

Relationship between Organizational Justice and Organizational Commitment and Turnover Intentions amongst Medical Representatives of Pharmaceuticals Companies of Pakistan

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Abstract

The objective of this study was to investigate the relationship between organizational justice, organizational commitment and turnover intention. Data were collected from 223 medical representatives of pharmaceutical companies of Pakistan. Statistical Package for Social Sciences (SPSS) was used for finding out the relationship between organizational justice, organizational commitment and turnover intention. The results indicated that both distributive justice perception and procedural justice perception had a significant relationship with organizational commitment and turnover intentions amongst Medical Representatives of Pharmaceuticals Companies operating in Pakistan. Recommendation is given at the end of this article.

Keywords: Organizational justice; Organizational commitment; Turnover intention; Pharmaceuticals company; Medical representatives

Introduction

Employees' Turnover gives management sleeplessness nights. Employees' turnover is very threatening to the smooth operation of an organization in the form of direct and indirect cost. Expenditures incurred on the selection, recruitment, induction and training of new employees are direct cost (Staw, 1980). Cost of learning, reduced morale, pressure on the existing employees and the loss of social capital are the indirect cost incurred by an organization due to high turnover (Des & Shaw, 2001). Cost of each employee turnover is 70 to 300 percent of the annual salary of an employee (Graef & Hill, 2000). Each employee turnover costs the organization \$3000 to \$10000 in the form of lost

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productivity, lost sales and management's time. Turnover intention culminates in actual turnover (Griffeth et al, 2000; Price & Mueller, 1986). Previous studies have found a significant relationship between organizational justice, organizational commitment and turnover intention (Griffeth et al, 2000; Griffeth and Hom, 1995).

After a comprehensive interview with the managers of Pakistani pharmaceuticals companies, approximately 64% turnover rate was found. Thirteen medical representatives attributed the reason of quitting to organizational justice. As there was no study conducted to investigate the relationship of organizational justice with organizational commitment and turnover intention of medical representatives of Pakistani pharmaceuticals companies, this research will do it.

Literature Review

Organizational justice refers to the overall fairness of the organization reward system and the perceived fairness of the actions of individuals responsible for implementing the rewards allocation system (Cropanzano and Greenberg, 1997). The main components of organizational justice are 'distributive justice' and the 'procedural justice'. According to Niehoff and Moorman (1993) Distributive justice is the degree to which rewards are allocated in an equitable manner. Procedural justice is the degree to which those affected by allocation decisions perceive them to have been made according to fair methods and guidelines (Folger & Konovsky, 1989, and Greenberg, 1990). Fatt et al. (2010) found that distributive justice and procedural justice are strong predictors of employees' commitment and turnover intentions. Bakhshi et al (2009) found that distributive justice and procedural justice had a significant positive relationship with employees' commitment. A plethora of research is available on the relationship of organizational justice and turnover intention. Fatt et al. (2010) in their article entitled "The Impact of Organizational Justice on Employee's Job Satisfaction: The Malaysian Companies Perspectives" found that distributive justice and procedural justice were related to turnover intention. Therefore in this study it is hypothesized that:

H1: Perceptions of Distributive Justice are significantly related to Organizational Commitment amongst Medical Representatives of Pharmaceuticals Companies, Pakistan

H2: Perceptions of Procedural Justice are significantly related to Organizational Commitment amongst Medical Representatives of Pharmaceuticals Companies, Pakistan

H3: Perceptions of Distributive Justice are significantly related to Turnover Intentions amongst Medical Representatives of Pharmaceuticals Companies, Pakistan

H4: Perceptions of Procedural Justice are significantly related to Turnover Intentions amongst Medical Representatives of Pharmaceuticals Companies, Pakistan

Methodology

Data collection

Four hundred questionnaires were physically distributed to medical representatives of pharmaceuticals companies operating in Pakistan. Two hundred and thirty seven (237) questionnaires were returned showing a response rate of 59.25 % within 3 months after 2 reminders. Fourteen (14) questionnaires were eliminated because they were found incomplete. The remaining two hundred and twenty three (223) questionnaires were used for research study.

Statistical tools

Statistical Package for Social Sciences (SPSS 15 Version) was used to calculate Mean, Standard Deviation, Pearson Correlation and Simple Regression.

Measures

Distributive justice and procedural justice

Distributive justice and procedural justice were measured by using the 20-item scale developed by Niehoff and Moorman (1993). Distributive justice contained five items and procedural justice 15 items. Overall organizational justice was measured by averaging distributive and procedural justice score. Responses were noted on five point likert scale, from 1 (strongly disagree) to 5 (strongly agree).

Organizational commitment:

Fourteen (14) items from the questionnaire developed by Porter et al. (1974) were used to measure organizational commitment. Responses were recorded on 5 point likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

Turnover intention

Three (3) items turnover intention scale adapted from Michigan Organizational Assessment Questionnaire (Cammann et al, 1979) was

used to measure turnover intention. Responses were recorded on 5 point likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

Findings

Table. 1: Demographics

		Frequency	Percentage (approx)
Age	20-25	21	9
	26-30	46	21
	31-35	57	25
	35-40	38	17
	41-45	26	12
	Above 45	35	16
Total		223	100
Marital status	Married	184	83
	Single	39	17
		223	100
Gender	Male	198	89
	Female	25	11
		223	100
Qualification	Graduate	106	48
	Master	117	52
		223	100
Tenure	1-5	84	37
	6-10	62	28
	11-15	52	23
	14-20	17	8
	Above 20	8	4
		223	100

Table. 2: Reliability

	Cronbach's Alfa
Distributive Justice	.78
Procedural Justice	.71

Organizational Commitment	.82
Employees' Turnover Intention	.93

Hypotheses testing

The correlation between Distributive Justice and Organizational Commitment was found highly significant at the level of .581. It indicated a positive relationship. Therefore H1 that predicted that Perceptions of Distributive Justice are significantly related to Organizational Commitment amongst Medical Representatives of Pharmaceuticals Companies, Pakistan was accepted in this study. In other word, those employees who had high perception of distributive justice were highly committed to their organization and vice versa.

The correlation between Procedural Justice and Organizational Commitment was highly significant at the level of .396. So the results supported H2 that predicted that Perceptions of Procedural Justice is significantly related to Organizational Commitment amongst Medical Representatives of Pharmaceuticals Companies, Pakistan. In other words, employees' commitment to their organization increases with increased perception of procedural justice and vice versa.

The correlation between distributive Justice and turnover intention was highly significant at the level of -.627. It was a negative correlation. So the results of this study also supported H3 that predicted that perception of distributive justice is significantly related to employees' turnover intention amongst Medical Representatives of Pharmaceuticals Companies, Pakistan. It indicates that if employees have low perceptions of distributive justice, they will tend to quit their organization and vice versa.

The results of correlation also showed a significant negative relationship between procedural Justice and employees' turnover intention at the level of -.503. It was a negative correlation. Therefore the Hypothesis 4 (H4) that predicted that perception of procedural justice is significantly related to employees' turnover intention amongst Medical Representatives of Pharmaceuticals Companies, Pakistan was supported. In other word, high level of perceptions of procedural justice leads to low level of employees' intention to leave their organization.

Table. 3: Correlation between Organizational Justice and Organizational Commitment and Turnover Intention

		1	2	3	4
Distributive Justice	Pearson Correlation	1	.459**	.581**	-.627**

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Procedural Justice	Sig. (2-tailed)	.000	.000	.000
	N	223	223	223
	Pearson Correlation	.459**	1	.396**
	Sig. (2-tailed)	.000	.000	.000
Organizational Commitment	N	223	223	223
	Pearson Correlation	.581**	.396**	1
	Sig. (2-tailed)	.000	.000	.000
	N	223	223	223
Turnover intention	Pearson Correlation	.627**	.503**	1
	Sig. (2-tailed)	.000	.000	.000
	N	223	223	223
	Sig. (2-tailed)	.000	.000	.000
	N	223	223	223

The results of correlation supported all the hypotheses, H1, H2, H3 and H4. All these hypotheses are further tested for investigating the impact of distributive justice and procedural justice on organizational commitment and employees' turnover intention by using simple regression.

Perceptions of distributive justice are significantly related to organizational commitment

Simple regression was used to explore how well employees' perception of distributive justice predicts organizational commitment. As shown in table 4, the value of F was 112.904 which were statistically significant. The equation to explain the linear model is

$$Y=1.696+.577X$$

Where Y= Organizational Commitment and X= Distributive Justice
The adjusted R² is .335. It indicated that 33.5% of the variance in organizational commitment could be accounted for by distributive justice.

Table. 4: Regression analysis H1
Model Summery

Model	Adjusted R2	ANOVA	
		F	Sig.
Regression	.335	112.904	.000 ^a

a. Predictors: (Constant), Distributive Justice
b. Dependent Variable: Commitment

Table. 5: Coefficients

Predictors	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	1.696	.180		9.415	.000
DJ	.577	.054	.581	10.626	.000

a Dependent Variable: Commitment

Perceptions of procedural justice are significantly related to organizational commitment

Simple regression was used to explore how well employees' perception of distributive justice predicts organizational commitment. As shown in table 6, the value of F was 41.037 which were statistically significant. The equation to explain the linear model is

$$Y=2.195+.404X$$

Where Y= Organizational Commitment and X= Distributive Justice
The adjusted R2 was .15. It indicated that 15% of the variance in organizational commitment could be accounted for by procedural justice.

Table 6: Regression analysis H2
Model Summery

Model	Adjusted R2	ANOVA	
		F	Sig.
Regression	.153	41.037	.000 ^a

a. Predictors: (Constant), Procedural Justice
b. Dependent Variable: Commitment

Table 7: Coefficients

Predictors	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.195	.213		10.328	.000
PJ	.404	.063	.396	6.406	.000

a Dependent Variable: Commitment

Perceptions of distributive justice are significantly related to employees' turnover intention

Simple regression was used to explore how well employees' perception of distributive justice predicts organizational commitment. As shown in table 8, the value of F was 143.263 which were statistically significant. The equation to explain the linear model is

$$Y=4.774 - .462X$$

Where Y= Turnover Intention and X= Distributive Justice

The adjusted R² was .393. It indicated that 39.3% of the variance in employees' turnover intention could be accounted for by distributive justice.

Table 8: Regression analysis H3

Model Summery

Model	Adjusted R ²	ANOVA	
		F	Sig.
Regression	.393	143.263	.000 ^a

a. Predictors: (Constant), Distributive Justice

b. Dependent Variable: Turnover Intention

Table 9: Coefficients

Predictors	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.774	.128		37.285	.000
DJ	-.462	.039	-.627	-11.969	.000

Dependent Variable: Turnover Intention

Perceptions of procedural justice are significantly related to employees' turnover intention

Simple regression was used to explore how well employees' perception of procedural justice predicts organizational commitment. As shown in table 10, the value of F was 143.263 which were statistically significant. The equation to explain the linear model is

$$Y = 4.555 - .381X$$

Where Y= Turnover Intention and X= Procedural Justice

The adjusted R² was .253. It indicated that 25.3% of the variance in employees' turnover intention could be accounted for by procedural justice.

Table 10: Regression analysis H4
Model Summary

Model	Adjusted R ²	ANOVA	
		F	Sig.
Regression	.253	74.923	.000 ^a

a. Predictors: (Constant), Procedural Justice b. Dependent Variable: Turnover Intention

Table 11: Coefficients

Predictors	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.555	.148		30.680	.000
PJ	-.381	.044	-.503	-8.656	.000

Dependent Variable: Turnover Intention

Conclusion and Recommendation

This study was conducted to investigate the relationship between organizational justice, organizational commitment and turnover intention amongst Medical Representatives of Pharmaceuticals Companies operating in Pakistan. Data were collected from two hundred and twenty three (223) Medical Representatives of Pakistanis Pharmaceuticals Companies. Statistical Package for Social Sciences (SPSS) was used for finding out the relationship between organizational justice, organizational commitment and turnover intention. The results showed a significant positive relationship between distributive justice perception

and organizational commitment ($r = 0.58, p < .01$), procedural justice perception and organizational commitment ($r = 0.40, p < .01$) and negative relationship between distributive justice perception and turnover intention ($r = -0.63, p < .01$), and procedural justice perception and turnover intention ($r = -0.50, p < .01$).

The management of Pharmaceuticals companies is enjoined to pay special attention towards doing distributive justice and procedural justice to medical representatives in order to increase the employees' commitment to the organization and decreasing the employees' turnover intention that ultimately culminates in actual turnover because the results of this study indicated a significant positive relationship between organizational justice (distributive justice and procedural justice) and employees' commitment and a significant negative relationship between organizational justice (distributive justice and procedural justice) and employees' turnover intention.

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