exploratory, descriptive, and causal (hypothesis-testing) designs are the three main types of research designs. Descriptive research describes the

properties of variables, whereas exploratory research is utilised when an issue is not well defined. Conversely, explanatory or causal research is used to test hypotheses and look at links between variables (Creswell & Creswell, 2018; Sekaran & Bougie, 2020).

In order to investigate the mediating effect of organisational justice in the link between administrative performance assessment methods and employee turnover intention, the current study uses a descriptive and causal research methodology using a correlational approach. Data is gathered from workers in manufacturing and trade SMEs in Sindh, Pakistan, at a specific moment in time using a cross-



sectional survey approach. Because of its efficacy, affordability, and applicability for hypothesis testing, this method is frequently employed in behavioural and HRM research (Hair et al., 2022).

### 3.2 Data Collection and Sampling Method

This study uses a structured questionnaire to gather primary data as part of its quantitative research methodology. Employees in Sindh, Pakistan's manufacturing and commerce SMEs make up the target population. Due to accessibility issues and the scattered nature of respondents in the SMEs sector, a non-probability convenience sample approach was employed. Convenience sampling is frequently employed in organizational behavior and HRM research when access to whole population frames is restricted, despite probability sampling being more rigorous (Etikan et al., 2016; Taherdoost, 2017). In-person questionnaires were given out in English, Pakistan's official business language. Respondents were given a thorough explanation of each item to guarantee accuracy and clarity in their answers. This method is frequently employed in HRM studies conducted in underdeveloped nations to enhance answer quality and lessen build confusion.

### 3.3 Method of Data Analysis

The most well-known software in the fields of management science and social science is used to finish

the data analysis procedure. It's SPSS with Smart-PLS. For data analysis, both are excellent and appropriate sources. In the field of research, Smart-PLS is frequently employed as a potent multivariate method for analyzing intricate connections between latent components, especially in theory-extension and prediction studies (Hair et al., 2022; Sarstedt et al., 2021). Furthermore, PLS-SEM has some benefits for research projects. The first benefit of smart-PLS is that it can evaluate both models, such as measurement models and structural models; second, it can be used for complicated mediation models; third, it can be used with small or medium sample sizes; and, lastly, it doesn't require rigorous normalcy assumptions (Hair et al., 2022). SPSS is another source used in this study to guarantee accuracy and completeness, as well as data cleaning and screening. Internal consistency reliability (Cronbach's Alpha, Composite Reliability), convergent validity (Average Variance Extracted, or AVE), discriminant validity (HTMT criterion), and structural model evaluation (path coefficients, coefficient of determination, or R<sup>2</sup>) are all assessed using Smart-PLS. A commonly used method for determining statistical significance in PLS-SEM, bootstrapping with 5,000 resamples was used for hypothesis testing (Hair et al., 2022; Henseler et al., 2015). The suggested



mediation model incorporating performance appraisal procedures, organizational fairness, and turnover intention is rigorously and methodically evaluated thanks to the usage of Smart-PLS.

**3.4 Questionnaire Response Rate**

487 questionnaires were given to workers in interior Sindh's manufacturing and Trading SMEs. 410 of these were returned, yielding an 84% response rate—a high percentage in organizational survey research. According to behavioral and HRM research, this reaction rate is higher than usual standards (Baruch & Holtom, 2008). 16% of the surveys that were returned were disqualified because their answers were inaccurate or incomplete. For the final analysis, 402 valid responses were utilized, resulting in an 82% useable response rate. The following factors contributed to the high response rates in this study: the questionnaires were distributed in person, owner and managers

received follow-up reminders, and the study issue was very relevant to the respondents. For survey-based research in the Manufacturing and Trade type SMEs, such response rates are deemed appropriate and methodologically sound (Sekaran & Bougie, 2020). The gathered data offers a solid foundation for investigating the connections between organizational justice, turnover intention, and performance rating procedures in the context of manufacturing and trade SMEs in Sindh, Pakistan.

**3.5 Demographic Data**

An overview of the traits of the research participants is given by the demographic profile of respondents. Gender, age, degree of education, and job experience are all included in this. Comprehending demographic data is crucial for interpreting the findings' contextual relevance and generalisability (Sekaran & Bougie, 2020).

Table 1

Respondents' Demographic Details

Demographics Characteristics	Frequency	Percentage (%)
Gender		
Male	317	89%
Female	85	21%
Age		
18-25	47	11.7
26-33	83	20.6
34-41	188	46.8
42-49	51	12.7
50 & above	33	8.2

Education		
Matriculation	96	23.9
Intermediate	157	39.1
Graduation	133	33.1
Master/M.Phil	11	2.7
PhD	5	1.2
Experience		
Less than 1 year	30	7.4
2-10 years	198	49.2
11-20 years	79	19.3
21-30 years	72	16.8
More than 30 years	23	7.3

Source: Data from the Researcher's Survey

The demographic findings show that most respondents are male, between the ages of 34 and 41, and have two to ten years of professional experience. This implies that the microfinance banking industry has personnel with a fair amount of expertise.

**3.6 Analysis of Reliability**

The internal consistency of the measuring scales employed in this study was evaluated by reliability

Table 2

**Construct Reliability**

Construct Name	Cronbach's Alpha	No. of Items
Overall Scale	0.91	29
Salary Adjustments	0.81	5
Promotion Decisions	0.80	5
Distributive Justice	0.81	4
Procedural Justice	0.80	5
Interactional Justice	0.75	5
Turnover Intention	0.79	5

**4. Results**

**4.1 Phase of Data Exploration**

The underlying factor structure of the measuring tool was investigated

analysis. The degree to which elements inside a construct assess the same underlying idea is known as internal consistency (Hair et al., 2022). The most used reliability metric in social science research is Cronbach's Alpha, which is deemed appropriate when values are 0.70 or higher (Bonett & Wright, 2014; Sekaran & Bougie, 2020). All of the constructs in this investigation showed good dependability, above the suggested threshold.

using data screening and exploratory factor analysis (EFA) prior to hypothesis testing. To evaluate construct validity and make



sure that observed variables correctly load onto their corresponding latent conceptions; EFA is frequently employed in behavioral research (Field, 2018; Hair et al., 2022). To offer a more understandable factor interpretation, the research used Principal Component research (PCA) with Varimax rotation and Kaiser Normalizations. The Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test of Sphericity were used to

**5. Table 3**

**Bartlett's Test and KMO**

Test	Value
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.801
Bartlett's Test of Sphericity (Chi-Square)	6887.3975
Df	402
Sig.	0.000

This table made by author Factor loadings are larger than 0.50 are deemed practically important for interpretation, per established norms (Hair et al., 2022; Field, 2018). All items had sufficient loading on their corresponding constructs, according to the factor analysis results. In particular, five elements were loaded under Salary Adjustments, five under Promotion Decisions, four under Distributive Justice, five under Procedural Justice, five under Interactional Justice, and five under Turnover Intention. These findings support the validity of the measurement model for further structural analysis using PLS-SEM and validate the multidimensional structure of the constructs.

determine if the data was appropriate for factor analysis. Adequate sampling was indicated by the KMO value of 0.81, which is higher than the suggested minimum threshold of 0.60 (Kaiser, 1974; Pallant, 2020). The statistical significance of Bartlett's Test of Sphericity ( $\chi^2 = 6887.3975$ ,  $df = 402$ ,  $p < 0.000$ ) indicated that the correlations between variables were enough for factor analysis.

**4.3 Evaluation of the Measurement Model**

Determining the model's strength requires assessing its validity and reliability. Reliability is the degree to which the measurements are used consistently, whereas validity is the degree to which the topic being studied is specified both logically and empirically valid. The model's validity in this study was assessed using convergent and discriminant validity, according to Krathwohl (1997). Convergent validity measures the reliability of items and constructs by evaluating the degree of relationship between two scales that measure the same concept. Conversely, discriminant validity was defined by Kiel et al. (2000) as determining if a scale is



different from another scale that measures a maximally different concept. In a similar vein, discriminant validity is employed to determine whether the scale employed in this study is distinct from previous scales used to evaluate other ideas or models.

Furthermore, Fornell (1981) suggested that discriminant validity might be validated using the (AVE) Average variance extract as a convergent validity. Additionally, factor loading may be utilized to predict discriminant validity, according to Thatcher et al. (2002).

**4.4 Construct Reliability Evaluation**

According to Krathwohl (1997), construct reliability is the degree to which the observable variables accurately reflect the underlying construct. Hair et al. (2006) define construct reliability (CR) as an indicator of internal consistency inside a latent construct. CR is calculated using the overall error variance and the factor loadings of each construct. Generally speaking, significant reliability is indicated by a construct reliability threshold greater than 0.7. According to Hair et al. (2006), a construct reliability score of more than 0.7 indicates a high convergence or internal consistency of the concept. The Average Variance Extracted (AVE) is

**Table 4**

**AVE and R Square Value**

Constr uct	Cronbach's alpha	Composite reliability (rho_a)	R-square	Average variance extracted (AVE)
DJ	0.81	0.82	0.424	0.620

an overall evaluation of convergence among a set of items that correspond to a latent concept, according to Hair et al. (2006). When compared to measurement error, the AVE value shows how effectively the indicators reflect the concept's variance. An AVE score of less than 0.5 indicates that the items contain more measurement error than real variance, according to Hair et al. (2006). According to Fornell (1981) and Chin (1998), an AVE score of 0.5 or above is better for effectively applying a concept since it shows a substantial amount of variation captured by the indicators relative to measurement error. A statistical measure called Cronbach's alpha ( $\alpha$ ) examines how effectively a group of items captures a notion. It is a measure of the items' reliability and internal consistency that shows how well they together convey the main idea. When assessing reliability, a composite reliability score of more than 0.7 is considered significant. This standard is exceeded by the composite reliability of all constructs in this investigation, indicating strong reliability. Furthermore, the average variance extracted (AVE) score is significant, with values greater than 0.5, confirming the reliability of the constructs.



IJ	0.80	0.81	0.363	0.525
PD	0.8.2	0.80	---	0.537
PJ	0.85	0.82	0.414	0.610
SA	0.80	0.84	----	0.531
TI	0.8.1	0.80	0.435	0.560

This table made by author  
The item correlations were analyzed to look into the connections between the items evaluating each of the research's constructs. The results of the table demonstrated a strong connection in evaluating the same notion, as several items exhibited high correlations with one another. According to Hair et al. (2006), this result supports the discriminant validity of the concept. Additionally, as suggested by Gefen, Straub, and Boudreau (2000), the components in Table 5

this study were assessed using confirmatory factor analysis (CFA) utilizing SMPLS. The results showed that each item only loaded on its own build and not on any other, supporting the correctness of all constructs. To get T-values, the researchers employed the bootstrapping method. The results showed that every item correctly loaded into the desired structures, meeting the requirements for discriminant reliability.

**Convergent and Discriminant Validity**

Discriminant validity						
Construct	DJ	IJ	PD	PJ	SA	TI
DJ0						
IJ0	0.810					
PD0	0.756	0.651				
PJ0	0.689	0.642	0.623			
SA0	0.629	0.556	0.630	0.517		
TI0	0.618	0.525	0.523	0.516	0.515	

This table made by author  
**4.5 The importance of the structural model is evaluated.**  
An explanation of path coefficients and T-values Chin (1998) states that the T-values for every path in the structural model were determined using the Bootstrapping method in Partial Least Squares (PLS). Because

they showed the strength of the correlations between variables, these T-values were crucial in deciding whether the hypotheses were accepted or rejected. The significance criterion for T-values was set at 1.96 with a significance level of 0.05 by Hair et al. (2006).

Table 6

Path coefficient and t-value (Direct Relationship)

Hypotheses	Relationship	Beta	STD	T Value	Decision
H1.1	SA → DJ	0.315	0.065	3.170	Supported
H1.2	SA → PJ	0.245	0.075	3.114	Supported
H1.3	SA → IJ	0.396	0.074	3.063	Supported
H2.1	PD → DJ	0.396	0.069	8.529	Supported
H2.2	PD → PJ	0.444	0.058	7.071	Supported
H2.3	PD → IJ	0.388	0.059	5.534	Supported
H3.1	DJ → TI	0.522	0.075	8.148	Supported
H3.2	PJ → TI	0.338	0.068	2.165	Supported
H3.3	IJ → TI	0.357	0.070	3.50	supported

Indirect Impact

Table 7

Indirect Relationship: Path coefficient and t-value

Path relationship	Beta	STD	T Value	P value	Decision
H4.1 SA → DJ → TI	0.202	0.048	2.865	0.001	Supported
H4.2 SA → PJ → TI	0.130	0.026	1.991	0.004	supported
H4.3 SA → IJ → TI	0.102	0.023	0.856	0.392	Not supported
H5.1 PD → DJ → TI	0.214	0.054	6.020	0.000	Supported
H5.2 PD → PJ → TI	0.168	0.048	2.286	0.001	supported
H5.3 PD → IJ → TI	0.201	0.035	0.897	0.370	Not supported

All of the explanations are describing, assessing and analyzing the suggested theoretical model using PLS-SEM path modeling. The evaluation of path coefficients and the significant findings of the latest study are summarized in this chapter. Particularly addressed are path coefficients that were shown to be encouraging. Majority of the hypotheses had a substantial association with the constructs but only two hypotheses of indirect were not supported. The particular results of the current study will be

highlighted in the last chapter, which will then go on to discuss limitations, potential solutions, and implications for further research.

**5. Discussion**

The results of the current study illustrate these only two hypotheses: 4.3 and 5.3 were not supported whereas other hypotheses were supported. Generally, the difference between the two sets of results improves the interpretation: while previous findings supported a dual pathway (outcomes and processes), while the updated results point out



to a more outcome-driven model, where employees' decisions to stay are predominantly unfair by the fairness of rewards rather than the fairness of procedures or interpersonal treatment. will be highlighted in the last chapter, which will then go on to discuss limitations, potential solutions, and implications for further research.

### 5.1 Theoretical Implication

Our new study's theoretical framework addresses the gaps highlighted in past studies while drawing influence from earlier scholarly efforts. Additionally, we have strengthened this basis by incorporating ideas from many theoretical stances. We have combined many parallel theoretical frameworks in our investigation. According to our study, organizational justice particularly distributive and procedural justice is influenced by administrative performance rating, which leads to positive motivation. It is remarkable, nonetheless, because interactional justice has a clear impact. In order to improve our comprehension of the relationships between underlying independent and dependent variables, our suggested framework integrates these ideas. According to the Gouldner's (1960) explanation of Social Exchange Theory which examines the dynamics of exchanges in which good activities generate positive responses and negative actions provoke negative reactions, is a key component of these ideas.

Our work has significantly added to the body of knowledge about the relationship between administrative public administration practices and turnover intentions through in-depth discussions and further research findings. Additionally, it has shed light on the complex role that organizational justice plays in mediating this connection in a number of different ways.

### 5.2 Implications for Managers

By implementing better administrative performance rating procedures, owners and managers may reduce employee turnover intentions and increase employee views of organizational justice.

First, workers who accept equitable pay changes showed positive attitudes on distributive justice, procedural justice, and interactional justice. This emphasizes how crucial it is for HR managers or owners to understand that their choices about pay and promotions have a big influence on many facets of organizational justice, which in turn influences turnover intentions. Owners and Managers should strive to make the decision-making process more transparent, concentrating on both assuring justice in decision-making and remuneration levels. Furthermore, the results of the study indicate that workers who see fair promotion choices are more likely to believe in organizational justice. This emphasizes the notion that workers place a higher priority on fairness when making decisions about

promotions than on factors pertaining to pay changes. owners and Managers should give preference to internal candidates over external ones when filling job openings inside the company, especially for management roles, as promotions frequently result in pay rises. Using this strategy might improve workers' opinions of the fairness of the company, which would lower their inclinations to leave.

### 5.3 Restrictions and potential avenues for future study

Even though the current study has supported a number of hypothesized links, it is crucial to recognize that each research plan has inherent limits. As a result, there are certain limitations to our work that we urge future researchers to examine and further analyses.

First off, researchers are unable to draw conclusions about causality from the population in this cross-sectional study. In order to measure the construct at different times, future researchers are urged to use a longitudinal approach. This strategy will aid in confirming and expanding the study's conclusions. Second, the Manufacturing and trading enterprises in Sindh, Pakistan, has been the main focus of this study. However, it's important to remember that the study's conclusions and insights could be more broadly applicable to small and medium-sized businesses (SMEs) in a variety of other contexts.

Therefore, when extrapolating the study's findings to other circumstances, we highly advise future researchers to take this restriction into account.

Thirdly, because it focuses only on workers in SMEs, this study's reach is relatively limited. Future researchers should include a wider range of enterprises in their studies to improve the conclusions' applicability. To provide a more thorough study, these banks should also be methodically investigated and contrasted. Fourth, the mediation between the administrative performance evaluation practice dimension of compensation adjustment and turnover intention could not be predicted by organizational justice. In the event that future researchers come across any more mediating factors that act as a conduit between wage adjustment and turnover intention, we highly advise them to explore the body of existing literature.

Lastly, only single-source data—specifically, questionnaires—are used in this study. However, this approach's vulnerability to prejudice has serious drawbacks. As a result, this bias-related problem must be addressed in all future study plans.

### 6. Conclusion

The current study has added further empirical evidence to the corpus of research on the connection between turnover intention and administrative performance rating



practices. It has accomplished this by analyzing how organizational justice functions as a mediating element. The study's findings provided compelling evidence for the proposed theoretical theory.

In particular, despite several limitations, the current study has successfully met its research goals. Although turnover intention has been extensively studied, this study has creatively addressed a theoretical gap, particularly organizational justice as a mediator in the relationship between administrative performance evaluation method and employee turnover intention. The theoretical foundation of the current study

## References

- Aguinis, H. (2023). *Management of performance* (5th ed.). Chicago Business Press, Chicago, IL.
- Outlaw, R., Lynch, J. W., Zipay, K. P., and Colquitt, J. A. (2021). Clarifying the notion of organisational justice: An overview and potential paths forward. 15(1), 1-66, *Academy of Management Annals*.
- T. Deressa and associates (2022). The mediating function of procedural fairness in the relationship between employee outcomes and performance assessment methods. 71(6), 2345-2363, *International Journal of Productivity and Performance Management*.
- Wright, T. A., and Bonett, D. G. (2014). Sample size planning, hypothesis testing, and interval estimates all contribute to Cronbach's alpha reliability. *Organisational Behaviour Journal*, 35(2), 129-144.
- Field, A. (2018). *Using IBM SPSS Statistics to learn statistics*. Sage.
- Ringle, C. M., Hult, G. T. M., Hair, J. F., and Sarstedt, M. (2022). *An introduction to PLS-SEM* (3rd ed.). Sage.
- Kaiser, H. F. (1974). A factorial simplicity index. *Psychometrika*, 39, 31-36.
- Pallant, J. (2020). *The SPSS survival guide*. McGraw-Hill Schools.
- Bougie, R., and Sekaran, U. (2020). *Business-related research techniques*. Wiley.
- Ismael, Z. K., and Faeq, D. K. (2022). performance evaluation



- procedures' contribution to improving organisational fairness. *Sustainability*, 14(3), 1-14.
- Ahmed, I., Khan, M. A., and Nawaz, M. M. (2023). Evidence from Pakistan's SME sector about organisational justice and turnover intention. *Asian Business Studies Journal*, 17(2), 245-260.
- Park, S. M., and Kim, M. (2022). A meta-analysis of the relationship between organisational fairness and employee turnover intention. 22(4), *Public Organization Review*, 789-807.
- Kuvaas, B., Haerem, T., Buch, R., and Dysvik, A. (2021). Do employee results have a distinct relationship with intrinsic and extrinsic motivation? *Economic Psychology Journal*, 61, 244-258.
- Holtom, B. C., and Baruch, Y. (2008). Organisational research trends and survey response rates. 1139-1160 in *Human Relations*, 61(8).
- Creswell, J. D., and Creswell, J. W. (2018). *Research design: combined methodologies, qualitative, and quantitative techniques*. Sage.
- Alkassim, R. S., Etikan, I., and Musa, S. A. (2016). Purposive sampling and convenience sampling. 5(1), 1-4, *American Journal of Theoretical and Applied Statistics*.
- Ringle, C. M., Hult, G. T. M., Hair, J. F., and Sarstedt, M. (2022). An introduction to structural equation modelling using partial least squares (PLS-SEM) (3rd ed.). Sage.
- Ringle, C. M., Henseler, J., and Sarstedt, M. (2015). A new standard for evaluating discriminant validity. *Academy of Marketing Science Journal*, 43, 115-135.
- Lewis, P., Saunders, M., and Thornhill, A. (2019). *Research techniques for students studying business*. Pearson.
- Bougie, R., and Sekaran, U. (2020). *Business research methods: An strategy to developing skills*. Wiley.
- Ringle, C. M., Sarstedt, M., and Hair, J. F. (2021). modelling structural equations using partial least squares. 29(2), 171-177, *Journal of Marketing Theory and Practice*.
- Taherdoost, H. (2017). techniques for sampling in research methodology. 5(2), 1-10, *International Journal of Academic Research in Management*.