The Role of Organizational Justice on Employees Organizational Commitment: A Case of Gondar City, Bank Sector, Ethiopia

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Abstract

In an era of rapid change and competitive environment, skillful employees must be retained in order for the organization to remain productive and responsive to the needs of its stakeholders. Hence, high quality human resource base is essential for all types of organizations. From this perspective creating justice in the organization in all aspects are important to enhance the commitment levels of employees within the organization. This study investigates the role of organizational justice on employee’s organizational commitment. The study population was Bank sectors employees operating at Gondar city. The data was collected with the help of structured questionnaire from 153 employees, the study were used proportional stratified sampling and simple random sampling method as sample design. The independent variable Organizational justice was measured by a scale developed by Niehoff and Moorman (1993) it consists three dimensions: distributive justice; procedural justice; and interactional justice. And Meye, Allen and Smith (1993) revised Organizational Commitment Scales were used to measure the dependant variable organizational commitment. The Pearson’s correlation and Regression were used to analyze the data. The major findings of the study were, employee’s organizational commitment has significant relationship with distributive, procedural and interactive justice. In addition jointly organizational justice factors significantly predict organizational commitments.

Key words: Commitment, distributive, procedural and interactional justice

1. Introduction

The banking sector is the pivot of socio-economic development of any economy. Bank need to meet depositors demand through maintaining optimal liquidity and satisfy the legitimate deficit sectors demand for credits. To boost and realized those activities it need to have qualified employees.

Employees’ perceptions of organization Justice, ethics, and social responsibility may influence their attitude and performance which in turn will have impact on organizational performance.

Organizational justice refers to employee’s perception of fairness in organizations, consisting of perceptions of how decisions are made regarding the distribution of outcome and the perceived fairness of those outcomes themselves (Greenberg & Baron 2003). As Cropanzano et al (2001) stated that employee’s rate organizational justice according to the degree of fairness and equality which the organization manifests.

On the other hand, as studies indicated commitment is more related with attitudinal and affective aspects that stress the emotional attachment based on shared values and interests with the organisation. Organizational commitment considered as the individual perception in favor of organizations with mutual trust, understanding the organization's goals and values, and a strong desire to achieve organizational goals (Allen and Mayer 1990)

In the competition era, the success of every business particularly in service business like financial institution heavily depends on the quality of its human resource. Hence, creating high quality human resource base is essential in bank sectors. To build superior quality human resource base, on the other hand, workers must be managed and handled fairly and equally. employees who perceive there is equal and fair treatment in the organization, the more likely to commit to the operations of organizations (Maignan& Ferrell, 2004; Sen& Bhattacharya, 2001). In addition, the perception of a work environment as fair has been shown to have a positive effect on the degree of employees’ organizational commitment and job satisfaction (Chen, Zhang, Leung, & Zhou, 2010).
Generally, since employees are an important asset and they play a key role in organizational performance, the leaders and owners of every business should attract and retain qualified employees, besides identifying factors affecting employees' job satisfaction and commitment.

2. Literature Review

2.1 Organizational Justice

Organizational justice is an important predictor of employees' commitment as well as successful organizations. When organization is fair and just in its procedures, policies, interactions and distribution systems, employees will satisfy and give better response to the organization success. Authors express organizational justice from different perspectives. As Greenberg and Baron (2003) stated, organizational justice refers to people's perception of fairness in organizations, consisting of perceptions of how decisions are made regarding the distribution of outcomes and the perceived fairness of those outcomes themselves. Copranzano et al. (2007) on the other hand, argue that organizational justice is generally said to contain three components: distributive justice, procedural justice, and interactional justice. Distributive justice refers to the perceived fairness of the process of organizational decision-making and to oneself (Copranzano, Rupp, Mohler, & Schmitke, 2001), a perception derived from a comparison of the distribution of resources to comparable others and to others (Copranzano, Rupp, Mohler, & Schmitke, 2001).

The most common studies in this area have suggested that these types of justice perceptions are important determinants of meaningful organizational outcomes (Poul and Onima et al., 2013). Thus this research was evaluated organizational justice through three dimensions such as distributive, procedural and interactional justice.

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2.2 Organizational Commitment

Organizational commitment is an important aspect in management literature. It refers to the state in which employees sense loyalty with their respective organization, aligned themselves with organizational goals, and have a strong desire to stay within the organization and have high effort the achievement of organizational goals (Hunt and Morgan, 1994). The organizational commitment can be expressed as accepting the goals and values of the organization by the workers, and they have a strong desire to stay within the organization and remain with the organization. The organizational commitment is discussed in the dimensions of affective, continuous and normative commitment (Allen and Meyer, 1990). According to Allen and Meyer (1990), affective commitment refers to employees' emotional attachment to identification with enjoying membership in and involvement in the organization. While continuous commitment refers to employees' feelings of obligation to remain with the organization. Finally, normative commitment refers to employees' perception of costs that employees have when they leave the organization. Thus in this study, organizational commitments are evaluated based on the three dimensions.
2.3 Organizational justice and organizational commitment

The employee justice perception theory (Cropanzano et al., 2001) holds that employees rate organizational justice according to the degree of justice which the organization manifests. According to the social identity theory (Tajfel & Turner, 1986), the perception of a firm as a socially responsible member of society is likely to afford employees an enhanced self-image, as well as pride in the organization, feelings which may impact positively on work attitudes such as job satisfaction. As different research displays that procedural justice is more predictive of a variety of work attitudes, including organizational commitment (Warner et al. 2005). In addition as Teprstra and Honoree (2003) indicated, the fairness of the decision making process itself seems to be more important than the actual amount of compensation that is received by individual.

Furthermore, Cropanzano et al. (2007) side that fair process lead to intellectual and emotional recognition, thus in turn, creates the trust and commitment that build voluntary cooperation in strategy execution. In general if the process is perceived as just, employees show greater loyalty and more willingness to behave in an organizational best interest (Cropanzano et al. 2007). Moreover, employees who perceive their organization to be ethical are also likely to perceive it as being fair to them (Eici & Alpkan, 2009), and as being obligated to provide them with desirable employment as part of their non formal occupational contract (Valentine & Fleischman, 2008). Indeed, the perception of a work environment as just has been shown to have a positive effect on the degree of employees’ organizational commitment and job satisfaction (Chen, Zhang, Leung, & Zhou, 2010).

2.4 Theoretical framework

As a result it can be stated that employees perceive their organization as more fair and equitable are more likely to be committed for their organization. Based on these the following null hypotheses and theoretical framework are proposed.

H1: Distributive justice has positive relation with organizational commitment
H2: Procedural justice and organizational commitment are positively related
H3: Interactional justice has positive relation with organizational commitment
H4: organizational justice dimensions positively affect employees’ organizational commitment

Organizational justice (OJ)

Discretionary responsibility

Legal responsibility

Ethical responsibility

Source: adopted from literature

Organization

✓ Affective
✓ Normative
✓ Continual

3. Significance of the study

Because, in the competitive environment employees are the most valued assets for all business organization in general for Bank industry in particular to become competitive and success full. Thus from practical perspective this study result is important to create awareness and direct the intentions of leaders about the roles of organizational justice on commitment level of their employees to the organization. And also, it provides a lot to those policy makers at regional as well as national levels and to different business owner in particular to reform new guidelines, rules, regulations, and laws to
solve such problems that affect employee organizational commitment in the business as well as public organization.

4. Statements of the problem

It is generally recognized that intellectual and human capital is the foundation of competitive advantage in the modern economy. Accordingly, the contest among employers to attract and retain talented workers takes place in a world where technological advances and global competition are driving widespread change in employment patterns (Osborn & Jones 2001). Here, to crate committed employees in the organization, managers should try to understand the factors that will affect employees’ satisfaction and commitments. As Allen and Mayer (1990) expressed commitment is more related with attitudinal and emotional attachment based on shared values and interests with the organisation.

Thus when organization activities like resource allocation in respect to the balance between employees’ contributions and rewards, the procedures through which decisions are reached and the employee’s feelings about the process of organizational decision-making are operated through justice and fairness there will be committed employees in the organization, while the reverse is true.

But as the findings of Rajasekhar and Zelalem (2008) showed that, some Ethiopian companies were straight away unwilling to furnish meaningful freedom, equal and fair treatment, job satisfaction and humane treatment. As a result employees’ satisfaction and commitment to their organization became low.

Various studies conducted in different countries and cultures have already documented a positive relationship between organizational justice perceptions and organizational commitment (Aryee et al., 2002 and Lambert et al., 2007). However, in developing country particularly Ethiopia there is lack of study on the effects of organizational justice on employees’ commitment particularly in financial institutions, besides, it is not still clear, which component of organizational justice (distributive, procedural or interactional justice) is most central to the prediction of organizational commitment. Because, employees’ perceptions on organization's justice influence their attitudes and performance, which in turn will have an effect on their organizations, thus knowing how organizations are working fairly and with justice in employees’ related decision making is essential. There for this study were investigate the role of organizational justice in the commitments of employees for their organization with a particular reference of employees working at Gondar city banks.

5. Objectives of the study

5.1 General objectives

The main focuses of the study is to investigate the impacts of organizational justice on Organizational commitments of the employees in the particular references of Bank industries in Gondar city. Specifically the study was addressed the following objectives:

- To examine, the relation between distributive justice and organizational commitments
- To analyze the relation between procedural justice with organizational commitment
- To explore the relation between interactional justice with organizational commitment
- To examine the role of organizational justice dimensions on employees organizational commitment

6. Methodology of the study

This sub section contains an explanation of the research methods used and a brief description of the factors considered in methodological choices. Specifically, this subsection presents description of sources of data and data collection techniques, the process of questionnaire development and adoption, the sampling design and the techniques of data analysis utilized.

6.1 Type of Research Design

Explanatory research design was employed to collect relevant data concerning to the relationship between organizational justice and employees commitment in a bank industry with a
particular reference of banks found in Gondar city, Ethiopia. According to human resource departments of banks operated in Gondar city in 2015/16 there are a total of 250 employees in six banks operate in different activities. From 250 employee’s, sample size is determined by using a formula set by yemene (1967). Thus the study sample size was 153. A combination of purposive stratified and simple random sampling techniques are used to select respondents from the sample.

6.2 Sources and Types of Data
In this study both primary and secondary data was used as a source of information. Quantitative data were gathered through structured questionnaires as a primary source of information for the study. And primary data has been gathered from employees and their leaders/supervisors. A document analysis from relevant source was used as sources of secondary data.

6.3 Data Collection Instruments
The instrument to measure employee’s organizational commitment was adopted from Mowday et al. (1979, 1982). This scale was also used by Huselid and Day (1991) and Turker (2008). The revised instrument contains 9 items addressing various aspect of organizational commitment such as affective, continual and normative commitments

Organizational justice was measured by a scale developed by Niehoff and Moorman (1993) consisting of 18 items tapping perceptions of three dimensions: distributive justice (DJ; 5 items); procedural justice (PJ; 6 items); and interactional justice (IJ; 7 items). Participants was rated each statement on a five-point Likert type scale ranging from 1 (strongly disagree) to 5 (strongly agree).

6.4 Data analysis method plan
The study was applying frequency distribution to present the profile of the respondents. For the purposes of determining whether a statistically significant relationship exists between organizational commitment dimensions and organizational justice, the study was used the Pearson Correlation Coefficient, while to explore the effects organizational justice on employees’ organizational commitment the study were used regression analysis.

7. Result and discussion
Under this section, data collected from the employees are presented and the analysis is made based on the information obtained from respondents. In this manner, questionnaires were distributed to a total of 153 respondents and 120 (77.9%) respondents questionnaire were returned back and found usable for the stud. As a result the study tested hypothetically, and reviled the following results. The results of this study were analyzed by using the SPSS 20.0 software.

Table 1 Correlation between organization justice determinants and organizational commitment

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<th>Distribution justice</th>
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<td>Distribution justice</td>
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<td>Pearson Correlation</td>
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**. Correlation is significant at the 0.01 level (2-tailed).

Source: research survey 2017

✔ Hypothesis 1: *There is a positive and significant relationship between distributive justice and organizational commitment*

As it is indicated in table 1 above, the result of Pearson’s correlation coefficient of distributive justice is \(r=.631\) and \(p<0.01\), it shows that distributive justice has a positive and significant relationship with organizational commitment, which means the more employees perceived fairness of resource allocation in respect to the balance between employees’ contributions and rewards in the organization, the better will be in employees commitment and vice versa. From the above result distribution justice has high correlation compared with other organizational justice dimensions (procedural and interactional); finally since the correlation is significant and positive the first hypothesis was accepted.

✔ Hypothesis 2: *There is a positive and significant relationship between procedural justice and organizational commitment of employees.*

As it is indicated in the above table 1, the result of Pearson’s correlation coefficient of procedural justice is \(r=.610\) and \(p<0.01\), it shows that procedural justice has strong significant relationship with organizational commitment, that is the more employees perceived fairness of the procedures through which decisions are reached and the employee’s feelings about the process of organizational decision-making, the better commitment to the organization and vice versa. The result confirmed that procedural justice has a strong positive correlation with organizational commitment. Hence the second null hypothesis is accepted.

✔ Hypothesis 3: *There is a positive and significant relationship between interactional justice and organizational commitment.*

As it is depicted in table 1 above, it is noted that interactional justice is positively and significantly correlated (\(r=.596, p<0.01\)) with organizational commitment. The positive value of the correlation coefficient of interactional justice indicates that the nature of the employee-organization relationship and the degree to which employees are treated properly and respectfully by the organization and its managers, has positive relationship with employee’s commitments. Hence the third hypothesis is accepted.

✔ **H4: organizational justice dimensions positively affect employees’ organizational commitment**

Table 2 the regression analyses of organizational justice and commitment
The result in table 2 shows that organizational justice dimensions (distributive, procedural and interactional justice) were joint predictors of organizational commitment with (adjusted R2= 0.509; p<0.05). The predictor jointly explained 50.9% of the variance of organizational commitment whiles the remaining 49.1% could be due to the effects of other variables. In addition when we see the individual predictions of each dimensions, distributive, procedural and interactional were significantly independent predictors of organizational commitment with (B =0.338, 0.436, and 0.343; P< 0.05) respectively. This indicated that procedural justice has slightly high impact on employees commitment compared with distributive and interactional justice, since all dimensions are significant predictors of organizational commitments and collectively has positive prediction on commitment, organization justice induce employees committed in the bank industries. Thus the fourth hypothesis was accepted.
10 Discussions

For organizations to build up a work force consisting of highly levels of employee’s positive emotional attachment to the organization and feelings of obligation employees should treat properly, respectfully also there should have fair reward and recognition. Besides, feel fair decision making taken by supervisors and leaders of the organization.

Thus the results of this study are significant because it demonstrate a positive relationship between organizational justice and organizational commitment, as we can see from regression analysis table, organizational justice dimensions (distributive, procedural and interactional justice) were joint predictors of organizational commitment with (R²= 0.509; p<0.05) or 50.9%. This indicates treating employees fairly in every aspects and creating positive perception about organization justice will increase the commitments of employees to their job and organization.

Different studies were supported this findings, the empirical findings conducted by Cropanzano et.al., (2007) showed that fair process lead to intellectual and emotional recognition, thus in turn, creates the trust and commitment that build voluntary cooperation in strategy execution. Likewise the perception of a work environment as just has been shown to have a positive effect on the degree of employees’ organizational commitment and job satisfaction (Chen, Zhang, Leung, & Zhou, 2010).

11 Conclusions and Recommendations

It is clear that managers want their organizations to have sustainable performance and achievement. One of the ways to achieve this is to create favorable conditions to employees. Based on the findings of this study, in order to attain the commitments of employees at desirable level, the bank managers should develop organizational justice and crate ethical and fair environment in decision making, payment, recognition and equal treatments. This is because leaders can play a role in building commitment by assuring that the organization makes effort to address both the work content and the work context by engaging in management practices to increase psychological attachment of employees to the organization.

In future research, it would be interesting to assess causal relationships and consider alternative modes of enquires such as employing the longitudinal design (e.g. observations or interviews) to determine if the findings tested are likely to be sustained. Also, further research should evaluate the role of organization justice on employee’s job satisfaction, engagements and other dimensions.

13. Reference

- Allen, N., & Meyer, J.(1990),the measurement and antecedents of affective, continuance, and normative commitment to the organization. *Journal of Occupational Psychology, 63,1-18*


