

Effect of Organizational Justice and Job Satisfaction on Organizational Effectiveness with the Moderating Role of Strategic Commitment

Atif KAFAYAT¹, Muhammad Arslan ALI²

Abstract: In this era of highly competitive business environment every organization strives to be successful, and for that an organization pays great emphasis on organizational justice and job satisfaction of its employees in order to be effective and successful. This study investigates the impacts of organizational justice and Job Satisfaction on organizational effectiveness with moderating variable of strategic commitment. The organizational justice is subdivided into three types: Distributive Justice, Procedural justice, Interactional justice while job satisfaction is also divided into three dimensions as well: Working Condition, Job security and Autonomy. This study is an effort to contribute in the body of knowledge and helpful for organizations to improve their effectiveness. The data for this study is collected from Telecommunication sector of Pakistan via questionnaire.

Keywords: organizational justice; Job Satisfaction; strategic commitment; organizational effectiveness

1. Introduction

Organizational justice can be understood as the equality and fairness with employees in organization (Byrne, 2001). Significant amount of research has been done on organizational justice during last 4 decades. Concept of organizational justice focuses on how people are treated in the organization and it can be sub-categorize into three parts namely they are procedural, distributive and Interactional justice (Muchinsky, 2008). Job satisfaction in an important and critical factor to attract and retain well qualified personal. Concerns about satisfaction of employees is just as if not more essential in the sector of knowledge base in business sector, particularly in professionals and service base organization such as hospitals where the long term retention and training issues are of important

¹ MS/M Phil (Management Sciences) Finance at University Institute of Management Sciences PMAS UAAR, Pakistan: +923449204654. Corresponding author: atif_kafayat@yahoo.com.

² MBA from Shaheed Zulfikar Ali Bhutto institute of science and technology (SZABIST), Pakistan. E-mail: arsal328@gmail.com.

nature. Settled and satisfied employees serve more efficiently than as compare to the new one they are all more productive and committed to their organization and settled in their job (Seo & Price, 2004).

Commitment can be defined as a relationship which is going on, is so important for both the parties especially in dyad relation that maximum efforts are made for the preservation of that relationship. Before going for in-depth understanding of commitment researcher should know that why it is important, some organizational researchers have found that organizational commitment is of importance as its outcomes are job performance which in turn leads to organizational effectiveness. (Kraus, 2006; Mintzberg & Lempel, 1999)

1.1 Identification of Gap

Previous researches were carried out on to find the direct relationship of Justice practiced in the organization and the level of Job satisfaction among employees on organization effectiveness. Researcher carried out this research with moderating effect of strategic commitment that what is the impact of this as moderating variable. This study expands the investigation of organizational justice in order to observe three types of organizational justice and their impact organizational effectiveness. Concept of organizational justice focuses on how people are treated in the organization and it can be sub-categorize into two parts namely they are procedural and distributive justice (Muchinsky, 2008). Interactional justice can be understood as the quality of treatment or interpersonal interaction employees gets during the execution of procedures (Bies, 1986). Researcher used Job satisfaction and its three dimensions to check the impact. The current study suggests that there is positive relationship between organizational justice and strategic commitment among the employee of organization. Similarly the current study confirmed that procedural justice and interactional justice positively effects the organizational commitment. This study proved that perceived procedural justice and interactional justice has direct relationship with in the organizational effectiveness (Mumin Dayan, 2008).

1.2 Objectives of the Study

1. to highlight the multidimensional aspects of organizational justice, job satisfaction, Strategic commitment and Organizational effectiveness;
2. to study the effect of organizational justice and job satisfaction on organizational effectiveness;
3. to study the role of strategic commitment as moderator in organizational justice, job satisfaction and organizational effectiveness relationship.

1.3. Theoretical Framework

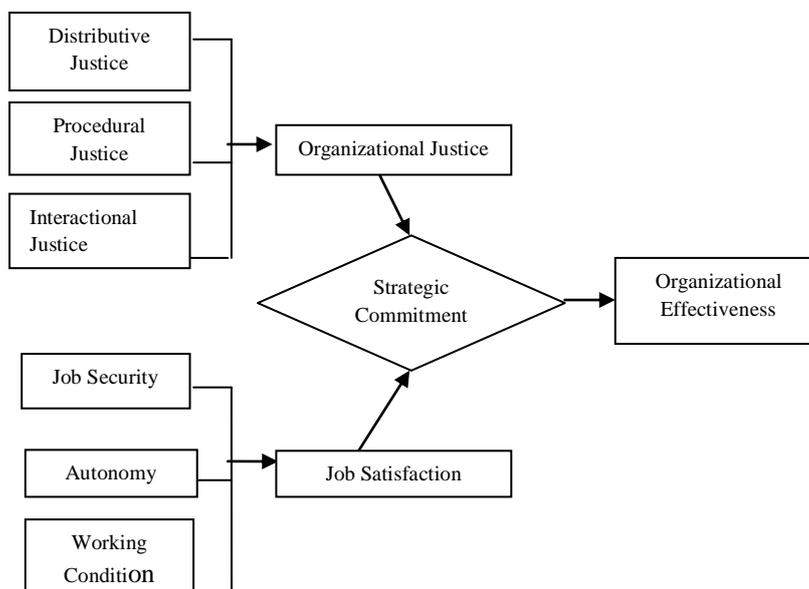


Table 1 Variables

Variable	Type	Reference
Organizational Justice(OJ)	IV	Colquitt (2001), Homans (1974)
Job Satisfaction(JS)	IV	Sverke and Goslinga (2003)
Strategic commitment(SC)	MV	James (1981), Johanson and lundberg (2010)
Organizational Effectiveness(OE)	DV	Mary (1996)
IV=Independent Variable	MV=Mediating Variable	DV=Dependent Variable

1.4. Hypothesis

H 1: Organizational justice has positive impact on Organizational effectiveness.

H 2: Job satisfaction has positive impact on Organizational effectiveness.

H 3: Strategic commitment moderates the relation between Organizational Justice and Organizational effectiveness.

H 4: Strategic commitment is moderating the relationship between Job Satisfaction and Organizational Effectiveness

2. Research Methodology

2.1. Data

Data collected from the telecom industry of Pakistan from their offices located in Rawalpindi and Islamabad. Telecom companies of Pakistan are selected as the sample for this research. Major telecom companies including Mobilink, Ufone and Telenor were the sample.

2.2. Questionnaire

Instrument that is used as a data collection tool was questionnaire. A likert scale of five steps is used in the questionnaire, in which 5; Strongly Agree, 4; Agree, 3; Neutral, 2; Disagree and 1; strongly disagree. The questionnaire was adapted so that the researchers can gather the information on the research topic Questionnaire consisted of 45 close ended. Total 200 questionnaires were completely and positively filled

2.3. Total Variables

Table 2. Total variables

Sr. No.	Variable	Type of Variable	No. Of items	Adapted Form
1.	Organizational Justice i. Procedural ii. Distributive iii. Interactional	Independent	16	Neihoff and Moorman (1993). Colquitt (2001).
2.	Job Satisfaction I. Autonomy ii. Working condition	Independent	16	Cremer (2004). Tomoyuki Kawada (2009).

3.	iii. Job security Strategic Commitment	Moderator	6	Linda Rhodes (2001)
4.	Organizational Effectiveness	Dependent	6	Kohtamäki, M. (2012)

2.4. Data Analysis Techniques

For proper data processing, entry and to find the results as output SPSS is the tool which is used in this research.

2.4.1. Regression

Regression analysis helps in the identification of changes occurs in dependent variable due to the variation in any dependent variable. This analysis also helps to determine the relationship of dependent variable with one or more dependent variables also it also tells the relationship between the variables.

2.4.2. Correlation

This test determines the strength between independent and dependent variables. It also tells how strongly the variables are paired with each other.

2.4.3. Baron and Kenny

Moderation between the variables measured by Baron and Kenny. There are many more methods of measuring the moderation but researchers use Baron and Kenny method.

4. Data Analysis, Results and Discussion

Table 3. Demographic Analysis

Demographics		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	165	82.1	82.1	82.1
	Female	36	17.9	17.9	100.0
Age	25.00	57	28.4	28.4	28.4
	26-35	134	66.7	66.7	95.0
	36-45	8	4.0	4.0	99.0
	Above 45	2	1.0	1.0	100.0
Job Position	Managerial	27	13.4	13.4	13.4
	Middle Management	56	27.9	27.9	41.3
	Supervisor	118	58.7	58.7	100.0
Job Function	Technical	28	13.9	13.9	13.9
	Finance	39	19.4	19.4	33.3
	Non technical	134	66.7	66.7	100.0

ADMINISTRATIO

Demographics		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	165	82.1	82.1	82.1
	Female	36	17.9	17.9	100.0
Experience	1year	54	26.9	26.9	26.9
	1-2year	44	21.9	21.9	48.8
	2-3year	61	30.3	30.3	79.1
	4-5year	24	11.9	11.9	91.0
	Above 5year	18	9.0	9.0	100.0

Table 4. Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
O.J	200	2.31	4.81	3.7320	.48290	-.392	.172	.353	.341
J.S	200	2.13	5.00	3.7892	.50181	-.279	.172	.638	.341
S.C	200	1.83	5.00	3.7380	.56436	-.443	.172	.278	.341
OE	200	2.17	5.00	3.9942	.53964	-.786	.172	.970	.341

Table 5. Reliability Analysis

Variables	Number of items	Cronbach α
Organizational justice	16	0.906
Organizational Performance	6	0.856
Strategic Commitment	6	0.784
Job Satisfaction	16	0.904
Overall	44	0.957

cronbach alpha coefficient value for seven variables is above 0.6 while the overall reliability of 45 items is .907. so model is fit for research.

4.1. Correlation

Table 6. Co relational matrix

	OJ	JS	SC	OE
OJ	1			
JS	.456**	1		
SC	.428**	.543**	1	
OE	.470**	.570**	.310**	1

The values in the above table indicates that there is a correlation between IVs and DVs. Variables such as organizational justice, job satisfaction, strategic commitment and the organizational performance have significant relationship($r = .470, .570, .310$ respectively and $p > 0.01$). On the other hand IVs are also showing significant association with each other which shows that Organizational justice and Job satisfaction are associated with each other.

4.2. Regression analysis

Table 3. Coefficient matrix

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Co linearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.058	.272		3.890	.000		
1 OJ	.297	.070	.266	4.234	.000	.792	1.262
JS	.482	.068	.448	7.132	.000	.792	1.262

a. Dependent Variable: OE

$N=200$ $R = .617$ R Square = $.380$ Adjusted R Square= $.374$ $F = 60.803(p < 0.05)$

The above table shows the regression analysis; R tells the level of correlation which is according to study results is $.617$ which indicates that independent variables are 61.7% correlated to the dependent variable. Similarly from above table the value of R^2 explains that how much change or variation is occurring in DV by the IVs for the sample size of 201. As the value of R^2 is $.380$ this means that 38% variation is occurring in DV to the variations in IVs. Another factor is adjusted R^2 which is R^2 that is adjusted for the population for this reason its value

is less than R^2 . It tells the variation occurring in DV due to the population. As the value of adjusted R^2 is .374 this indicates that there is 37.4% variation in DV for population.

The value of Durbin Watson tells about the model fitness. For determining the model fitness the value of Durbin Watson should lie between 1.5 to 2.5 ranges. Current study value is 1.860 another factor to consider for determining the model fitness is F test significance value. This value should be less than 0.05 which is in case is 0.00 while value of F is 60.803. Hence the results show that model is fit and there is a relationship between IVs and DVs.

4.9. Hypothesis Testing

4.9.1. Baron and Kenny Step one IV-DV

Table 8. Model Summary Step One

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.058	.272		3.890	.000
1 OJ	.297	.070	.266	4.234	.000
JS	.482	.068	.448	7.132	.000

a. Dependent Variable: OE

Hypothesis 1: Organizational justice has positive impact on Organizational effectiveness. (Confirmed)

B is the regression coefficient. It tells the change brought in DV when one unit of IV is changed. As per the table # the value of B is .297. Which indicates that if organizational Justice is increased by one unit it bring 29.7% change in organizational effectiveness. The value of t is 4.234 which are greater than 2 and the significance value is below the required range of .05 so researcher confirm this hypothesis that interactional justice has positive impact on organizational effectiveness.

4.9.2. Baron and Kenny step two (02). IV-MV**Table 9. Model summary step two**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.873	.295		2.965	.003
1 OJ	.266	.076	.228	3.502	.001
JS	.494	.073	.439	6.746	.000

a. Dependent Variable: SC

Hypothesis 2: Job satisfaction has positive impact on Organizational effectiveness. (Confirmed)

Similarly from the table# it can be seen that the Value of B is .482 which means that job Satisfaction bring 48.2% change in organizational effectiveness if it is increased by one unit. Value of t is 7.132 which mean that if company is emphasizing on job satisfaction it have a significant impact on organizational effectiveness. The significance value is also less than .05 so researcher confirms the hypothesis that interactional justice has positive impact on organizational effectiveness.

4.9.3. Baron and Kenny path three (03) MV-DV**Table 4. Model Summary Step Three**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.887	.244		11.851	.000
1 SC	.296	.064	.310	4.594	.000

a. Dependent Variable: OE

Hypothesis 3: Strategic commitment moderates the relation between Organizational Justice and Organizational effectiveness. (Confirmed)

Above table clearly shows that MV has significant relationship with DV as significance value is less than .05 and value of t is above 2.

4.9.4. Baron and Kenny Step 4 IV-MV-DV

Table 5. Model Summary For Moderation 1

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.987	.151		19.723	.000
Z	.072	.010	.436	6.828	.000

a. Dependent Variable: OE

In this case the strategic commitment is moderating the relationship between organizational justice and organizational effectiveness. It means that if one unit of sc is increased it moderate the relationship by 7%. The value of t is 6.828 and significance is below .05 so researcher confirms the hypothesis that strategic commitment is moderating the relationship between organizational Justice and Organizational effectiveness.

Table 6. Model Summary For Moderation 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.951	.143		20.570	.000
1 X	.073	.010	.469	7.483	.000

a. Dependent Variable: OE

In this case strategic commitment is moderating the relationship between Job Satisfaction and strategic commitment. According to study results one unit increase in strategic commitment it moderate the relationship by 7%. The value of t is 7.483 and significance is below .05 which confirms hypothesis i.e. that strategic is moderating the relation between the job satisfaction and organizational effectiveness.

Hypothesis 4: Strategic commitment is moderating the relationship between Job Satisfaction and Organizational Effectiveness. (Confirmed)

Above table clearly shows that MV has significant relationship with DV as significance value is more than .05 and value of t is above 2.

5. Conclusion and Recommendation

Enhanced organizational effectiveness is the phenomenon that is exhibited after providing organizational justice and satisfaction in job. This study was based on organizational justice and job satisfaction influencing organizational effectiveness. The researchers have there emphasized on providing organizational justice and Job satisfaction on the telecom sector of Islamabad. Results of the study clearly indicate that organizational justice and job satisfaction have a significant impact on organizational effectiveness.

This study has been helpful for the management of the telecom sector for enhancing organizational effectiveness by focusing on organizational justice and satisfaction in job. As in the current study it has been proved that organizational justice and job satisfaction have a significant positive impact for increasing organizational effectiveness. As it is clear from the study results that the score of organizational justice and job satisfaction is low, so the telecom sector should pay more emphasis on these factors to get good performance from the employees which ultimately increases organizational effectiveness. These two factors not only result in the long-term commitment from the employees but also increase the satisfaction level of employees which eventually helps the management of the company for improving the effectiveness of the organization. It is also evident from the study that commitment of an employee is also a very important factor when organizational effectiveness is considered. As when employees think that they are treated with justice in the organization and they are satisfied with the job, they create a relationship with the company and they are willing to go the extra effort for the company. Both organizational justice and job satisfaction are very significant factors from the employee's point of view. They are really affected by these factors. Research might deliver a sufficient path for the human resource departments of the telecom sector to link their activities with organizational effectiveness.

6. References

- Baron, R., Kenny, A. (1988). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*. 51, pp. 1173–1182.
- Bies, R. (1986). Interactional justice communication criteria of fairness. *Research on Negotiations*, pp. 43-55.

- Byrne, Z. (2001). The history of organizational justice: the founders. *Justice in the Workplace*, pp. 3-26.
- Colquitt, J. (2001). On the dimensionality of organizational justice: a construct validation of a measure. *Journal of Applied Psychology*, pp. 386-400.
- Homans, G. (1974). *Social Behavior: Its Elementary Forms*. 2nd edition, Harcourt Brace Jovanovich, New York.
- James, L. (1981). An empirical assessment of organizational commitments and organizational effectiveness. *Administrative Science Quarterly*, 26, pp. 1-14.
- Johnson, A.; Lundberg, H. (2010). *Network strategies for regional growth*, in Johnson, M. and Lundberg, H. *Network Strategies for Regional Growth*, Palgrave Macmillan Basingstoke, pp. 1-21.
- Kraus, S. (2006). Strategic planning in smaller enterprises – new empirical findings, *Management Research News*, Vol. 29 No. 6, pp. 334-44.
- Mary, S.T. (1996). Organizational effectiveness and commitment through strategic management. *Industrial Management & Data Systems*, pp. 21-25.
- Mintzberg, H. & Lampel, J. (1999). *Reflecting on the strategy process*. *Sloan Management Review*, Vol. 40, no. 3, pp. 21-30.
- Mumin, Dayan (2008). The role of procedural justice in the new product development process. *European Journal of Innovation Management*, vol. 11 no. 2, pp. 1460-1060.
- Seo, Y. & Price, L. (2004). The determinants of job satisfaction among hospital nurses: model estimation in Korea. *International Journal of Nursing Studies*, 41, pp. 437-446.
- Sverke, M., Goslinga, S. (2003). The consequences of job insecurity for employers and unions: Exit, voice and loyalty. *Economic and Industrial Democracy*, 24(2), pp. 241-270.