

The Relationship Of Organizational Justice On Job Satisfaction And Job Performance In Banking Company

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THE RELATIONSHIP OF ORGANIZATIONAL JUSTICE ON JOB SATISFACTION AND JOB PERFORMANCE IN BANKING COMPANY

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Abstract— This study aims to predict the relationship among organizational justice, job satisfaction, and job performance in the banking sector in Indonesia. The population of this study was all managers of a Bank at Central Java Indonesia. Data were collected by using questionnaires that distributed to 100 managers and being analyzed statistically using Partial Least Square (PLS). Results found that Distributive Justice has a positive and significant effect on Job Satisfaction, but Procedural Justice and Interactional Justice have no effect on Job Satisfaction. It is also found that Job Satisfaction has a positive and significant effect on Job Performance. This study implies that managers related have to play more attention for Distributive Justice to advance their Job satisfaction and Job Performance.

Index Terms— organizational justice, job satisfaction, job performance, banking sector.

1 INTRODUCTION

Previous studies on organizational justice found that employee's perceptions on organizational justice have a strong influence in determining ¹⁰ satisfaction and performance [1]. Organizational justice has a positive effect on employee's performance and job satisfaction in banking industry [2]. Organizational justice consists of three forms, which are distributive justice, procedural justice, and interactional justice [3]. Interactional justice and distributive justice have a positive effect on job satisfaction, while procedural justice has no effect on job satisfaction[4]. Organizational justice is the whole perception of something fair at the workplace. Greater organizational size will affect injustice gap between managers and employees [5]. It still needs more exploration on the relationship among organizational justice towards job satisfaction and job performance. This research question was revealed on how the effect of organizational justice to job satisfaction and job performance?

2 LITERATURE REVIEW

Distributive justice is one of the main factors affecting job satisfaction [1], [6], [7]. Distributive justice also has a significant impact on outcomes regarding opportunities for promoting personal work content and employee satisfaction[8],

[9]. Distributive justice related with satisfaction of payment, one of the components of job satisfaction [10]. In a study conducted in the banking sector to identify factors that have a significant influence on customer-oriented behaviour and employee involvement in their work, it was found that employees were more supportive in meeting customer's needs when they realized that the organization was fair in the distribution of awards [11]. (H1: Distributive justice has a positive effect on employee job satisfaction).

Procedural justice related to job satisfaction and existing literature supports this high lead relationship [12], [13]. Justice in the process of implementing and maintaining the law and order situation helps increase public trust [14]. If employees feel the decision making process is fair and just, their works improve rapidly and they become increasingly cooperative [15]. Decisions that are taken fairly tend to please employees more than when decisions are taken in an unfair way that results in dissatisfaction [16]. Dynamics of job satisfaction can be well explained by procedural fairness [17]. Other studies show that if organizational processes and procedures are considered fair by employees, they tend to feel more satisfied, more willing to accept procedural resolutions, and more likely to foster higher organizational commitment [18]. When an organization is encountered with high employee turnover, procedural justice can play an important role in employee satisfaction [19]. (H2: Procedural justice has a positive effect on job satisfaction). There is a study found a significant relationship between international justice and employee job satisfaction [20]. There was a level of interaction injustice that was felt among employees, which tended to place a higher emphasis on their interactions with superiors [21]. Participation in stopping employee's payments gives them a positive perception of international justice felt at the institution [22]. This, in turn, increases the job satisfaction job [23]. Individuals who maintain caring and positive relationships with their co-workers are more likely to be satisfied at their work [24]. ⁵ Interactive justice has a positive impact on employee job satisfaction).

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Job satisfaction was defined as a person's general attitude towards the job, or the difference between amount of rewards received by employees and amount they should get. Job satisfaction has been identified as a variable most widely studied. Some people think that employees or workers who feel starving are productive workers, thus it can be said that an individual's job satisfaction will be able to affect his performance [5]. It was found that there is a positive relationship among job satisfaction, attitude, and performance [25]. (H4: Job satisfaction has a positive and significant effect on job performance).

3 METHODS

The population is managers in a Bank at Central Java Indonesia. 100 managers were participated in the purposive sampling and selected purposively according to the work related on managing staffs. All variables in this study are latent which will be measured through indicators using a 5-point Likert scale, 1 strongly disagree and 5 strongly agree.

Distributive Justice (DisJust) has 3 indicators, which are (1) employees receive benefits, (2) salaries received are equivalent to work, and (3) benefits are distributed equally.

Procedural Justice (ProcJust) has 6 indicators, which are (1) decisions are made after collecting necessary information, (2) employees express ideas freely even if they disagree with superiors, (3) leaders explain decisions to employees, (4) leaders listen to their subordinates before making decisions, (5) leaders make decisions objectively, and (6) decisions are applied fairly to all employees.

Interactive Justice (InterJust) has 3 indicators, which are (1) respect that explains how leaders treat their followers with respect and dignity, (2) truthfulness that explains how leaders make decisions whether leaders have acted honestly and sensitive to what is needed by their followers, and (3) justification that explains how leaders give an explanation to their followers about the results of the decisions they have made and how they are made. Job Satisfaction (JobSat) has 6 indicators, which are (1) the job itself, (2) salary, (3) promotion opportunities, (4) supervision, (5) working conditions and (6) colleagues. Job Performance (JobPer) has 6 indicators, which are (1) employee work quantity, (2) employee work quality, (3) employee work efficiency, (4) employee work attitude, (5) employee work quality standard and (6) employee work ability. Descriptive Statistical Analysis is used to explain characteristics of respondents such as age, position, and length of work. Inductive Statistical Analysis is used for relationship prediction among variables and test all hypothesis by Variance Based Structural Equation Modelling (VB-SEM).

The path analysis model consists of three relationships, outer model specifies the relationship between latent variables and indicators (measurement model), inner model that specifies the relationship between latent variables (structural models) and the weight relation to assess latent variables that can be estimated [26]. Validity is accuracy of instrument that can measure a construct by convergent validity and discriminant

validity. Reliability is internal consistency of indicators of a construct that shows degree indicates a common latent factor. Cronbach's alpha and composite reliability are calculated for reliability as well as Average Variance Extracted (AVE). Goodness of Fit (GoF) is assessed by using Predictive Relevance [26].

4 RESULTS

Based on data analysis, it was found that 100 managers are 60% male and 40% female, aged 20-40 years (60%) and 41-60 years (40%), also has length of work more than 3 years (60%) and less than 3 years (40%). Based on PLS Algorithm, validity of each indicator can be seen from the outer loading value > 0.60 as convergent validity. Discriminant validity can be seen from value of cross loading. If the value of the indicator in their block of variables is greater than in other blocks of variables, then indicator meets the discriminant validity requirements. Thus, all indicators were declared valid. Based on Table 1, we can see the value of Cronbach's Alpha and Composite Reliability. Reliability of each variable has a Cronbach's alpha > 0.7 and composite reliability > 0.8 and AVE > 0.5 [26]. Thus, all variables were declared reliable.

Table 1. Cronbach's Alpha (CA), Composite Reliability (CR), Average Variance Extracted (AVE).

Variables	CA	CR	AVE
DisJust	0.758	0.855	0.663
InterJust	0.873	0.922	0.799
JobPer	0.879	0.909	0.652
JobSat	0.902	0.927	0.683
ProcJust	0.836	0.879	0.550

Based on Figure 1, it can be seen that R-square was calculated as 0.803 on Job Satisfaction that means 80,30% of Job Satisfaction was influenced by Organizational Justice while the rest was influenced by variables outside model. Also, R-square is 0.803 on Job Performance. After all indicators were declared valid, and all variables were declared reliable, also a research model meets positive and strong predictive relevance, then it can be proceeded to hypothesis testing stage by using PLS Bootstrapping.

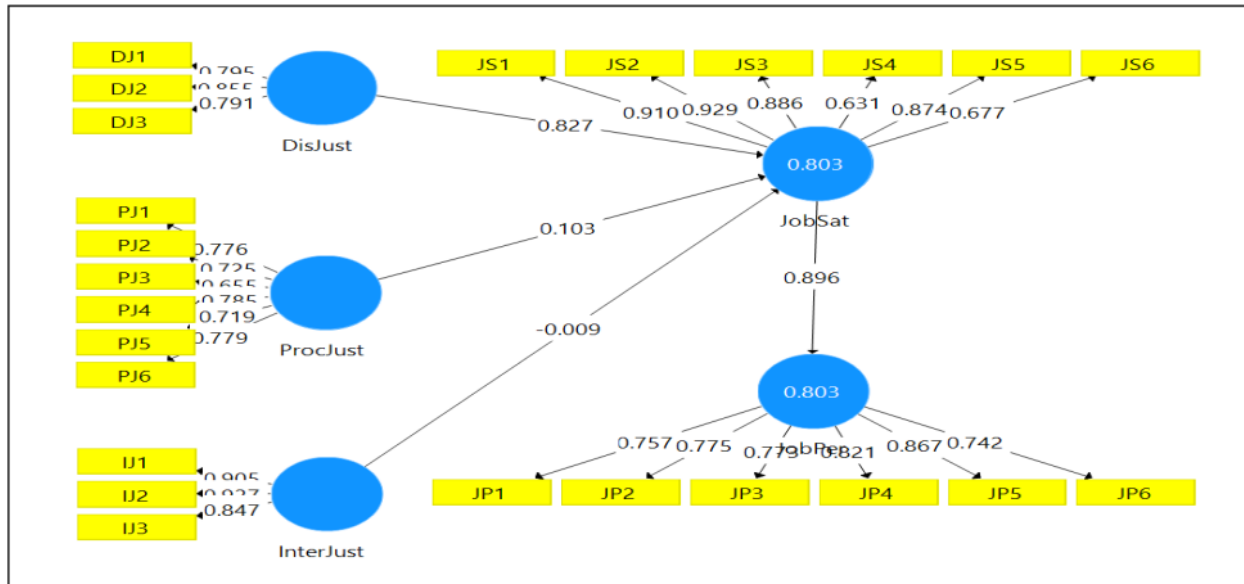


Fig. 1. PLS Algorithm

Using R-square value, then Predictive Relevance of the model can be calculated to evaluate how fit the observations produced, by using Stone-Geisser test or Q-square. Calculation of Q-square = $1 - (1 - R1^2) (1 - R2^2)$. = $1 - (1 - 0.803)$. $(1 - 0.803) = 1 - (0,388) = 0,622$ or 62,20%, that means model has a very strong predictive relevance value [26]. By using a 5% significance test, then the value of the reception area of Ho +/- 1.96 is obtained. If it is calculated T value > +/- 1.96 then Ho is rejected or an alternative hypothesis is accepted. Hypothesis testing can be seen from the output path coefficient by looking at the Original Sample, T Statistics, and P Values, as presented in Table 2.

Table 2. Path (Original Sample), T Statistics and P Values

RELATIONSHIP	Original Sample	T Statistics	P Values
DisJust -> JobSat	0.827	8.912	0.000
InterJust -> JobSat	-0.009	0.101	0.920
JobSat -> JobPer	0.896	39.167	0.000
ProcJust -> JobSat	0.103	1.281	0.201

Evaluating Table 2 can be seen as follows. Distributive Justice (DisJust) has a positive and significant effect on Job Satisfaction (JobSat) (H1 was supported). Procedural Justice (ProcJust) has no effect on Job Satisfaction (JobSat) (H2 was not supported). Interactional Justice (InterJust) has no effect on Job Satisfaction (JobSat) (H3 was not supported). Job Satisfaction has a positive and significant effect on Job Performance (JobPer) (H4 was supported).

5 CONCLUSIONS

The conclusions of this study could be drawn as follows. Distributive Justice (DisJust) has a positive and significant effect on Job Satisfaction (JobSat) or H1 was supported. While, Procedural Justice (ProcJust) has no effect to Job Satisfaction (JobSat) or H2 was not supported. Furthermore, Interactional Justice (InterJust) has no effect to Job Satisfaction (JobSat) or H3 was not supported. Yet, Job Satisfaction has positive and significant effect to Job Performance (JobPer) or H4 was supported. Organizational Justice is related to Job Satisfaction and Job Performance [27], [28] for distributive justice only, but not for procedural justice and interactional justice. Bank managers have to pay more attention on managing distribution justice to advance their job satisfaction. Limitations of this study was revealed uses 100 samples at 1 bank in Indonesia. Future research suggests larger sample and across sectors. Also develop a mixed method approach to obtain better understanding.

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