Innovative Human Resource Practice: A Functional Framework and Causal Model of Organizational Rewards, Organizational Justice, Perceived Organizational Support, and Job Satisfaction

Kijpokin Kasemsap [+]

Faculty of Management Sciences, Suan Sunandha Rajabhat University, Bangkok, Thailand

Abstract. Research objectives were to determine a functional framework and to create a causal model of organizational rewards, organizational justice, perceived organizational support, and job satisfaction of leather company employees in Thailand. The study reported the responses of 563 operational employees from 35 leather companies operating in different parts of Thailand. Data were collected and analyzed with descriptive statistics using SPSS (version 11.5) and assessed with confirmatory factor analysis to confirm the heterogeneity of all constructs and path analysis to test the cause and effect relationships among main constructs of the study using LISREL (version 8) on a structured questionnaire containing standard scales of organizational rewards, organizational justice, perceived organizational support, and job satisfaction to determine the relationships of organizational rewards, organizational justice, perceived organizational support, and job satisfaction. Research findings indicated that dimensions of organizational rewards, organizational justice, and perceived organizational support have mediated positive effect on job satisfaction. Furthermore, perceived organizational support fully mediates the relationships between organizational rewards and job satisfaction and between organizational justice and job satisfaction.

Keywords: Causal Model, Job Satisfaction, Organizational Justice, Organizational Rewards, Perceived Organizational Support

1. Introduction

To have high level of organizational performance and effectiveness, it is vital that both employee and employer should have high level of satisfaction (Lok and Crawford, 2003); therefore, their level of satisfaction has positive relationship to the success of the company. Concerning Valez (1972), job satisfaction has two components of intrinsic job satisfaction (level of satisfaction with features associated with the job itself) and extrinsic job satisfaction (level of satisfaction with various features associated with the environment). Williams and Hazer (1986) stated that job satisfaction is associated with aspects of work environment and would develop more quickly than organizational commitment. Job satisfaction is an immediate antecedent of intention to leave the workplace and turnover. Unsatisfied workers will leave their jobs more than their satisfied colleagues (Martin, 1990). Job satisfaction is a function of the perceived relationship between what one wants from his or her job and what one perceives the offers (Locke, 1969). Satisfaction can be considered as either positive or negative evaluative judgments made by people about their job or work situation (Weiss, 2002). Job satisfaction is defined as a person's evaluation of his or her job and work context (McShane, 2004) and as a global feeling about the job or as a related constellation of attitudes about various aspects or facets of the job (Spector, 1997).

Job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Locke, 1976). Job satisfaction has been identified as a major requirement for organizations which aim to achieve excellence in their organizations (Chiboiwa et al., 2011). A variety of rewards and job conditions accumulate to make up the overall perception of the employee; these include recognition, pay, and promotions, job security, autonomy, role stress, and training (Romano, 2003). Rewards and conditions had a large role in perceived organizational support (POS) when considered alone and moderate impact when controlled for fairness and supervisor support (Rhoades and Eisenberger, 2002). Romano (2003) stated that rewards and recognition make people feel good and motivate people to achieve goal. Lawler (2003)

concluded that the magnitude of rewards must satisfy the basic human needs of survival and security. Organizations need to look beyond rewards, at what drives people to succeed, and provide examples of how rewards and recognition can be harnessed as an effective motivational tool (Lawler, 2003). The greatest amount of motivation is present when people perform tasks that are both intrinsically and extrinsically rewarding (Lawler, 2003). Deeprose (1994) indicated that effective reward management can help an organization to achieve its business objectives by attracting and retaining competent people. Rewards are most typically used to motivate employees or induce some desired action or behavior (Arnold and Feldman, 1986). According to Rhodes and Eisenberger (2002), organizational rewards convey a positive value of employees' contributions to the organization and therefore are likely to contribute to employees' positive POS. Eisenberger et al. (2001) concluded that basic antecedents of POS include fair procedures, supervisor support, and positive rewards.

Job satisfaction is how people feel about their jobs and different aspects of their jobs (Spector, 1997). It is related to the extent to which they like or dislike their jobs (Spector, 1997). While employees value their contributions about their well-being, resulting in a high POS, they may have a low overall level of job satisfaction (Eisenberger and Cummings, 1997). There are some managers using POS awareness based on subordinates' willingness by supplying them with additional opportunities or necessary equipment to complete some assignment such as opportunity to attend training in order to increase their professionalism (Eisenberger et al., 2004). Furthermore, POS tends to have a positive effect on work attendance and improvement in the work performance (Fasolo and Davis-LaMastro, 2000), collaboration (Shore and Wayne, 2003), and willingness to give ideas on improving organization and effective organizational commitment (Eisenberger et al., 1986). Organizational justice is very important because of its impact on the performance of any organization, in terms of work effectiveness, loyalty, and fostering mutual respect among employees (Sheppard et al., 1992).

Organizational justice, a term coined by Greenberg (1987) refers to employees' perceptions of fairness in the workplace. It has shown to be associated with several outcomes such as job satisfaction, intention to turnover (Colquitt et al., 2001), and work performance (Fernandes and Awamleh, 2006; Suliman, 2007). Organizational justice is the social phenomenon which not only affects the social life of an employee but also their professional activities (Beugre, 1998). Organizational justice is not only important for an organization but also important for the well-being of the workers in an organization (Poole, 2008) because organizational justice has a vital role on enhancing job satisfaction (Johns and Alan, 2001). Organizational justice is divided into four dimensions: distributive justice, procedural justice, interpersonal justice, and informational justice (Colquitt et al., 2001). Distributive justice refers to employees' perceptions toward the rewards that he or she receives including promotion and incentives (Adams, 1965). Procedural justice refers to employees' perceptions regarding the procedures and process of gathering rewards (Thibaut and Walker, 1978). Interpersonal justice refers to employees' perceptions toward the interpersonal treatment that he or she receives during the procedure of gathering incentives (Bies and Moag, 1986). Finally, informational justice refers to employees' perceptions about the clear information related to a decision made by the organization (Bies et al., 1988). Organizations convey a sense of concern for well-being of employees and their contribution to organizational success when rewards and resources are fairly distributed (Peele III, 2007). Organizational justice focuses on employees' perception of fairness and is considered to be one of the core values (Reithel et al., 2007). Organizations would benefit from positive contributions of employees by creating policy, norms, and rewards that are fair and respected (Eisenberger et al., 1986; Etzioni, 1961)

2. Material and Methods

Data for this study were collected out of 563 operational employees from 5,592 operational employees working in the 35 leather companies in Thailand by using Yamane's formula (Yamane, 1970) for a 96% confidence level with a 4% margin of error by the proportional random sampling method. Data were analyzed with descriptive statistics using SPSS (version 11.5) and assessed with confirmatory factor analysis (CFA) to confirm the heterogeneity of all constructs and path analysis (Joreskog and Sorborn, 1993) to detect the cause-effect relationships among various dimensions of main constructs of the study using LISREL (version 8) on a structured questionnaire containing standard scales of organizational rewards, organizational

justice, perceived organizational support, and job satisfaction, besides some demographic details like age, education, and tenure with the organization.

Organizational rewards were measured using the questionnaire developed by Eisenberger et al. (1997). Three items of organizational rewards questionnaire were used to assess beliefs concerning the favorableness of opportunities for recognition, pay, and promotion on a five-point Likert scale ranging from 1 (very unfavorable) to 5 (very favorable). Organizational justice was measured using the questionnaire developed by Judge and Colquitt (2004). The 47 items of the organizational justice questionnaire were designed to assess distributive justice, procedural justice and interactional justice on a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Perceived organizational support was measured on a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree) using an eight-item rating scale developed by Eisenberger et al. (1997). A sample item is: "My organization shows concern for me." Job satisfaction was measured using the Minnesota Satisfaction Questionnaire (MSQ) developed by Weiss et al. (1967) with a 20-item scale of intrinsic job satisfaction and extrinsic job satisfaction using a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree).

3. Results and Discussion

A functional framework and causal model are created. Research findings indicated that dimensions of organizational rewards, organizational justice, and perceived organizational support have mediated positive effect on job satisfaction. Furthermore, perceived organizational support fully mediates the relationships between organizational rewards and job satisfaction and between organizational justice and job satisfaction.
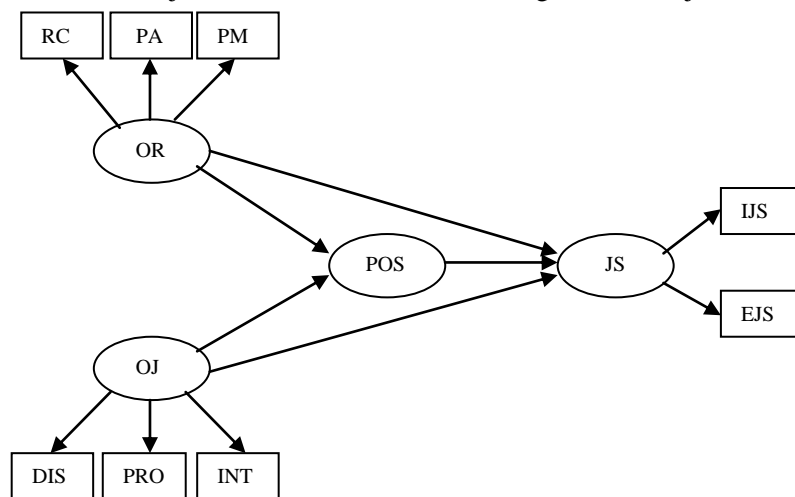

Fig. 1: Functional Framework.

Key: OR = Organizational Rewards, RC = Recognition, PA = Pay, PM = Promotion, OJ = Organizational Justice, DIS = Distributive Justice, PRO = Procedural Justice, INT = Interactional Justice, POS = Perceived Organizational Support, JS = Job Satisfaction, IJS = Intrinsic Job Satisfaction, EJS = Extrinsic Job Satisfaction

Regarding the functional framework, there are lots of researchers studying the relationships of organizational rewards, organizational justice, perceived organizational support, and job satisfaction in a wide variety of fields. The functional framework was positively compatible with the following research findings. Organizational rewards, organizational justice, and perceived organizational support are positively linked to job satisfaction and are very important for general organizational success. It is important that the other organizations implementing large-scale manufacturing reformations need to pay great attention to organizational rewards, organizational justice, perceived organizational support, and job satisfaction in order to effectively achieve business success.

4. Conclusion

The purposes of this study were to determine a functional framework and to construct a causal model of organizational rewards, organizational justice, perceived organizational support, and job satisfaction for

leather company employees in Thailand. The findings showed that the organizational rewards, organizational justice, and perceived organizational support have the strengths to mediate positive effect on job satisfaction. In relation to the functional framework, this result was the extent to which perceived organizational support fully mediates the relationships between organizational rewards and job satisfaction and between organizational justice and job satisfaction.

Organizational rewards and organizational justice help organizations move toward better job satisfaction through perceived organizational support. Organizations aiming to increase job satisfaction and achieve business goals should focus on developing organizational rewards, organizational justice, and perceived organizational support. Future research can benefit from a larger sample to bring more statistical power and a higher degree of representation. This study was done by empirically investigating Thai firms. Cultural limitation should be considered and it is suggested that future research should be done in other cultural contexts and other variables (i.e., organizational culture, leadership style, organizational learning, empowerment, job involvement, and employee engagement) to increase job satisfaction and achieve business goals.

5. Acknowledgments

6. References

[1]   A. Etzioni. *A Comparative Analysis of Complex Organizations*. New York, NY: Free Press. 1961.

[2]   A. Suliman. Links between justice, satisfaction and performance in the workplace: A survey in the UAE and Arabic context. *Journal of Management Development*. 2007, **26**(4): 294-311.

[3]   B. Martin. A successful approach to absenteeism. *Nursing Management*. 1990, **21**(8): 45-48.

[4]   B. Sheppard, R. Lewicki, J. Minton. *Organizational justice: The Search of Fairness in the Workplace*. New York, NY: Lexington Books. 1992.

[5]   C. Beugre. *Managing Fairness in Organizations*. Westport, CT: Greenwood Publishing Group. 1998.

[6]   C. Fernandes, and R. Awamleh. Impact of organizational justice in an expatriate work environment. *Management Research News*. 2006, **29**(11): 701 −712.

[7]   D. Deeprose. *How to Recognize and Reward Employees*. New York, NY: AMACOM. 1994.

[8]   D. Weiss, R. Dawis, G. England, L. Lofquist. *Manual for the Minnesota Satisfaction Questionnaire*. Minneapolis, MN: University of Minnesota Industrial Relations Center. 1967.

[9]   E. Lawler. *Treat People Right!* San Francisco, CA: Jossey-Bass. 2003.

[10] E. Locke. What is job satisfaction? *Organizational Behavior and Human Performance*. 1969, **4**(3): 309-336.

[11] E. Locke. The nature and causes of job satisfaction. In: M. Dunnette (ed.). *Handbook of industrial and organizational psychology*. Chicago, IL: Rand McNally. 1976, pp. 1297-1350.

[12] G. Johns, and M. Alan. *Organizational Behavior: Understanding and Managing Life at Work*. Toronto, Canada: Addison Wesley Longman. 2001.

[13] G. Valez. A study of faculty satisfaction and dissatisfaction with the intrinsic and extrinsic job factors in Columbia University. *Dissertation Abstracts International*. 1972, **33**(3): 997-A.

[14] H. Arnold, and D. Feldman. *Organizational Behavior*. Singapore: McGraw-Hill. 1986.

[15] H. Peelle III. Reciprocating perceived organizational support through citizenship behavior. *Journal of Managerial Issues*. 2007, **19**(4): 554-575.

[16] H. Weiss. Deconstructing job satisfaction: Separating evaluations, beliefs and affective experiences. *Human Resource Management Review*. 2002, **12**(2): 173-194.

[17] J. Adams. *Inequity in Social Exchange*. New York, NY: Academy Press. 1965.

[18] J. Colquitt, D. Conlon, M. Wesson, C. Porter, K. Ng. Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*. 2001, **86**(3): 425-445.

[19] J. Greenberg. A taxonomy of organizational justice theories. *Academy of Management Review*. 1987, **12**(1): 9-22.

[20] J. Thibaut, and L. Walker. A theory of procedure. *California Law Review*. 1978, **66**(3): 541-566.

[21] K. Joreskog, and D. Sorbom. *LISREL 8: User's Reference Guide*. Chicago, IL: Scientific Software International. 1993.

[22] L. Rhoades, and R. Eisenberger. Perceived organizational support: A review of the literature. *Journal of Applied Psychology*. 2002, **87**(4): 698-714.

[23] L. Romano. Beyond reward: Why cash is no longer enough. *Rewards*. 2003, **3**(1): 12-13.

[24] L. Shore, and S. Wayne. Commitment and employee behavior: Comparison of affective commitment and continuance commitment with perceived organizational support. *Journal of Applied Psychology*. 2003, **78**(5): 774-780.

[25] L. Williams, and J. Hazer. Antecedents and consequences of satisfaction and commitment in turnover models: A reanalysis using latent variable structural equation methods. *Journal of Applied Psychology*. 1986, **71**(2): 219-231.

[26] M. Chiboiwa, C. Chipunza, M. Samuel. Evaluation of job satisfaction and organizational citizenship behavior: Case study of selected organizations in Zimbabwe. *African Journal of Business Management*. 2011, **5**(7): 2910-2918.

[27] P. Fasalo, and V. Davis-LaMastro. Perceived organizational support: Contributions to perceived organizational support and employee retention. *Journal of Applied Psychology*. 2000, **87**(3): 565-573.

[28] P. Lok, and J. Crawford. The effect of organizational culture and leadership style on job satisfaction and organizational commitment: A cross-national comparison. *Journal of Management Development*. 2003, **23**(4): 321-338.

[29] P. Spector. *Job Satisfaction: Application, Assessment, Causes, and Consequences*. Thousand Oaks, CA: Sage Publications. 1997.

[30] R. Bies, D. Shapiro, L. Cummings. Causal accounts and managing organizational conflict: Is it enough to say it's not my fault? *Communication Research*. 1988, **15**(4): 381-399.

[31] R. Bies, and J. Moag. Interactional justice: Communication criteria of Fairness. In: B. H. S. a. M. H. B. E. R. J. Lewicki (ed.). *Research on negotiation in organizations*. Greenwich, CT: JAI Press. 1986, pp. 43-55.

[32] R. Eisenberger, and J. Cummings. Perceived organizational support, discretionary treatment, and job satisfaction. *Journal of Applied Psychology*. 1997, **82**(5): 812-820.

[33] R. Eisenberger, J. Cummings, S. Armeli, P. Lynch. Perceived organizational support, discretionary treatment, and job satisfaction. *Journal of Applied Psychology*. 1997, **82**(5): 812-820.

[34] R. Eisenberger, J. Cummings, S. Armeli, P. Lynch. Perceived organizational support and employee diligence, commitment, and innovation. *Journal of Applied Psychology*. 2004, **75**(1): 51-59.

[35] R. Eisenberger, R. Huntington, S. Hutchison, D. Sowa. Perceived organizational support. *Journal of Applied Psychology*. 1986, **71**(3): 500-507.

[36] R. Eisenberger, S. Armeli, B. Rexwinkel, P. Lynch, L. Rhoades. Reciprocation of perceived organizational support. *Journal of Applied Psychology*. 2001, **86**(1): 42-51.

[37] S. McShane. *Canadian Organizational Behavior*. Toronto, Canada: McGraw-Hill Ryerson. 2004.

[38] S. Reithel, B. Baltes, S. Buddhavarapu. Cultural differences in distributive and procedural justice: Does a two-factor model fit for Hong Kong employees? *International Journal of Cross Cultural Management*, 2007, **7**(1): 61-76.

[39] T. Judge, and J. Colquitt. Organizational justice and stress: The mediating role of work-family conflict. *Journal of Applied Psychology*. 2004, **89**(3): 395-404.

[40] T. Yamane. *Statistics – An Introductory Analysis*. Tokyo, Japan: John Weatherhill. 1970.

[41] W. Poole. Intersections of organizational justice and identity under the new policy direction: Important understandings for educational leaders. *International Journal of Leadership in Education*. 2008, **11**(1): 23-42.