

# **THE INFLUENCE OF ORGANIZATIONAL JUSTICE ON EMPLOYEE ORGANIZATIONAL COMMITMENT IN THE INFORMATION TECHNOLOGY SECTOR, PAKISTAN**

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## **ABSTRACT**

*The present study is conducted in the Information Technology sector of the Pakistan. The objective was to test the influence of organizational justice dimensions on employee commitment. We used sampling approach and collected data from 165 IT professionals working in various IT sector organizations. The measurement model results using the confirmatory factor analysis (CFA) shows that our variables had good convergent validity, divergent validity, and reliability. Our structural model results shows that organizational justice dimensions including distributive and interactional justice are significantly positively associated with employee affective, normative, and continuance commitment. Our results have implications for the management of the IT sector.*

**Keywords:** Justice, Commitment, CFA, Information Technology, Pakistan

## **INTRODUCTION**

The Information Technology (IT) industry in Pakistan is a promising industry as it showed positive growth for last consecutive four years. Similarly, in the year 2016-17, Pakistan IT exports were US\$3.3 billion which is expected to reach US\$ 5 billion in present financial years. The government of Pakistan has also adopted the policy of promoting IT industry and took different measures. For example, government is giving 3 years tax exemption to IT

industry start-ups, have established national business incubation centers geared towards IT sector, and facilitating IT industry in obtaining ISO9001 and other relevant certificates.

Furthermore, the Pakistan software export board (PSEB) is also playing positive role in boosting Pakistan IT industry by participating in different International trade fairs and promoting Pakistan software exports. The result is continuance growth in the IT sector as the contribution of software exports is almost 3.5% of total exports of Pakistan and sector is expected to add another 18000 jobs in the upcoming year (The News, 2018). Despite such growth, we are not in a favorable competitive position as compare to our rival neighbor. One reason for low competitiveness of IT industry in Pakistan is poor attention given to the human resource or staff issues. The present study is conducted in the Information Technology (IT) sector of Pakistan and investigate the influence of organizational justice on employee commitment. The rationale of conducting this study is that it not only fills the literature gap but also provide useful managerial insight about predictors of organizational commitment among IT sector staff.

### **Objectives**

The study objective is to assess the influence of organizational justice dimensions including distributive, procedural, and informational on employee commitment dimensions.

### **Significance of the Study**

The present study's theoretical significance is that it fills the literature gap by testing the organizational justice and commitment relationship in the IT sector, which is something very scarce in the literature. The practical significance of the study is that its findings can be used for diagnosis purpose by the management of IT sector. The findings can also be used to improve staff commitment among the IT sector staff and thus can help in reducing turnover and improving sector competitiveness. The benefit to the society is that if IT sector improve its HR function, it can improve IT sector general performance and in return there is greater revenue and greater employment opportunities for the society.

## **LITERATURE REVIEW**

### **Organizational Justice**

Organizational justice is degree to which workers in an organization perceive various events being fair (Colquitt & Greenberg, 2003). The role of organizational justice is that it works as a predictor of employee behavior, attitude, and work performance (Greenberg, 2017). The concept of justice can be traced to early human civilization (Erdogan, 2017). Initially, the concept of justice was a society level constructs which later applied in organizational context

and known as organizational justice (Greenberg & Colquitt, 2013). It is a perceptual process and is based on employee perception regarding justice and its related aspects in organizational context. There are different proposed dimensions of organizational justice dimensions; however, in this study, we focus on three dimensions model. The three dimensions include distributive justice, procedural justice, and interactional justice. Details are as follows.

### **Distributive Justice**

Distributive justice is the extent to which employees perceive fairness in organizational decision making (Greenberg & Colquitt, 2013). According to Berger, Zelditch, Anderson, and Cohen (2015), distributive justice is conceptually based on decisions related to employee wages, salaries, general pay, promotion, increments, and bonuses. In short, we can say that distributive justice is based on financial relationship between employer and employee. The concept of distributive justice is based on employee perception regarding fairness in pay and related decisions and is found to be associated with favorable employee outcomes (Lamont, 2017). Several HR practices such as promotion, increment setting, pay practices also influence employees perception regarding distributive justice. If employees perceive that there is lack of justice in terms of distributive justice, so it may lead to negative employee outcomes such as lack of satisfaction and higher turnover (Kenny & McIntyre, 2005).

### **Procedural Justice**

Procedural justice is degree of perceptual fairness in organizational decision making and the related process (Greenberg, 2017). Different criteria such as ethical standards, employee voice, bias suppression, and consistency are key criteria for judging the appropriateness of decision which relates with the procedural justice (Tornblom & Vermunt, 2016). Accordingly, employee perception of procedural justice is influenced by various HR decisions including selection, training, pay increments, promotion, career development, employee appraisal and performance management. Previous studies findings indicate that procedural justice is significant predictor of employee workplace behaviors including commitment, stress level, turnover, job satisfaction, and trust in management (Fulford, 2015; Greenberg, 2017; Nadiri & Tanova, 2010).

### **Interactional Justice**

Interactional justice is the employee perception of interpersonal relationship and behavior received from his/her supervisor (Tornblom & Vermunt, 2016). According to Rupp, Shapiro, Folger, Skarlicki, & Shao, (2017) interactional justice is based on informal individual and

collective relationship with supervisor and other official. Research suggest that besides the distributive and procedural justice which are formal in nature and relates with pay and related decisions, the interactional justice is also significantly important for the workers (Greenberg, 2017). For example, a lot of studies related to this topic shows that employee perception of interactional justice can strongly predict employee behavior at workplace including employee commitment, job satisfaction, and turnover behavior (Fulford, 2015; Nix & Wolfe, 2016; Xu, Loi, & Ngo, 2016).

### **Organizational Commitment**

Organizational commitment refers to the extent to which an individual worker identifies with their respective firm and willing to voluntary leave it (Greenberg & Colquitt, 2013). It is also referred as employee's psychological strength and attachment and involvement towards the organization (Meyer & Morin, 2016). Organizational commitment is a multidimensional concept and its dimensions include affective, continuance and normative commitment as proposed by famous three dimensions model by Allen and Meyer (1990). Their details are as follows.

#### **Affective Commitment**

Affective commitment is the degree of employee's emotional attachment with organization which leads to continuity with organization. According to Greenberg and Colquitt, (2013), affective commitment is about how emotionally attached an employee is towards organizational goals, values, customs, processes and so on. From organizational point of view, affective commitment is the most desirable commitment among all three dimensions since it is not based on any force but based on intrinsic attachment towards the organization by the employee (Meyer & Morin, 2016).

#### **Continuance Commitment**

According to Allen (2017), employee's feeling of obligation to stay with organization refers to normative commitment. Accordingly, employees while thinking about leaving the organization makes their calculations in terms of labor market conditions, alternative job choices, alternative salaries, unemployment period while searching for new job and so on. Based on these different factors and relevant calculations, employee decides whether they need to stay with the organization or not. If alternative choices are suitable so cost of leaving the current employer is low and employer may switch easily; while, if cost of leaving the current employer is high so employees will develop continuance commitment and tend to

stay with the firm.

### **Normative Commitment**

According to Allen (2017), normative commitment refers to the employee's obligation to stay with organization since they feel that this is their moral duty. This situation occurs when employees feel that employer did something good with them or employees have active socialization at workplace which works as a glue for employees to stay with organization (Sow, Anthony, & Berete, 2016). Employees who score high on normative commitment tends to continue working with organization and not leave it since they want to avoid disappointing the employer (Greenberg & Colquitt, 2013).

### **Relationship between Organizational Justice and Employee Commitment**

The previous studies shows that organizational justice dimensions are significant predictor of employees workplace behavior and attitudes including organizational citizenship behavior, turnover, absenteeism, productivity, trust on management, and so on (Berger, et al., 2015; Greenberg, 2017; Khan, Abbas, Gul, & Raja, 2015; Tornblom & Vermunt, 2016; Xu, et al., 2016). Studies also reports that organizational justice dimensions are found to be associated with employee commitment (e.g. Fulford, 2015; Nadiri & Tanova, 2010). For example, study by Wang, Liao, Xia, and Chang (2010) tested the influence of justice dimensions on employees' job satisfaction and work performance and organizational commitment works as a mediator in this relationship. A study by Suliman & Al-Kathairi (2012) showed that in the UAE context, the procedural and interactional justice dimensions are associated with employee affective and continuance commitment. Study by Khan, et al., (2015) showed that organizational justice is related with employee related outcomes including commitment while Islamic work ethics works as a moderator in this relationship. Study by Chen, Wu, Chang, Lin, Kung, Weng, and Lee (2015) showed that justice has significant influence on employee commitment level among the nursing staff. Overall, literature shows support for the hypothesized relationship.

## **RESEARCH METHODOLOGY**

he design of the present study is cross-sectional means single time data collection. The design is also descriptive and explanatory since it is attempted to map the current justice perception and commitment level and their interrelationship as well.

### **Research Approach**

The research approach utilized in this study is quantitative since it is suitable for the topic under investigation.

**Population of the Study**

The study population consist of all IT sector employees in the Pakistan which relatively unknown. Because of large population, sampling approach is utilized.

**Sampling**

Convenience sampling approach is used as it was easier to utilize. Based on the sample size calculator developed by Bartlett, Kotrlik, and Higgins (2001), 119 is our required sample size.

**Survey Measures**

Organizational justice dimensions are measure by instrument developed by Niehoff and Moorman (1993). In this scale, there is 9 items for interactional justice, 6 items for procedural justice, and 5 items for distributive justice. Organizational commitment dimensions are measured by instrument developed by Allen and Meyer (1990) consist of 7 items each for all three dimensions including affective, continuance, and normative commitment.

**RESULTS**

Table 1: *Demographics*

		Gender	Frequency
Gender	Male	121	73.3
	Female	44	26.7
Age	18-25	55	33.3
	25-40	97	58.8
	40-60	13	7.9
Qualification	Bachelors	32	19.4
	Masters	121	73.3
	Others	12	7.3

A total of 165 IT professionals participated in the survey. There were 121 male (73.3%) and 44 female (26.7%). Based on age category, 55 (33.3%) were in the age group of 18 to 25 years; 97 (58.8%) were in age group of 25 to 40 years; and 13 (7.9%) were in age group of 40 to 60 years. Based on qualification, 32 (19.4%) had bachelor level qualification; 121 (73.3%) had master level qualification and 12 (7.3%) had others level qualification.

**Measurement Model**

Initially, we used the confirmatory factor analysis for testing the measurement model. The initial model did not give adequate fitness and we used the model modification indices for improving the model. After we applied modification (creating covariance between error term of the same variables based MI >15), model fitness was achieved in the revised model. The construct reliability as assessed using the composite reliability and Cronnbach alpha and we

used the criteria of value of 0.70 or above as per the guidelines. For validity, we assessed the construct validity using the content, convergent, and discriminant validity. Content validity was assessed by comparing the literature and the questionnaire item and found satisfactory. For convergent validity, we used the comparison of factor loading of individual items and used 0.60 or above as standard criteria. The AVE of 0.050 and above is used for establishing the convergent validity; while, for discriminant validity, we used the Fornell and Larkcer criteria. The criteria is that square root of AVE should be greater than correlation between the constructs. The results of the revised model are shown below

Table 2

<i>Results of the Measurement Model</i>						
<b>Construct</b>	<b>Item</b>	<b>Factor Loading</b>	<b>AVE</b>	<b>CR</b>	<b>Cronbach Alpha</b>	
Distributive Justice	DJ1	1.004	0.929	0.984		.924
	DJ2	.787				
	DJ3	1.000				
	DJ4	1.011				
	DJ5	.999				
Procedural Justice	PJ1	.705	.869	.975		.949
	PJ2	.984				
	PJ3	.871				
	PJ4	1.000				
	PJ5	.997				
	PJ6	1.000				
Interactional Justice	IJ1	.691	0.936	0.992		.902
	IJ2	.739				
	IJ3	.812				
	IJ4	1.000				
	IJ5	1.022				
	IJ6	1.000				
	IJ7	1.281				
	IJ8	1.194				
	IJ9	.798				
Affective Commitment	Ac1	.991	0.980	.997		0.949
	Ac2	.987				
	Ac3	.958				
	Ac4	1.000				
	Ac5	1.105				
	Ac6	.832				
	Ac7	1.038				
Normative Commitment	Nc1	1.106	1.006	1.000		.953
	Nc2	1.156				
	Nc3	1.110				
	Nc4	1.000				
	Nc5	1.058				
	Nc6	.752				
	Nc7	.753				
Continuance commitment	Cc 1	1.052	0.958	0.993		.957
	Cc 2	1.000				
	Cc 3	1.187				
	Cc 4	.830				
	Cc 5	1.220				
	Cc 6	.786				
	Cc 7	.629				

Measurement model results show that all conditions for convergent validity and reliability are fulfilled i.e. factor loading are above 0.60; AVE is above 0.50; CR and Cronbach alpha are above 0.60.

*Correlation and the Square Root of AVE*

	DJ	PJ	IJ	AC	NC	CC
Distributive justice	<b>.964</b>					
Procedural Justice	.776	<b>.932</b>				
Interactional Justice	.443	.255	<b>.967</b>			
Affective Commitment	.735	.564	.530	<b>.990</b>		
Normative Commitment	.798	.586	.452	.876	<b>1.003</b>	
Continuance Commitment	.730	.777	.185	.575	.604	<b>.978</b>

The values in the bold diagonal are square root of the AVE while other values are inter-variable correlation. The requirement is that each square root of AVE of individual variable must be bigger than other values in its rows and column and this requirement is fulfilled in our data so indicating good discriminant validity.

Table 4  
*Measurement Model Fitness Indices*

Fit Indices	Recommended Value	Value Indices
X2/df	<3.00	2.735
GFI	>0.90	0.901
CFI	>0.90	0.932
RMSEA	<0.08	0.77

Model fitness indices indicate that our revised measurement model achieved the model fitness criteria e.g. RMSEA of less than 0.08 and CFI of above 0.90

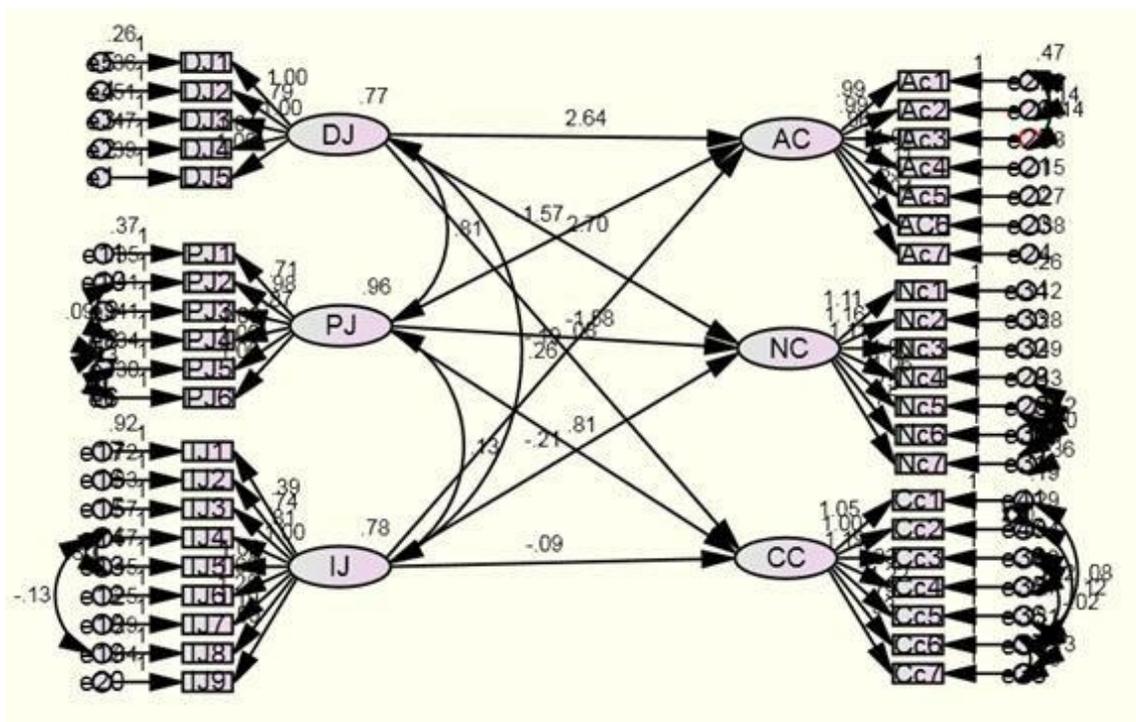


Table 5  
*Results of the Structural Model*

			Estimate	S.E.	t-values	P
AC	<---	DJ	1.399	.140	10.013	***
NC	<---	DJ	1.535	.152	10.089	***
CC	<---	DJ	.203	.035	5.733	***
AC	<---	PJ	-.253	.036	-6.943	***
NC	<---	PJ	-.278	.038	-7.262	***
CC	<---	PJ	.772	.048	15.948	***
AC	<---	IJ	.099	.039	2.560	**
NC	<---	IJ	.041	.040	1.030	.303
CC	<---	IJ	-.075	.026	-2.909	**

The results of the structural model indicate that distributive justice has positive and significant effects on affective commitment ( $\beta=1.399$ ,  $P<.05$ ); normative commitment ( $\beta=1.535$ ,  $P<.05$ ); and continuance commitment ( $\beta=.203$ ,  $P<.05$ ). Similarly, procedural justice has negative and significant effects on affective commitment ( $\beta=-.253$ ,  $P<.05$ ); and normative commitment ( $\beta=-.278$ ,  $P<.05$ ); and positive and significant effects on continuance commitment ( $\beta=.772$ ,  $P<.05$ ). The interactional justice has positive and significant effects on affective commitment ( $\beta=.099$ ,  $P<.05$ ); and continuance commitment ( $\beta=-.075$ ,  $P<.05$ ); while insignificant effects on normative commitment ( $\beta=.041$ ,  $P>.05$ ). Overall, our results indicate that justice dimensions mostly have positive and significant effects on employee commitment with the exception of procedural justice which is found to be negatively associated with commitment dimensions.

### **Discussion**

The objective of the study was to test the influence of employee perceived organizational justice and employee commitment. Our results show that organizational justice dimensions including distributive and interactional has significant positive influence on staff affective, normative, and distributive justice dimensions. These results are consistent with the findings of the previous studies which also found positive influence of perceived organizational justice on employees (e.g. Berger, et al., 2015; Fulford, 2015; Khan, et al., 2015; Suliman & Al-Kathairi, 2012; Tornblom & Vermunt, 2016; Xu, , et al., 2016). Overall, our results are consistent with previous studies results.

### **CONCLUSION**

The study concludes that in the context of IT sector, the organizational justice dimensions have positive effects on employees including organizational commitment. Therefore, the IT

sector in Pakistan needs to give greater attention to the employee's issues including organizational justice. It can also be concluded that the current perceived organizational justice is low which is causing low organizational commitment among the workforce along with other unfavorable outcomes.

### **Recommendations**

- The IT sector in Pakistan needs to improve the staff perception of organizational justice.
- The IT sector in Pakistan needs to give greater attention to staff salaries and related benefits. The concept of distributive justice must be followed while devising pay related policies and practices.
- The IT sector needs to improve staff perception of procedural justice by devising suitable practices which are transparent in nature.
- The IT sector need to give attention to the HR practices including recruitment, training, performance management, employee grievance and so on. By giving attention to the HR practices, staff perception of organizational justice can be improved.

### **Limitations**

The limitations of the study include small sample size and focus on single services sector. Furthermore, use of quantitative approach and single method of data collection is also its limitations.

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