INFLUENCE OF DUAL PROCEDURAL JUSTICE FROM TWO ORGANIZATION TO JOB SATISFACTION, ORGANIZATIONAL COMMITMENT AND PROSOCIAL BEHAVIOR ON OUTSOURCE SERVICE PROVIDERS

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ABSTRACT

The purpose of this study was to know the influence of procedural justice from two organizations, that were service's and customer's organizations, to employee's job satisfaction and organizational commitment to each Organization. The research also test the influence of job satisfaction and dual organizational commitment of outsource employee to their prosocial behavior. Data are gathered through a survey among 286 employees of outsource service providers from 11 organizations which were worked for 6 customer's organization on mining sector. The model was tested using structural equation modelling (SEM). The results indicated that both procedural justice from the organizations influenced the employee job satisfaction, procedural justice and job satisfaction influenced the organizational commitment to each organization and job satisfaction also influence prosocial behavior inrole and extrarole. Organizational commitment from both organization was not significant influencing the employee prosocial behavior in-role and extra-role. Practical implication of the findings, procedural justice from customer's organization was an important factor to improve the prosocial behavior which was mediated by employee's job satisfaction. The finding also implies that service provider has not any influence to the employee's prosocial behavior, that mean the service provider were only providing workforces to customer and has limited interaction with their employee.

Keywords: Dual procedural justice, job satisfaction, organizational commitment and prosocial behavior.
INTRODUCTION

Researches regarding attitude and behavior of outsourced employees that are affected by two organizations at the same time are interesting to conduct (Camerman, Cropanzano & Vandenberghe, 2007; Liden, Wayne, Kraimer & Sparrowe, 2003). The success of an outsourcing service company is much affected by the success of employees in providing service to customer organizations in which they are placed. Several researches regarding service marketing indicate important role of employees in determining the success of a service organization (Chang & Lin, 2008; Malhotra & Mukherjee, 2004; Bienstock, DeMoranville & Smith, 2003; Bettencourt & Brown, 2003; Bitner, Booms & Tetreault, 1990). This is related with inseparability characteristic of service, namely consumption and production are done at the same time (Parasuraman, 1987). Delivery of service is obtained in an interaction between service providers and customers. In a meeting point of service, customers will assess quality of service provided by service providers. This means quality of service depends highly on the performance of the employees (Zeithaml, Berry & Parasuraman, 1988). Customers compare quality of service that they receive with their expectation, and if the quality is beyond their expectation they will be satisfied (Lee, Nam, Park & Lee, 2006. Brady & Cronin, 2001).

Based on the above explanation, the problem to be studied is whether or not procedural fairness received by outsourced employees from two organizations, namely service provider organization and customer organization, has impact in work satisfaction and organizational commitment, which then has impact on employees’ in-role and extra-role prosocial behavior. Based on the problem, the research is conducted to answer the following questions: (1) Is there any impact of procedural fairness received by employees from service provider organization and customer organization on commitment to each organization?; (2) Is there any impact of procedural fairness received by employees both from service provider organization and customer organization on employees’ work satisfaction?; (3) Is there any impact of work satisfaction felt by employees on commitment to service provider organization and customer organization?; (4) Is there any impact of employees’ organizational commitment to service provider organization and customer organization on employees’ behavior in the form of in-role and extra-role behaviors?; (5) Is there any impact of work satisfaction on in-role and extra-role behaviors of outsourcing service employees?

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Lee (2000) conducted a research on correlation of organizations’ fairness with leader member exchange, work satisfaction, organizational commitment and turnover. The objective of the research is to identify the impact of interpersonal relation on sense of fairness of organizations, as well as impact of perception of the fairness on employees’ attitude and behavior in service sector. The result of the research indicates that procedural fairness affects work satisfaction, as well as has negative correlation with employees’ commitment to organizations. Employees’ commitment is affected by distributive fairness of organizations through work satisfaction mediation. Negative correlation
between procedural fairness and organizational commitment is because employees in this service sector have low income, so that employees are concerned more with the outcome that they receive without paying attention to whether the procedure that is applied is fair.

Lee, Nam, Park & Lee (2006) studied on factors that affect prosocial behavior in customers’ contact employees. The objective of this research is to analyze structural correlation of employment, training and reward with work satisfaction, organizational commitment and employees’ in-role and extra-role behaviors. The result of the research indicates that work satisfaction affects organizational commitment and employees’ in-role behavior. Empowerment of employees affects employees’ commitment to organizations and employees’ extra-role behavior. This research did not find significant correlation between work satisfaction and extra-role behavior, as well as correlation of organizational commitment with employees’ in-role and extra-role behaviors. This insignificant correlation is estimated by the researcher as a result of condition of hotel employees in Korea, who are the research samples, at that time have high level of employee turnover. This causes employees to be less satisfied and have less commitment to the company, thus causing employees’ organizational commitment to not affect employees’ in-role and extra-role prosocial behavior.

Blau (1964) in his book titled *Exchange and Power in Social Life* discussed social exchange theory. Blau (1964) argued that a person will be interested in having relationship with other person if he has expectation to get benefit from that person. An exchange will occur if there is equally mutual relation. In other words, if two individuals expect to get a better thing by making exchange instead of not doing so, then an exchange will occur. Decision to make an exchange depends on quality expected from the other party, that each party will try to make what he has interesting to the other party.

Blau (1964) also stated that social exchange is not the same as economic exchange, because it does not use specific obligation. A person cannot expect something before making other people like him. People tend to give response in accordance with satisfaction that they receive, if this can trigger obtaining of further satisfaction. By giving response, they show trust thus resulting in a desire to continue the relation. Social exchange that is felt to be unfair by a party, because the other party has bigger power to demand or force exchange level, will make social disagreement toward the disadvantaged party. In contrast, if there is suitable or higher reward than expectation, there will be social agreement (Heath, 1971; Blau, 1964).

Distributive fairness refers to allocation of resources or fairness felt from outcome received by a person from organization. Outcome is distributed based on equality, need or contribution (Campbell & Finch, 2004). A person determines reasonableness of distribution through comparison to the others. If compared with procedural fairness and interactional fairness, distributive fairness is more closely correlated with reaction to particular outcome and less correlated with reaction to organization (Cropanzano, Prehar & Chen, 2002).

In this theoretical review, discussion of organization fairness will focus on procedural fairness because the research discusses the effect of procedural fairness on attitude and behavior of employees. Employees’ perception of procedural fairness received from organizations affects organizational commitment and employees’ work satisfaction (Liden, Wayne & Sparrowe, 2003; Iverson & Erwin,
Based on factors of structural and social determinants, Greenberg (1993) divides procedural fairness into two types, namely systematic fairness and informational fairness. Systematic fairness is procedural fairness that refers to structural determinant, while informational fairness is procedural fairness that refers to social approach. Informational fairness is obtained from availability of information regarding procedures related with individual interest (Greenberg, 1993). Bies and Shapiro (1987) are of the opinion that a person will feel being treated fairly if he is given adequate explanation about negative outcome that he receives, as opposed to if he does not get any information.

Thibaut and Walker (1975), based on their research regarding process of dispute settlement in court, are of the opinion that a person’s reaction to dispute settlement procedure can be distinguished based on two types of control had by the disputing parties, namely control over process and control over decision. Control over process refers to control had by the disputing parties over procedure used to settle the dispute, while control over decision refers to direct control over determination of outcome. Researches on control over process give conclusion that procedure that proposes control over process will be considered fair and more acceptable compared with procedure that eliminates control over process (Phillips, 2002; Walker, Lind & Thibaut, 1979). The result of the research by Phillips (2002) indicates that procedural control and control over decision is significantly correlated with perception of procedural fairness, and procedural fairness is correlated with satisfaction and decrease in resignation rate. Leventhal (1980) puts forward argument that a fair process is not only affected by control over process and decision, but there are still other factors that affect a sense of procedural fairness. Procedure can be said to be fair if it is consistent, not biased, accurate, has correctional mechanism, pays attention to the interest of all stakeholders and morally acceptable (Leventhal, 1980).

Working satisfaction can be defined as a general emotional condition that is comfortable and positive that comes from assessment on a work or working experience (Locke, 1976 in Lee, 2000. Quarstein, McAfee & Glassman, 1992). While Mottaz (1998) defines work satisfaction as emotional response produced from an evaluation on work condition. Working satisfaction is also defined as emotional evaluation of service providers on work situation and work experience (Brown and Peterson, 1993). Some theories and researches are used to explain satisfaction in workplace. Need Hierarchy theory of Maslow (1943) puts forward that fulfillment of individual needs is composed in a need hierarchy that is determined by satisfaction and motivation to achieve it (Quarstein, McAfee & Glassman, 1992). Every person has five need hierarchies, namely psychological need as the most basic need, then security need, social need, comfort need and the highest, the self-actualization need. This need hierarchy theory puts forward that although not all of the needs can be fully satisfied, a need that has been satisfied no longer becomes motivation. (Robbins, 1993).

Motivation-hygiene theory of Hezberg (1966) puts forward that there is two factors that affect satisfaction or dissatisfaction of an individual with a work, namely intrinsic factor and extrinsic factor. Intrinsic factor includes employees’ opportunity for personal achievement, recognition from superior, work and development related with work satisfaction. While extrinsic factor includes company’s policies, administration, supervision and work condition related with work satisfaction.
Expectancy theory of Vroom (1964) affects concept of work satisfaction. Expectancy theory puts forward that a person’s tendency to take a particular action depends on the amount of expectation of outcome that is obtained from the action taken, and attractiveness of outcome to individual. Expectancy theory predicts that employees will make hard efforts if they feel that there is correlation between attempt and performance, performance and reward, and reward and individual target (Lee, 2000; Robbins, 1993).

Katz and Kahn (1978) state that organization depends on employees who have performance that exceeds the task given to them in order for the organization to function effectively. Performance dependence on list of tasks will not guarantee effectiveness of an organization. Thus, supplement is needed in the form of innovation and spontaneous behavior from members of organization to deal with unplanned matters. Employees’ behaviors that are expected from organization from some researches are organizational citizenship behavior (OCB) (Aryee, Budhawar & Chen, 2002; Podzakoff, MacKenzie, Moorman & Fetter, 1990; Organ, 1988) and prosocial behavior (Lee, Nam, Park & Lee, 2006. Kelley and Hoffman, 1997; Bettencourt and Brown, 1997; Brief & Motowidlo, 1986).

OCB is employees’ behavior that is shown to help organization or individual in organization in which the action of behavior is shown. This behavior includes behavior that is done exceeding the task given by organization (Niles-Jolly, 2003). OCB has five dimensions, namely altruism, courtesy, sportsmanship, civic virtue and conscientiousness (Dimitriades, 2007; Organ, 1988). Altruism includes behavior to help other members of organization to carry out their tasks. Some examples of altruism area voluntary help to employees who have lower ability or new employees, help to co-workers who have overload work, as well as share of knowledge.

Based on conceptual framework developed in this research and findings of the previous researches, it can be estimated that there is a positive correlation between procedural fairness received by employees and work satisfaction and organizational commitment.

**H1:** Procedural fairness received by employees from service provider organization is positively correlated with work satisfaction

**H2:** Procedural fairness received by employees from service provider organization is positively correlated with organizational commitment to service providers

Outsourced employees also work for customer organization, thus in work interaction with customers, employees will feel procedural fairness obtained from customer organization. Fairness of customer organization will also affect attitude and behavior of employees.

**H3:** Procedural fairness received by employees from customer organization is positively correlated with work satisfaction

**H4:** Procedural fairness received by employees from customer organization is positively correlated with organizational commitment to customers

Fu, Borlander and Jones (2009) studied correlation between work satisfaction and three dimensions of organizational commitment put forward by Allen and Meyer (1990). Based on this
research, work satisfaction of sale workers is correlated with affective and normative commitment, but not significantly correlated with continuance commitment.

**H5:** Employees’ work satisfaction is positively correlated with organizational commitment to service providers

Outsourced employees work for service provider organization and at the same time also work for customer organization, thus work satisfaction will also affect organizational commitment to customers.

**H6:** Employees’ work satisfaction is positively correlated with organizational commitment to customers

In conceptual framework, it is predicted that work satisfaction, employees’ organizational commitment, both to service provider organization and to customers is correlated with prosocial in-role and extra-role behaviors of outsourced employees. This prediction is supported by some previous researches. Research by Kim and Mauborgne (1996) by using as sample managers of multinational companies, concluded that there is a significant correlation between work satisfaction and organizational commitment and in-role and extra-role behaviors.

Bettencourt and Brown (1997) by using as sample tellers and customer service managers, also found a correlation of work satisfaction with in-role and extra-role behaviors. MacKenzie, Podsakoff and Ahearne (1998) by using as sample sales agents of insurance companies, found a significant correlation between work satisfaction and organizational commitment and extra-role behavior of insurance company employees. Chang and Lim (2008) conducted a research on bank employees in Taiwan, and found a significant correlation between employees’ affective commitment and extra-role behavior.

Based on discussion in conceptual framework that employees who are satisfied and have organizational commitment will present prosocial behavior that is advantageous to the organization, as well as considering the findings of the previous researches, some hypotheses presented in this research are:

**H7:** Employees’ work satisfaction has positive effect on employees’ in-role behavior

**H8:** Employees’ work satisfaction has positive effect on employees’ extra-role behavior

**H9:** Employees’ organizational commitment to service providers has positive effect on employees’ in-role behavior

**H10:** Employees’ organizational commitment to service providers has positive effect on employees’ extra-role behavior

**H11:** Employees’ organizational commitment to customers has positive effect on employees’ in-role behavior

**H12:** Employees’ organizational commitment to customers has positive effect on employees’ extra-role behavior
METHODS

This research uses method of hypothesis testing to test the impact of procedural fairness received by employees from two organizations, namely service provider organization and customer organization, on employees’ prosocial behavior that is mediated by work satisfaction and commitment to each organization. This research uses individual analysis unit, namely employees of worker outsourcing companies who are placed to work in customer companies (Hermawan, 2005; Sekaran, 2003).

The research involved employees who are actively working normally and response from respondents is not affected by situation that is created by the researcher. Natural condition of respondents in relation to organization is intended to answer correlation among variables of the research, namely procedural fairness from each organization with work satisfaction, procedural fairness with organizational commitment to each organization, work satisfaction with organizational commitment to each organization, as well as work satisfaction and organizational commitment with in-role and extra-role behaviors. The data were collected by using questionnaires, given to respondents with the assistance of organizations using outsourcing service. Thus the data in this research are cross sectional (Hermawan, 2005; Sekaran, 2003).
RESULTS AND DISCUSSION

The result of the research indicates that outsourced workers feel double procedural fairness obtained from service provider organization and customer organization. Double procedural fairness from the two organizations at the same time affects employees’ work satisfaction and organizational commitment. This supports previous researches, that outsourced employees feel double organization fairness, namely from service provider organization and customer organization (Camerman, Cropanzano & Vandenbergh, 2007; Liden, Kraimer & Sparrowe, 2003). This research also indicates double organizational commitment had by outsourced employees, namely to service provider organization and to customer organization. Outsourced employees feel they have obtained adequate procedural fairness from service provider organization, because decisions made by the organization have been applied fairly, the decisions are made based on adequate information, and they feel they have ben treated equally as other employees. Based on data of the research, accuracy of a decision made by an organization and employees equality are important things that affect employees’ sense of procedural fairness obtained from service provider organization. While in customer organization, outsourced employees feel they have proper procedural fairness because employees are involved in decision making process and treated fairly in customer organization, thus employees feel they become a part of the organization. Employees consider that decision making process that takes into account his opinions or interests will produce fair decisions in the customer organization. Involvement of employees in making organization’s decision is expected to accommodate employees’ interest in customer organization. The result of the research indicates that outsourced employees have double commitment, namely commitment to service provider organization and to customers. Organizational commitment in the form of self-identification toward organization, is shown by outsourced employees. Employees feel they share common values with the organizations and are proud to join them. This result is consistent with social exchange theory stating that individuals have tendency to form a relationship with particular individuals that provide valuable resources, thus outsourced employees who work for two organizations at the same time will have commitment to both organizations.

In customer organization, outsourced employees who are involved in decision making process and are treated fairly in customer organization will also have impact on high organizational commitment to customers, thus interaction of customer organization with outsourced employees affect level of psychological bond of outsourced employees to customer organization. Although outsourced workers area not permanent employees of customer companies, outsourced employees also have self-identification in customer organization. Values of customer organization affects employees’ commitment to customer organization. Organizational commitment to customers is higher than employees’ commitment to service providers. The result of the research shows that outsourced employees generally have better emotional bond with customer organization than with service provider organization. This may be caused by higher intensity of relation between employees and customer organization than their relation with service provider organization. Outsourced employees generally feel they are more proud to say that they work for customer organization than for service provider organization.
Outsourced employees in this research feel they have good satisfaction. They feel that the work that they have is pleasant and interesting. Employees feel they have work satisfaction because they have opportunity to give feedback toward the decisions made by service provider organization or customer organization. In-role behavior of outsourced employees in this research has high value. Employees feel they have implemented the work given by the organization in accordance with their job description. This indicates that job description is important to outsourced employees. They feel that the work given by customers is the main tasks to be done. While employees’ extra-role behavior is lower than in-role behavior. This is estimated that behavior that exceeds work standard is still not yet appreciated by organization, thus employees’ extra-role behavior is less developed. This opinion is supported by input from some employees who say that service user organizations tend to give tasks that are routine in nature and assess outsourced employees based on completion of the given job description.

CONCLUSION

The result of statistic analysis on the research model is done using SEM method, indicates a significant correlation between: (1) Procedural fairness of service provider organization and customer and commitment to each organization; (2) Procedural fairness of customer organization and employees’ work satisfaction; (3) Work satisfaction and commitment to service provider organization and customer; and (4) Employees’ work satisfaction and employees’ prosocial behavior, namely in-role behavior and extra-role behavior. The result of this research does not support a significant correlation between: (1) Procedural fairness received from service provider organization and employees’ work satisfaction; (2) Employees’ commitment, both to service provider organization and to customers, and employees’ prosocial in-role and extra-role behaviors.

The result of this research indicates that outsourced employees feel the impact of procedural fairness obtained from two different organizations at the same time, namely service provider organization and customer. Relation with two organizations at the same time results in double organizational commitment by outsourced employees. Double organizational commitment, namely commitment to service provider organization and to customer, is affected by procedural fairness obtained from each organization. This is consistent with social exchange theory stating that individuals have tendency to form a relationship with particular individuals that provide valuable resources, thus outsourced employees who work in two organizations at the same time will have commitment to both organizations. The better the procedural fairness received by employees from the organizations, the higher their organizational commitment.

Procedural fairness of customer organization is positively correlated with outsourced employees’ work satisfaction. While correlation of procedural fairness of customer organization with outsourced employees’ work satisfaction is not supported by the result of this research. This is because outsourced employees everyday work directly with customer organization, thus interaction between employees and service provider organization is less intensive than interaction between employees and customer
organization. This causes employees’ work satisfaction to be only affected by procedural fairness of customer organization obtained from daily interaction between employees and customers. Accordingly, the better the employees’ perception to procedural fairness obtained from customer organization, the bigger the impact on employees’ work satisfaction.

The result of this research indicates that employees’ work satisfaction is positively correlated with organizational commitment to service providers and customers. This correlation is consistent with social exchange theory, in which employees who are satisfied will repay the organization by giving high commitment to the organization. The higher the level of work satisfaction felt by employees, the higher their commitment to the organizations, both to service provider organization and to customers.

The result of this research supports a significant correlation between work satisfaction and prosocial in-role and extra-role behaviors. Outsourced employees who are satisfied will repay the organization by giving work outcome that is advantageous to the organization. To produce work outcome that is advantageous to organization, employees will show prosocial behavior that is advantageous to the organization. The higher the satisfaction of employees the higher their improvement in in-role and extra-role behaviors.

Organizational commitment to both organizations does not affect in-role or extra-role behavior of employees, but this prosocial behavior is significantly correlated with outsourced employees’ work satisfaction. It can be concluded that outsourced employees tend to only take into account short-term interest, namely work satisfaction in relation to their prosocial behavior. This is because relation between employees and customers is much affected by work relation between service provider organization and customer that is based on a work contract. Contractual relation that lasts for a particular period of time causes employees to consider that their relation with organization is limited by term of contract agreed upon by both organizations, thus employees only see this relation as short-term relation. With this situation, although outsourced employees state they have high commitment to both organizations, their commitment to the organizations does not affect employees’ prosocial behavior. Employees’ prosocial behavior is only affected by work satisfaction, which tend to be formed by interaction between employees and the organization in a short term. Level of work satisfaction felt by employees will have direct impact on employees’ level of prosocial behavior.

The result of this research regarding correlation of organizational commitment with in-role and extra-role behaviors does not support the result of some previous researches, which found a significant correlation between organizational commitment and prosocial in-role and extra-role behaviors (Baruch, O’Crevey, Hind & Gadot, 2004; MacKenzie, Podsakoff & Ahearne, 1998, Kim & Mauborgne, 1996), but supports the result of research conducted by Lee, Nam, Park & Lee (2006) on customers’ contact employees in the field of hotel industry.

Working satisfaction is variable of mediator of correlation between procedural fairness of customer organization and organizational commitment, as well as in-role and extra-role behaviors of outsourced employees. Employees who are satisfied with procedural fairness given by customer organization, will give commitment to customer organization and show good prosocial behavior. The better the procedural fairness received by employees from customer organization, the higher the level
of employees’ work satisfaction, which has impact on improvement of organizational commitment and prosocial in-role behavior as well as extra-role behavior of employees.

Based on the research model, procedural fairness of customers affects organizational commitment to service providers through work satisfaction received by employees. Employees who are placed in customer organization with good procedural fairness will get high work satisfaction. Employees who are satisfied with their work will give high commitment to service provider organization and customer. Employees who are satisfied will also show behavior that is advantageous to the organizations, namely prosocial in-role and extra-role behaviors. Some recommendations for future researches are as follows: (1) Replication of researches by using respondents from different industries to support generalization of the finding of this research; (2) Replication of researches by using assessment on superior or co-workers to reduce subjectivity in measurement of in-role behavior and extra-role behavior, thus conclusion can be drawn that is more objective regarding correlation of work satisfaction and organizational commitment with employees’ prosocial behavior; (3) Outsourcing service employees work in customer organization, thus interacting with permanent employees of customer companies. Difference of employment status of employees will affect employees’ perception of procedural fairness received from customer organization. Future researches can study whether awareness of difference of status between outsourced employees and permanent employees affects perception of organization procedural fairness which has impact on attitude and behavior of outsourced employees; (4) Organizational commitment according to Meyer and Allen (1991) can be divided into three dimensions, namely affective commitment, normative commitment and continuance commitment. In this research, employees’ commitment that is studied is affective commitment. Accordingly, future researches can study whether there is similarity of attitude of organizational commitment in each dimension in relation to double commitment by outsourced workers; (5) Based on the result of statistical analysis by using LISREL, fitness of the research model can be improved by adding flow of correlation of in-role behavior with extra-role behavior. This recommendation can be accepted theoretically based on research conducted by Mackenzie, Podsakoff and Ahearne (1998), who found correlation of in-role and extra-role behaviors through mediation of work satisfaction, thus future researches can study direct correlation of in-role and extra-role behaviors of outsourced employees; (6) Outsourced employees work for two different organizations at the same time. Relation with two different organizations has potential to cause lack of clarity of role and conflict of roles (Bettencourt & Brown, 2003). Future researches can study the effect of lack of clarity of role and conflict of roles on attitude and behavior of outsourced employees.

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