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Predicting Employees Organizational Loyalty through Perceived Organizational Justice Components

Ali Mehdad, PhD
Department of I/O psychology
Islamic Azad University, Esfahan (Khorasghan) Branch

Atefe Khoshnami
Department of I/O psychology
Islamic Azad University, Esfahan (Khorasghan) Branch,

This study investigated the effects of perceived organizational justice components (distributive, procedural and interactional) in predicting employee loyalty to organization. Participants included 197 employees of a big public organization in Tehran, was selected via convenience sampling who completed employee organizational loyalty questionnaire (Kumar and Shekhar, 2012), and perceived organizational justice questionnaire (Niehoff and Moorman, 1993; Moorman, 1991). The data were analyzed by use of Pearson's correlation coefficient and regression analysis, by using SPSS18. The results showed that employee's loyalty to organization was positively related to perceived organizational justice components ($p \leq .01$). Furthermore, perceived organizational justice components could explain 32.3 percent of employee organizational loyalty's variance. Therefore, based on the results it can be concluded that employee loyalty to organization could be enhanced by increasing all components of perceived organizational justice.

***Keywords*:** organizational loyalty, distributive justice, procedural justice, interactional justice.

Employee loyalty to organization which is an attitude that links employees to organization and is the base and foundation of their organizational commitment has been always a concern for employers (Huipoo, Wa., Chong King, Keong, & Choon Hou, 2012; Perira, 2009). Employees are a vital source for almost all organizations; especially they show an important

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investment on locating, recruiting, salaries, bonuses, healthcare programs, etc. These are the main reasons for Employers to care about employees (Kumar and Shekhar, 2012). Previous research demonstrates that more loyal employees have more motivation for attending organization and they also try to achieve organizational goals more than other employees (Pourezzai, Ehsanimoghadam, Yazdian, & Faez, 2013). Loyal employees, in addition to being committed to the organization success, are the best choice to work for the organization. They not only plan to stay in the organization, but also they don't look for employment replace and also reject jobs that being offered to them.

Most of the people have a personal definition of organizational loyalty. Their definitions are different because they are based on their different perspectives, but usually employees define organizational loyalty as their dedication to an organization that is based on their relationship with the organization or being moderated by organization (Perira, 2009).Employee organizational loyalty is all about their attachment to an organization (HuiPoo et al., 2012) and it can be defined as the relationship between employees and organization (Eskildsen and Nussler, 2000). In addition, organizational loyalty being an important attitude is also a fundamental action in organization. Some staff's behaviors that reflect loyalty are described in employee's written job description (such as, following orders, working safely, observing rules, maintaining output's quality, and caring about company's assets), but some of these behaviors are not written in job descriptions (such as, working late to complete a project, participating in extracurricular activities, and organizational cooperation, proposing suggestions, and staying with organization). The latter type of loyal behaviors is based on unwritten policies and

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organizational culture's norms. Everything except a loyal employee who is productive will cost a company (Kumar and Shekhar, 2012). Voyles (1999) also described employee's loyalty to organization with their organizational behaviors, such as, remaining in the organization for a long time, spending time on organization's goals and objectives, employee growth in the organization, and creating value for customers. The various behaviors that infer employee loyalty are: a) desiring to remain with the organization, b) productivity more than the expected level, for example working more than the specified duty level, c) showing altruistic manners, d) reciprocal, it means employee loyalty to the organization must be coordinated with the organization's loyalty to the employee. So, it is clear that employee loyalty to the organization is something more than just wanting to work in an organization. Employees who are loyal to an organization want to remain with the organization (Kumar and Shekhar, 2012). Three important signs are suggested for these types of behaviors: 1) being voluntary, 2) demanding for attachment, and 3) having a moral ground. These signs make difference between current descriptions of organizational loyalty and organizational commitment (HuiPoo et al., 2012). A model with three components has been developed for organizational loyalty. These components are affective, continuous, and normative components. The affective component is identified as an employee's associated emotion with organization. The continuation component is defined as personal costs that an employee perceives are related with leaving the organization. The normative component is defined as an obligation to the organization that an employee senses. The distinction of these components' nature is related to interaction between the employee and the organization (Meyers and Allen, 1991). Ali (1991), cited in Golparvar and Nadi, 2011), with a review of the

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related literature of loyalty, said loyal employee characteristics include: 1) showing a high level of attachment to the organization, even in time of hardship, 2) demanding for doing extra work to achieve organizational goals (Extra-role behaviors), 3) demonstrating positive attitudes in their relations with coworkers, 4) being open to planned organizational changes, 5) being engaged in counterproductive work behaviors less than employees with lower level of loyalty. Perira (2009) described employee's perception of loyalty evolving and ever-changing. It is indicated that many of other work environmental perceived factors directly or indirectly will be influenced by an employee's loyalty level. This level is described as a critical source of information that is used for development of corresponding job attitudes (Perira, 2009). Loyalty is important for organizations because it ascertains whether an employee's actions and behaviors will result in positive or negative outputs. Organizational loyalty ultimately will lead to success in achieving the organizational goals (Kumar and Shekhar, 2012).

In addition to the presented reports by many researchers (e.g., Colquitt et al., 2001; Kumar and Shekhar, 2012), observing fundamental human values such as honesty, trust, and respect are essential factors for organizational loyalty. Generally, perceived organizational justice is the most important predictor of organizational loyalty (Tziner and Sharonin, 2014). The concept of organizational justice came out of Adams' inequity theory that focused on the perceived inequality between job inputs and outcomes (Adams, 1963). Research consistently has shown that perceived organizational justice or injustice is a key factor that influences the individuals' attitudes and behaviors in organizations (Cole et al., 2010). Organizational justice is defined by three factors: *equality* (Considering each person as a member of the organization and paying them in a fair and

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equitable way), *impartiality* (Impartiality in making decisions related to selection and promotion of staff), and *non-discrimination* (Avoiding of discrimination and giving the right to making decision to the staff) that point at fair treatment with employees and avoiding discrimination (Fani et al., 2013).

Research in the field of organizational justice refers to three exact components of organizational justice, namely, distributive justice, procedural justice, and interactional justice. ***a) Distributive justice*** refers to the perceived fairness in the personnel material compensation. This component is displayed in wages and benefits and non-material compensation appeared in social recognition, increased interest in the work, and the greater potential to self-fulfillment (Tziner and Sharonin, 2014).

Mehdad (2014) posited three main principles as the foundation of distributive justice. These principles are: *equity* that means rewards should be matched with people's effort and position; *equality* that refers to equal chances that all people should have to get rewards and results without considering differences and attributes such as ability; and *need* that refers to rewards distribution in addition to people needs**. b)** ***Procedural justice*** refers to the perceived fairness in decision making processes (Tziner and Sharonin, 2014; Hystard et al., 2014).

Remarkably, this component of the organizational justice includes subjective and objective aspects: the perceived manner in a particular procedure and the way a particular procedure is actually done and completed (Tziner and Sharonin, 2014). Procedural justice is assessed according to formal and informal basis. *Formal basis* includes organization's formal processes and instructions and this part, because of its structure, during the time, in different situations, and among different persons most likely will not change. *Informal basis* of procedural justice refers to the people's experience of interaction with special

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persons who are authorities in the group and their duty is to arrange the group (Staley et al., 2003). ***c) Interactional justice*** refers to the perceived fairness in interpersonal treatment; the first time was introduced by Bies and Moag (1986; cited in Hystard et al., 2014). Greenberg (1993; cited in Colquitt et al., 2001) suggested dividing this component of organizational justice which reflects the extent of respect an employee feels is given by managers and organization, into two main dimensions: ***Interpersonal justice*** that refers to the degree to which employees are given appreciation and treated with respect in the organization and ***informational justice*** that refers to the extent that explanations are provided about decisions and process. Interactional justice generally is considered as a complement dimension of procedural justice (Tziner and Sharonin, 2014). In previous research findings, spanning over many years (Tziner and Sharonin, 2014; Hystard et al., 2014; Niehoff and Moorman, 1993) notably is demonstrated employees' perception of justice in organizational decision making and process carrying out is related to organizational and job attitude and behaviors and then to personal and organizational efficiency. It means perceived organizational justice causes improvement in the employees' job and organizational attitudes and this improvement at the end improves organizational efficiency (the converse relationship also held true).

On the basis of the importance of employee loyalty to organization and the organizational justice predictive role, the purpose of the present study is to examine the effect of perceived organizational justice components (distributive, procedural and interactional) in predicting employee loyalty to organization.

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Method

Participants

The study population includes all employees of a big public organization in Tehran. Among them, based on the sample size Table (Mitchel and Jolly, 2007), at the 95% confidence level, 215 employees were selected and to control the response rate, 230 employees were selected via the convenience sampling and the questionnaires were dispensed among them. After collecting the questionnaires, 197 questionnaires were identified usable. Finally, the sample size decreased to 197.

Measures

Organizational loyalt**y** was assessed by using the 40-item and five- degree responding scale (very much=1 to not at all=5), after a two-step process of translating, retranslating and confirming its contextual validity by three specialists in industrial and organizational psychology. Kumar and Shekhar (2012) used Varimax Rotation and Factor Analysis to analyze interrelationships among a large number of variables (40 in this study) and to explain these variables in terms of their common underlying dimensions (factors). Each of these 2 PCs correspond to Eigen values >1. PC1 (Employee Dependent) Eigen values>1.0 (32.106); Total variance explained=80.26% of the variance. PC2 (Organization Dependent) Eigen values>1.0 (4.404); Total variance explained=11.009%. Since the first two factors were the only ones that had Eigen values>1, the final factor solution will represent cumulative percentage of 91.275% of variance in the data. Cronbach's alpha of this measure in the present study was .95.

Perceived organizational justice was also assessed by using the 18-item and five- degree responding scale (strongly disagree=1 to strongly agree=5) developed by Niehoff and

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Moorman (1993) and Moorman (1991) which translated and validated by Golparvar et al. (2008). This questionnaire measures the rate of the three components of organizational justice including distributive, procedural, and interactional justice. Beker et al. (2006; cited in Golparvar et al., 2008) reported.83 for Cronbach's alpha of distributive justice questionnaire, Elovinlo et al. (2002; cited in Golparvar et al., 2008) reported.81 and.90 in order to Cronbach's alpha of procedural and interactional justice questionnaire. Khaksar et al. (2008) reported Cronbach's alpha, Spearman- Brown and Gutman's coefficient.74, .72, .70 for distributive justice, .83, .82, .80 for procedural justice, and .83, .80, .80 for interactional justice. Cronbach's alpha of the questionnaire in the present study was obtained .87, .85 and .91, respectively for distributive, procedural and interactional justice.

Analysis Method

Self-report questionnaires which were answered in 15 to 20 minutes at workplace were used in the present research. Pearson's correlation coefficient and multiple regression analysis were used for data analysis.

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Table 1

Means, Standard Deviation and Correlations among Research Variables

No.	Research variables	M	SD	1	2	3
1	Perceived distributive justice	2.68	.8	1	-	-
2	Perceived procedural justice	2.65	.75	.684**	1	-
3	Perceived interactional justice	3.09	.87	.586**	.561**	1
4	Employee organizational loyalty	3.02	.59	.493**	.488**	.485**

**P<.01

As it is observed in Table 1, organizational loyalty is significantly and positively correlated with perception of distributive justice (p<.01, r=.493), with perception of procedural justice (p<.01, r=.488), and with perception of interactional justice (p<.01, r=.485).

Table 2

Predicting Organizational Loyalty by the Organizational Justice Components

Predictor and constant variables	B	SE	β	t	P	R	R^2	F
Constant variable	1.66	.15	-	11.39	.001			
Perceived distributive justice	.152	.064	.206	2.39	.001	.493	.243	62.72**
Perceived interactional justice	.17	.05	.248	3.27	.001	.550	.302	41.96**
Perceived procedural justice	.16	.07	.208	2.46	.001	.569	.323	30.73**

**P<.01

As it is observed in Table 2, all of the three components of perceived organizational justice, perceived

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distributive justice (β=.206, p<.01), perceived procedural justice (β=.208, p<.01), and perceived interactional justice (β=.248, p<.01), were significant predictors of organizational loyalty. These components together significantly explained 32.3% of the variance in the organizational loyalty.

Discussion

According to the provided results of present research, all three components of perceived organizational justice (distributive, procedural and interactional) have positive significant relationships with the organizational loyalty. These results are consistent with the findings of Pourezzai et al. (2013) based on existing positive relationship between perceived organizational justice's components and employee organizational loyalty, findings of Colquitt et al. (2001) and Huipoo et al. (2012) based on existing positive relationship between relationship with supervisor, recognitions, and reward with organizational loyalty, findings of Kumar and Shekhar (2012) based onknowing and recognizing employees and rewarding them, relationship with boss and coworkers, trusting employees and sharing vision with them can increase the level of employee loyalty to organization and provided findings by Tziner and Sharonin (2014) that also suggested positive relationship between perceived organizational justice and employee organizational loyalty. As it is clear, all of the three components of perceived organizational justice are related to improving level of employee loyalty to the organization. In explaining these results, one can say, the loyalty functions as a reciprocal relation between employee and organization. Employees with perceiving organizational justice understand that their organization is loyal to them. Therefore, their attitude towards the organization will be improved and they will evaluate the organization desirable. Employees' loyal

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behaviors are his/her response to this positive attitude, behaviors that are not only economically valuable to the organization, but also through the loyal employee's dedication to the organization's goals leads to improvement in productivity and increases economical profits of the organization. Then, the corresponding relation between perceived organizational justice and level of the loyalty to organization will appear. The results of the present research show also that perception of organizational justice (distributive, procedural and interactional) is a strong predictor of employee organizational loyalty. It means that increasing employees' perceived organizational justice (all of the three components) leads to the increasing level of the organizational loyalty among them.

Conclusion

It is notable that the generalization of findings depends on the research limitations. This research typically was a correlational research. Thus, a causal explanation of the results is not possible. In addition, this research statistical sample has been selected by the use of convenience sampling method that creates barriers for results generalization and was also carried out by using the self-report measurement instruments. Therefore, the generalization of the results should be done cautiously. Accordingly, it is suggested that the measuret's validity and reliability be considered in more various and vast samples in future research by the use of random sampling method. In addition to the importance of employee loyalty to the organizations, it is critical to study the relationship between employee loyalty and other organizational perceptual and attitudinal variables. As a practical conclusion, it is suggested that managers and organizational decision makers to strengthen employee organizational loyalty and benefiting from its

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advantages, try to strengthen the components of perceived organizational justice in their future policies and plans. In this way, they can apply solutions like strengthening relationship between the employees and supervisors, implement different programs to encourage and motivate employees, and observe moral principles and equity in decision making and giving bonuses. Such policies cause increasing levels of perceived organizational justice and the employee loyalty to the organization which enhances the organizational efficiency without incurring multiple costs.

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