

Effects of Procedural Justices on Organizational Commitment among Banks' Employees

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ABSTRACT

Organizational commitment plays an important role to determine whether the employees would stay for a long period working passionately or will leave the organization. Therefore, this study conducted in three different Private Banks of Timergara, Lower Dir i.e. Habib Bank Limited, Allied Bank Limited, and United Bank Limited focuses on the effects of Procedural justice on organizational commitment among Banks' Employees. The study was quantitative and a questionnaire was used as a tool of data collection for collecting information from the sample size of 28 respondents selected through simple random sampling. A conceptual framework consists of an independent variable i.e. Procedural aspect of justice and a dependent variable i.e. Organizational Commitment was cross-tabulated through the application of Chi-Square test statistics to ascertain the association between the dependent and independent variables. The findings indicate significant association ($P \leq 0.05$) of Organizational Commitment with the statements such as unfair decision-making procedures and no trust in procedures in future, satisfaction with procedures evaluating their bank's performance, procedures by which benefits are distributed, consideration the views of employees before making decisions, Bank un-biases in making policy decisions, employees opportunity and control over the way suggestions are presented, commitment to their jobs before resources allocation, and commitment affected by unfair procedures. Banks' management should maintain a sense of fairness in dealing with employees; their efforts should be rewarded fairly to make them happy, committed, and motivated, and managers should honestly comminute the information that affects employees were some of the recommendations forwarded in the light of study findings.

INTRODUCTION

Organizational commitment is the psychological attachment of an individual to the organization where he/she is working. Organizational commitment plays a pivotal role to determine whether the employees would stay for a long period working passionately or will leave that organization. It is the enthusiasm to put additional efforts for the organizational benefits and a desire to sustain the membership in that organization where they are working (Zeinabadi and Salehi, 2011). Organizational commitment is a predictor for employees' behavior within the organization. It can help to predict employee satisfaction, engagement, performance, leadership's distribution, and job insecurity (Hansen and Kjeldsen, 2018). Employees' commitment toward their work can be known by their dedication to the tasks that were

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assigned to them by the organization (McCormick and Donohue, 2019).

One of the main aspects to get competitive benefit is to make ensure that all employees are committed and that they have accepted its objectives and values just like their own. Members of any organization can prove elemental to its success, especially in the case when they are satisfied by that organizational procedures and fairness (Alves, Paco, and Roberto, 2015). Though the study of commitment had begun with sociological theories, however, the study of Steers and Porter (1974) that takes both psychological and sociological approach is probably considered the origin of the relationship between individual and organization (Stazyk, Panday and Wright, 2011; Klein et al., 2014).

Organizational Commitment Three-Component Model

A three-component model was developed by Lee, Allen, Meyer, and Rhee (2001) who explained that commitment of individuals to any organization is their psychological state. The model has three different components that explain how employees think about the organizations they are working for. These components are discussed as:

Affection for Your Job (Affective Commitment)

Employees have an emotional attachment regarding their organization. In this case, employees are satisfied and identify the values and goals of the organization. They are willing to stay and work there. When employees enjoy their work, they feel good and are satisfied with their job. Job satisfaction increases the affective commitment of employees.

Fear of Loss (Continuance Commitment)

Employees think about the advantages and disadvantages of quitting the organizations. They often stay when they realize that leaving an organization may have greater loss than the benefits they might gain in the new organization. They may think about losing salary, benefits, seniority, friendships, or related skills that acquired spending years.

Sense of Obligation to Stay (Normative Commitment)

Normative commitment occurs when employees feel a sense of obligation despite their unhappy role or even when they want to trail other opportunities somewhere else. They decide to stay with their organization because they think that it is the right thing.

Banking Industry in Pakistan

The banking industry is one of the biggest industries of Pakistan in terms of its contribution to national GDP and employment. The industry is facing many challenges such as dissatisfaction with jobs and high turnover intention (Poon, 2012). It has been proposed by many scholars that attitude and behavior is the result of unfair procedures and authority choices (Brockner et al., 2004; Colquitt, Conlon, Wesson, Porter & Ng, 2001). Researchers have analyzed that fairness in various managerial options, similar to wages (Walumbwa et al, 2011), terminations (Brockner et al., 1994), the process of selection is prejudiced.

The procedural aspect of Justice

Procedural justice is an aspect of organizational justice that replicates the appraisal of employees towards

fairness in decision-making procedures. It is the fairness perceived by employees in resource allocation (Greenberg, 1990 in Gumusluoglu, Karakitapoğlu, Hirst, 2012). It is referred to how the procedures were fair in the distribution of resources. Some scholars viewed that it is an equity perception among employees whether rules regulation have been followed or deviated during rewarding or punishing an employee (Choudhry, Philip, and Kumar, 2011).

Fairness in organizational decisions may influence employees' approval of various decisions made by organizations and can result in a positive reaction by employees. When employees have the power to control decisions, they get professional benefits and take a personal interest in the success of that organization. This commitment leads to improved productivity and employees actively participate in every aspect of the organization. Empowering employees is beneficial to the growth of an organization which can increase employees' skills and will prepare them to take extra responsibility in the future (Bustaman, Teng, and Abdullah, 2014). Employees at any organization have the constitutional rights justice and fair procedures which are implied into their contracts of service. These rights provide a safeguard to them during their employment period (Carr, 2018).

Employees involved in the decision-making process have the opportunity to present and share their opinions and knowledge which improves the bond between employees and managers. Involving employees in the process can encourage a sense of teamwork and is also an effective way of gathering information that is necessary for a project's success (Litzky, 2015). The foundation for any successful organization is its employees. They represent a basis of ideas and knowledge. Involving them in the process of decision making not merely empower them but is also a major contribution to the organizational success which can save the organization resources and time. Productivity can be increased only if employees are involved in the decision-making process (Anderson, 2019).

Theoretical framework

The study is based on the equity theory of Adams that is widely applied by many scholars studying organizational behavior. Adam's theory based on social exchange theory proposed that the behavior of employees is based on the exchange of relationships. These relationships can be categorized as either social or economic. In social exchange, the relationship between an organization and employees is loyalty and a mutual feeling of respect and liking. On the other hand, the economic exchange can be defined by the contract of employment. However, this study is identifying the effects of the only procedural aspect of justice which is an extension of distributive justice originates in the field of politics and law. Thibaut and Walker (1990) were the first-ever sociologists who had performed studies of procedural justice and fairness. They stated that procedural justice is one's opportunity to share an opinion and participate in the control process regardless of whether these rewards are negative or positive.

Conceptual framework

The conceptual framework of the present study is shown in the following table.

Independent Variable	Dependent Variable
Procedural Aspect of Justice	Organizational Commitment

Objectives of the study

1. To explore employees' level of commitment at study universe.
2. To ascertain the relationship between the procedural justice system and organizational commitment among Banks' employees.
3. To suggest policy recommendations in the light of study findings.

RESEARCH METHODOLOGY

This study was carried out in different private Banks of Timergara, Lower Dir i.e. Habib Bank Limited, Allied Bank, and United Bank Limited. The study was quantitative and a questionnaire was used to collect information from the sample size of 28 respondents. Simple random sampling techniques were used to select samples from the population. According to the Sekaran sampling table, the recommended sample size for a population 30-50, a confidence level of 95%, and a margin of error (degree of accuracy) of 5% would be 28 (Sekaran and Bougie, 2016). The conceptual framework that consists of independent variable i.e. Procedural aspect of Justice (unfair decision-making procedures, satisfaction with procedures evaluating their bank's performance, procedures by which benefits are distributed, consideration the views of employees before making decisions, Bank un-biases in making policy decisions, employees opportunity and control over the way suggestions are presented, commitment to their jobs before resources allocation, and commitment affected by unfair procedures) and dependent variable i.e. Organizational Commitment (Increase support and hard work of employees for the organization, same goals like their organization have, continue their working relationship, acceptance of organizational values, willingness to make sacrifices, and efforts to achieve organizational goals) was cross-tabulated through Chi-Square test statistics using SPSS to determine the association between the dependent and independent variables.

RESULTS

Bi-variate analysis

Bi-variate analysis procedures were used to determine the association between dependent and independent variables to reveal the route of responses whether it favor or oppose any feature of variables under the study.

Assessing procedural justice	Responses	Organizational Commitment			Total	Statistics
		Yes	No	Uncertain		
Fair procedures used by bank's administration	Yes	5	0	0	5	$\chi^2 = 56.000$ P= .000
	No	1	22	0	23	
	Uncertain	0	0	2	2	
Trust these procedures in future	Yes	1	2	0	3	$\chi^2 = 37.333$ P= .000
	No	0	22	1	24	
	Uncertain	0	0	1	1	
Satisfaction with the procedures used to evaluate employees' performance	Yes	3	0	0	3	$\chi^2 = 56.000$ P= .000
	No	2	21	0	23	
	Uncertain	1	0	1	2	
Procedures by which benefits are distributed	Yes	2	1	1	4	$\chi^2 = 56.000$ P= .001
	No	1	22	0	23	
	Uncertain	0	0	1	1	
In deciding policies to implement, whether Bank considers views of all employees	Yes	0	1	1	2	$\chi^2 = 56.000$ P= .000
	No	1	22	1	24	
	Uncertain	1	0	1	2	
Whether Bank is unbiased and impartial in making policy decisions	Yes	3	0	2	5	$\chi^2 = 41.364$ P=.000
	No	0	21	0	21	
	Uncertain	1	0	1	2	
control over the way suggestions are presented in making policies	Yes	2	0	0	2	$\chi^2 = 45.929$ P= .000
	No	1	21	1	23	
	Uncertain	1	0	2	3	
Having opportunity to present your opinion before resources allocation decisions were made	Yes	1	0	1	2	$\chi^2 = 56.000$ P= .000
	No	2	22	1	25	
	Uncertain	1	0	0	1	
Able to control decision making procedure	Yes	1	0	1	2	$\chi^2 = 56.000$ P= .000
	No	1	22	1	24	
	Uncertain	1	0	0	1	
Influence the benefits employees received	Yes	1	0	1	2	$\chi^2 = 56.000$ P= .000
	No	1	22	1	24	
	Uncertain	1	0	1	2	
Commitment to the job before resources allocation	Yes	24	2	2	28	$\chi^2 = 238.567$ P= .000
	No	0	0	0	0	
	Uncertain	0	0	0	0	
Procedures affect your organizational commitment	Yes	22	1	1	25	$\chi^2 = 56.000$ P= .000
	No	0	2	0	2	
	Uncertain	1	0	0	1	

Association of Procedural Aspect of Justice with Organizational Commitment

The above table depicts the result of the chi-square test of association between the procedural aspect of justice and organizational commitment among Bank's employees. When respondents were asked how fair are the procedures used by the bank's administration, most of the respondents said that the procedures used by the bank's administration are not fair where a highly significant ($P=0.000$) association was observed between the statement and organizational commitment. In this regard, Carr and Maxwell, (2018) stated that employees at any organization have the constitutional rights justice and fair procedures that are implied into their contracts of service. These rights provide a safeguard to them during their employment period. While asking about a statement whether employees trust these procedures in the future, most of the respondents were in disagreement where a highly significant ($P=0.000$) association was observed between the statement and organizational commitment. This result is consonant with the findings of Costigan et al, (2011) who found that the decline of employees' trust is because of unfair treatment and procedures. When employees realize that they are treated unfairly; they start more time to cover their back. They feel nervous regarding trust in someone especially the managers. They just want to save their services and start finding work somewhere else. Lack of trust affects organizational performance and productivity and employees are more inclined to leave the organization.

Further, a highly significant ($P=0.000$) association was observed between organizational commitment and the statement that how satisfied are employees with the procedure used to evaluate your bank's performance. In the same way, Bednarska and Szczyt (2015) found that employees' satisfaction with procedures is the key element of their behavior which not merely affects their behavior but the organizational goals as well. Employees who are satisfied with the procedures are more devoted and committed to their jobs.

Furthermore, a highly significant ($P=0.000$) association was found between organizational commitment and the statement when asked whether procedures are fair by which benefits are distributed. Results showed that those procedures were unfair and employees were not satisfied with those procedures. Similarly, Oyeniya, Afolabi, and Olayanju (2014) have found that private bank employees were not satisfied with their benefits and pay, however, they were found satisfied with co-workers and communication. Additionally, satisfaction comes from different ways such as compensation, pay, promotions, and benefits.

Moreover, a highly significant ($P=0.000$) association was found between the notion that in deciding policies to implement, do you think that Bank considers the views of all sides before making decisions and organizational commitment. Findings showed that Bank seldom considers the views of all employees before making decisions. A similar conclusion was drawn by VAN WANROOY (2013) that employees will only trust their managers when their views are listened to and taken into consideration when they made decisions. It has been stated further that those banks who listened to their employees' views and keep them informed have made a progressive improvement over the last decade.

A highly significant ($p=0.000$) association was found when asked whether the Bank is unbiased in

making policy decisions. Results indicated that Banks are seldom unbiased and impartial in making policy decisions. This result is consonant with the findings of Antwi et al. (2016) who found that biased decisions are unfair and not accepted by employees. Employees' morale could be suffered when they feel that the organization where they are working treats them unequally. Any case of biasness in the workplace is illegal and unfair. A better example of unfair treatment in the workplace is employees' promotion and demotion that are not done on merit.

Further, a highly significant ($p=0.000$) association was found between organizational commitment and the statement whether employees have control over the way suggestions are presented in making policies. The findings showed that employees have no control over the way suggestions are presented in making policies. In this regard, Anderson (2019) found that the foundation for any successful organization is its employees. They represent a basis of ideas and knowledge. Involving them in the process of decision making not merely empower them but is also a major contribution to the organizational success which can save the organization resources and time. Productivity can be increased only if employees are involved in the decision-making process.

Furthermore, while asking whether employees have the opportunity to present their opinion before resources allocation decisions were made, the majority of the respondents were in disagreement where a highly significant ($p=0.000$) association was observed between organizational commitment and the statement. Similarly, MacLean, Litzky, and Holderness (2015) found that when an organization involves employees in the decision-making process, they have the opportunity to present and share their opinions and knowledge which improves the bond between employees and managers. Involving employees in the process can encourage a sense of teamwork and is also an effective way of gathering information that is necessary for a project's success.

Moreover, a highly significant ($P=0.000$) association was found between the notion that whether employees can control decision-making procedure and organizational commitment. Results showed that employees were not able to have power over to control the decision making procedure. Similarly, Bustaman, Teng, and Abdullah (2014) found that when employees have the power to control decisions, they get professional benefits and take a personal interest in the success of that organization. This commitment leads to improved productivity and employees actively participate in every aspect of the organization. Empowering employees is beneficial to the growth of an organization which can increase employees' skills and will prepare them to take extra responsibility in the future.

When asked about a statement whether employees could influence the benefits they received, most of the respondents were in disagreement where a highly significant ($P=0.000$) association was found between the statement and organizational commitment. Results indicated that employees cannot influence the benefits and rewards they receive. This result is consonant with the findings of Ramadhan & Santoso (2015) who found that employees realize that their ideas are beneficial for the organization which gives them the power to influence the benefits and outcomes of their work. Additionally, actively engaged

workers who participate in the decision-making process have the power to influence decisions in organizations.

Similarly, when respondents were asked whether they were committed to their jobs before resources allocation, most of the respondents were in an agreement where a highly significant ($P=0.000$) association was found between the statement and organizational commitment. Findings showed that Banks' employees were committed to their jobs before resources allocation through decision-making procedures. In the same way, Adigwe and Oriola (2015) concluded that employees' commitment relies on how much they are satisfied by their jobs. It is a major challenge for business leaders in the banking industry to keep their employees satisfied (Cooke & Bartram, 2015). Dissatisfied employees may result in the turnover intention which may affect the organization negatively.

Moreover, a highly significant ($P=0.000$) association was found between the notion that whether the organizational commitment of employees was affected by these procedures and organizational commitment. Most of the respondents were of the view that organizational commitment was affected by unfair procedures. This result is consonant with the findings of Ahmad, Xavier, and Bakar (2014) who found that an organization's ineffective and unfair procedure with worthless pay may negatively affect organizational commitment among employees. However, employees' satisfaction with pay and their relationship with managers and co-workers can increase organizational productivity and growth.

CONCLUSION AND RECOMMENDATIONS

The present study concluded that most of the Banks' employees were not satisfied by the unfair, biased, and impartial decision-making procedures. They do not want to trust these procedures in the future because the Bank's administration does not consider their views before making decisions. Similarly, they have no control over the way suggestions are presented in making policies and have no opportunity to present their opinions before decisions of resources allocation. They cannot even influence the benefits they received. Moreover, employees were committed to their job before resource allocation. The study further concluded that organizational commitment was affected by unfair procedures. Based on the findings, certain suggestions are provided to banks' management to maintain a sense of fairness in dealing with employees; their efforts should be rewarded fairly to make them happy, committed, and motivated, and managers should honestly communicate the information that affects employees were some of the recommendation forwarded in the light of study findings. However, due to the small sample size, the results of this research study cannot be generalized, hence, it is suggested that research should be conducted on a large sample size to authenticate our findings.

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