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**The Impact of Perceived Organizational Injustice on
Employee Satisfaction, Organizational Commitment and
Turnover Intention: A Study of Employees in MNCs in
Malaysia**

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A Study of Employees in MNCs in Malaysia

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ABSTRACT

The purpose of this research was to examine the impact of perceived organizational injustice on employees' level of commitment and their intention to quit. This study also examined the mediating role of job satisfaction on the relationship of organizational injustice to employee commitment and their turnover intention in an organization. The presence of gender as a moderating role was tested in this study. Data were collected from a sample of 203 respondents. The model was tested using Statistical Package for Social Science (SPSS version 16.0 for Windows).

The findings have resulted in substantial acceptance of the hypotheses formulated. The results indicated that both distributive and interactional injustice had a positive influence on turnover intention and was negatively correlated to organizational commitment and job satisfaction. Procedural injustice was found to have direct negative influence on job satisfaction. Specifically this study also found that among the three dimensions of injustice, interactional injustice had the most impact on the organizational commitment and turnover intention. On the other hand, distributive injustice was found to have the most impact on job satisfaction compared to the rest of the injustice dimensions considered in this research. Job satisfaction was found to have mediating effect in the relationship among organizational injustice, organizational commitment and turnover intention. Gender was found to have moderating effect on the relationship between organizational injustice and turnover intention. The outcome of this study serve as guidelines to help managers better understand organizational behaviors specifically on how to minimize employee turnover, improve job satisfaction and organizational commitment, and at the same time make better decisions in managing the perception of distributive and interactional injustice when dealing with their employees.

ABSTRAK (BAHASA MALAYSIA)

Ketidakadilan di tempat kerja merupakan satu tajuk penyelidikan yang penting dalam bidang tindaklaku organisasi. Kebelakangan ini, tajuk yang berkaitan dengan ketidakadilan sering menjadi tajuk perbualan di kalangan para penyelidik bidang ini. Tujuan penyelidikan ini adalah untuk menyiasat kesan persepsi ketidakadilan di kalangan pekerja di organisasi terhadap tahap komitmen mereka dan juga keinginan mereka untuk meninggalkan organisasi. Kajian ini juga menyiasat bagaimana kepuasan kerja seorang pekerja boleh memberi kesan kepada tahap komitmen dan juga keinginan untuk meninggalkan organisasi tersebut. Berikutnya ialah maklumat yang diperolehi daripada hasil kajian ini.

Hasil kajian ini menunjukkan bahawa kedua-dua dimensi ketidakadilan iaitu distributif dan interaksi mempunyai kesan positif atas keinginan untuk meninggalkan sesebuah organisasi tetapi mempunyai hubungan negative terhadap tahap komitmen dan kepuasan pekerja. Dimensi prosedur didapati hanya mempunyai kesan negatif ke atas kepuasan kerja sahaja. Di samping itu, kepuasan pekerja juga didapati mempunyai kesan ke atas hubungan antara ketidakadilan organisasi, komitmen dan juga keinginan untuk meninggalkan sesebuah organisasi. Jantina juga didapati berperanan sebagai pembolehubah penyederhana dalam hubungan dengan element ketidakadilan, tahap komitmen dan keinginan untuk meninggalkan sesebuah organisasi.

Hasil penyelidikan ini patut dijadikan sebagai panduan kepada semua pengurus-pengurus di hari ini supaya pemahaman terhadap perlakuan pekerja dapat didalamkan lagi and mereka dapat menguruskan persepsi keadilan pekerja di organisasi dengan lebih baik.

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DEDICATION

This dissertation is dedicated to my parents Chung Seow-Tin and Gan Saa-Har. They have given me unconditional love, encouragement, guidance and support throughout my entire life, which has ultimately provided me strength, courage and determination to take up this challenge and complete this dissertation. I would also like to dedicate this dissertation to my beloved wife, Chew Tit-Fern and my lovely daughter, Chung Clare-Ryss. Without their love, patience, sacrifices, and understanding throughout this entire process, this dissertation would not have been possible.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

As organizations grow, human capital is the key element that drives the growth of an organization and therefore the ability of an organization in retaining its high performing employees will bring great reward and success to the organization itself. It is essential for organizations to pay greater attention to key organizational behaviors such as employee work performance, commitment and job satisfaction since organizational outcomes or behaviors may affect organizational performance (Kramer, 1999; Rodwell, Kienzle & Shadur, 1998; Yousef, 2000; as cited in Chen, Silverthorne and Hung, 2005). One of the most prominent factors that may affect organizational behaviors is actually organizational justice, which according to Greenberg (1993) basically explains an individual's (or a group's) perception of justice or fairness pertaining to treatment received from an organization and the behavioral responses to such perceptions.

Organizational justice has been a subject of great interest with extensive discussion mainly in organizational research during the past decade. It has been demonstrated that organizational justice has a direct impact on organizational outcomes. According to Latham and Pinder (2005), the perception of unfairly treated or undervalued may cause employees to respond emotionally (e.g., low commitment or dedication) and behaviorally (e.g., high turnover). A number of studies conducted in the past also confirm that organizational outcomes are very much influenced by organizational justice and job satisfaction (McFarlin and Sweeney, 1992), organizational commitment (Folger and Konovsky, 1989), as well as organizational performance (Alder and Tompkins, 1997). It is clear that organizational justice has been shown to have a significant impact on employees' attitudes such as job satisfaction,

work motivation and commitment to the organization (Cropanzano, Byrne, Bobocel and Rupp, (2001); Niehoff and Moorman, 1993; Moorman, 1991).

According to Mikula (1986), in a phenomenological study conducted earlier, one of the social settings where frequent injustice or unfairness occurred or perceived to have taken place is workplace. For example, in the workplace, fairness is often gauged by the link between one's efforts and the rewards received. It is perceived fair when one exerts more effort receives more benefits. . It is unfair when one's contributions are not compensated accordingly. In other words, people view exerting more effort as deserving of more rewards. Likewise, it is considered unfair when organizations give special treatment to certain individuals on the basis of age, sex, or race. For example, it is considered a form of injustice and discrimination when employees who are in the same position, receive different pay and benefits because of their gender or race.

While there are many research has been conducted in the area of organizational justice, little was done specifically to examine the mediating effects of job satisfaction between organizational injustice, organizational commitment and turnover intention. On top of that, this study also intends to investigate the role of gender as the moderating variable on the relationship mentioned above. This study was conducted in MNCs, Penang state of Malaysia.

There are three reasons this research is being initiated. First, this study attempts to assess the impact of organizational injustice on employees' level of commitment to their organization as well as their intention to quit. Second, this study also intends to evaluate the influence of job satisfaction as a mediating role on the relationship above. In addition the two

purposes mentioned earlier, this study would also investigate the moderating role of gender on the relationship between organizational injustice and job satisfaction, organizational commitment and turnover intention.

1.1 Problem Statement

“That’s not fair! This is unfair!” No single word has come to define perceived injustice as much as ‘unfairness’. Searching in the Internet dictionary, led to realization that “fair” has been defined as (a) free from bias, dishonesty or injustice, equitable, impartial, legitimate, in accordance with the rules or standards; and (b) offering an equal chance of success. Cohen (1986, p.4) defined justice as “a central moral standard against which social conduct, practice and institutions are evaluated”. In other words, ‘fairness’ embodies the concepts of justice and “rightness”. To be treated ‘fairly’ or justly means that one is treated according to the established rules or standards in our community today; and treated in the same unbiased, equitable way as one’s colleagues, neighbours or friends.

‘Fairness’ is an attitude of mind that influences judgments. A person’s sense of fairness enables them to recognise incidents and instances of undeserved treatment, whether good or bad. The difference between ‘what we perceive’ and ‘what we expect to perceive’ then drives us to find an explanation to ‘justify’ disparate behaviors or treatments. If a justification cannot be found, a sense of unfairness or injustice can affect us emotionally and behaviourally, which will eventually affect organizational performance. In this research, unfairness and injustice are used interchangeably.

While organizations strive towards becoming lean and cost effective under current global economic condition (affected by the financial crisis in the US), issue of justice is again

under the spotlight. Under pressure to perform, various actions are taken by organizations to improve operational margin and net profit through expense reduction. Of all those actions taken, activities that involved cost reduction impact employees dearly. Many of these affected employees tend to view such measures or actions taken by the organization as unfair and merely an act of injustice and therefore create the feeling of unappreciated. In the long run, employees' level of satisfaction and commitment will be badly affected.

Therefore, perception of injustice over time forms in organizations and somehow or rather influences many critical factors in organizational behaviors especially the well being of its employees. It is therefore vital to examine and understand the impact of perceived injustice in organizations particularly on organizational outcomes such as job satisfaction, organizational commitment and turnover intention. This study will also investigate the mediating effects of job satisfaction as well as the moderating role of gender in the relationship mentioned above.

1.2 Research Objectives

The aim of this study is to investigate the relationships among organizational injustice, organizational commitment and turnover while taking into account job satisfaction as a mediating factor and gender as a moderator. While previous literature mostly focuses on the relationship between organizational justice and employee well being, this study helps researchers to understand the impact of organizational injustice in companies with a relatively younger population of employees from multi-national semiconductor companies in Penang, in terms of organizational commitment and turnover intention. This study also intends to examine how job satisfaction mediates the relationship between organizational injustice and

employee commitment as well as the turnover intention. This study will also examine the role of gender in moderating the relationship mentioned above. As such, this study primarily aims

- 1) To investigate the relationship between organizational injustice and organizational commitment.
- 2) To investigate the relationship between organizational injustice and turnover intention.
- 3) To investigate if job satisfaction mediates the relationship between organizational injustice and organizational commitment.
- 4) To investigate if job satisfaction mediates the relationship between organizational injustice and turnover intention.
- 5) To investigate if gender moderates the relationship between organizational injustice and organizational commitment.
- 6) To investigate if gender moderates the relationship between organizational injustice and turnover intention.

1.3 Research Question

Based on the research objectives discussed above, this study attempts to address the following issues.

- 1) What is the relationship between organizational injustice and employee commitment?
- 2) What is the relationship between organizational injustice on turnover intention?
- 3) Does job satisfaction mediate the relationship between organizational injustice and organizational commitment?
- 4) Does job satisfaction mediate the relationship between organizational injustice and turnover intention?

- 5) Does gender moderate the relationship between organizational injustice and organizational commitment?
- 6) Does gender moderate the relationship between organizational injustice and turnover intention?

1.4 Scope and Significance of Study

While justice judgment is related to a number of organizational outcomes, it is essential to study the impact of perceived injustice in organizational settings. Given that most injustice occurred at the workplace, this study focuses on employees' perceptions of unfairness at workplace, which researchers commonly termed it as organizational injustice and how these perceptions will impact organizational behaviors particularly job satisfaction, employee commitment and turnover intention.

A significant amount of organizational research backs the claim that perceived organizational justice contributes to favourable consequences in organizational behaviors (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). For example, when there is perceived fairness or whenever an organization experiences a sense of justice, work performance and commitment will increase (Pfeffer & Langton, 1993) while employee withdrawal behaviors such as absenteeism and turnover intention will decrease (Hulin, 1991). Even though organizational justice has received significant attention, researchers mostly considered the consequences that involved dependent variables that are naturally attitudinal or behavioral such as organizational commitment (Alexander, Sinclair & Tetrick, 1995) and sense of trust in the organization (Konovsky & Pugh, 1994).

Overall, there are a few critical reasons why this study is of great importance to the field of study. Firstly, most of the literature in the past focuses on organizational justice and not organizational injustice. Secondly most of the literature of justice focuses on western context and only a couple was done on Asian context. In fact, no past research was done for the Malaysian context focusing on MNCs with respect to the unique relationship that this study is looking into. It is of great interest to specifically focus on MNCs as this study will help to shed lights into the perception of local employees towards the management style of these MNCs. Also there is little research being performed to examine the mediating effect of job satisfaction on the relationship of organizational injustice to organizational commitment and turnover intention. Similarly, there is also very limited study on the moderating role of gender on the relationship of justice mainly only done by Major & Deaux (1982) and Sweeney and McFarlin (1997). This study attempts to fill this gap in the literature.

This study investigates the relationship between perceived organizational injustice and organizational behaviors mainly commitment and turnover intention mediated by job satisfaction in semiconductor companies in Penang, Malaysia. This research is expected to contribute to existing literature in five main ways. This study extends the research by (a) examining the impact of three distinguished types of fairness (distributive, procedural and interactional) on organizational commitment; (b) examining the impact of organizational injustice on turnover intention; (c) examining the relationship of job satisfaction to organizational commitment and turnover intention; (d) examining the relationship between perceived organizational injustice and organizational commitment and turnover intention mediated by the level of job satisfaction among employees; (e) examining the moderating effect of gender on the relationship between organizational injustice and commitment as well as the turnover intention.

It is hope that this study will add to the existing literatures mainly in the area of organizational injustice and its relationship with organizational commitment and turnover intention. The findings would be beneficial in the subject of international human resource development by specifically focusing on how organizational injustice would impact the commitment level as well as the turnover intention of employees in MNCs, Penang, Malaysia. This study also reveals to what extend job satisfaction actually affects organizational commitment and turnover intention in organizations that are plague with high perception of injustice among its employees. From an application point of view, organizations can use the findings of this study to help managers better understand the factors to building a highly committed workforce and addressing withdrawal behaviors such as absenteeism and retention issue due to high turnover. The managers can utilize the results and recommendations from this research to tackle the issues from the perspective of organizational injustice and also how job satisfaction play a role in mediating the relationship of organizational injustice to organizational commitment and turnover intention.

1.5 Summary and Organization of Remaining Chapters

From the above discussion, it is clear that organizational justice plays a critical role in affecting employee's attitudes and behaviors, which in turns may influence organizational performance. Past studies have shown that perceived organizational injustice contributes to unfavorable consequences in organizational behaviors. It is obvious that there is a lack of study being done on organizational injustice especially pertaining to its impact on organizational commitment and employee turnover intention with job satisfaction serving as a mediating factor. Consequently, this study will serve to examine organizational injustice in the Malaysian organizational framework and its impact on organizational commitment and

turnover intention as well as to assess if job satisfaction mediates the relationship above and also the role of gender as a moderating factor.

The subsequent chapters of this study have been organized as follows: Chapter 2 presents an overview of literature on organizational justice (or injustice), types of organizational justice, organizational commitment, turnover intention, job satisfaction on organizational commitment, job satisfaction on turnover intention, influence of gender on the relationships above. The theoretical framework and the development of hypotheses of this study are presented in Chapter 2. Chapter 3 outlines the methodology used in this study as well as the research site, sample size and procedures and statistical analyses or methods used in this study. Chapter 4 covers the various analyses results from the data collected and a summary of the findings. Finally Chapter 5 concludes the research through thorough discussion of the findings of this study summarized in Chapter 4. This chapter also includes implications of the study followed by suggestions for future research together with the limitations of this research.

CHAPTER 2

LITERATURE REVIEW

2.1 An overview of organizational injustice

For the last few decades, many organizational justice literatures have acknowledged and explained the important types of justice in organizations. In order to better investigate the impact of perceived organizational injustice or unfairness at work or in an organization, it is essential to review the construction and development of these organizational justice theories. Based on the literature review performed, element of justice can be categorized into three, that is distributive, procedural and interactional.

Particularly in the recent two decades of research, organizational justice has been recognized as an important factor that affects employee perceptions of their job as well as their organization. In fact, the perception of organizational justice influences positive work outcomes (Ramaswami & Singh, 2003), organizational commitment (Whisenant, 2005; Barling & Phillips, 1993; Folger & Konovsky, 1989), job satisfaction (Clay-Warner, Reynolds, & Roman, 2005; Harvey & Haines, 2005; Lambert, 2003), organizational citizenship behavior (Blakely, Andrews, & Moorman, 2005; Moorman, 1991; Williams, Pitre, & Zainuba, 2002), self-esteem (Cremer, Knippenberg, Dijke, & Bos, 2004), and organizational trust (Hubbell & Chory-Assad, 2005). In contrast, a lack of organizational justice can result in such negative outcomes as workplace aggression (Kennedy, Homant, & Homant, 2004), resistance (Chory-Assad & Paulsel, 2004; Paulsel & Chory-Assad, 2005), revenge (Bies & Tripp, 2001), and employee turnover (Abrams, Ando, & Hinkle, 1998; Byrne, 2005; Hendrix et al., 1998; Jones & Skarlicki, 2003)

2.1.1 Distributive justice

Distributive justice is the perceived equity or fairness of how resources (inputs) and rewards (outputs) are being distributed throughout an organization. Since 1960s, researchers started to study on organizational justice topic but the focus back then were primarily on distributive justice. An influential research study by Adams (1965) initiated “equity theory” within the context of distributive justice. Equity theory merely explains how people’s perception of how fairly they are treated in social exchanges at work will influence their level of motivation. According to Adam, the fundamental aspect of equity theory is that employees first evaluate the inputs (efforts) to outputs (rewards) ratio of their personal contribution and subsequently compare that ratio with others in similar work environment.

Equity theory is basically a theory of motivation, which assumed that individuals are motivated by aspiration to be treated fairly or equitably. In the event that these ratios are not equivalent to a certain aspect, people perceive that inequity or unfairness exists. According to equity theory unfairness exists when a person receives comparatively both too much rewards (overcompensated) and a tad too little in rewards (under-compensated). There are two possible responses when people experience inequity or injustice. First is in the form of behavioral adjustments such as changing the amount of effort put into the job or changing the performance level while the second responses would be in the form of cognitive adjustments such as changing the input or output of the reference person, changing the reference person or even to the extend of changing attitudes. For example, individuals will attempt to restore the feeling or sense of equity by altering their inputs (e.g., less commitment/effort) or outputs (e.g., steals from organization).

Nevertheless, equity theory does not specify under what conditions each of these reactions would occur (Byrne & Cropanzano, 2001). Despite the limitation, equity theory does raise the issue of methods to address inequity or perception of injustice, which potentially cause problems with employee well-being issues such as absenteeism, turnover and morale. Due to the limitations of equity theory mentioned, it has prompted a change in focus and emphasis in organizational justice investigation toward procedural justice.

2.1.2 Procedural justice

According to Folger and Cropanzano (1998), procedural justice relates to perceptions of fairness regarding the methods, mechanisms, and processes used to determine these outcomes. The research in procedural justice begins in the mid of 1970s when Thibaut and Walker published their influential work, which basically evaluated the Anglo-American adversarial legal system to the European inquisitorial system.

Thibaut and Walker (1975) found that because the adversarial system lets the disputants an opportunity to have a say in the process therefore during the trial or presentation of evidence, the adversarial legal system was seen as fairer than the inquisitorial system. A clear example of this was found in a laboratory studies back then when participants usually believes that a process appears to be fair when they had a chance to voice their opinion in the process, even though the outcome resulting from the process was not favorable to them in any way. The result merely suggests that the way people evaluate a procedure in terms of fairness very much depends on whether there are opportunities to exercise their voice during the procedures itself.

The understanding of this issue was further refined and the difference between having actual/real control over a procedure and having opportunities to voice one's opinions about a procedure was further discussed (Lind & Tyler, 1988). The difference was represented in two models to explain why merely having a voice can enhance procedural justice. The first model is called "self-interest model" suggesting that individuals want to exercise their right to voice over procedures because by doing that, it provides them the chance and opportunity needed to influence the outcome.

The second model is based on the "*group-value model*", which proposed that opportunity to voice will satisfy people's desire to be heard, despite the real influence they have over the outcome. According to Lind and Tyler (1988), a simple act of expressing one's opinion would yield positive effects, merely because it encourages group unity among those who are involved in the process. Although this action may not bring about instantaneous gain (e.g., desired result) but in the longer term it will bring benefit to the group whereby members would then perceive that they are valued and treated with dignity and respect (Lind & Tyler, 1988).

While Thibaut and Walker (1975) came out with the proposal, and Lind & Tyler (1988) further refined it with a voice participation or in other words participation of one's own opinion. In between that period, as proposed by Leventhal (1980) below are the set of rules for equity or fair processes of decision making:

- 1) Accuracy—procedures will guarantee that accurate information is collected and used correctly in decision-making processes.
- 2) Bias-suppression—procedures are prejudice free,

- 3) Consistency—procedures should be consistently applied across people and across time,
- 4) Correctability—procedures should employ mechanism to correct inaccurate and inconsistent decisions,
- 5) Ethicality—procedures that kowtow to personal or current standards of ethics or principles.
- 6) Representativeness—procedures to ensure that the view point from various groups affected by the decision are factored into account, and finally

These rules naturally make sense and in fact, most researches on procedural justice in organizations are very much entirely built on Leventhal's principle but according to Byrne & Cropanzano (2001), they did not actually come from empirical data. Several studies (e.g., Folger & Konovsky, 1989; Greenberg, 1986; Lambert et al., 2005) have however verified and supported Leventhal's rules while other work has helped broaden the arena. As an example, in three studies reported by Tyler and Griffin (1991), using fair procedures in resource allocation helped maintain positive interpersonal relationships among group members, and Tyler (1991) also discovered that respondents were less likely to be concerned about the outcome of an allocation when the procedure was perceived as fair. While conceptual distinctions between distributive and procedural justice are reasonably clear, it is still less than distinct when it comes to how these two justice perceptions function. Data from previous literatures show that three recent meta-analyses reported estimated population correlation of 0.55, 0.64, and 0.67 between distributive and procedural justice (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter & Ng, 2001; Hauenstein, McGonigle, & Flinder, 2001).

Some studies were unable to distinguish between these two types of fairness, however, suggesting that fairness is one-dimensional. This led to a two factor model of fairness that was controversial. High correlation was found between the two. Welbourne, Balkin, and Gomez-Mejia (1995) reported a high correlation of 0.74 between procedural and distributive fairness. Similarly, McFarlin and Sweeney (1992) found a correlation of 0.67 between the two. Yet research carried out by Singh and Widing (1990) argued that the perceived fairness of the process should be distinctly separated from the outcome of the process. A distinction between these two was made:

Distributive justice refers to the perceived fairness of the amounts of compensation employee receive; procedural justice refers to the perceived fairness of the means used to determine those amounts (Folger & Konovsky, 1989, p.115)

2.1.3 Interactional justice

According to Bies & Moag (1986), while organizational justice research had focused on results (outcomes) and procedures as the foundations for justice judgment, research has neglected the importance of social interactions. Therefore a third dimension to organizational justice called interactional justice is introduced. Interactional justice is defined as “the interpersonal treatment that employees receive during the enactment of organizational procedures” (Bies & Moag, 1986, p. 44). Results from their research done on MBA students has identified four primary communication criteria that are required to ensure a fair recruitment process. They are honesty, respect, rationalization and propriety in questioning. Though these criteria were derived from a very unique perspective, later studies have been shown to use them to evaluate interactional justice in various situations in organizational settings (Colquitt et al., 2001; Niehoff and Moorman, 1993; Moorman, 1991).

Some have questioned on whether interactional justice is merely a subset of procedural justice or perhaps it is actually a third type of organizational justice, which many were thought to have neglected it. Although interaction is defined as social enactment of formal procedures, Bies and Moag (1986) stress that interactional justice is not the same as procedural justice and it should be treated as an independent component from procedural. According to them it is related to the way information are communicated and also whether the decisions affecting individuals were made politely mainly with respect and dignity. McDowall and Fletcher (2004) relate interactional justice to fairness in interpersonal communication with respect to organizational procedures. On the other hand, Greenberg (1993) considers interactional justice as a social aspect of both distributive and procedural justice. He categorized interactional justice into two sub dimensions, informational and interpersonal.

Informational justice is referred to as a social aspect of procedural justice, concerning “careful consideration of relevant facts and reliance on accurate information”, whereas interpersonal justice is defined as a social aspect of distributive justice, involving “tactful communication of outcomes and expressions of sincerity” (Greenberg, 1993, p. 237). During an experiment performed on undergraduates, Greenberg (1993) also has successfully proven that both informational validity (an operationalization of informational justice) and interpersonal sensitivity (an operationalization of interpersonal justice) independently influenced participants responses to injustice (under-compensation). Other researchers, Cropanzano and Ambrose (2001) also support Greenberg’s view (1993), by stating that interactional justice consists of “part procedure, part outcome” (Cropanzano & Ambrose, 2001, p. 125).

Bies (2001) who proposed interactional justice as a third dimension of organizational justice explains that because earlier research from Bies and Moag (1986) had discussed interactional justice from the perspective of a decision making process in work organizations, it was mistakenly deduced as a subcomponent of procedural justice. Bies (2001) however insists that interactional justice actually can be distinguished from procedural justice if the conceptualization is not restricted to interpersonal treatment quality during the enactment of formal organizational procedures.

The debate on a new dimension of organizational justice has created a cloudy arena. However studies have found that interactional justice did make a distinctive contribution in explaining many organizational outcomes in addition to distributive justice and procedural justice (Cohen-Charash & Spector, 2001; Colquitt et al., 2001). Hence, this study is examining three dimension of organizational injustice: distributive, procedural and interactional injustice. The following section explores the relationship between justice and its outcomes.

2.2 Organizational commitment

The topic of organizational commitment has been generating a great deal of interest in the past few decades and several researches in the past have been directed at determining its antecedents (e.g., Bateman and Strasser, 1984; Iverson and Roy, 1994; Mottaz, 1998; Russ and McNeilly, 1995; Clugston, 2000). Past researchers have acknowledged organizational commitment as both an antecedent as well as a consequence of many work-related variables. In fact organizational commitment has been described by majority of these studies as commitment targeted exclusively towards the organization as an

administrative entity which is very much aligned with the concept of organizational commitment described by Porter et al. (1974) as below.

- 1) Having faith in and overall acceptance of organizational goal and objectives;
- 2) Willingness to contribute beyond the call of duty and work hard for the organization;
and
- 3) Significantly strong intention to remain in the organization

On the other hand, Mowday, Steers and Porter (1979) and Mowday, Porters & Steers (1982) defined organizational commitment as “the relative strength of an individual’s identification with and involvement in a particular organization”. This basically means the level of participation and association that a person has with an organization. Mowday and Steers (1979) found that there is positive strong correlation between job satisfaction and organizational commitment. The Mowday et al. (1979) organizational commitment questionnaire is a well-established scale and has been used extensively by many other researchers such as Koch and Steers (1978) and Cook and Wall (1980). The data collected has a high reliability index of 0.9, which makes it a top choice for this study to use as a reference.

Apart from that, investigations found that many researchers have done extensive discussion in great length as well as empirical study on organizational commitment in the past and based on a famous model proposed by Meyer & Allen (1991), organizational commitment consists of three main components, specifically affective, continuance and normative. The first component, affective commitment is defined as the employee’s level of participation in, extent of emotional connection to and level of association with, the

organization. In other words, it refers to the intensity of an individual's commitment to and association with an organization in comparison with his/her peers. Subsequently, Dipboye, Smith & Howell (1994) and McCaul & Hinsz (1995) found that there are basically three aspects that best describe affective commitment: mainly the acceptance of organizational objectives and values, the motivation to put in extra effort for the benefit of the organization and the intention to stay put in the organization.

Meyer & Allen defined continuance commitment, which is the second component as the level of commitment that employees have towards the organization because of the costs associated with leaving the organization. The continuance components can also be described as the level of commitment that employees hold towards the organization due to the investments made by them so far or the cost that they would have to pay in the event they leave the organization (Dipboye et al., 1994; Mathieu & Zajac, 1990). This type of commitment builds up only when employees discover that they would stand to lose a significant amount of investments if they choose to leave the organization or because there is not much option available to them. The obvious difference between affective commitment and continuance commitment is that, while employees with high affective commitment stay in the organization because they insist to, employees with high continuance commitment stay because they have to or rather they have no other choice but to do so (Meyer, Allen & Gellatly, 1990).

Whereas normative commitment, the third component of organizational commitment represents the employee's sense of obligation to stay in the organization. The underlying commonality between these three components lies in the fact that all of them demonstrate the degree to which employees are willing to stay with an organization. Numerous authors have

presented evidence that supports the unique nature of these three components. Nevertheless Price (1997) defined organizational commitment as the degree of loyalty that an individual has for their organization. In summary of the above-mentioned theories extracted from past literatures, employees with strong affective commitment stay with the organisation because they want to, while those with high continuance commitment stay because they need to, and those with high normative commitment choose to remain with the organization because they feel obligated to (Schappe and Doran, 1997).

In terms of its relationship with organizational outcomes, even though theoretically organizational commitment is multidimensional in form, it is mostly confirmed and verified based on the attitudinal approach in all the previous studies (O'Reilly & Chatman, 1986; Price & Muller, 1981; Steers, 1977). In addition, previous studies have also found organizational commitment to be strongly related to negative work outcome such as absenteeism and turnover intention (Dunham et al., 1994; McFarlane & Wayne, 1993; Somers, 1995).

Organizational commitment has also been presented in various studies as a consequence of work setting variables, role status and individual variables and it has also been identified as one of the key predictors of absenteeism, performance and turnover (Mathieu and Zajac, 1990). Past studies have also found positive relationship between organizational commitment and desirable work outcome such as performance and job satisfaction (Angle & Perry, 1981; Hunt, Chonko & Wood, 1985; Porter et al., 1974; Steers, 1977).

In addition, there are numerous studies that found negative relationships between organizational commitment and damaging work outcomes such as absenteeism and turnover (Angle & Perry, 1981; Hom, Caterberg & Hulin, 1979; Hunt et al., 1985; Lum, Kervin, Clark, Reid & Sirola, 1998; Sims & Kroeck, 1994). In fact, as reported by Porter et al (1974), studies found that organizational commitment is a better predictor of turnover intention compared to job satisfaction. Other researchers have also confirmed that organizational commitment does have strong positive relation to both performance and intention to stay (Black, Gregerse & Mendenhall, 1992). Couple of studies on gender as the moderating factor on organizational commitment observed that females were found to be more committed than males (Angle & Perry, 1981; Sullivan, 1982).

Despite all the findings, the issue of commitment have continued to be an important aspect for managers in organizations (Tushman & O'Reilly, 1997; Limerick, Cunnington, Crowther, 1998). In today's world of fast speed and degree of change in organizations, managers are continuously on the look out for ways to enhance and inculcate employees' commitment and competitive advantage.

2.3 Turnover Intention

Employee retention has become the major challenge facing many organizations today. Vast empirical research has been performed in the past on the relationship between human resource practices and employee turnover, particularly from the organizational perspective (Shaw, Delery, Douglas & Gupta, 1998). Boselie, Dietz & Boon (2005) successfully isolated 27 empirical articles pertaining to human resources and turnover within the time span of 10 years from 1994 up till 2003. Employee retention is typically a much better investment if compared to recruiting new employee for replacement simply due to the cost involved in

hiring, providing orientation and training of new employee (Mitchell, Holtom, Lee, Sablinski & Erez, 2001; Farrel, 2001). Another important effect is the impact of all these activities on organizational productivity.

Turnover process typically means separation or the severance of relationship between an individual employee and the organization. The intention of an employee to either leave or stay is essentially a result of emotional attitudes toward their commitment and obligation as well as the perceptions that there is better external employment options available (Harvey, 1989). Although the actual quitting behavior is the main focus for employers and researchers, turnover intention proved to be a strong proxy to measure such behavior.

Mobley (1977) defined turnover intention as the intention to leave a job or work setting on a voluntary basis. Lyon (1971) defined turnover intention as one's propensity to leave an organization willingly. From a wider perspective of the concept, turnover intention can be described as a plan to voluntarily change or switch organization or totally leave the work market. In this study, there are several reasons why turnover intention is used instead of turnover itself.

First, this study is only interested in the present employees instead of those who had already left and are no longer associated with the organization. Secondly, the event of actual turnover is subjected to the world economic situation as well as situations in the labour market (Carsten and Spector, 1987; Dipboye et al., 1994). This basically indicates that the actual turnover would not provide researchers with sufficient or accurate information into the effects of job satisfaction and organizational commitment.

In addition, turnover intention is one of the elements in the list of withdrawal behaviors, and it also serves as a mediator between assessments, which is related to the intention to leave and the actual turnover itself in any turnover process models. On top of that, turnover intention is preferred in most research because in general the theory of intended behavior suggests that behavioral intention is an excellent predictor of actual behavior (Ajzen, 1991). According to Ajzen and Fishbein (1980) and Igbaria and Greenhaus (1992), intentions are the most direct determinants of actual behavior.

In line with the theories mentioned above, empirical evidence from previous research also found that intention to stay or leave is strongly related to voluntary employee turnover (Mobley et al., 1978; Newman, 1974; Griffeth & Hom, 1988; Mathieu & Zajac, 1990). In the past, researchers have found that the strongest predictor of actual turnover in organizations is actually the turnover intention itself either to leave or stay (Shoptaugh, Phelps and Visio, 2004; Hendrix, Robins and Summers, 1999; Mowday, Porter & Steers, 1982). According to Mowday, Porter and Steers (1982), turnover is considered as the most significant indicators of organizational well-being. Employee turnover is one of the aspects most studied in organizational research however no solid conclusions exist as to the turnover process itself (Cotton and Turtle, 1986). There were also studies that found younger and less tenured employees actually have the highest intention to quit (Cotton and Turtle, 1986).

According to Futrell and Parasuraman (1984), turnover intentions are the most accurate indicator of potential impending turnover. In fact, some studies found that because intentions include one's personal opinion, perception and judgment therefore it offers a more superior explanation of turnover (Mobley, Griffith, Hand & Meglino, 1979). Past empirical research models of turnover (Bluedorn, 1982; Joreskog & Sorbom, 1984) have also found

that the instant determinants for actual behavior (turnover) are behavioral intentions. Apart from that, some literatures have also recommended using turnover intention instead of the actual turnover because it is much cheaper in cost to collect data on turnover intentions compared to actual turnover itself (Bluedorn, 1982; Coverdale & Terborg, 1980). Subsequently, meta-analysis performed by Steel and Ovalie (1984) confirms that there is a strong connection between turnover intentions and turnover. The meta-analysis results from past studies also proved that turnover intention is a better predictor of turnover than organizational outcomes (affective variables) such as job satisfaction and organizational commitment.

As a result, this study chose to employ turnover intention, keeping in mind that research results from past literatures have verified that turnover intention does ultimately lead to actual turnover (Mobley, Horner & Hollingsworth, 1978; Steel and Ovalle, 1984). In this study, turnover intentions are defined as the thoughts of the employee with regards to leaving the organization voluntarily (Whitman, 1999).

2.4 Job satisfaction

Job satisfaction is definitely one of the most famous work-related attitudes and most frequently studied in the fields of industrial, organizational psychology as well as organizational behavior (Spector, 1997). Greenberg and Baron (1997) defined job satisfaction as an individual's responses towards his or her job from the cognitive, affective and evaluative perspective. Job satisfaction was also defined as the condition whereby the actual outcomes match the individual's needs and expectation (Locke, 1984). Cranny, Smith & Stone (1992) describe job satisfaction as a mixture of cognitive and emotional reactions to the