THE IMPACT OF PROCEDURAL JUSTICE ON ORGANIZATIONAL COMMITMENT, PROMOTION DECISIONS AND INTENT TO LEAVE THE ORGANIZATION

Shagufta Ghauri1

Abstract

This study was an attempt to investigate the impact of procedural justice on organizational commitment, promotion decision, and intent to leave the organization. The study was undertaken in two multinational banks and two local banks situated in Karachi, Pakistan. It was an empirical descriptive study with a sample size of 80 middle managers. To quantify promotion decision one item was used to evaluate whether the respondents got advancement or not. The Organizational Commitment Questionnaire (OCQ) was employed to assess organizational commitment. Turnover intention questionnaires (TIQ) were used to measure turnover intentions. Procedural equity was measured with Procedural Justice Perception Scale. The findings indicate procedural justice as a statistically significant predictor of organizational commitment \[R^2 = .240, F (1, 78, 79) = 24.604, p < .001\]; procedural justice as insignificant predictor of promotion decision \[R^2 = .025, F (11.103, 5.624) = .164, p > .05\]; and procedural justice as insignificant predictor of intent to leave organization \[R^2 = .011, F (.053, .059) = .349, p > .05\].

Keywords: Procedural justice, Promotion decision, Organizational commitment, Turnover intention.

JEL Classification: Z 000

1-Department of Management, Institute of Business Management (IoBM), Karachi, Pakistan
Introduction

This study was an attempt to research the effect of procedural equity on organizational commitment, promotion decision and intent to leave the organization. Banking industry is the biggest and largest industry of Pakistan in terms of profitability, contribution to GDP and employment generation. Still the industry faces high employee turnover ratio due to dissatisfaction among the hierarchy of employees.

Profession movement choices are of utmost significance to employees and organizations. From an authoritative perspective point, the nature of the prospect administration relies on the estimation of advancement choices and people who perceive organizations as fair are more likely to stay with their jobs (London & Stumpf, 1986; Poon, 2012). Best individual’s advancement will permit the association to associate its game changer through skillful representatives who are master at settling on vital choice. From a worker viewpoint, advancements offer people intangible and distinctive rewards e.g., power, renumeration, status, responsibility, challenging work, and so on.-and subsequently are a capable wellspring of fulfillment and inspiration (Igbaria & Greenhaus, 1992; Kumar, Ramendran & Yacob, 2012; Malik & Naeem, 2011). Employees feel extrinsically rewarded if there is a continuance sequence of promotions and new positions in their career paths. Consequently, as suggested by (Bardwick, 1986; Lavella et al, 2009) opportunities for career progression are a pertinent and significant part of organizations’ reward system and incentive.

To meet the career progression challenge, researchers have predicted to change the idea of profession in the mind of manager, so it is not particular by upward order development (e.g., Hall, 1986; Brousseau, Driver, Eneroth, & Larsson, 1996). Such endeavors may take long to execute or may not be effective. Some scholars have proposed that behavior and attitude result from an adverse authoritative choice like a non advancement, it might be through the sensitivity that the procedure choice was fair and transparent (Brockner
et al., 1994; Colquitt, Conlon, Wesson, Porter & Ng, 2001). Researchers have analyzed the role of fairness in diverse managerial choice, similar to renumeration (Folger & Konovsky, 1989), cutbacks and termination (Brockner et al., 1994), performance appraisals, selection process decisions are prejudiced by promotion decision. The consequence of such study has shown that affirmative career outcome enhances the process of individual's perception of fairness. A strong relationship between individual affective behavior outcome and equity judgments have been supported by various important studies (Porter, & Ng, 2001). The finding of this study usually implies that organizational fairness in decision making processes may persuade employees approval of and positive reactions to different organizational decisions, some research has considered the role of justice in the reference of promotion decisions. In addition few studies in promotion perspective have investigated employee perception of fairness processes with reference to employee attitude, behavior and career outcomes.

Captivating into manager’s career history, the researchers search the growing impact of advancement choice and the perceived fairness of such decisions. Structuring on former vocation and justice study, researcher investigated the impact of procedural justice on advancement choices and individual attitude. It has revealed perception of fairness in decision making processes to influence consent of organizational decisions and also analyze the relationship between organizational commitment, fairness and intention to leave the organization. The study investigates this relationship in a Pakistani context of two multinational and two local banks of Karachi, characterized by internal career hierarchy and traditional organizational structures.

This study will help the researcher to investigate how procedural justice affects advancement choices and organizational commitment and how dissatisfied employees see the relationship between advancement choices and intent to leave the association. This
will help the banking industry to minimize the losses incurred due to high employee turnover.

The following section provides review of existing literature, study designs and measures used in this study. After presentation of main findings of study, results have been discussed in light of existing literature and observations.

**Literature Review**

*Recent research on Promotion Decisions*

In today’s competitive world, employers have realized the significance of motivated competent managers. Organizations pay out millions of dollars every year in their attempt to conform to fair employment, and many organizations continue to have problems with the employees who perceive inequity in promotion decisions. Employees’ perception of inequity may result in negative outcomes for the company.

Many scholars (Colquitt, Conlon, Wesson, Porter & Ng, 2001) have agreed upon the consequences of employee demographic characteristics on promotion decision; there has been ample research conducted that showed characteristics like race (Powell & Butterfield, 1997), physical attractiveness, age and gender (Morrow, McElroy, Stamper, & Wilson, 1990) have significant influence on promotion decision. In addition to it, researchers have highlighted the performance impact on promotion choices (Ohlott, & Kram, 1997). There has been a considerable amount of research to study the effect of promotion on attitude and behavior with some proxies for definite promotion, like promotion fulfillment and career prospects (Quarles, 1994; Martinez-Tur, V., Peiro, J. M., Ramos, J., and Moliner, C. 2006). Affirmative relationship has been found amid career satisfaction and job and organizational commitment (Quarles, 1994). Similar studies on career advancement substitute have suggested negative relationship with
voluntary turnover and turnover intentions (Price, 1977; Gim & Desa, 2014). In spite of these results between employee outcomes and promotion decisions, the promotional measures incorporated in these studies were perceptual, that limit the conclusion derived from the research findings.

Fairness in Career Progression Decisions

Within the perspective of human resource management, research scholars have examined the part of equality with compensation system (Folger & Konovsky, 1989), performance evaluation (Taylor et al., 1995; Greenberg, 1986), downsizing processes (Brockner et al., 1994) and selection systems (Singer, 1993 Gilliland, 1993, 1994). Several studies have analyzed the consequences of selection decisions on employee justice reactions; meek consideration has been given to the role of justice in career progression, which is measured to be a form of employee selection (Gilliland, 1993, 1994). Some studies have attempted to institute a link between promotions and justice by focusing on employees’ perception of fairness as a result of promotion systems. Research investigating the organization of promotion systems suggests that employee perception of equality are affected by the kind of criterion used for promotion decisions (Kaplan & Ferris, 2001). Similar studies have been directed by McEnrue (1989) to comprehend factors that enhance perceptions of fairness concerning promotion practices aimed at the procedural rudiments of promotion decisions, including proficiency oriented promotion criterion, clearly defined career progression paths, and information received on advancement process. The result demonstrates that career progression paths and promotion criterion were significantly associated with the perceived fairness of promotion decisions (Colquitt, Conlon, Wesson, Porter & Ng, 2001; Gim & Desa, 2014).

As of late, studies have tried to investigate fairness as an attribute of advancement frameworks and procedures that impact worker mentality. A study was directed to analyze procedural equity.
in advancement choices while equity was researched as a precursor to authoritative duty by Lemons and Jones (2001). Exploration has additionally figured out that equity assumes an essential part in the relationship between special choices and specialist response given that laborers are liable to have a positive perspective of their association and association equity when prizes are gotten like advancement, which disentangle into larger amounts of authoritative connection (Beehr, Taber & Walsh, 1980; Arvey & Sackett, 1993; De Souza, 2002).

The general findings of exploration to date, attract consideration for procedural equity as both an impact to advancement choices and a precursor to another representative response. On the other hand, the connection between equity, advancement choice and representative result is insufficient given an absence of examination in setting to advancement and in addition study measuring the impacts of real advancement choices. Research demonstrates the direct relationship among worker attitude, fairness, and conduct and proposes that procedural justice in a promotion decision may affect employee’s response to such decisions like fairness in promotion system.

The conceptual framework of the study is shown in Fig 1.
Hypothesis Development

Determined by examination has shown a relationship between advancement choices and procedural equity and in the midst saw equity and authoritative responsibility, the researchers debate that procedural equity, recognition may be capable, in component, for the impacts of advancement choices on hierarchical duty and turnover aims. Studies have demonstrated that the attributes or structure of advancement frameworks impact impression of procedural equity (Kaplan & Ferris, 2001; Perace et al., 1994; McEnrue, 1989). In number, the hierarchical equity study has demonstrated an enduring relationship between the impression of procedural equity and differing individual work results only in authoritative duty. With reference to the gathering model of procedural equity, reasonable procedures are accepted to declare a singular status in gathering, whereby fortifying that singular’s level of connection and distinguishing proof with the gathering (Lind & Taylor, 1988). Reasonable hierarchical strategies are more inclined to advance and secure a singular’s enthusiasm for the association. Such procedures improves the level of authoritative connection (Konovsky, Folger, & Cropanzano, 1987). In reference to authoritative equity, exploration has demonstrated that view of procedural equity, strengthen workers' hierarchical duty (McFarlin & Sweeney, 1992; Brockner, DeWitt, Grover, & Reed, 1990). Studies have shown an association between procedural equity and withdrawal from the organization (Colquitt, 2001; Colquitt, Conlon, Wesson, Porter & Ng, 2001).

Extrinsic reward like a promotion decision may communicate important information regarding career projection, influencing employee’s association with an organization, these effects are due to the employees’ perceived equity in the decision making processes. A fair decision making procedures are considered to be investigated of the obviousness and predictability of approving outcomes. The fair promotion decision has a greater likelihood of promising future career and organizational outcomes like promotion, compensation etc.
Therefore, fairness in promotion decision will enhance employees’ affiliation to an organization (Gim & Desa, 2014).

A causal sequence of the impact of turnover intentions and organizational commitment has been acknowledged in several studies, meta-analyses and literature review (Cohen, 1993). From both causal mechanism and definitional impact has emerged. First, the need to stay with the company and the experience of loyalty are usually well thought-out to be a characteristic element of the organizational commitment (Jaros et al., 1993; Mowday, Steers, & Porter, 1979; Usmani & Jamal, 2013). Secondly, commitment to the organization is usually taken into account the acknowledgment with the organization and readiness to spend extra effort on its behalf. To anticipate such an altitude of caring will develop a yearning to remain with the company. Perhaps a committed employee may have a sincere interest in helping the organization to grow and succeed. The relationship between intent to leave the company and commitment derives from conceptual overlap; it has been well demonstrated that commitment does influence employee turnover intention.

Taking into account the literature review it was hypothesized that “Procedural justice perception will significantly predict an employees organizational commitment, promotion decisions, and intent to leave the organization”

Methodology

Sample:

Questionnaires were distributed to 80 middle managers working in two multinational and two local banks in Karachi and were administered during work hours. Individuals were selected on convenience sample and code numbers were given to ensure anonymity of each respondent.
The participants age varied from 23 years to 53 years. 28 participants hold MS/MPhil degree, 37 participants hold masters degree, 13 hold graduate degree, while 2 hold Intermediate degree. The sample included 24 participants who were earning more than 61,000 Pakistani Rupee(Pkr), 15 participants were earning between 51,000-60,000 Pkr, 22 participants were earning between 41,000 Pkr, 11 participants were earning between 31,000 Pkr and 8 participants earned more than 20,000 Pkr. 36 participants were with the bank for more than 4 years, 23 of the participants were with the bank for last 3 years, 10 of the participants had two years tenure, 8 participants had a year experience and 3 participants had less than a year experience.

**Measure:**

The demographic form was developed which included information about age, gender, income level, education, length of service, and marital status.

**Promotion Decision**

Single item was used to assess whether respondents received a promotion or not. Responses were coded (0) if promotion was not received and (1) if a promotion was received.

**Procedural Justice**

Moorman’s (1991) Procedural Justice Scale was used to measure Procedural Justice Scale on 5-point Likert scale ranging from (1) strongly disagree (5) to strongly agree. The reason for choosing this scale is that it has been used in several studies to measure procedural justice in different cultures and regions including Asian and Middle East countries (Kang, 2007; Awamleh, 2006; ). The scale has also been used in Pakistan to assess relationship procedural justice with job satisfaction (Usmani & Jamal, 2013; Malik & Naeem, 2011; ). The
Cronbach alpha for this scale was .90 in current study thus indicating adequate reliability.

**Organizational Commitment**

Organizational Commitment was assessed by using, “The Organizational Commitment Questionnaire (OCQ; Mowday, Steers, & Porter, 1979). The OCQ measures individuals feeling about their organization. It is a 7-point Likert scale ranging from strongly disagree (1) to strongly agree (7). This scale has also been used in diverse work settings (Riggs & Knight, 1994; Mackay, 2013) and found as an adequate measure to be used in Pakistan by another study (Usmani & Jamal, 2013). The work environment in banking sector also share its several characteristics internationally thus use of this scale to collect data for this study was appropriate. To establish internal reliability of scale Cronbach alpha was computed in this study data and was .89.

**Intent to Leave**

Turnover intention was assessed by deriving three items from the study by O’Reilly, Chatman and Caldwell (1991). Responses were measured on 7-point Likert scale ranging from strongly disagree (1) to strongly agree (7). These items have also been used by some other recent studies in variety of organizations (Hassan, 2014; Kumar, Ramendran, & Yacob, 2012). The items were simple to understand and relate well with the organizational culture in Pakistan. The internal reliability statistic as demonstrated by Cronbach alpha was .84 in this study.

**Research Site & Setting**

The questionnaire was filled by the participants in the bank within the office timings. The environmental variable was controlled by providing each participant the environment with which they were familiar.
**Procedure**

All the participants were given a brief introduction about the study. Then, the questionnaire was distributed to the middle managers of two multinational and two local banks in Karachi. The questionnaire was completed manually and the data was collected individually. All participants were required to fill the demographic form.

The researcher gave instructions for Organizational Commitment Questionnaire (OCQ; Mowday, R. T., et al., 1979); turnover intentions (TIQ; O’Reilly., et al., 1991) questionnaires and Procedural justice questionnaire (PJ; Moorman’s, 1991). Participation was voluntary and the responses were anonymous. All study participants were informed that their information will be kept confidential.

**Statistical Analysis**

Descriptive statistics was applied to all demographic information. Linear Regression Analysis was employed to test hypotheses that “Procedural justice perception will impact on promotion decisions, organizational commitment, and intent to leave organization”.

The demographic information of the participants showed that majority of the participants were female. The highest percentage of participants belonged to age category of 23-33 years, most of them have completed their education at post-graduate level, most of them were married, almost equal percentage of participants fall in two income categories i.e. 41,000 to 50,000 Rs and 61,000 and above. Equal percentage of participants were selected from local and MNC’s bank and most of the participants have above than 4 years of service.
Results

Table 1

**Demographic Information Respondents (N=80 )**

<table>
<thead>
<tr>
<th>Demographic Information</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>23 yrs to 33yrs</td>
<td>46 (57%)</td>
</tr>
<tr>
<td>34yrs to 43 yrs</td>
<td>29</td>
</tr>
<tr>
<td>44yrs to 53yrs</td>
<td>04</td>
</tr>
<tr>
<td>54 yrs and more</td>
<td>01</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>25</td>
</tr>
<tr>
<td>Female</td>
<td>55</td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Intermediate</td>
<td>02</td>
</tr>
<tr>
<td>Graduate</td>
<td>13</td>
</tr>
<tr>
<td>Masters</td>
<td>37</td>
</tr>
<tr>
<td>MPhal / MS</td>
<td>28</td>
</tr>
<tr>
<td>Income Level</td>
<td></td>
</tr>
<tr>
<td>20,000 to 30,000 Rs</td>
<td>08</td>
</tr>
<tr>
<td>31,000 to 40,000 Rs</td>
<td>11</td>
</tr>
<tr>
<td>41,000 to 50,000 Rs</td>
<td>22</td>
</tr>
<tr>
<td>51,000 to 60,000 Rs</td>
<td>15</td>
</tr>
<tr>
<td>61,000 and above</td>
<td>24</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>26</td>
</tr>
<tr>
<td>Married</td>
<td>47</td>
</tr>
<tr>
<td>Widowed</td>
<td>03</td>
</tr>
<tr>
<td>Divorced</td>
<td>04</td>
</tr>
<tr>
<td>Nature of Bank</td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>08</td>
</tr>
<tr>
<td>MNC's</td>
<td>40</td>
</tr>
<tr>
<td>Length of Service</td>
<td></td>
</tr>
<tr>
<td>Less than a year</td>
<td>03</td>
</tr>
<tr>
<td>1 to 2yrs</td>
<td>08</td>
</tr>
<tr>
<td>2 to 3yrs</td>
<td>10</td>
</tr>
<tr>
<td>3 to 4yrs</td>
<td>23</td>
</tr>
<tr>
<td>More than 4yrs</td>
<td>36</td>
</tr>
</tbody>
</table>

Table 2:

**Summary Statistics, correlations and results from standard linear regression analysis to identify role of procedural justice perception in organizational commitment, promotion decision and intent to leave (N=200)**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std</th>
<th>Correlation with procedural justice perception</th>
<th>b</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational commitment</td>
<td>1.12***</td>
<td>.490</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intent to leave</td>
<td>-.076</td>
<td>-.157</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion Decision</td>
<td>.005</td>
<td>.106</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

***p<.001; b=Unstandardized coefficients; β=Standardized coefficients
Findings showed that only procedural justice found to significantly influence organizational commitment and 49% of variance in organizational commitment was attributable to procedural justice perception. Procedural injustice found to have insignificant impact on intent to leave and promotion decision. However, findings suggest that overall procedural justice perception has positive relationship with organizational commitment and promotion decision whereas negative relationship with intent to leave the organization.

The revised conceptual framework in light of study findings is shown in fig 2.

Discussion

The research investigated the impact of procedural justice on promotion decision, organizational commitment and intent to leave the organization. The aim was to explore whether Procedural justice perception will appear as a significant predictor for organizational commitment, promotion decisions; and intent to leave the organization. According to the result Procedural justice perception will have a significant influence on organizational commitment \([R^2 = .240, F (1, 78, 79) = 24.604, p < .001]\). This result is also in accordance with the results of prior researches highlighting a strong association between procedural justice and organizational commitment (Johnston et al., 1993; Malik & Naeem, 2011).

There has been a prominence on the outcome and a constant conviction that attitude and behaviors are much more strongly determined by rewards (Lind & Tyler, 1988; Najafi, Noruz, Azar, Nazari-Shirkouhi, & Dalvand, 2011). Nevertheless the possible reason for this finding proposes that reactions to procedures are important factor...
in determining organizational commitment. Employee may expect commendable promotions through their career journey. The results imply that organizations may be more likely to maintain employee commitment through procedural justice. The findings of present study aligns with previous research which has suggested positive association of procedural justice with commitment of employees with their organizations (Lambert et al. 2007; Najafi et al. 2011).

Findings suggested that Procedural justice perception does not influence promotion decisions significantly \( (R^2 = .025, F(11.103, 5.624) = .164, p > .05) \) and this findings was contrary to the hypothesis. Procedural justice was found as an insignificant predictor of promotion decision, the possible reason for the finding is that Pakistan is an underdeveloped country, the influence of perceived fairness in organizational promotion systems is found to be weak, despite of inequality in the process, employees are least affected by it, their intention is to hold the job as survival in the organization is very difficult.

It was hypothesized that procedural justice perception will affect on the intent to leave the organization, however the statistical analysis \( (R^2 = .011, F(.053, .059) = .349, p > .05) \) of current study reveals that procedural justice as an insignificant predictor of intent to leave the organization. Employees generally join company at bottom level positions and spend all their working life inside one company, following an internal career ladder. Several studies, literature reviews have documented a causal sequence between procedural justice perception and intent to leave the organization (Jaros, Jermier, Koehler & Sincich, 1993; Cohen, 1993; Tett & Meyer, 1993; Price, 2001; Gim & Desa, 2014). Contrary to the research, procedural justice is a weak predictor of intent to leave the organization as in Pakistan unemployment is quite high; even if inequality exists, workers do not intend to leave the organization despite stress and uneasiness they experience on the job. Usmani & Jamal (2013) also found non-significant relationships between procedural justice and job
satisfaction and justified their finding in context of hierarchical structure of Pakistani society. Hierarchal structures are so much embedded that employees accept the injustices happened to them in office environment. Also high unemployment rates have role to play where people accept such injustices to avoid rather than loosing their jobs. However, there is some hope because although non-significant but direction of relationship was negative in linear regression analysis which suggest that presence of procedural justice may prevent turn over intention of employee. The negative relationship with procedural justice aligns with another Pakistani study carried out on Medical representatives of Pharmaceutical companies and the relationship of procedural justice with turnover intention was statistically significant.

**Conclusion**

The finding of the research supports the view that the perception of procedural justice has an impact on organizational commitment, quite limited cross-cultural study has been conducted on procedural justice (Morris & Leung, 2000); nevertheless the aim of the study was to analyze procedural justice perception’s impact on organizational commitment. Converse to the hypothesis, procedural justice was not found to show significant relationship between promotion decision and intent to leave the organization.

**Limitations and Future Directions**

There are limitations to this research as the information is not portraying the genuine picture of association as it is just limited to two multinational and two local banks. Study utilizing longitudinal information can be undertaken to further clarify the effect of procedural justice on organizational commitment, decisions on promotion and intention to leave the organization. Secondly, as it is known that the study was conducted in an underdeveloped country, there may have
been cultural values that have an influence on the hypothesized variables.

The present study paid attention to employee opinion about procedural justice, commitment, promotion decision and intention to leave the organization. According to the researcher organizational justice study supports fairness as a multi-dimensional construct (Colquitt, 2001). There is a need to investigate the impact of distributive and interactional justice on promotion, organizational commitment and individual’s intention to leave the organization. There could be a future research to study other possible moderators in the hypothesized relationship and to create the validity of these results in different context.
References


The Impact of Procedural Justice on Organizational . . .


, Vol. 76, No. 6, p. 845-855.

Morris, M. W., & Leung, K. (2000). Justice for all? Progress in research on cultural variation in the psychology of distributive and


