ORGANIZATIONAL JUSTICE AND AFFECTIVE COMMITMENT TO CHANGE IN EMPLOYEES OF MULTIFINANCIAL SERVICE COMPANY

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Abstract

The aim of the study is to investigate the role of organizational justice to affective commitment to change. The study was conducted based on data collected from 42 employees working in head office of multifinancial service company. It is made up of 16 males and 26 females’ employees. Affective commitment to change was measured using Herscovitch and Meyer’s Affective Commitment to Change Scale (6 items; \( \alpha = .828 \)). While organizational justice was measured using Colquitt’s Organizational Justice Scale (20 items; \( \alpha = .905 \)). The hypotheses were tested using multiple regressions. The result showed \( R^2 \) of .821, meaning that 82% of affective commitment to change can be explained by organizational justice. Among four dimensions of organizational justice, procedural justice has the most influence and significant role on affective commitment to change (\( \beta = .445, p<.001 \)), followed by distributive justice (\( \beta = .336, p<.001 \)). The findings of the study demonstrated that organizational justice has positive significant impact on affective commitment to change, particularly distributive and procedural justice. Based on this study, in order to develop affective commitment to change in these multifinance company employees, to design intervention to increase organizational justice is neccessary.

Keywords: affective commitment to change; organizational justice; change

INTRODUCTION

In this 21st century, the changing become part of all life’s aspect; yet become essential element in work environment. Changing become individual and organizational daily facing phenomena (Foster, 2010). The current work environment is characterized by numerous organizational changes that adjust to business growth, innovation, globalization, complex policies, competition, and the development of customer tastes (Pasmore, 2011).
Although organizational change is inevitable and the rhythm is accelerating, in reality around 70% of organizational change is ineffective (Washington & Hacker, in Cinite, Dugbury, & Higgins, 2009). Various challenges faced by organizations in implementing change, and employee response to change is one of the determinants of whether change implementation will succeed or not (Foster, 2010).

In this case, to change is expressed as the most significant factor in employee support for change initiatives (Herscovitch & Meyer, 2002; Neves, 2009; Choi, 2011). Conner and Patterson are emphasizing of commitment to change in transformation (in Parish, Cadwallader & Busch, 2008) which states that the most common factor causing change deterioration is lack of employee commitment. Employees with low commitment to change tend to quit the job, work absence, poor of organizational citizenship behavior in terms of work performance.

Mangundjaya (2013) vocalized the essential and fundamental role of commitment to change in order to fully achieve the organizational change, because commitment to change is one of the most important factors that influence employee behavior to underpinning the change (Choi, 2011; Elias, 2009 in Indriastuti & Fachrunnisa, 2019). Commitment to change in the implementation of change becomes significant on the ground that commitment to change not only mirrors a positive attitude towards change but also harmony with change, a propensity to sustain change, a willingness to strive for fruitful implementation of transformation (Heroldz & Caldwell, 2007), and change acceleration (Parish et al., 2008). Based on this explanation, it can be assumed that the lack of employee support for change can hamper the adoption of changes in the form of reluctance to be actively involved in changes to the rejection of change.

Herscovitch and Meyer (2002) defined commitment to change as a power (mind) that binds individuals to do the things needed for successful change. Furthermore, they divide commitments to change into three specifically affective commitment to change whereas employees feel the need to support change because they believe in the positive value of the change, continuance commitment to change where employees support change for the reason if they don't then it produces negative impacts, and normative commitment to change where employees feel that supporting change is an obligation part of the organization.

Furthermore, Herscovitch and Meyer (2002) stated affective commitment to change is considered to produce the most positive performance compared to the other two dimensions of commitment to change. Studies shows that affective commitment to change will persuade individual to display behavior that supports change (Bakari, Hunjra, & Niazi, 2017; Machin, Fogarty, & Bannon, 2009; Shin, Taylor, & Seo, 2012), such as adhering the change, giving more effort than expected related to change, and inviting others to participate in change (Meyer et al, 2007; Michaelis, Steigmaier, and Sonntag, 2009; Baraldi et al., 2010; Jaros, 2010). In addition, research conducted by Parish et al., (2008) also states that affective commitment to change has a positive influence on individual learning processes, emotional attachment, successful organizational change, and accelerated organizational change.

Mangundjaya (2016) expressed two factors that shape affective commitment to change, namely internal factors and external factors. Various studies have been conducted to find out the external factors that affect affective commitment to change in employees in organizations, including organizational justice (Stjernen, 2009; Fuchs & Edwards, 2011), superiors and subordinate relationships (Parish et al., 2008), communication of change (Mangundjaya, 2014), transformational leadership (Herold et al, 2007; Liu,
Research on organizational justice shows this variable as a predictor of openness, acceptance, cooperation, and satisfaction with higher change (Blader & Tyler; Greenberg; Wanberg & Banas; in Foster, 2010). Research conducted by Bernerth, Armenakis, Feild, & Walker (2007); Herold, Fedor, and Caldwell (2007); Foster (2010); Michel, Stegmaier, & Sonntag (2010); and Mangundjaya (2014) confirmed a significant relationship between organizational justice and commitment to change. Foster (2010) states that when faced with change, employees who have a high perception of organizational justice have a higher willingness to commit and sense they be required to have a commitment to change.

Organizational justice refers to the individual’s perception of fairness in the organization (Foster, 2010). According to Miao, Sun, Hou, and Li (2012), the perception of organizational justice points out to the extent to which employees feel their work procedures, interactions and work results are respected to be fair, and the relevance of justice as an occurrence of justice within the organization not only affects the perception of fairness but also affect employee attitudes and behavior. Further, Colquitt (2001) states four dimensions of organizational justice, to be precise distributive justice, procedural justice, interpersonal justice and informational justice.

According to Leventhal (in Colquitt, 2001), distributive justice focuses on justice related to decision outcomes. The results of the intended decision include monetary and non-monetary forms (such as salaries, benefits, promotions, etc.) that employees receive in return for their contributions to the workplace (Mensah, Asiamah, & Mireku, 2016). Employees compare with their coworkers the ratio between the effort they provide and the output they achieve. The evaluation made based on fairness compensation for the effort they give by with colleagues as a comparison. If the input and output ratio is equal for all employees, subsequently it can be said that distributive justice has been achieved in the organization (Ohana & Meyer, 2016). As maintained by Leventhal (in Colquitt, 2001), procedural justice focuses on fairness in the process leading to the outcome of decisions, explicitly employee perceptions of fairness in the processes, policies and procedures of decisions and the application of rules to employees and management (Day, 2011; Aggarwal-Gupta and Kumar, 2010). Greenberg (in Colquitt, 2001) stated interpersonal justice reflects the degree to which employees are indulgence with courtesy, dignity, and respect by the authorities or third parties involved in executing procedures or determining outcomes. Informational justice focuses on explanations given to employees that contain information about reasonable explanation about the use of procedures or the explanation about delivering the decisions in certain way (Greenberg, in Colquitt, 2001).

Currently, changes in the whole business industry also come about in the automotive finance industry. Slowing economic growth that occurred in the last three years has had a major impact on the market of finance companies, especially commercial or commercial vehicle financing. It causing increasingly fierce competition and financing companies’ difficulties, which among others are marked by a decline in profit financing. Data from the Financial Services Authority (m.bisnis.com, 2016) shown the mining sector financing receivables in July 2016 fell by 27.12% when compared to financing in the same period of the previous year. Changes have also been experienced by companies in the field of financing services, one of which is PT. Z. Based on our’ observations and interviews with HR managers at PT. Z, since 2016, changes have experienced including in the reduction of employees, application of information
systems and changes in organizational structure which include changes in duties and job descriptions and the formation of new sections and positions. In addition, the company also faces an acquisition plan. Based on these data, it is interesting to investigate specifically the role of organizational justice towards affective commitments in finance service companies that are undergoing significant changes.

Based on the above mentioned theoretical and conceptual framework following research questions have been proposed: (1) is there a positive role for organizational justice for affective commitment to change among finance service company employees? And (2) which organizational justice dimension has the strongest role with affective commitment to change in finance company employees? Further, based on the questions above, the hypotheses proposed is as follows:

(H1) Organizational justice has a positive influence on affective commitment to change
(H2) Procedural justice has a positive role in affective commitment to change
(H3) Distributive justice has a positive role in affective commitment to change
(H4) Interpersonal justice has a positive role in affective commitment to change
(H5) Informational justice has a positive role in affective commitment to change.

**METHOD**

There were 42 employees of the Head Office of a national multifinancial service company (PT. Z) participated in this study. Convenient sampling technique was used to collect the data from these employees. Employees have at least 2 years of working experiences with permanent status were requested to fill up the questionnaire. The organization change has been occurred for two years, so the employees are deemed to have felt the change process.

Instruments used in this study are Commitment to Change Scale and Organizational Justice Scale. The affective commitment to change instrument developed by Herscovitch and Meyer (2002) which was translated into Indonesian and modified into six scales (optional) by Mangundjaya (2012). This instrument consists of 6 items that include dimensions of affective commitment to change with a reliability coefficient of .828. An example of an item for Change is 'I believe this change is important'.

Table 1.
The Blue Print of Organizational Justice Scale

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Number of items</th>
<th>Item’s example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedural justice</td>
<td>1, 2, 3, 4, 5, 6, 7</td>
<td>Company regulations are applied consistently</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>8, 9, 10, 11</td>
<td>The rewards that I receive are consistent with the results of my performance</td>
</tr>
<tr>
<td>Interpersonal justice</td>
<td>12, 13, 14, 15</td>
<td>My supervisor treats me politely</td>
</tr>
<tr>
<td>Informational justice</td>
<td>16, 17, 18, 19, 20</td>
<td>My supervisor explained the decision-making procedure thoroughly</td>
</tr>
</tbody>
</table>

The organizational justice developed by Colquitt (2001) which was translated into Indonesian and modified into six scales by Yulianti (2017). This instrument consists of 20 items that include dimensions of procedural justice, distributive justice, interpersonal justice, and informational justice with a reliability coefficient of .905.
The SPSS 17.0 and statistical software packages was used for data analysis. The grid of the Organizational Justice measurement tool can be seen in the Table 1. The blue print of organizational justice scale was shown at Table 1.

A six-point Likert scale (1 = strongly disagree to 6 = strongly agree) was used. In summary, the higher the participant’s score, the higher the perceived organizational justice.

RESULTS AND DISCUSSION

Descriptive analysis
Based on data analyses using the SPSS 17.0, the mean value of affective commitment to change for all participants was 3.50 and SD .92. The average of the total score for affective commitment to change has a minimum score of 2.33 and a maximum score of 5.33. Further, the demographic profile shown that the manager level has the highest mean affective commitment to change ($M= 4.49$). While the lowest mean affective commitment to change is shown by the age category below 29 years, which is 3.07. Then, we conducted a different test to find out whether there were differences in the data that showed the effect of demographic data on affective commitment to change and the perception of organizational justice.

The results indicated that the score of affective commitment to change in each group of years of work, age and position level had a significant difference. In addition, the value of affective commitment to change in each group in the categories of gender, work units, and educational background did not show a significant difference.
difference. Particularly, years of work, age and position level had influences on the value of affective commitment to change. The results can be seen in Table 2. Organizational justice is 3.57 and SD is .78. General description of organizational justice results is shown in Table 2.

Table 3.
General Description of Organizational Justice Variable

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Mean</th>
<th>Median</th>
<th>SD</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational justice</td>
<td>3.57</td>
<td>3.42</td>
<td>.78</td>
<td>2.10</td>
<td>5.25</td>
</tr>
<tr>
<td>Procedural justice</td>
<td>3.12</td>
<td>3.00</td>
<td>.96</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>2.69</td>
<td>2.00</td>
<td>1.40</td>
<td>1.00</td>
<td>6.00</td>
</tr>
<tr>
<td>Interpersonal justice</td>
<td>4.90</td>
<td>5.00</td>
<td>.72</td>
<td>2.50</td>
<td>6.00</td>
</tr>
<tr>
<td>Informational justice</td>
<td>3.85</td>
<td>3.60</td>
<td>1.16</td>
<td>2.00</td>
<td>5.80</td>
</tr>
</tbody>
</table>

Main analysis
To examine the effect of organizational justice on affective commitment to change, regression analysis is used. Result obtained values $R^2 = .821$, $F (1.40) = 184.07$, $p < .05$ which means 82% affective commitment to change can be explained by organizational justice, and the rest can be explained by other factors not investigated at this study. Hypothesis 1 was therefore accepted. The organizational justice significantly influences the affective commitment to change.

Table 4.
Regression Analysis of Organizational Justice and Affective Commitment to Change

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Pearson’s Correlation</th>
<th>$R^2$</th>
<th>B</th>
<th>$\beta$ (Standardized coefficients)</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational justice</td>
<td>.804</td>
<td>.821</td>
<td>.364</td>
<td>.445</td>
<td>&lt;.001**</td>
</tr>
<tr>
<td>Procedural justice</td>
<td>.575</td>
<td></td>
<td></td>
<td>.300</td>
<td>&lt;.001**</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>.764</td>
<td></td>
<td></td>
<td>.305</td>
<td>.001**</td>
</tr>
<tr>
<td>Interpersonal justice</td>
<td>.497</td>
<td></td>
<td></td>
<td>.230</td>
<td>.150</td>
</tr>
<tr>
<td>Informational justice</td>
<td>.524</td>
<td></td>
<td></td>
<td>.319</td>
<td>&lt;.001**</td>
</tr>
</tbody>
</table>

** significant at $p < .01$

From the regression analysis in Table 4, it tested that procedural justice; distributive justice and informational justice have significant influence on affective commitment to change. Hypothesis 4 was not supported, means that interpersonal justice has not significantly influence the affective commitment to change. Last, Hypothesis 5 is accepted. Informational justice has significant influence on affective commitment to change. The current study found positive significant role of organizational justice towards affective commitment to change in financial service company employees. It supported
Organizational justice and affective commitment to change in employees of multifinancial service company

To the company, the results of this study could encourage to develop policies that can improve organizational justice and affective commitment to change. Baldwin (2006) affirmed that the influence factors that influence perceptions of organizational justice mostly concentrate on employee communication and involvement. Further, in addressing low level of organizational justice, the principle of voice is an essential to be fulfilled because it has a preventive and corrective function in improving the perception of organizational justice. The employee involvement in decision making is one technique to stimulate employee assist for change (Van der Voet, Kuipers & Groeneweld, 2015; Rogiest, Segers, & Witteloostuijn, 2015). Though the final decisions feel unsatisfied for employees, but providing opportunities for employees to be involved in the decision-making process can reduce employee discomfort with the results (de Coninck, 2010). Hence, the ability of company management (in this case represented by managers) to communicate and implement procedures in order to perceived fairly is expected to create and maintain procedural justice thus be able improve the employees’ perception of organizational justice and affective commitment to change.

CONCLUSION

The results of this study confirmed the significant positive role between organizational justice with affective commitment to change. Also, it implied the significant role of three dimension of organizational justice (procedural justice, distributive justice and transformational justice) to affective commitment to change. Meanwhile, participants’ demographic analysis result found years’ work; job level and age have significant effect to organizational justice and affective commitment to change. Future studies are recommended to explore more about role of organizational justice on Multifinancial Service Company using more representative samples and objective measurement.

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