

## **Developing Organizational Commitment and Organizational Justice to Amplify Organizational Citizenship Behavior in Banking Sector**

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### **Abstract**

This research is an effort to detect the association amid Organizational Justice and Organizational Citizenship Behavior (OCB) mediated via Organizational Commitment. The design of banking services has altered from simple work-related services to specialized services. This brings a great change in banks work dynamics so a research in this field is of high importance. It is a product of both primary and secondary sources of data, acquired through survey of 17 banks of Peshawar City. Sample was determined by applying Slovin's Formula. Therefore, 200 questionnaires were distributed, out of which 134 were useable with the reply rate of 72.5%. Structural Equation Modelling (SEM) findings verify that the assumed theory fits statistics incredibly fine. Significant positive associations were found amid Organizational Citizenship Behavior and Organizational Commitment. While non significant associations were found with Organizational Justice. As a Mediator, Organizational Commitment influences association amid Organizational Justice and OCB appreciably is accepted & significantly proved by observed data.

**Keywords:** organizational citizenship behavior (OCB); organizational justice; organizational commitment; banking sector.

### **1. Introduction**

Most organizational sociologists, psychologists, and management researchers consider Organizational Citizenship Behavior (OCB) as an active investigation topic for research. Investigations on the topic of OCB have referred the functions of Personality features, job features, ventures features, & management activities as precursor of OCB.

The design of banking services has altered from simple work-related services to specialized services. This brings a great change in banks work dynamics, e.g. individual work to team work. Teamwork can only be achieved by workers with high collectivity value and togetherness and having more interest for group benefits rather than individual one. Team work is one attribute of OCB defined as Altruism. Hence, the bankers who have to work together with patrons and bank's administration have to be capable to exhibit OCB.

Several researches have observed the very high value of OCB. Numerous studies even declare it as fundamental for preserving organization's endurance (Organ, 1988). OCB

theory is theoretically assessing and examining associations between the study variables with a focus on OCB. Additionally, OCB is also known as extra role behavior (Saima, 2012). OCB is a work related actions beyond the formal job description but vastly appreciated by workforce, for the reason that it can boost the efficiency and achievability of organizational goals (Organ, 1988).

Findings of primary investigations on the antecedents of OCB (Bateman & Organ, 1983) declare Job Satisfaction as highly considerable antecedent of OCB. Even after 27 years of investigation the major precursor of OCB is Job Satisfaction. Further, (Holmes, 1981) suggested that trust is a result of social exchange process. If the subordinates have trust in manager they are likely to exhibit OCB. Likewise, Organizational Commitment is a significant factor to promote OCB (Luthans, 1996). Therefore, we conclude that theoretically the stimulating aspects to boost OCB are Commitment and Justice.

## **2. Literature Review and Hypothesis Development**

### *2.1 Organizational Citizenship Behavior*

OCB has developed into most important idea within the disciplines of Psychology and Managerial Science and is in progress to catch a vast share of consideration in organizational behavior texts (Bateman & Organ, 1983). OCB as a line of investigation was initiated in the first part of 1980s. It corresponds to human activities that are optional, and are not instantly or openly acknowledged through the official remuneration structure, and in the combination elevate the proficient and successful performance of the association (Organ, D, Podsakoff, M, & MacKenzie, 2006). These activities aren't identified like an obligatory condition of job description but as worker's alternative. When a worker is unsuccessful to present OCB he is not legally responsible for penalty.

Organ (1988) affirms that OCB has five clear aspects: altruism, civic virtue, Conscientiousness, Courtesy, & Sportsmanship. On other side Williams and Anderson (1991) classified OCB into; assisting activities aimed on particular workers inside company & facilitating actions profiting the company all together. With reference to managing study texts, OCB has shown influenced on the whole organizational efficiency. However, (Hassan & Noor, 2008) found that OCB affect the Distributive Justice, Procedural Justice, & Interactional Justice insignificantly. Derived from the results mentioned in prior investigations, the hypothesis is:

*H<sub>1</sub>: Organizational Justice has major helpful effect in the direction of Organizational Citizenship Behavior*

### *2.2 Organizational Justice*

Organizational Justice has its historical roots inside Equity Theory. As stated by (Adams, 1963), in his theory, people undergo cognitive conflict when things go in contrast to their prospect. The initiative on Organizational Justice develops from Equity Theory & Bateman and Organ (1983) discovered the concept of OCB. In recent years researchers are progressively showing elevated attraction in both fields. Basic idea of equity theory is that when people are in the imbalance phase, they will then be aggravated to do something to recover a perception of justice in the situation. Personnel continually evaluate their "inputs" with "outcomes" as a proportion in assessment to a referent person.

There are three main components in Organizational Justice investigated by researchers: Distributive, Procedural, & Interactive. Investigations on Organizational Justice concentrate on 3 core questions to evaluate the organizational justice: outcomes, process and interpersonal interactions (Luthans, 1996). Firstly, distributive justice indicates to the justice toward the outcome resulting from input. Secondly, procedural justice indicates to process elements, formal policy or process in achieving something that has been allocated by organization. Lastly, Interactional Justice indicates interpersonal interactions, the equality of management a worker gets in the performance or in the justification of official actions (Tyler & Bies, 1990).

Some studies established that organizational justice did not influence organizational commitment appreciably (Jamaludin, 2011). Thus, the hypothesis is:

*H<sub>2</sub>: Organizational Justice has major helpful effect in the direction of Organizational Commitment*

*H<sub>3</sub>: As Mediator, Organizational Commitment influences association amid Organizational Justice and Organizational Citizenship Behavior appreciably*

### *2.3 Organizational Commitment*

It is identified as a workers solid confidence in and acknowledgment of a company's target and values, struggle in support of the company to attain these aims and objectives and robust aspiration to uphold association in the company (Morgan & Hunt, 1994). It has been illustrated as "the comparative potency of a person's recognition with a company in addition to concern in a company" (Mowday, Porter, & Steers, 1982). In additional expressions; Organizational Commitment indicates an approach where an employee believes associated with a specific organization as well as the objective and requirements of the organization to preserve membership in organization (Robbins & Judge, 2007).

Experiential investigations validate the link involving Organizational Commitment & OCB (Munene, 1995). Schappe (1998) also acknowledged Commitment as a sole important precursor of OCB.

Constituents of Organizational Commitment can become more clear with a model (Meyer & Allen, 1991) which highlights emotional aspect of Organizational Commitment that are described as under:

1) Affective Commitment (AC) is the sentimental attachment a worker sense in the direction of the company, described by association and attachment with the company in addition to the satisfaction, in being an associate of the company (Mowday et al., 1982). Out of three constituents, AC has obtained the largest part of investigation.

2) Continuance Commitment (CC) is a level in the direction of which a worker desires to continue with the company, owing to price of abstaining from rewards related to workers investments in the company (Becker, 1960). These investments are intimate associations of a worker in the company of member people, retirement fund advantages, seniority, career and special capabilities achieve by being effective in a company extensively (Deci, 1971). Workers have the fright of suffering the loss of these investments lest of parting the organization.

3) Normative Commitment (NC) lastly established and least researched; it is an intensity to which a worker is required to continue working in company. Normative Commitment

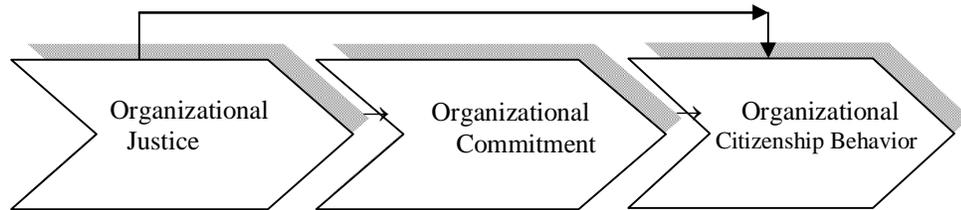
is identified as the workers' tie with the company owing to a compulsion on share of a worker. (Robbins & Judge, 2007) too researched and confirmed about the dimensions of organizational commitment.

Few research studies (Gautam et al., 2004) on Commitment & OCB claimed that Continuance Commitment influence OCB insignificantly, but Normative Commitment and Affective Commitment positively influence OCB. Kim (2006) also upholds these findings. Thus the hypothesis is:

*H<sub>4</sub>: Organizational Commitment has major helpful effect in the direction of Organizational Citizenship Behavior*

The graphic representation of the direction of relationship tested in this study can be depicted through the following figure:

**Figure 1: Direction of Relationship**



### 3. Methodology

#### 3.1 Sampling

Population involved 17 banks (Pakistan BOI, 2011) in Peshawar City. They were representative of each regional headquarter branch of banks operating in Peshawar. Data was gathered by survey of 17 banks of District Peshawar. The sampling technique is proportionate random sampling, and was determined by applying Slovin's Formula (Sekaran, 2000) for Sampling ( $n=N/1+Ne^2$ ) which resulted in  $n= 199.71$  which was rounded. Therefore, 200 questionnaires were distributed, out of which 134 were useable with the reply rate of 72.5%.

#### 3.2 Measures

Measurement of Organizational Justice variables based on To measure the organizational justice twenty items were presented to the respondents. These items were grouped into three major variables. To extract the variables the principal component analysis method was carried out through SPSS V.20, which generated three major variables. The resulting variables were Distributive justice having five items, Procedural justice having six items, and Interactional justice having nine items.

Furthermore, organizational commitment was assessed by a 15 article gauge. These items were grouped into three major variables. To extract the variables the principal component analysis method was carried out through SPSS V.20, which generated three major variables. The resulting variables were Affective Commitment having five items, Normative Commitment having four items, and Continuance Commitment having six items.

Finally, for assessing employees' citizenship behavior respondents were requested to respond through a 7-scale response design ranging from 1 as Strongly Agree – 7 as

Strongly Disagree. To extract variables the principal component analysis method was carried out through SPSS V.20, which confirmed the validity of five variables. The resulting variables were Altruism having four items, Courtesy having four items, Sportsmanship having four items, Conscientiousness having four items, and Civic Virtue having four items.

In order to calculate the SEM/Path analysis and Fit indices IBM SPSS-AMOS V.20 was used.

**4. Results**

This research encompassed 3 models indicating a straight association: (1) Organizational Justice has major helpful effect in the direction of OCB. (2) Organizational Justice has major helpful effect in the direction of Organizational Commitment, (3) Organizational Commitment has major helpful effect in the direction of OCB.

*4.1 Structural Equations Analysis*

**Table 1: Hypotheses Test**

No.	Hypothesis Tested			P-Value	Path-Coefficient	Results
H <sub>1</sub>	Organize-Justice	→	Organize-Citizenship-Behavior	0.098	0.176	Rejected
H <sub>2</sub>	Organize-Justice	→	Organize-Commitment	0.000	0.711	Accepted
H <sub>4</sub>	Organize-Commitment	→	Organize-Citizenship-Behavior	0.000	0.486	Accepted

Extracted from the statistical findings results are demonstrated in Table 1. The major helpful effect in the direction of every variable association confirms affirmative and noteworthy correlation except Organizational Justice which does not confirms affirmative and noteworthy correlation directed to OCB as evident from p-value > 0.098 positive Path coefficient having a rate of 0.176. Accordingly the H1 that Organizational Justice has major helpful effect in the direction of OCB is not agreeable and is not proved by observed data.

Quite the opposite, Organizational Justice has major helpful effect in the direction of Organizational Commitment as evident from p-value <0.000, with positive Path coefficient having a rate of 0.711. Accordingly the H2 that Organizational Justice has major helpful effect in the direction of Organizational Commitment is accepted and is significantly proved by observed data.

Similarly, Organizational Commitment has major helpful effect in the direction of OCB as evident from the p-value <0.000 with a positive Path coefficient having a rate of 0.486. Results signify that elevated Organizational Commitment has major helpful effect towards OCB. For that reason, the H4 that Organizational Commitment has major helpful effect in the direction of OCB is accepted and is significantly proved by observed data.

**Table 2: Hypotheses Test for Mediation**

No.	Hypothesis Tested for Mediation					Path-Coefficient	Results
H <sub>3</sub>	Organize-Justice	→	Organize-Commitment	→	Organize-Citizenship-Behavior	0.351	Rejected

Table 2 displays path coefficient of mediating outcome amid the variables. The effect of Organizational Commitment in direction towards OCB is significant so Commitment is perfect mediating variable increasing influence of Justice on OCB. The findings maintain to display Organizational Commitment as important for Organizational Justice to boost the OCB of the bankers. Analysis of Organizational Justice to OCB association advocates that elevated Organizational Justice have a tendency to boost workers’ OCB if mediated by Commitment. As evident from positive Path coefficient having a rate of 0.351, the H3 that As a Mediator, Organizational Commitment influences association amid Organizational Justice & OCB appreciably is accepted & significantly proved by observed data.

The findings strongly defend the assertion (Katz, 1964) that organization which rewards workers is an organization that can stimulate workers to execute their functions well. For that reason, workers are convinced to exhibit OCB. But, if the rewards are not matching with regard to other workers, they may possibly exhibit low OCB on account of inequality. Study also support claims by (Hassan & Noor, 2008) and the earlier study findings (Greenberg, 1987).

*4.2.1 Separate Confirmatory Factor Analysis*

The model fit summary of Organizational Commitment confirms the reliability of the theoretical intent of three scales of Organizational Commitment. The CFI for the three factor confirmatory model was 0.91>0.90 and RMSEA was 0.03< 0.06 and PCLOSE was 0.126> 0.05and Goodness of Fit Index GFI 0.97>0.90.

The model fit summary of Organizational Justice confirms the reliability of the theoretical intent of three scales of Organizational Justice. The CFI for the three factor confirmatory model was 0.90 and RMSEA was 0.04< 0.06 and PCLOSE was 0.08> 0.05and Goodness of Fit Index GFI 0.93>0.90.

The model fit summary of OCB confirms the reliability of the theoretical intent of three scales of OCB. The CFI for the three factor confirmatory model was 0.90 and RMSEA was 0.04< 0.06 and PCLOSE was 0.13> 0.05and Goodness of Fit Index GFI 0.91>0.90.

*4.2.2 Overall Confirmatory Factor Analysis*

For the Organizational justice, Organizational Commitment and OCB aspects, the item scores were summed up to scale scores and evaluated those scores in an overall measurement model. This analysis of model fit summary of Overall Confirmatory Factor Analysis confirms the reliability of the theoretical intent of hypothesized model and fits the data well with an exception of Organizational Justice to OCB relationship. The CFI for the three factor confirmatory model was 0.91>0.90, RMSEA 0.03< 0.06, PCLOSE 0.13> 0.05and Goodness of Fit Index GFI 0.95>0.90.

**Table 2: Overall Fit Indices**

<b>Construct Validity</b>	<b>Reliability</b>	<b>CFI</b>	<b>GFI</b>	<b>AGFI</b>	<b>NFI</b>	<b>KMO Sampling adequacy</b>
<b>Organizational Commitment</b>		0.91	0.97	0.93	0.92	0.93
Affective Commitment	0.85					
Normative Commitment	0.86					
Continuance Commitment	0.92					
<b>Organizational Justice</b>		0.90	0.93	0.89	0.92	0.86
Distributive Justice	0.82					
Procedural Justice	0.82					
Interactional Justice	0.89					
<b>OCB</b>		0.90	0.91	0.87	0.93	0.89
Altruism	0.89					
Courtesy	0.88					
Sportsmanship	0.83					
Conscientiousness	0.81					
Civic Virtue	0.82					
<b>Overall Confirmatory Factor Analysis</b>		0.91	0.95	0.91	0.94	-

All the constructs were tested on convergent/discriminate validity and the results display that the measures of the construct are highly correlated. The Results extracted from SEM Keiser Meyer Olkin (KMO) test for sampling adequacy, CFI, GFI, AGFI, NFI and reliability test (Cronbach Alpha) are presented in Table 3.

## 5. Discussion

Organizational justice is a feedback to workers' state of mind characterized by impartial or discriminatory actions taken by administration. Pillai, Schriesheim, and Williams (1999) support the idea that a worker inclines to display OCB when management's conduct is inequitable. The observations of study at hand strongly reject his claim. Observations proclaim that organizational justice when mediated by organizational commitment tends to elevate workers' OCB but directly organizational justice does not affect workers' OCB considerably. Observations indicate that organizational justice doesn't have any considerable impact on OCB display. Findings verify a positive and major impact of organizational justice on workers' Commitment at Banks in Peshawar. Conclusions are in harmony with Organizational Commitment Theory (Allen & Meyer, 1990) that a worker having Organizational Commitment inclines to put effort with extensive devotion.

The investigation was administered at banks in Peshawar City, via bankers as respondents. The potential impact of the setting on the results is prominent. The results of this research do, however, fit as well as the results of the growing literature but more

research is needed to test the present model on other populations. At a basic level, the present results can be generalized to banker in Peshawar only. The model is not to be trusted for the universal population. Owing to time and monetary limitations, a handy model of was decided. Consequently, these findings should be deduced by extensive care. The information in this research paper was gathered by self information, which forms the possibility for common-method partiality. The statistics in future studies must be gathered, at various periods with the aim to decrease the possibility for common-method partiality.

## **6. Implications**

This study at hand offer proposition for a further incorporated model of the association amid Organizational Justice in the direction towards OCB by introducing Organizational Commitment as arbitrating variable, while earlier studies explored these variables independently.

Observations of present research offer practical implications for workers and administration in banks of Peshawar. Workers need to revolutionize their actions and banks' administration method should en route for positive approach and professionalism. Future studies on exploring Organizational Commitment & OCB associations should focus on international standpoint. This would expand presented research & will extend further clarity in Organizational Commitment Theory. It can possibly facilitate us to decide & explain if Organizational Commitment cause increase in display of OCB or vice-versa.

## **7. Conclusion**

Organizational Justice has no considerable positive effect in the direction towards OCB of a banker. As mediator, Organizational Commitment influences association amid Justice and OCB appreciably. It signifies that directly Organizational Justice has no considerable impact on OCB elevation, but organizational justice considerably impact on OCB elevation when arbitrated or mediated by Organizational Commitment. For that reason, it can be said that impartial actions by administration solely are not capable to avoid performance troubles but it may possibly be acquired through rewarding the good workers which in turn creates sense of attachment and high organizational commitment in that particular worker. As a result of organizationally committed worker, they will exhibit OCB.

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