

THE EFFECT OF LEADER-MEMBER EXCHANGE, PROCEDURAL JUSTICE AND DISTRIBUTIVE JUSTICE ON ORGANIZATIONAL COMMITMENT THROUGH JOB SATISFACTION

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***Abstract:** The general objective of this study is to analyze the effect of Leader-Member Exchange, procedural fairness and distributive justice on organizational commitment through job satisfaction. This is explanatory research. The population is all production employees consisting of 134 people, while the sample is 100 respondents who were selected by using simple random sampling. Measurement scale used is Likert scale and the data was analysed through path analysis. The findings revealed that: (1) Leader-Member Exchange (LMX), procedural justice, and distributive justice have an significant direct effect on job satisfaction of employment; (2) Leader-Member Exchange (LMX) and procedural justice have an significant direct effect on commitment organization's employees; (3) distributive justice do not have a significant direct effect on organizational commitment of employees; (4) job satisfaction has a significant direct effect on organizational commitment of employees, and (5) Leader-member Exchange (LMX), procedural justice, and distributive justice have an indirect effect on organizational commitment through employees' job satisfaction.*

***Keywords:** Leader-Member Exchange (LMX), Procedural Justice, Distributive Justice, Job Satisfaction, Organizational Commitment.*

INTRODUCTION

All companies expect their employees to be a professional in their work. In order that employees can work in accordance with the desired organization, the employer needs to understand the people who behave in a certain order to influence the others. The relationship between superiors and subordinates will have a positive impact for both sides for companies and employees. If the boss can lead employees well and be able to appreciate the employee, the employee will feel comfortable with the job environment like that.

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Justice comes from the word that means the same fair price or there is no one who get disadvantage. Procedural justice reflects the way that can determine the outcome of decisions made. Meanwhile, distributive justice reflects rewards or awards given to employees by looking at the work schedule, salary levels, workload, rewards and work responsibilities. Since there is a tight business competition for the factory today, the role of human resources is one of the main factors in order to determine the performance of the company. Therefore, the company has now paid attention to the development of human resources in order to make a superior human resources.

Relationship or social interaction between individuals is a reflection of life in the organization, it can be either horizontally (with colleagues or co-workers) or vertically which reflects the relationship between superiors and subordinates. Superior-subordinate relationship (Leader-Member Exchange) is a relationship that is heterogeneous, dynamic and unique as colored by the character of the organizational structure (Djarmika, 2005).

LMX is the quality of interpersonal exchange relationships between workers and supervisors. The basic of LMX theory is that in the work unit, the supervisor develops different types of relationships with subordinates. (Erdogan et al, 2002).

Research done by Truckenbrodt (2000) (in Djarmika, 2005) found that improving the quality of employer-employee relationship will increase the degree of job satisfaction and commitment of subordinates as well as the behavior of organizational member. In addition, it can be also as a consequence of the high quality of a superior-subordinate relationship is the mutual trust, positive reinforcement, interdependent informally, more open communication, mutual satisfaction and loyalty.

According to Lee (2000: 28), procedural fairness is defined as the perception of the perceived fairness of the policies and procedures used for making decisions in the workplace. People in the organization are very concerned in making a fair decision, and they feel that the organization and its employees will equally feel advantaged if organizations implement in a fair procedure.

Al-Zu'Bi (2010) revealed that distributive justice refers to the perceived fairness of the results received by a person from the organization. Results can be distributed on an equal basis, or contributions and individual needs determine the reasonableness through comparison with others.

Robbins (2006) revealed that job satisfaction is a general attitude towards one's job and the difference between the amount of reward received by workers with the amount that they believe should receive. Yet, job satisfaction according to Al-Zu'Bi (2010) is a person's attitude about their work and the organization where

they are carrying out their work. It generally include a feeling of job satisfaction of employees of the various elements of the work, the aspects of satisfaction with regard to salaries, benefits, promotion, job conditions, supervision, and relationships with colleagues. A person with a high level of job satisfaction showed a positive attitude towards the job. Otherwise people are not satisfied with his work showed a negative attitude on the work.

According to Mathis and Jackson (2006), organizational commitment is the degree to which employees believe and accept the organization's goals and will stay or not will leave the organization. While Porter (in Rashid, et al, 2003) defines commitment as a belief and acceptance of the goals and values of an organization and / or profession, a desire to run a business that should be done within the organization and the desire to maintain membership in an organization.

The formulation of the problem as follows:

1. Does the Leader-Member Exchange have a significant direct effect on job satisfaction?
2. Does procedural fairness have a significant direct effect on job satisfaction?
3. Does distributive justice have a significant direct effect on job satisfaction?
4. Does the Leader-Member Exchange have a significant direct effect on organizational commitment?
5. Does procedural fairness have a significant direct effect on organizational commitment?
6. Does distributive justice have a significant direct effect on organizational commitment?
7. Does job satisfaction have a significant direct affect on the organizational commitment?
8. Does the Leader-member Exchange, procedural justice, and distributive justice have a direct effect on organizational commitment of employees through employee job satisfaction?

LITERATURE REVIEW

1. LMX (Leader-Member Exchange)

LMX is the quality of interpersonal exchange relationships between workers and supervisors. LMX theory is the work unit, the supervisor develops different types of relationships with subordinates. (Erdogan et al, 2002). Leader-member exchange theory (LMX- leader-member exchange) described as the process of making the role of a leader with one's subordinates.

How Leader-member Exchange defined is very difficult to see from some of the studies with other studies. The quality of exchange relationships are usually estimated to involve things like mutual trust, respect, affection, support each other, and loyalty. Lee (2000) describing indicators of leader-member exchange as: role-taking, role-making, and routinization.

Erdogan et al (2002) suggested that the quality of the relationship determines the amount of physical and mental effort, material resources, information and social support that is exchanged between supervisors and subordinates. Relations will develop in the exchange of high quality are realized with the level of mutual trust and respect high and low quality based on a formal employment contract.

Vibriwati (2005) presenting a descriptive model of how the job group can be divided into in-group and out-group that is based on the quality of a superior-subordinate relationship that arises between the supervisor and the members in the job group. In-group members are characterized by trust, interaction, support and reward formal / informal high. Out-group members are characterized by trust, interaction, support and formal reward / low informal.

2. Procedural Justice

According to Lee (2000) procedural fairness is defined as the perception of the perceived fairness of the policies and procedures used for making decisions in the workplace. People in the organization are very concerned in making a fair decision, and they feel that the organization and its employees will equally feel advantaged if organizations implement a fair procedure.

Suliman (2007) argued that, in general, procedural fairness in making organizational decisions have proven to have a positive impact on the decisions of employees and various emotional and behavioral reactions. This is a consequence of procedural fairness that includes variables such as organizational commitment, trust, satisfaction, according to the decisions and performance. It can be concluded that procedural fairness is the extent to which they are affected by these decisions in accordance with a fair method which includes a uniform mechanism for collecting sound, accurate, and complete.

3. Distributive Justice

Al-Zu'Bi (2010) revealed that distributive justice refers to the perceived fairness of the results received by a person from the organization. Results can be distributed on an equal basis, or contributions and individual needs determine the reasonableness through comparison with others. Yet, Thomas & Nagalingappa (2012) suggested distributive justice related to salaries, benefits, and rewards associated significantly with job satisfaction and turnover objectives. Suliman (2007) argues that the perception of distributive justice by employees is largely based on

comparisons with others are inevitable in the workplace. It can be concluded that distributive justice is the extent to which awards are allocated equitably to see the work schedule, salary levels, workload, rewards and work responsibilities.

4. Job Satisfaction

Job satisfaction is an emotional state that is favorable or unfavorable to which employees view their workings. Job satisfaction reflects one's feelings toward his work. It appears in the positive attitude of employees towards work and everything encountered in the workplace.

Al-Zu'Bi (2010) argued that job satisfaction is a person's attitude about their work and the organization where they are carrying out their work. Generally, it includes a feeling of job satisfaction of employees of the various elements of the work, the aspects of satisfaction with regard to salaries, benefits, promotion, job conditions, supervision, and relationships with colleagues. A person with a high level of job satisfaction showed a positive attitude towards the job. Otherwise people are not satisfied with their work showed a negative attitude towards the job.

5. Organizational Commitment

According to Mathis and Jackson (2006), organizational commitment is the degree to which employees believe and accept the organization's goals and will stay or not will leave the organization. While Porter (in Rashid, et al, 2003) defines commitment as a belief and acceptance of the goals and values of an organization and / or profession, a desire to run a business that should be done within the organization and the desire to maintain membership in an organization.

According to Meyer and Allen (in Rashid, et al, 2003) that a worker who is committed is loyal to the company in difficulty or pleasure, come to work regularly, keeping job hours (and probably more), keeping the assets of the company, share company goals and others as well as having a worker who committed an additional advantage for the company.

Based on a number of the above opinion, the organizational commitment can be interpreted as the desire of employees to stay in the organization, a sense of organization, loyal to the organization and receive the organization's goals. Pointed out that the higher employee commitment, the greater loyalty, productivity and responsibility for all matters relating to the organization.

6. Relationship Among Variables

Vibriwati (2005) in her research showed that LMX has a direct and significant impact on job satisfaction. Djatmika (2005) revealed that a superior-subordinate relationship variables have an important role to establish the relationship between

individuals within the organization. The relationship is based on the roles and responsibilities of the respective authorities. Hasmarini & Yuniawan (2008) stated that procedural fairness has positive and significant effect on job satisfaction. This means that the more employees feel the presence of justice in the procedures used by the company, the employees will be more satisfied feeling for their work. Vice versa if the employees feel a lack of fairness in the procedures used by the company will decrease their sense of satisfaction in their work.

Hasmarini & Yuniawan (2008) stated that distributive justice has a positive and significant effect on job satisfaction. It means that the more employees feel justice on the allocation of remuneration in the company to its employees will be more satisfied them for their work, and vice versa. While Vibriwati (2005) in her research showed that employees who think that what they get either the reward or other awards fair then they will feel comfortable with matters relating to work.

According to Harris, Kacmar, Witt (2005) "Researchers have shown, and maybe assumed, that this relationship is linear, Thus leading to the thought that as relationship qualities Become higher and higher, lower turnover and lower Become intentions". (Researchers have shown and may be assumed, that this relationship is linear, thus leading to the idea if the quality of the relationship becomes higher and higher, the desire to move into lower and lower). So, in other words, the higher the quality of a superior subordinate relationship, the higher the organization commitment.

Erdogan et al (2002) in his research showed that LMX has a positive effect on organizational commitment. This means a fair relationship between subordinate to the leadership effect on the desire of employees to remain in the organization.

Hasmarini & Yuniawan (2008) in their research proved that procedural fairness has positive influence on affective commitment but the effect is not significant. This means that the employee perception of fairness on the procedures used in the company may affect the employee's emotional attachment to the company because they feel are involved and getting enough information about the procedures in decision-making at the company, but not strong or insignificant.

Ramamoorthy and Flood (2004) (in Hasmarini & Yuniawan, 2008) stated that procedural justice provide a positive and significant influence on commitment, these results are consistent with research conducted by Pareke (2003) which gives results that procedural fairness will be a positive effect on commitment but not significant.

Hasmarini & Yuniawan (2008) in their research revealed that distributive justice has a positive effect on commitment and distributive justice gives significant influence. It means that if employees feel fair to the allocation of remuneration in the company, then they will tend to be loyal to the company because it has an

emotional attachment to the company and feel that the company is in accordance with their values and goals. While Bakhshi et al (2009) reveals that distributive justice is found positively associated with organizational commitment. Distributive justice is an important predictor of organizational commitment.

Jernigan III, et al (2002) (in Djatmika, 2005) revealed that job satisfaction has a significant affect of moral commitment, which is a high form of positive attitude that is characterized by acceptance and identification with the goals of the organization. While Hasmarini & Yuniawan (2008) states that job satisfaction has positive influence on affective commitment is proven. and job satisfaction gave a significant influence.

Job satisfaction is an emotional state that is pleasant or unpleasant the employees in view of their work. Employee dissatisfaction can be seen from several aspects such as their dissatisfaction with the work itself, given salary, supervisory or leadership and to colleagues. Employees with job dissatisfaction can lead to negative behavior of employees of the company. It can be seen from the decline in their commitment to the company that would eventually degrade their performance.

HYPOTHESIS

- H1: Leader-Member Exchange has a significant direct effect on jobsatisfaction.
- H2: Justice procedural has a significant direct effect on job satisfaction.
- H3: Distributive justice has a significant direct effect on job satisfaction.
- H4: Leader-Member Exchange has a significant direct effect on organizational commitment.
- H5: Justice procedural has a significant direct effect on organizational commitment.
- H6: Distributive justice has a significant direct effect on organizational commitment.
- H7: Job satisfaction has a significant direct effect on organizational commitment.
- H8: Leader-member Exchange, procedural justice, and distributive justice has an indirect effect on organizational commitment of employees through the job satisfaction of employees.

This research is expected to provide benefits for the scientific development of human resource management and practically can provide useful information for companies involved in determining policy, strategy and evaluation related to an increase in Leader-Member Exchange, procedural and distributive justice, commitment and job satisfaction.

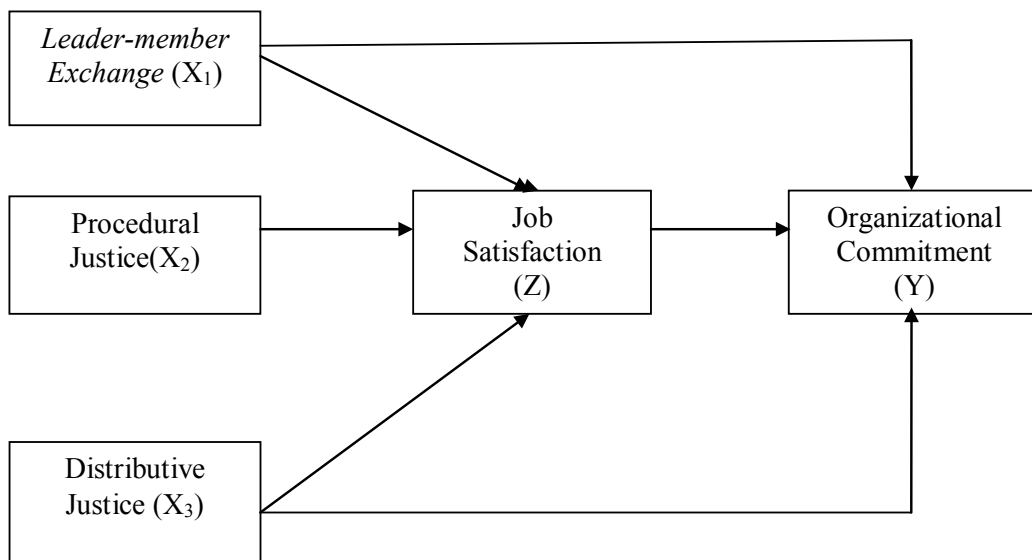
METHODS

This research is an explanatory and associative research that aims to determine the effect of two or more variables. The independent variables are Leader-Member Exchange (LMX) (X_1), procedural justice (X_2), and distributive justice (X_3). The dependent variable is the organizational commitment (Y) and the intervening variable is job satisfaction (Z). This research population is all production employees in Malang who consist of 134 people and a sample taken of 100 people with Simple Random Sampling. The research instrument was a questionnaire with Likert scale measurements.

Indicators of research assessment is based on: (1) LMX which consist of indicators: making, understanding roles and routines; (2) procedural fairness that consists of indicators: the collection of employee voice, accurate and complete, the appeals process; (3) distributive justice consists of salary increases, awards and promotions; (4) work satisfaction, covers indicators: salary, awards, co-workers, job conditions, labor leaders, and flexibility in doing the work; (5) organizational commitment, including indicators of hard work, to feel the problems faced by the company, do are not easily tied to other companies and families feel being a part of the company. Data collection methods used are questionnaires and documentation as well as descriptive data analysis techniques and path analysis.

Based on the formula developed above problems, then the research model is as follows:

Figure 1: Research Model



RESEARCH FINDINGS AND DISCUSSION

Findings

Female respondents has bigger number (79%) than male respondents. Most of them age between 32-37 years-old with percentage of 31%. Then, the education background is likely from junior high school graduate (71%). Based on the research model, it was conducted a hypothesis testing which is shown in this following table:

Table 1
The Effect of LMX, Procedural Justice, Distributive Justice on Organizational Commitment

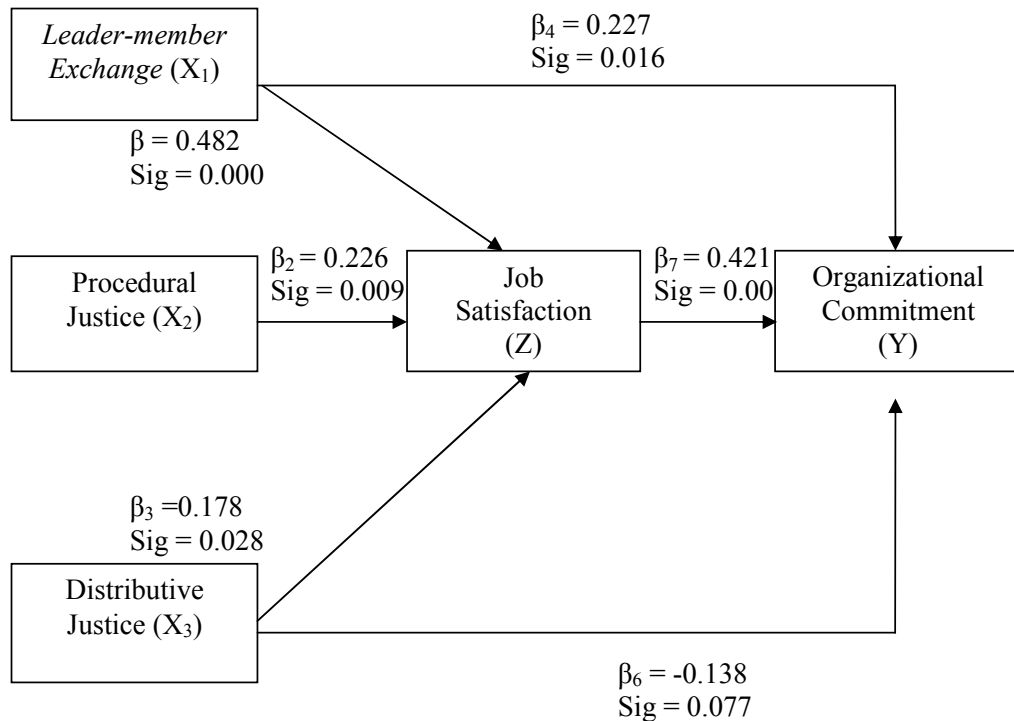
<i>Independent Variables</i>	<i>Dependent Variable</i>	<i>Standardized Coefficient Beta</i>	<i>t-value</i>	<i>Sig</i>
Leader-Member Exchange (LMX) (X ₁)	Organizational Commitment	0.227	2.454	0.016
Procedural justice(X ₂)		0.201	2.420	0.017
Distributive Justice(X ₃)		-0.138	-1.786	0.077
Job Satisfaction (Z)		0.421	4.356	0.000
<i>R Square (R²) = 0.468</i>				
<i>e₂ = 0.729</i>				

The coefficient of determination(R²) is equal to 0.468, which means Leader-member Exchange, procedural justice, distributive justice, and job satisfaction were able to explain the model of organizational commitment by 46.8% while the remaining 53.2% is influenced by other variables that are not included in the regression model this.

Table 2
The effect of LMX, Procedural Justice, Distributive Justice on Job Satisfaction

<i>Independent Variable</i>	<i>Dependent Variable</i>	<i>Standardized Coefficient Beta</i>	<i>t-value</i>	<i>Sig</i>
Leader-Member Exchange (LMX) (X ₁)	Job Satisfaction	0.482	5.715	0.000
Procedural justice(X ₂)		0.226	2.667	0.009
Distributive Justice(X ₃)		0.178	2.237	0.028
<i>R Square (R²) = 0.400</i>				
<i>e₁ = 0.774</i>				

Figure 2: Findings from Path Analysis



Discussion

The generated hypothesis testing of Leader-Member Exchange (LMX) has direct and indirect effect on organizational commitment through job satisfaction (includes: salaries, awards, peer, job conditions and leadership, flexibility) employees. Instead, distributive justice (including: salary increases, awards and promotions) do not have a direct influence on the organizational commitment of employees. This is the limitations aspect of this study.

In this case, Harris, Kacmar, Witt (2005) mentioned that the higher the quality of a superior subordinate relationship (Leader-Member Exchange), the organizational commitment is also higher. Ramamoorthy and Flood (2004) (in Hasmarini & Yuniawan, 2008) also stated procedural fairness has a significant and positive impact on organizational commitment. While Bakhshi et, al. (2009) revealed that distributive justice found to be positively associated with organizational commitment, but sometimes just as important predictors of organizational commitment.

The above results showed that the absence of a direct effect of distributive justice to the commitment of the employees in the organization, is due to the attitude of employees who are not thinking about things pertaining to distributive justice. For them during the job mechanism jointly determined and decided through consensus by all employees, then there is no reason for employees not to comply.

A. Direct Impact of Leader-Member Exchange (LMX) (X1), Procedural Justice (X2) and Distributive Justice (X3) on Employee Satisfaction (Z).

Hypothesis testing results suggested that the Leader-Member Exchange (LMX), procedural justice and distributive justice direct effect on employee job satisfaction. These results support the results of studies that have been conducted Vibriwati (2005), that the Leader-Member Exchange (LMX) and distributive justice has a positive effect on job satisfaction, and or studies that have been conducted Hasmarini & Yuniawan (2008) who found that procedural fairness is also have a positive effect on job satisfaction.

The condition shows that policies regarding retrieval, comprehension and routine roles greatly affect employee satisfaction in the workplace. As well as fairness in the collection of employee voice, the accuracy and completeness of the data as well as the appeal process, the determination of salary increases, appreciation and promotion of employees. Job satisfaction will be awakened from what is found employees in the workplace such as suitability of salary, reward system, the condition of co-workers, the attitude of the leadership and flexibility in doing the work. If all of these conditions have been met, then most likely the fact that obtained as to what happens to the majority of current employees, that they feel satisfied in the workplace.

C. Direct Effect of Job Satisfaction (Z) On Organizational Commitment (Y)

The results of the hypothesis testing showed that job satisfaction has a direct and significant impact on organizational commitment of employees. This shows that job satisfaction determines organizational commitment, job satisfaction where the higher the higher the commitment of the organization they work for.

The study results support the research by Hasmarini & Yuniawan (2008) who found that job satisfaction has a positive influence on affective commitment of employees in a company. The above facts, showing that job satisfaction has always influences the formation of organizational commitment of employees in the workplace. Thus, it becomes necessary for a company to make its employees have the satisfaction before expecting a commitment, to remain loyal and enduring in the company.

From the path analysis, the study found that the Leader-Member Exchange (LMX), procedural justice and distributive justice indirect effect on organizational commitment through employee satisfaction. The results of these studies, supporting research Afthartu, TR (2011) and Djatmika (2005), that there is a significant direct influence Leader-Member Exchange (LMX), distributive justice and procedural justice on organizational commitment through job satisfaction, and there is the indirect effect Leader-Member Exchange (LMX), distributive justice and procedural justice on organizational commitment through job satisfaction.

Good relations between superiors and subordinates may raise job satisfaction of the member of the organization and ultimately establish the level of their commitment to the completion of various workings that became their authority.

CONCLUSIONS AND RECOMMENDATION

Conclusion

Based on the research findings, this study concluded that: (1) Leader-Member Exchange (LMX), procedural justice and distributive justice have a significant direct impact on employee job satisfaction; (2) Leader-Member Exchange (LMX) and procedural fairness have a significant direct impact on organizational commitment of the employees; (3) distributive justice has no a significant direct effect on organizational commitment of employees; (4) job satisfaction has a significant direct impact on organizational commitment of employees; and (5) Leader-member Exchange (LMX), procedural justice, and distributive justice indirect effect on organizational commitment through employee's job satisfaction.

Recommendation

All in all, based on the findings above, the management should prioritize the distributive justice in order to make a positive and significant influence on the emergence of organizational commitment of employees. Yet, it can be done through: (a) be always fair and wise in determining the increases of employee's salary; (b) giving an appreciation of work which is well done and (c) awarding and promoting for high performing employees in a transparent and equitable way. As a note that distributive justice has an important predictor of organizational commitment. If employees feel fair to the allocation of remuneration in the company, then they will tend to be loyal to the company.

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