

Organizational Justice and Employee Satisfaction on Garment Sectors in Bandung Indonesia

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Abstract: The purpose of this study to determine the effect of organizational justice on employee satisfaction in garment sectors. The population in this study is a garment sectors in Bandung. Sample in this study as many as 127 people by using purposive sampling performed on 15 garment company in Bandung. Data were analyzed using Structural Equation Modeling (SEM) Partial Least Square (PLS). The results showed an overall structural models in the medium category. Distributive justice and interactional justice have a significant effect on employee satisfaction but procedural justice has no effect on employee satisfaction. So that needs the attention of top managers of the company to make improvements in providing organizational justice to employees who are expected to improve employee satisfaction.

Key words: Organizational justice, employee satisfaction, garment sectors, need, people

INTRODUCTION

Based on data from the Ministry of Industry in 2015 there were 2.79 million people were absorbed in the industries of textile and textiles to contribute exports amounted to US \$12.28 billion and contribute also to the needs of clothing in the country by 70% nationally. This shows that there are still great opportunities of the industrial sector of textile and derivatives textiles in Indonesia. Garments is one of the parts of the industry of textile and textiles, so it needs to be able to take advantage of these opportunities. This indicates that the garment sector needs to improve its competitiveness thus increasing competitive advantage. In an effort to increase competitiveness is highly dependent on the resources owned by the company.

Resources owned by the garment sectors are closely related to human resources in the company, therefore the company should be able to manage its human resources so that it can be managed properly which can ultimately increase productivity (Machmud and Sidharta, 2016). But in reality many difficulties in managing human resources in the garment sector, the central issue that there is a problem of outsourcing. Industrial competitiveness are often not able to be reached only due to limited internal resources. During the fulfillment of the rights of workers in the garment industry is still not optimal is attested by the many protests by workers or unions. In fact, by creating creating conducive conditions in the garment sector can improve the performance. Thus, enable companies to improve the effectiveness of the

organization it is necessary to pay attention to some issues regarding the organization's resources in this has job satisfaction. Organizational resources in this regard workers as one of the organization's assets need to be considered so as to generate high productivity (Sidharta and Affandi, 2016).

Justice in the enterprise could cause further improve the organizational effectiveness of employee satisfaction. Loi *et al.* (2006) which tested the relationship between employees' justice perceptions and Perceived Organizational Support (POS) from the viewpoint of social exchange perspective on Practising solicitors in Hong Kong showed that both procedural and distributive justice contributed to the development of Perceived Organizational Support (POS). Further results of research conducted by Mortazavi and Shirazi (2010) regarding the factors affecting organizational commitment by way of in-depth interviews in a large regional electric power company identified eight factors including organizational reputation, manager's competence, managerial support, organizational justice, organizational value, reciprocal commitment, job satisfaction and job security. While Chen *et al.* (2010) who did exploring the interactive effects of time control and justice perception on job attitudes towards a total of 505 full-time employees in Hong Kong Showed that time control and perceived distributive justice were positively related to job satisfaction. This indicates that organizational justice has a strong role in providing employee satisfaction.

Organizational justice is an important phenomenon that lately has been introduced into the study of

organizations. Basically, organizational justice refers to the perception of the people in an organization regarding the fairness consisting of distributive justice, procedural justice and interaction justice. Distributive justice refers to the perception of people towards justice as to how awards and other valuable results are distributed within the organization. Distributive justice which obviously relates to the equality theory of motivation that takes a holistic view of the distribution of rewards, not just compare one person to another. Perception of distributive justice affects individual satisfaction with a variety of work-related outcomes, such as tariffs, employment, recognition and their opportunity (Diab, 2015). In particular, the fair people see the award is distributed, the more satisfied they are with the award, the more unfair they see the rewards are distributed, the more dissatisfied they are.

Procedural justice refers to the individual's perception of fairness are used to determine the outcome. Moorhead and Griffin performance evaluated by an employee who clearly explain the basis of the evaluation are then discussed how the evaluation will be translated into a promotion or rewards that describe this procedure as a series of justice. The individual will assess these results as procedural justice. Interaction justice relates to the extent to which justice is seen by people dalam terms of how they are treated by others in their organization as an employee was treated by his superiors with dignity and respect. Interactional justice refers to the individual's perception of interpersonal justice will mostly affect the feelings of the individual against those with whom he interacts and communicates. Rate of job satisfaction based on the performance appraisal of each employee in the organization or company. Nevertheless, it should be noted further, considering the achievements of someone who, say good, does not mean job satisfaction has been created for a person or organization as a whole (Davis and Newstrom, 2003). Further Luthans points to measure job satisfaction, by looking at the work itself, pay and opportunities for promotion. Job satisfaction will be when there is a match between the expectations of employees with the fact that acquired in the workplace while job dissatisfaction will appear when employee expectations are not met. Job satisfaction would be obtained if factors balanced satisfaction and dissatisfaction will arise if obtained from the environment is very less when compared to the level of individual needs.

According to Robbins, there are four factors that can increase employee job satisfaction, namely: a challenging job, on reasonable terms, the condition of a supportive work environment and a supportive colleague. The studies generally found that job satisfaction increased

when leaders can understand and friendly, giving praise for good performance, listen to the opinions of employees and showed a personal interest to them. According to Ahmadzadeh *et al.* (2012) a fair payment based on the demand for jobs, the skill level of the individual, society and payment standards, so it will increase employee satisfaction.

Zubi (2010) proved that the employees of Electrical Industrial Companies in the Jordanian environment that the findings suggested that positive association was organizational justice and job satisfaction. Then, Karakus *et al.* (2014) which tested the models on the relationships between organizational justice, organizational commitment, burnout and job satisfaction of education supervisors. Further Givarian and Farkoush (2012) who study the effects of organizational justice on organizational commitment on the employees of the University of Medical Sciences of the province of Lorestan Showed that the significant effect of organizational justice on employee satisfaction. Based on the model they tested showed that justice perceptions were found to have a positive mediation effect of job satisfaction and a negative effect on burnout through the full mediation effect of job satisfaction. Organizational justice organization will have an impact on performance, so that the which are necessary to explore the relationships between these concepts and provide valuable insights about how organizational justice related with employee satisfaction. Besides previous studies that did not exist in the outsourced workers in the garment sector so it needs to know the influence of organizational justice on employee satisfaction in the garment sector.

Based on the background described above, the hyptheses of this study are define as follows:

- H₁: high distributive justice would lead to higher employee satisfaction
- H₂: high prodecural justice would lead to higher employee satisfaction
- H₃: high interaction justice would lead to higher employee satisfaction

MATERIALS AND METHODS

The level of analysis of this study was the garment industry, in Bandung, Indonesia. The respondents were employee of garment industry. Purposive sampling procedure was used to select the respondents from the garment sectors in Bandung, Indonesia. The sample in this study as many as 127 responden at 15 garment industry in Bandung, Indonesia. The hypothesis will be tested using structural equation modeling is one of the

techniques that examine multivariate series dependency relationships between variables. While processing the data using the program SmartPLS 3 which is a statistical program package for structural equation modeling. Data collection in this study was performed by employing a questionnaire instrument. Distributing questionnaire was done directly to 150 respondents but only 127 questionnaire were complete. Respondents were asked to provide a response by choosing one of the choices. Scoring on each item of the question to the problems in this study was done with a Likert scale and with Likert seven point anchor ranging from very unimportant to very important. The organizational justice domains included in the survey were distributive justice (OjD), procedural justice (OjP), interaction justice (OjI) and employee satisfaction.

The the instrument of organizational justice was adopted from a study by Niehoff and Moorman (1993) and adopted by Taner *et al.* (2015), with modification related to our study. The instrument of employee satisfaction was adopted from The Minnesota Satisfaction Questionary (MNQ) by Weiss *et al.* (1967) was developed by Martins and Proenca. Data analysis techniques using Structural Equation Modelling (SEM), component-based Partial Least Squares (PLS) was conducted to develop a theory for prediction purposes in connection with organizational justice and employee satisfaction on outsourcing in the garment sector in Bandung. Measurement models by Partial Least Squares (PLS) based on measurement predictions that have the nature of non-parametric through convergent validity, ie where the size of the reflective with the value of the loading >0.5 (Chin, 1998) and the value discriminant validity < 0.7 and Average Variance Extracted (AVE), if the value AVE is >0.5 then said to have good validity (Fornell and Larcker, 1981). While the structural models were evaluated using R² for the dependent construct and to test predictive p value as well as the relevance and significance of the parameters of structural lines. Data analysis was performed by entering all the data of respondents and test the convergent validity, discriminant validity and significance tests.

RESULTS AND DISCUSSION

Respondents characteristics: Most of the respondents are male (56%) and majority of respondents (53%) are between 31-40 years old (Table 1).

Data analysis: Data analysis was performed to test the convergent validity, discriminant validity and significance tests. The result of calculation shows all indicators that meet the loading >0.5 so that all the indicators are qualified to do the testing criteria for model

Table 1: Respondents characteristics

Category	%
Gender	
Male	56
Female	44
Age	
<30 years old	29
31 -40 years old	53
>40 years old	18

Table 2: Cronbachs alpha, average variance extracted and composite reliability

Variables	Cronbachs alpha	AVE	Composite reliability
Distributive justice	0.833	0.697	0.881
Procedural justice	0.855	0.561	0.884
Interaction justice	0.834	0.642	0.876
Satisfaction	0.707	0.560	0.809

Table 3: Result of R²

Variables	R ²	t-statistics	p-value	Tenenhaus GoF
Satisfaction	0.360	6.164	0.000	Medium

Table 4: Result of path coefficient and hypothesis testing

Variables	Path coefficient	p-values	Description
H ₁ : OjD-satisfaction	0.325	0.015	Accept
H ₂ : OjP-satisfaction	0.043	0.813	Reject
H ₃ : OjI-satisfaction	0.320	0.031	Accept

testing Partial Least Squares (PLS). And calculating results Cronbachs Alpha and composite reliability and average variance extracted is as follows; Tabel 1 showed that all have a value above 0.6 for Cronbachs alpha and average variance extracted >0.5 and the results of composite reliability >0.7. While the results of the R squares as shown in Table 2 from the calculation of regression analysis by using SmartPLS 3, it is obtained the results as shown in Table 2 and Fig. 1 of path coefficients of structural model.

Results of hypothesis testing: the results of hypothesis testing with the p value are obtained to see the effect of the independent variables partial to the dependent variables. meanwhile, the results of path coefficient and hypothesis testing are obtained to know the effect of the overall result of the study. the results of the research hypothesis testing are shown in Table 2-4. In Table 3, it shows that the path coefficient of organizational justice toward employee satisfaction. From the calculation, it results p-values that lower than significant level are distributive justice and interactional justice. Based on the research results can be interpreted that:

H₁: distributive justice toward employee satisfaction, distributive justice toward employee satisfaction have results of path coefficient 0.325 with p = 0.015. The results of p value lower than the significance level of 5%, so that the distributive justice

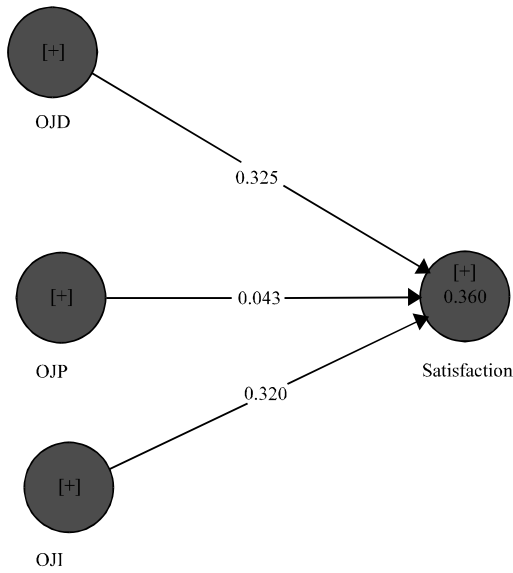


Fig. 1: Result of structural model

significantly influence employee satisfaction. The results of this study are consistent with *Taner et al.* (2015) who conducted the research at the state university of Turkey proved that distributive justice significantly influence employee behavior. With the distributive justice can increase employee productivity (*Wang et al.*, 2010). Further research conducted by *Oh* (2013) who conducted the research in public sectors of South Korea stated that distributive justice significantly influence employee satisfaction at work. The results of this study indicate that the perception of outsourcing employees to feel that there is fairness in the award and the results they have achieved.

H₂: Procedural justice toward employee satisfaction, procedural justice toward employee satisfaction have results of path coefficient 0.043 with $p = 0.813$. The results of p-value greater than significance level of 5%, so that the procedural justice not significantly influence employee satisfaction. The results of this study are consistent with *Faye and Long* (2014) which states the perception of the job for the public sector did not prove to significantly influence employee behavior on the job. This may imply that the employee outsourcing not feel justice in determining the results. Employees do not feel that their performance has been evaluated by a competent person with the work they are doing so as not to cause their job satisfaction. These results are consistent with research conducted by *Ahmadzadeh et al.* (2012) in Iran on employees of Furniture Manufacturing Company that suggested that was a positive association of procedural

justice and job satisfaction. Research conducted by *Najafi et al.* (2011) also show that organizational justice direct effect on job satisfaction. The results support the research conducted *Harlee* (2010) which states that the perception of work significant effect on employee satisfaction.

H₃: Interactional Justice toward Employee Satisfaction, interactional justice toward employee satisfaction have results of path coefficient 0.320 with $p = 0.031$. The results of p-value lower than significance level of 5%, so that the interactional justice not significantly influence employee satisfaction. These results support the research conducted by *Wang et al.* (2010) which states that the interactional is the best predictor in work performance. These results are supported by research conducted by *McNeese-Smith* (1996) which states that the positive behavior of employees a significant effect on employee satisfaction. Further research conducted by *Zubi* (2010) on the employees of number Electrical Industrial Companies in the Jordanian environment positive association suggested that organizational justice and job satisfaction. *Tit and Suifan* (2015) also found that there is significant influence perceptions about the work of the employee's behavior which in turn increases employee satisfaction. A similar study conducted by *Falkenburg and Schyns* (2007) found that job satisfaction is influenced by the attitude of employees. These results are consistent research *Givarian and Farkoush* (2012) the relationship between the interactive justice by the employees is significant on the employees of the University of Medical Sciences of the province of Lorestan.

Simultaneously on employee satisfaction has had the result of R^2 of 0.360. Based on GoF Tenenhaus criteria can be interpreted that the structural model of employee satisfaction with the criteria of the medium level. And may imply that the simultaneous influence of organizational justice on employee satisfaction by 36%.

CONCLUSION

The results showed that organizational justice is simultaneously an effect on employee satisfaction. However, if viewed more organizational justice partially have different influences employee satisfaction. Distributive justice and interactional justice have a significant effect on employee satisfaction but procedural justice has no effect on employee satisfaction. This may imply that employees are satisfied with distributive justice and interaction justice but did not feel satisfied with the procedural justice, this can be understood because of

outsourcing employees feel burdened by their existing procedures in the company. So that needs the attention of top managers of the company to make improvements in providing organizational justice to employees who are expected to improve employee satisfaction.

SUGGESTIONS

This suggests that the need for the implementation of improvements in providing organizational justice so as to improve employee satisfaction and improve the effectiveness of work and further optimized. In this research, there are still some limitations with respect to the research model of organizational justice and employee satisfaction. There needs to be further study to include some variables that are supposed to influence on employee satisfaction as gender factors, demographics and the complexity of the organizational structure as well as rewards and punishments, so as to produce a picture of a more comprehensive research results.

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