



ORGANISATIONAL JUSTICE – ORGANISATIONAL
CITIZENSHIP BEHAVIOUR RELATIONSHIP: THE
MEDIATING ROLE OF JOB SATISFACTION AND
LEADER-MEMBER EXCHANGE IN THE
MANUFACTURING SECTOR IN MALAYSIA

BY

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ABSTRACT

This study explores the mediating roles of job satisfaction and leader-member exchange in the justice-citizenship relationship in the manufacturing sector in Malaysia. Specifically, the study examines the effect of distributive justice, procedural justice, and interactional justice on five dimensions of organisational citizenship behaviour, namely, altruism, courtesy, conscientiousness, sportsmanship, and civic virtue. As employee perception of organisational justice is likely to affect job satisfaction and leader-member exchange, this study includes these variables as mediators to enrich the understanding of the justice-citizenship relationship. Analysing data drawn from a sample of 267 employees in a range of manufacturing entities using well-established scales, results from principal component analysis and confirmatory factor analysis establish that organisational justice is explained by distributive justice, procedural justice, informational justice, and interpersonal justice while organisational citizenship behaviour is explained by altruism, courtesy, conscientiousness, sportsmanship, and civic virtue. Results of the structural equation modeling analysis reveal that organisational justice partially influences organisational citizenship behaviour, but significantly affects job satisfaction and leader-member exchange. Analysing further, the findings substantiate that job satisfaction has a significant influence on organisational citizenship behaviour while leader-member exchange has a partial effect. When introduced as mediators, the results verify that job satisfaction is indeed an important factor in the justice-citizenship relation. On the contrary, leader-member exchange is not a significant factor in the justice-citizen relationship. The findings provide invaluable implications to theory and practice.

المخلص

هذه الدراسة تبحث في أدوار العمل الدخيلة للرضا الوظيفي وعمليات التبادل للأعضاء والقادة في إطار العلاقة بين العدل والمواطنة في القطاع التصنيعي في ماليزيا. بشكل أدق، يقوم هذا البحث بدراسة العدل في عملية التوزيع ، العدل في العملية الإجرائية و العدل في العملية الإطار التفاعلي على خمسة أبعاد لسلوك المواطنة المنظماتية، أي بمعنى الإيثار، واللفظ، والاجتهاد، والروح الرياضية، والفضيلة المدنية. بما أن منظور الموظف للعدالة المنظماتية يحتمل أن يؤثر على الرضا الوظيفي وعلى عملية التبادل بين الأعضاء والقادة، فإن هذه الدراسة تتضمن هذه المتغيرات كعوامل وسيطة لإثراء الفهم المنعقد حول علاقة العدل بالمواطنة. إن النتائج المحصّلة من تحليل العناصر الرئيسية وتحليل العامل المؤكّد، مع تحليل البيانات المرسومة من عينة دراسة مكونة من 267 موظف في نطاق الكيانات التصنيعية باستخدام موازين مُحكمة التأسيس، تدل على أن العدل المنظماتي يشرحه العدل التوزيعي، والعدل الإجرائي، والعدل المعلوماتي، والعدل الشخصي، بينما سلوك المواطنة المنظماتية يشرحه الإيثار، واللفظ، والاجتهاد، والروح الرياضية، والفضيلة المدنية. إن نتائج التحليل التصميمي (النموذجي) للمعادلة البنائية (الهيكلية) تبين أن العدل المنظماتي يؤثر جزئياً على سلوك المواطنة المنظماتية، لكنه يؤثر بشكل ملحوظ على الرضا الوظيفي وعلى عملية التبادل بين الأعضاء والقادة. مع المزيد من التحليل، فإن النتائج تثبت أن للرضا الوظيفي تأثيراً ملحوظاً على سلوك المواطنة المنظماتية، بينما لعملية التبادل بين الأعضاء والقادة تأثير جزئي. عند تقديمها كعوامل وسيطة، فإن النتائج تؤكد أن الرضا الوظيفي هو بالتأكيد عامل مهم في العلاقة بين المواطنة والعدل. على النقيض، فإن عملية التبادل بين الأعضاء والقادة ليست عاملاً مهماً في علاقة المواطن والعدل. النتائج تقدم إضافات قيمة جداً للنظرية والتطبيق.

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Hooi Lai Wan

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ORGANISATIONAL JUSTICE–ORGANISATIONAL CITIZENSHIP BEHAVIOUR RELATIONSHIP: THE MEDIATING ROLE OF JOB SATISFACTION AND LEADER-MEMBER EXCHANGE IN THE MANUFACTURING SECTOR IN MALAYSIA

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Chapter 1 presents a simplified overview of the study on the effect of organisational justice on organisational citizenship behaviour. It stresses on the problem statement and the rationale of the study. The research problem is formulated based on the research gaps identified by exploring how the problems that have been researched into and how these research studies have been conducted. To illustrate the purpose of the study, this chapter proceeds to outline the research problem, the research questions and research objectives that are developed through comprehensive literature review on the domain. It then presents the significance and scope of the study. The chapter concludes with defining the key terms to develop an understanding of the concepts and terminology used in the study.

1.2 JUSTIFICATION FOR THE RESEARCH PROBLEM

Perceptions of justice, equity, or fairness in the workplace are widely recognised as an influential factor in employee attitudes at the workplace (Adams, 1965; Cropanzano & Greenberg, 1997; Fields, Pang, & Chin, 2000; Leventhal, 1976; Ramamoorthy & Flood, 2004). Employees would probably hold positive attitudes about their work, their work outcomes, and their supervisors if they perceived that they are treated fairly (Moorman, 1991). Organisational justice concerns three distinct, but related

components of justice, namely, distributive, procedural, and interactional justice. Distributive justice is established in literature on equity theory (Adams, 1965), and refers to the fairness of decision outcomes. Studies have shown that employee performance may increase or decrease in relation to perceptions of inequitable outcomes (Adams, 1965; Greenberg, 1988, 1989). Employees who perceive unfairness is likely to limit their commitment to citizenship, whereas employees who perceive equity will contribute to the system through continued citizenship (Moorman, 1991). Procedural justice concerns perceived justice of the decision-making procedures used to determine the distribution of the outcome, and is grounded in dispute resolution models (Kim & Mauborgne, 1997; Leventhal, 1976; Thibaut & Walker, 1975). A variety of studies have found a robust relationship between perceptions of procedural justice and organisational citizenship behaviour. Procedural justice accounts for a linear relationship with altruism (Farh, Podsakoff, & Organ, 1990); and altruism, courtesy, sportsmanship, and conscientiousness (Moorman, 1991). Their results were further substantiated by the findings of Niehoff and Moorman (1993). Distributive justice and procedural justice has been consistently related to employee work-related attitudes and behaviours such as job satisfaction, pro-social behaviours, tenure intent, team attachment, job performance and absenteeism (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Greenberg, 1990; Lee, Pillutla, & Law, 2000; Phillips, 2002).

Interactional justice relates to the perceived quality and equity of the interactions between recipient and the decision maker (Ramamoorthy & Flood, 2004). The importance of interactional justice is reiterated by Moorman (1991) who emphasised that interactional justice was the sole dimension of fairness to relate significantly to organisational citizenship behaviour. In essence, employees are more

likely to exhibit organisational citizenship behaviours if they perceive that their supervisors personally treated them fairly. Tansky (1993) affirms that the quality of supervisor-subordinate relationship is positively related to the five dimensions of organisational citizenship behaviour. Additionally, DeConinck (2010) asserts that in order to increase interactional justice, it is imperative for the supervisor to explain the procedure as well as to take questions from the employee regarding the process. The supervisor has to ascertain that employees perceive the procedures as impartial. Enhanced employee's trust in supervisor induces employees to reciprocate with increased organisational citizenship behaviour (Konovsky & Pugh, 1994) and employees are likely to engage in civic behaviour if fairness is perceived (Robinson & Morrison, 1995). Concisely, perceive procedural justice augments interactional justice. Thus, the interactive effects of the three dimensions of organisational justice could not be ignored. Furthermore, meta-analysis has confirmed the three types of justice to be strongly related, but distinct from each other (Alexander & Ruderman, 1987; Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Folger & Konovsky, 1989; Konovsky, Folger, & Cropanzano, 1987).

In an organisational environment, employees use economic exchange and social exchange to view their relationship with the organisation (Blau, 1964). Economic exchange is based on the fairness of contractual demands and predetermined obligations (e.g. pay) whilst social exchange goes beyond contractual obligations (e.g. trust). Comparatively, employees are more likely to be in a reciprocal social exchange relationship with the organisation as organisational citizenship behaviour is reflected more in social exchange (Organ & Konovsky, 1989). People will shift to more economic exchange view if their perception of justice is low. When employees feel that they are treated unfairly, they restore equity by containing

extra-role behaviour. On the contrary, they reciprocate with discretionary behaviours when they are treated fairly (Organ, 1997). Organ (1988b, 1990) together with Konovsky (Organ & Konovsky, 1989) used the idea of social exchange to show the relationship between fairness and job satisfaction. As far as organisational justice is concerned, employees are more likely to view their relationship with the organisation as one of social exchange. Thus, social exchange is more important than economic exchange to the use of organisational citizenship behaviour (Organ, 1988b, 1990; Organ & Konovsky, 1989).

In addition to studies in the organisational environment, the concepts of organisational citizenship and organisational justice have also been discussed in the field of education, albeit rather limited (DiPaola & Hoy, 2005; Hoy & Tarter, 2004). Oplatka (2006) asserts that there are only ten research papers on organisational citizenship in schools worldwide. DiPaola and Hoy (2005) conceive that organisational citizenship behaviour does exist in public schools. Nonetheless, studies concerning the adaptation of organisational citizenship (Bogler & Somech, 2005; Christ, Van Dick, Wagner, & Stellmacher, 2003; DiPaola & Hoy, 2005; DiPaola & Tschannen-Moran, 2001; Somech & Drach-Zahavy, 2000) and organisational justice (Hoy & Tarter, 2004) to schools is relatively new. Hoy and Tarter (2004) explore organisational justice in schools in terms of its relationship with trust. Yilmaz and Tasdan (2009) study the relationship between organisational citizenship and organisational justice in terms of gender, field of study and seniority. The study shows that teachers have positive perceptions regarding organisational citizenship and organisational justice. Organisational citizenship perceptions did not vary according to gender, field of study and seniority, but organisational justice perceptions varied according to seniority, but not gender and field of study. A moderate positive

relationship can be observed between the teachers' organisational citizenship and organisational justice perceptions. Other studies found that schoolteachers have moderately positive perceptions of organisational citizenship behaviour (Tschannen-Moran, 2001; Yilmaz & Tasdan, 2009). These studies suggest that a positive organisational justice perception may increase a positive citizenship perception. Similar findings are present in university settings (Erturk, 2007; Skarlicki & Latham, 1995). Erturk (2007) affirms that all dimensions of justice relate significantly and positively to trust in supervisor, which has strong positive influence on organisational citizenship behaviours that both benefit the organisation and the individuals. It is suggested that organisations formulate human resource practices that promote fair treatment of employees and train supervisors in the fair enactment of these practices.

The study on organisational justice and organisational citizenship behaviour could be further extended to cover other sectors. Specifically, this study will focus on the manufacturing sector as it contributes significantly to the gross domestic product of the country. The manufacturing sector plays a prominent role in the Malaysian economy and it is imperative that employees be groomed to be the leaders of tomorrow. The presence of organisational citizenship behaviour among employees is likely to enhance succession management and improve the quality of industry captains. Furthermore, retention of talents and skilled workers is necessary for the sustainability of the industry. However, due to the perilous nature of the work environment in the manufacturing sector, instilling organisational citizenship behaviour would probably be more challenging comparatively. Additionally, perceptions of organisational injustice may further dampen the spirit of organisational citizenship behaviour. Glaring organisational injustice is likely to result in much discontentment among employees. This leads to lower job satisfaction, which is further aggravated by poor

leader-member exchange relationship. Such discontentment then cascades into lackadaisical attitude and translates into undesirable work attitudes among those affected. Employee intention to leave would probably increase. Based on the theory of reasoned action, behavioural intentions is much dependent on attitudes and subjective norms. Considering the spiraling effects of negative work attitudes, maintaining organisational justice may be imperative for the well-being of the organisations. The growing competitiveness of the manufacturing sector makes organisational citizenship behaviour an important facet that is worth considering.

1.3 PROBLEM STATEMENT

The sharp deterioration in the global economy has affected nations worldwide and Malaysia is no exception. Malaysia faces an extremely challenging economic environment following the global meltdown in equity markets which has adversely impacted investor and consumer sentiment (Economic Report 2011/2012). Moreover, the introduction of the ASEAN Free Trade Area (AFTA) which removes trade barriers amongst member countries aggravates further the challenges faced by organisations in Malaysia, specifically in the manufacturing sector. The global slump in demand for electrical and electronic products not only affected significantly job creation in the manufacturing sector, but also resulted in the highest retrenchments at 4,474 workers or 66.3 percent of total retrenchments in the first eight months of 2011 (Economic Report 2011/2012). To mitigate the impact of the global contraction, businesses not only have to focus on stimulating market share in the short-term, but also on building the long-term capacity of the business. This will ensure that the organisation is well prepared to immediately seize the opportunities when the global economy recovers.