

Does Justice Make a Way for Loyalty?

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Abstract

Analysis of survey data significantly confirmed that overall organizational justice perceived by employees is positively related with overall organizational loyalty attitudes of employees. On the overall loyalty, only interactional justice has an effect; distributive and procedural justice has no effect. The greatest effect of loyalty components is on the “attachment” component of loyalty. As a result; by justice efforts, mostly by interactional justice efforts on firms almost only “attachment” component can be improved among loyalty components.

JEL Classification: D23

Keywords: loyalty, justice, dedication, internalization, identification, extra effort, attachment

1. Introduction

Employees' loyalty to the organization is one of the most important work-related attitudes that attracted the attention of many organizational behavior studies. The importance of studying organizational loyalty comes from its link to organizational outcomes such as performance, absenteeism, productivity, satisfaction, and turnover. “A review of literature made by Ali (1992) indicated that loyal employees (a) show high attachment to organizations, even during difficult times; (b) are willing to exert additional efforts to achieve organizational goals; (c) display positive attitudes in their relations with other employees; (d) are receptive to planned organizational changes; and (e) have relatively less absenteeism than less loyal employees. Similarly Salancik (1983) argued that loyalty enhances productivity, ensures the quality of final products, and guaranties the flow of adaptive innovation” (Ali, Krishnan, & Azim, 1997).

One of the antecedents of loyalty might be organizational justice perceived by the employees in an organization (Janssen, 2000). Employees are concerned with both the fairness of the outcomes that they receive and the fairness of their treatment within the organization (Ruder, 2003; Schappe, 1998; Singer, 1990; Tikanmaki, 2001). The first fairness perception, distributive justice, addresses the organizational reward system, whereas the second, procedural justice involves the organization's decision-making procedures. As originally conceptualized, procedural justice concerned individuals' perceptions about the fairness of formal procedures governing decisions. As work on procedural justice progressed, researchers came to recognize the importance of another factor in determining fairness perceptions, namely, interpersonal treatment. “Specifically, Bies and Moag (1986) proposed that individuals' fairness judgments are also based on the quality of interpersonal treatment received during the execution of a procedure, a concept they labeled “interactional justice”. They further hypothesized that interactional justice perceptions would primarily affect attitudes and behaviors toward the person carrying out the treatment, unlike procedural justice perceptions, which were thought to impact reactions to the employing organization” (Masterson, Lewis, Goldman, & Taylor, 2000).

As proposed by Chen, Tsui, and Farh for loyalty to supervisor (2002), the construct of loyalty in this research includes both the relative strength of a subordinate's identification with the organization and his or her attachment and dedication to the particular organization. They proposed five dimensions to capture the domain of this construct. They are:

- (a) Identification with the supervisor's character and accomplishments;
- (b) Internalization of the supervisor's values;
- (c) Willingness to dedicate to the supervisor or seek and promote the supervisor's welfare at the expense of personal interests;
- (d) Willingness to exert extra effort on behalf of the supervisor; and
- (e) Desire to be attached to or follow the supervisor.

For ease of presentation, they labeled these five dimensions as follows: identification with supervisor; internalization of supervisor's values; dedication to supervisor; extra effort for supervisor; and attachment to supervisor. Identification with supervisor and internalization of supervisor's values are the original dimensions introduced by Becker, Billings, Eveleth, and Gilbert (1996) and Chen *et al.* (2002). In this research this construct was used for the organization.

2. Method

2.1. Procedure and Sample

A survey was applied to 665 design engineers from four different defense firms in Turkey to collect the data. Because it is believed that defense industry is the area in which employee loyalty has an extreme important due to secrecy and security. They generally work on secret, critical and national security technologies. The survey sheet was given either as a hard copy or as an electronic e-mail to the participants. Statistical analyses were made by SPSS 15.0 software.

2.2. Measures

The justice scale used in this research consists of three dimensions measuring perceptions of distributive justice, perceptions of procedural justice and perceptions of interactional justice respectively. Distributive justice was measured using five items assessing the fairness of different work outcomes, including pay level, work schedule, work load, and job responsibilities. Procedural justice (six items) measured the degree to which job decisions included mechanisms that insured the gathering of accurate and unbiased information, employee voice, and an appeals process. Interactional justice (nine items) measured the degree to which employees felt their needs were considered in, and adequate explanations were made for, job decisions. The organizational justice scale was based on the one used by Moorman (1991), Niehoff and Moorman (1993), and Moorman, Blakely, and Niehoff (1998).

Organizational loyalty measure was derived from the loyalty to supervisor scale of Chen *et al.* (2002). The five factors or dimensions are labeled and interpreted as follows:

- (1) Dedication to organization: This dimension refers to a subordinate's willingness to dedicate him or herself to the organization and to protect the organization's welfare even at the expense of personal interests. It consists of four items.
- (2) Extra effort for organization: This dimension indicates a subordinate's willingness to exert considerable effort on behalf of the organization. It consists of three items.
- (3) Attachment to organization: This dimension refers to a subordinate's desire to be attached to and follow the organization. It consists of four items.

- (4) Identification with organization: This dimension refers to a subordinate’s respect for the accomplishments of the organization, and a feeling of pride in being a subordinate to that organization. It consists of three items.
- (5) Internalization of organization’s values. This dimension refers to value congruence between the subordinate and the organization. It consists of three items.

All items in the survey used a five-point response format.

3. Research Findings

3.1. Reliability Analysis

Cronbach’s alpha reliability value of the organizational justice scale was computed as 0.89 and organizational loyalty scale’s was computed as 0.86. If one distributive justice item had been deleted, there would have been an improvement less than 0.02 in alpha value of organizational justice scale. For organizational loyalty scale there is not such an item that should be deleted to improve reliability, So all the items were kept for further analysis.

3.2. Factor Analysis

Table 1. Rotated component matrix for organizational justice

Items	Components	
	IJ	DJ&PJ
ij15	0.766	0.065
ij19	0.751	0.096
ij16	0.677	0.182
ij20	0.625	0.264
ij17	0.609	0.228
pj11	0.602	0.211
ij12	0.588	0.236
ij14	0.565	0.296
ij13	0.527	0.222
ij18	0.481	0.425
dj5	0.181	0.686
dj3	0.173	0.655
dj2	0.082	0.599
pj9	0.277	0.560
pj7	0.232	0.542
pj8	0.345	0.476
pj6	0.324	0.475
dj1	0.030	0.457
dj4	0.363	0.450
pj10	0.429	0.449
Cronbach’s Alpha	0.86	0.80

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 IJ: Interactional Justice.
 DJ&PJ: Distributive Justice and Procedural Justice.

Organizational Justice: In accordance with the scree plot test, it was determined to keep two factors for organizational justice. By analysis of correlation matrix, using principal components extraction method with varimax rotation two factors were extracted. These factors were named as interactional justice (IJ) and distributive justice & procedural justice (DJ&PJ). Factor loadings for each variable on the components or factors after rotation are given as rotated component matrix in Table 1. In IJ component there are 10 items totally, one of them is procedural justice item (pj11) and the others are interactional justice (ij) items. In DJ&PJ component there are also 10 items totally, 5 of them are distributive justice (dj) items, and 5 of them are procedural justice (pj) items.

Organizational Loyalty: By analysis of correlation matrix, using principal components extraction method with varimax rotation three factors were extracted. These factors were named as dedication & extra effort (D&EE), attachment (A) and identification & internalization (Id&In). Factor loadings for each variable on the components or factors after rotation are given as rotated component matrix in Table 2. In D&EE component there are 6 items totally, three of them are extra effort items and three of them are dedication items. In A component there are 5 items totally, 4 of them are attachment items, and 1 of them is internalization item. In Id&In component there are 6 items totally, three of them are identification items, two of them are internalization items and one of them is dedication item.

Table 2. Rotated component matrix for organizational loyalty

Items	Components		
	D&EE	A	Id&In
ee53	0.693	0.068	0.123
d50	0.680	-0.010	0.289
ee55	0.663	0.231	-0.032
ee54	0.643	0.191	-0.002
d49	0.633	0.163	0.230
d51	0.600	-0.010	0.299
a56	0.076	0.808	0.103
a57	0.157	0.739	0.148
a59	0.084	0.647	0.233
a58	0.228	0.630	0.143
In64	0.116	0.502	0.446
Id60	0.220	0.059	0.724
Id62	0.153	0.199	0.646
In63	0.080	0.313	0.586
Id61	0.186	0.201	0.581
d52	0.454	0.068	0.501
In65	-0.043	0.432	0.455
Cronbach's Alpha	0.78	0.78	0.74

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

After factor analysis, in accordance with the components extracted the hypotheses that will be tested are as follows:

- H1:** Perceived organizational justice is positively associated with organizational loyalty of employees.
- H2:** Perceived organizational justice is positively associated with dedication to and extra effort for organization.
- H3:** Perceived organizational justice is positively associated with attachment to organization.
- H4:** Perceived organizational justice is positively associated with internalization of and identification with organization's values.
- H5:** Perceived distributive/procedural justice and interactional justice are positively associated with organizational loyalty.
- H6:** Perceived distributive/procedural justice is positively associated with dedication to and extra effort for organization.
- H7:** Perceived distributive/procedural justice is positively associated with attachment to organization.
- H8:** Perceived distributive/procedural justice is positively associated with internalization of and identification with organization's values.
- H9:** Perceived interactional justice is positively associated with dedication to and extra effort for organization.
- H10:** Perceived interactional justice is positively associated with attachment to organization.
- H11:** Perceived interactional justice is positively associated with internalization of and identification with organization's values.
- H12:** Perceived interactional justice is positively associated with organizational loyalty.

3.3. Descriptive Statistics

In order to obtain comparable numbers, all observed values of research variables have been normalized according to the formula below:

$$\text{normalized value} = \left(\frac{\text{observed value of variable} - \text{probable minimum value}}{\text{maximum probable value} - \text{probable minimum value}} \right) \times \frac{100}{\left(\frac{\text{maximum probable value} - \text{probable minimum value}}{\text{maximum probable value} - \text{probable minimum value}} \right)}$$

Survey item quantity of each construct, normalized means, probable minimum and maximum values, normalized standard deviations and variation coefficients are given in Table 3. It can be said that all the means are above average level (differ between 54.1-73.7). According to variation coefficients (which equals to standard deviation / mean) the most dispersed variable is attachment to organization with the coefficient of 0.42.

Table 3. Descriptive statistics of research variables*

Variable	Item #	Mean	Probable Min-Max	Standard Deviation	Variation Coefficients
Organizational justice (OJ)	20	54.3	20-100	19.6	0.36
Organizational loyalty (OL)	17	66.6	17-85	18.0	0.27
Interactional justice (IJ)	10	54.3	10-50	22.2	0.40
Distributive Justice & Procedural Justice (DJ&PJ).	10	54.1	10-50	20.9	0.39
Dedication & Extra Effort (D&EE)	6	73.7	6-30	21.3	0.29
Attachment (A)	5	60.5	5-25	24.9	0.42
Identification & Internalization (Id&In).	6	64.7	6-30	21.2	0.33

*Means and standard deviations were calculated from normalized variable values so they are comparable with each other.

3.4. Correlation Analysis

Pearson's correlation coefficients of the research variables are given in Table 4. Organizational loyalty attitudes differ with organizational justice perceptions to a same way and the strength of that relationship is 0.37 ($\alpha=0.01$). All of the loyalty components vary with all of the justice components ($r=0.01-0.46$). But the correlation between D&EE and DJ&PJ is negligible ($r=0.01$). Among the relationships of the loyalty and justice components, the one that is between interactional justice and attachment to organization is the strongest ($r=0.46$). All of the justice components are related with the organizational loyalty ($r=0.26$ and $r=0.41$). Among organizational justice components, interactional justice has the strongest relationship with organizational loyalty ($r=0.41$) and among organizational loyalty components, attachment to organization has the strongest relationship with organizational justice ($r=0.46$).

Table 4. Pearson's correlation coefficients of the research variables*

	OJ	OL	IJ	DJ&PJ	D&EE	A
OL	.37					
IJ	.92	.41				
DJ&PJ	.90	.26	.66			
D&EE	.12	.77	.20	.01		
A	.46	.80	.46	.36	.36	
Id&In	.32	.85	.33	.26	.49	.58

*All correlation is significant at the 0.01 level (2-tailed)

In Table 5 Pearson's partial correlation coefficients of the research variables are given. Among them the correlation between DJ&PJ and Id&In, the correlation between DJ&PJ and OL is not statistically significant. Generally it can be said that when the effects of IJ on loyalty components are controlled, the effects of DJ&PJ component decrease very sharply.

Table 5. Pearson’s partial correlation coefficients of the research variables

	IJ (controlling for DJ&PJ)	DJ&PJ (controlling for IJ)
D&EE	0.26**	-0.17**
A	0.32**	0.09*
Id&In	0.22**	NS
OL	0.33**	NS

** : Correlation is significant at the 0.01 level (2-tailed)

* : Correlation is significant at the 0.05 level (2-tailed)

NS: Correlation is not significant

3.5. Regression Analysis

Regression analysis results are given in Table 6. According to the analysis, overall organizational justice can explain 14% of the variance in overall organizational loyalty, 1% of the variance in dedication & extra effort component, 21% of the variance in attachment component and 10% of the variance in identification & internalization component. Namely justice is mostly effective on attachment. When the components of justice are put separately on the regression model, only interactional justice is related with loyalty. Distributive and procedural justice is not related with dedication and attachment, can explain 13% of variance of attachment and 7% of variance of identification/internalization. Interactional justice is related with all components of loyalty, mostly with attachment.

Table 6. Regression analysis results

Independent Variable(s)	Dependent Variable	Adjusted R Square	Standardized Coefficients	t test result	F test result
OJ	OL	0.14	0.37	**	**
OJ	D&EE	0.01	0.12	**	**
OJ	A	0.21	0.46	**	**
OJ	Id_In	0.10	0.32	**	**
DJ&PJ	OL	0.17	NIL	NS	**
Ij			0.42	**	
DJ&PJ	D&EE	NIL	NIL	NS	NS
DJ&PJ	A	0.13	0.36	**	**
DJ&PJ	Id_In	0.07	0.26	**	**
Ij	D&EE	0.04	0.20	**	**
Ij	A	0.21	0.46	**	**
Ij	Id_In	0.11	0.33	**	**
Ij	OL	0.16	0.40	**	**
Dj&Pj	OL	0.07	0.26	**	**

NIL: Nothing in Line

** : significant at the 0.01 level

NS: Not significant

As a result except for H5 and H6 all the hypothesis are accepted at 0.01 significance level.

4. Conclusion

Overall organizational justice perceived by employees is positively related with overall organizational loyalty attitudes of employees ($r=0.37$; Adjusted R Square=0.14). When the effect of “distributive justice and procedural justice” component of organizational justice is controlled, “interactional justice” component of it is positively related with overall organizational loyalty ($r=0.41$; partial $r=0.33$; Adjusted R Square=0.16), but when the effect of “interactional justice” component of organizational justice is controlled, “distributive justice and procedural justice” component of it is not related with overall organizational loyalty ($r=0.26$; partial r is not significant; Adjusted R Square is not significant). So it can be said that on the overall loyalty, only interactional justice has an effect; distributive and procedural justice has no effect.

This is a quite interesting finding that is telling to the managers of firms that if overall loyalty is wanted to be increased by means of justice applications, to neglect distributive and procedural justice, and to work only on interactional justice applications. Namely when decisions are made about employees’ job the general manager should,

1. treat with kindness, consideration, respect and dignity,
2. be sensitive to personal needs of employees,
3. deals with employees in a truthful manner,
4. shows concern for individual rights as an employee,
5. discuss the implications of the decisions with employees,
6. offer adequate justification for decisions made about the job,
7. offer explanations that make sense to employees,
8. explain very clearly any decision made about the job,
9. allow employees to challenge or appeal job decisions;

rather than to

1. distribute work schedule, pay, work load, rewards and job responsibilities fairly,
2. make job decisions in an unbiased manner,
3. make job decisions, by collecting accurate and complete information,
4. clarify decisions and provide additional information when requested by employees,
5. apply all job decisions consistently across all affected employees,

Among the components of loyalty, the greatest effect of “distributive and procedural justice” component is on the “attachment” component of loyalty ($r=0.36$; partial $r=0.09$; Adjusted R Square= 0.13). Its effect on “dedication and extra effort” component is negligible ($r=0.01$; partial $r=-0.16$ and Adjusted R Square is not significant) and on “internalization of and identification with organization’s values” component is also negligible ($r=0.26$; partial r is not significant and Adjusted R Square=0.07).

The greatest effect of “interactional justice” component is also on the “attachment” component of loyalty ($r=0.46$; partial $r=0.32$; Adjusted R Square= 0.21). Its effect on “dedication and extra effort” component is very weak ($r=0.20$; partial $r=-0.17$ and Adjusted R Square=0.04) and on

“internalization of and identification with organization’s values” component is weak ($r=0.33$; partial $r=0.22$ and Adjusted R Square= 0.11).

So when the effects of justice components are taken separately, it can be said that generally the effects of justice components are on “attachment” component of loyalty. Namely by justice applications in firms almost only “attachment” component of loyalty can change. When justice components are taken independent variables in a regression model where overall loyalty is dependent variable, “distributive and procedural justice” component has no significant effect. Attachment items are below:

1. Even if there may be better alternatives, I will still remain to work in my organization.
2. I would feel satisfied as long as I can work in my organization.
3. No matter whether it will benefit me or not, I will be willing to continue working in my organization.
4. The reason I prefer my organization than another is because of what it stands for, that is, its values.

According to regression analysis results where “distributive justice and procedural justice” and “interactional justice” are independent variables, “attachment” component is dependent component; adjusted r square is 0.22; standardized coefficient of “distributive justice and procedural justice” is 0.01; standardized coefficient of “interactional justice” is 0.40; the coefficients and regression model are all significant at 0.05 level.

As a result; by justice efforts, mostly by interactional justice efforts on firms almost only “attachment” component can be improved among loyalty components.

However there are some limitations about this investigation. The sample is limited with four firms in defense industry. Further investigations can be made on other industries.

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