

The Relationship between Organizational Justice and Organizational Commitment and the Mediating Effect of Job Satisfaction on Organizational Behavior

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Abstract

This research highlights the impact of organizational justice on organizational commitment of employees. It elaborates which dimensions of organizational justice fosters what type of organizational commitment, along with examining the role played by job satisfaction in mediating this relationship in the banking sector of Pakistan. Employees from the banking sector were taken as the sample. The multiple linear regression analysis is used for empirical analysis. Empirical findings revealed meaningful and affirmative relationship among job satisfaction and organizational commitment. A significant result of this research suggests that the perception of management's justice increases employees' perceptions of fair treatment which increases commitment and performance level in an organization.

Keywords: Organizational Justice, Organizational Commitment, Job Satisfaction, Organizational Behavior, Banking Sector, Pakistan.

1. Introduction

Corporations are very well aware regarding the importance of the perception of justice that is created in the minds of the employees since it has a great effect on their performance (Greenberg, 1987). Workers may also develop wrong perceptions regarding the fair treatment by the employer, though the employer may be treating them fairly. Therefore it is crucial for organizations that along with keeping in mind the social aspect of organizational justice, the "fair" and "just" procedures should be implemented in a way that it has an impact on employees' psychological beliefs as well. Meyer & Allen (1997) proposed in their study that employees develop emotional attachment with the organizations and they understand that there would be a cost attached in leaving the organization. To increase the performance of employees, organizations must know how employees form perception of justice and what the factors important for increasing job commitment are. Organizational commitment is one of the phenomenon which is involved in many studies related to Organizations (Najafi et al., 2011; Malik, Nawab, Naeem & Danish, 2010) to name a few.

Beugre (1998) defines organization justice as a perception that employees make in their mind regarding fair treatment. Researchers have classified fairness as three classes of justice perceptions namely a) procedural justice b) distributive justice and c) interactional justice (Adam, 1965).

Porter et al., (1974) defines organizational commitment as an employee's sincerity with the organizational objectives and the extra effort that the workers put in to hold their organizational membership. Koys (2001) states that organizational commitment is the association of an employee as a whole to his organization. Koys (2001) further noted that research scholars agree that commitment is basically a bond of an employee with the organization however which dimension of organizational commitment, is still controversial. Researchers such as Allen and Meyer (1996) and Greenberg (2005) consider that a tri-dimensional construct exists consisting of the dimensions of commitment (Karrasch; 2003, Turner and Chelladurai 2005). The simplest way to explain job satisfaction is the attachment of a worker with his job (Williams & Hazer, 1986). Ironson et al. (1989) defines job satisfaction from a worker's point of view as "the general stance about a task".

Researchers found that commitment is influenced by several factors like employee empowerment, job satisfaction, and organizational justice (Noorliza, 2006; Ongori, 2008). But during the literature review not too many studies have dealt with the influence of different justice dimensions on organizational commitment dimensions of the employees principally in Pakistani banking sector.

Therefore, this study was done to determine the association between these variables. The first one being organizational justice which has further three dimensions a) procedural b) distributive and c) interactional. The second variable is organizational commitment which has again three dimensions a) normative b) affective c) continuance. The third and last variable is job satisfaction. Research, in general, highlights the positive and negative effect of organizational fairness on different outcomes such as organizational commitment.

Empirically there have been no comprehensive study that highlighted the association of three dimensions of organizational justice and three types of organizational commitment. Researchers have measured organizational justice perceptions as a whole and taken its effect on three types of commitment, or taken organizational commitment as whole and determined its relationship with three types of justice. Thus, a *one-dimensional construct* was used in almost all the studies. In this research paper three types organizational justice with respect to three types of organizational commitment of employees is studied. Furthermore, the intervening role of job satisfaction in this relationship is explored.

Banking sector is taken as the research industry. Convenient sampling technique is used for the selection of banks and simple random sampling technique is adopted for selection of employees. Self-reported structured questionnaire was used as an instrument for data collection. This was mainly done so that a clear picture is taken to know the relationship between the variables. *Multiple regression* analysis technique was applied to get the empirical results.

2. Literature Review

Research reveals that much work has been done on organizational justice (Folger & Konovsky, 1989). However, the researchers agree on the fact that the employee's perception regarding organizational justice would affect the behavior and attitude of employees at work (Konovsky, Folger, and Cropanzano, 1987; Moorman, Blakely, and Niehoff, 1998). Masterson et al. (2000) stated that if employees perceive organizational justice to be fair then they would be more satisfied and committed to their work. He further concluded that employee's fair perception regarding procedural justice has a positive relationship with organizational commitment and citizenship behaviors and negative relationship with intentions to leave the organization.

Folger (1994) established that procedural justice is essential for a number of job-related variables. Their study comprises of two outcome variables i.e. organizational commitment and extra role behavior. The result of this study proved an important relationship between procedural justice and organizational commitment. Researchers such as McFarlin and Sweeney (1992) proved in their research that the organizational justice dimensions are positively correlated to pay satisfaction. Other researcher also proved that the dimensions of organizational justice is

positively related to job satisfaction (McFarlin & Sweeney, 1992) and commitment (Colquitt *et al.*, 2001; Bakhshi, Kumar and Rani, 2009). Researches in organizational justice show different relationship between fairness, employee's intention to move to another organization, job satisfaction and commitment. Folger & Konovsky (1989) concluded that different dimensions of organizational justice have a positive correlation with pay satisfaction. Similarly, Tremblay *et al.*, 2001, McFarlin and Sweeney, 1992; Al-Zu'bi, Hasan Ali., 2010) also proved that organizational justice has positive relationship with job satisfaction. Colquitt *et al.*, (2001) and Kumar *et al.*, (2009) proved positive relationship of organizational justice and commitment while Kim and Leung (2007); Haar *et al.*, (2009) showed that organizational justice is negatively related to intention to leave the organization.

Cropanzano & Greenberg (1997) in their study stated the importance of the perception of procedural justice for an organization. Cohen-Charash & Spector (2001) and Colquitt, Conlon, Wesson, Porter & Ng (2001) proved in their research that when the workers perceive that organizational procedures are fair then they would be more committed with the organization and exhibit higher satisfaction.

In another study Karim, F. & Rehman (2012) concluded that organizational commitment of the employees increases when the workers are satisfied and they have a good perception of organizational justice.

Researchers while studying the dimensions of justice and their influence on pay satisfaction, commitment, job satisfaction and turnover intention revealed that interactional justice, among all dimensions of justice is the strongest judge of turnover intention. However distributive justice is a strong determinant of organizational commitment and pay satisfaction. They also found a weak relationship between procedural justice and outcome (Thomas & Nagalingappa, 2012). Allen & Meyer (1990) affirmed that increased affective commitment leads to reduction in the turnover rate and better performance. The same findings were also indicated by Meyer, Allen & Smith (1993).

McFarlin & Sweeney (1992) implied in their study that distributive justice as compared to procedural justice has more influence on pay contentment and job satisfaction. Colquitt *et al.*, (2001) in his research found that job satisfaction was positively related to distributive justice and procedural justice. Haar and Spell (2009) also concluded that distributive justice is highly associated to

employee's turnover and job satisfaction.

Malik & Naeem (2011) through regression analysis proved that there holds a positive relationship between job satisfaction and distributive justice. Bakhshi et al. (2009); Robbins et al., and Aryee, et al. (2002) implied that fair perception of the dimensions of organizational justice promotes job satisfaction among employees.

Researcher in the past gave more importance to the association of justice and its dimensions and organizational commitment. However recently, the focus has changed to the different types of commitment. Barling and Phillips (1992) in their research on 213 Canadian students explored that there was no relationship between distributive justice and affective commitment however interactional justice is linked with affective commitment. Masterson et al., (2000) also illustrates the importance of procedural justice on organizational commitment as compared to interactional justice.

In a study based on response from different professionals (Thomas, P. & Nagalingappa, D. G, 2012) distributive justice and interactional justice were found out to be strong determinants of pay and job satisfaction. Out of the three justice types, distributive justice is found out to be the strongest determinant, with procedural justice having a moderate impact and interactional justice, the least (p.57-59).

In another study (Goudarzvandchegini, M., Aghajannashtaei, R. & Shabaninashtae, M., 2012), a meaningful relationship is observed between organizational justice and organizational commitment. Meanwhile, there is also a meaningful relationship between the dimensions of organizational justice and components of organizational commitment. The study showed that there is a direct relationship between changes in the degree of managers' execution of dimensions of organizational justice and organizational commitment of staff (Goudarzvandchegini, M., Aghajannashtaei, & Shabaninashtae, 2012). The quantitative results of the study also shows that it is 99 percent probable that there is a meaningful relationship between distributional, procedural, and interactional dimensions and independent variables of study i.e. organizational commitment. Hassan & Arif (2002) also concluded that distributive and procedural justice play a vital role in promoting employees' organizational commitment.

Iverson and Roy (1994) concluded from their research that if there is equity in the perception of employees of

the organization then they would have more attitudinal commitment and less turnover, which is linked with increased behavioral commitment. On the other hand Roberts et al., (1999) stated that distributive justice has more significance on organizational commitment and turnover than procedural justice.

3. Research Methodology

Organizational Justice Perceptions was measured on a 5-point Likert scale that varied from strongly agree to strongly disagree statements. Questions were made keeping in view studies of *Price & Mueller (1986)*, *Niehoff & Moorman (1993)* and *Cropanzano & Byrne (1997)*. A comprehensive scale of questions was developed for measuring all three justice types i.e. procedural, interactional and distributive justice. Statements in this section measured the perceptions related to fairness in rewards, clearness in communication, openness about decision making and concerns about employee rights and respect.

Niehoff and Moorman (1993) developed a 20-item scale which was used to measure distributive justice and procedural justice. From the study of *Cropanzano & Byrne (1997)* 5-item scale was selected and used to measure interactional justice.

Items to measure Organizational Commitment were adopted from *Allen and Meyers* (the social scientists who originally proposed the three-dimensional commitment model) *Scale*. Statements in this section measured dispositions of employees such as loyalty, emotional attachment and other factors that held them back from quitting their job. This section contained 15 statements, 5 statements pertaining to each of the three dimensions of Organizational Commitment.

Lastly, job satisfaction was measured by questions adopted from *Hackman and Oldham (1975)* regarding employee's satisfaction or dissatisfaction with the organization.

Banking sector was used as the research industry. Sample size consisted of 20 banks from Lahore were selected using convenient sampling technique. Questionnaire was distributed to 500 employees using simple random sampling to select the employees. Out of 500 questionnaires distributed 440 questionnaires were returned which showed 88% return rate. For gathering data questionnaires were distributed to *different levels of*

management i.e. top, middle and frontline employees on the basis of *job function*, i.e., department wise.

After data collection they were checked for errors and incompleteness. For analyzing data and results descriptive statistics, correlation, and *multiple regression* analysis was used to get empirical results.

4. Results and Conclusion

One of the important findings of this research is that organizational justice promotes organizational commitment. This is also proved by Bakshi et al. (2009) and Masterson et al. (2000). A vital result that was concluded from this study was that if management is fair in treating the employees than it would increase the fairness perception of justice of employees regarding the organization.

The multiple linear regression analysis in the study confirms that procedural justice and distributive justice have strong impact on employees' commitment. However, procedural justice having stronger effect on commitment. This relationship is also consistent with the result of Murtaza, G. et al (2011). Regardless of profession many studies have proved the positive relationship of job satisfaction and organizational commitment. Heidari & Saeedi (2012) stated that if their employer is fair in dealing with the employees than it will increase trust and devotion among employees which eventually promotes organizational commitment. The findings from the correlation test confirm the significant and positive relationship between job satisfaction and organizational commitment. Chughtai & Zafar (2006) also confirmed this relationship.

Two types of Justice i.e. procedural and distributive were regressed against organizational commitment and both were found out to be significant predictors of organizational commitment (Chughtai, A. A. & Zafar, S., 2006, p.34)

Distributive, procedural and interactional perceptions of organizational justice, reciprocity were found to be positively related to affective-normative commitment according to Leow & Khong (2009). Their research confirms that if employees perceive that organizational justice is present in their workplace, they tend to be more committed. Although it is consistent with results of past researches, it argued that the effect of interactional justice on organizational commitment is not very significant.

Another conclusion of this research was that distributive and procedural justice have higher influence on commitment level than interactional justice. This result was also drawn by Malik & Naeem (2011). They concluded in their study of organizational justice and commitment that distributive and procedural justice plays a major role in making faculty committed to their institutions. Although, interactional justice had no impact on organizational commitment. Robbins et al., (2000), Lambert et al. 2007 and Najafi et al. (2011) also proved that distributive justice and procedural justice result into improved organizational commitment.

This research also puts emphasis on the positive relationship of organizational justice on job satisfaction. And when the employees are highly satisfied it would lead towards more commitment and higher performance. This result was confirmed by Najafi et al. (2011) and (Bakhshi et al., 2009).

Another conclusion drawn out from the research was that organizational justice and organizational commitment holds a positive relationship. This is a finding consistent with results from Yavuz (2010). Also, there are high chances that committed employees execute the task in a much better way and go beyond the call of duty to fulfill client's requirements and were extremely motivated to perform the task at its best (Fatt et al., 2010).

Thus the major result that was drawn from the research was that management should focus more on the fair procedures and work on maintaining a fair perception of justice with the employees since it would increase the commitment level of employees without any increase in the financial burden on the organization. Similarly employer should be fair in distribution of rewards since it satisfies the employees and has a great impact on employees affective and continuance commitment.

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