

ANALYSIS OF PROCEDURAL JUSTICE, DISTRIBUTIVE JUSTICE, AND GROUP COHESIVENESS TOWARD ORGANIZATIONAL LOYALTY OF PT ADHI KARYA

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ABSTRACT

This research was conducted in PT Adhi Karya, a state company that provides construction services. During the past three years, the company suffered an increasing of employees' turnover rate because of unappropriate implementaton of procedural and distributive justice in every decision making or applying procedures and rules. Besides that, there were conflicts happened among employees due to the uncohesiveness of groups. The aim of the study was to examine the influence of procedural justice, distributive justice, and group cohesiveness on organizational loyalty. Research method applied was quantitative method. Analysis was done by using multiple regression, in which the data were collected through questionnaires to a sample of 76 people from a total population of 304 people. The result shows that there is a significant effect of procedural justice, distributive justice, and group cohesiveness on organizational loyalty either partially or simultaneously. It may help company in improving the implementation of procedural and distributive justice and group cohesiveness that will lead to higher organization loyalty.

Keywords: procedural justice, distributive justice, group cohesiveness, organizational loyalty

INTRODUCTION

It is important for every organization to provide a healthy working environment in order to attract and maintain its employees, who is qualified, to have a high commitment and loyalty, and also to strengthen their motivation. One important component of working environment is keeping organizational justice, group cooperation and cohesiveness that will lead to positive perception and attitude about organization. As an established company that runs its business in construction, PT Adhi Karya Tbk has a problem with the increasing of its employees' turnover rate in three years. Table 1 shows the employees' turnover rate for the last three years.

The increasing of turnover rate can indicate that employees of PT Adhi Karya is relatively less

loyal and unwilling to stay in company. Beside of turnover issue, most employees think that decisions made are inobjective thus it makes them unhappy. The employees also think that procedures and policies implemented in the company are quite unfair since it is not applied to all employees equally.

Tabel 1 Employees' Turnover Rate of PT Adhi Karya

Tahun	Turnover Rate (%)
2011	3,51
2012	3,88
2013	4,97

Employees also feel inequity regarding to distributive justice because the company distributes reward inequally. They feel that the reward given by

company is not worth to their contribution. Moreover, lack of group cohesiveness among employees may cause many conflicts and arguments. Many employees resign because of this problem. From the description above, the formulation of the problem to be addressed is whether there is influence between procedural justice, distributive justice, and cohesiveness of the group, partially and simultaneously, to organizational loyalty at PT. Adhi Karya. Hopefully, the results of this study can provide input and help companies to improve organizational loyalty by implementing procedural and distributive justice better and increasing cohesiveness of the group within the company.

Tjutju and Suwatno (2008) explained that human resource is a part of management study that focuses its attention on the role of human resource within organization. According to Dessler (2013), human resource management refers to policies and actions needed by managers to manage human resource in doing their task. While Mathis and Jackson (2006) said that human resource management is a formal system framework in an organization to ensure utilization of human capital effectively and efficient to accomplish organizational goals.

According to Kreitner dan Kinicki (2001), procedural justice is perceived fairness of process and procedures that is used to allocate decision. Konovsky in Beugre (2007) explained that procedural justice perception is based on employee's point of view based on the reasonableness of the employee rewards and decisions made about punishment is important such as the requirement to pay a reward / incentive, evaluation, promotion and disciplinary action. Leventhal in Feldman & Arnold (2004) identified six procedural rules that will affect individual perception of procedural justice, which are consistency, bias suppression, accuracy, correctability, representativeness, and ethicality.

According to Al-Qarioti and Freih (2008), the indicators of procedural justice are: (1) The decision made after collecting all information needed. (2) Employees can express their ideas freely, even if they disagree with the supervisor manager. (3) The leaders explain the decision made to all employees. (4) The leaders will listen to their subordinate before making decisions. (5) The leaders make decisions objectively and without prejudice and (6) all decisions will be implemented equally to all employees.

Distributive justice perception refers to the assessment of fairness of outcome received by the individual. Research findings explained that distributive justice related to the individual's perception on its relationship with other individuals who have the resource (Marshall in Ambrose & Marshall, 2009). Greenberg and Baron (2008) defined distributive justice as a form of organizational fairness that focuses on the belief that employees have received the appropriate amount of remuneration and being rewarded. Rawls (2013) formulated two principles of distributive justice, as follows: (1) The greatest

equal principle, everyone should have an equal right to the most extensive basic freedoms, covering the same freedom for everyone. (2) Social and economic inequality must be arranged so that the following principle should be considered: the different principle, and the principle of fair equality of opportunity.

According to Van den Bos (1999): (1) Distributive justice lies in value. At the level of values, fairness applies only in accordance with the values adopted. The principle of equalization is said to be fair because the value is adopted. (2) Distributive justice lies in the formulation of the values to be the rule. Although the principle of distributive justice have agreed that injustice at the level of the value becomes not appear, but distributive justice not necessarily has been enforced. (3) Distributive justice lies in the implementation of the rules. To assess the distribution is fair or not, it can be seen from the enforcement of rules applied. If the rules agreed are not executed at all or executed partially, then the distributive justice is not achieved.

Robbins (2012) defined group cohesiveness as the degree in which the members of the group are mutually attracted to each other and are motivated to stay in the group. How each individual understands itself will affect teamwork and cohesiveness of the group (Ashkanasy, 2004).

According to Al-Qoriati and Preih (2008), indicators of cooperation and cohesiveness of the group are: (1) cooperate with peers to help better performance, (2) exchange ideas and suggestions with colleagues, (3) to support each other, (4) trust peers, (5) peer assist in carrying out the task, (6) members of the group integrate any other job, and (7) low levels of negative conflict.

According to Robbins (2012), there are several factors that determine the level of cohesiveness groups, namely: (1) the length of time together in groups, the longer they are together in a group they will get to know each other, the more tolerant to others; (2) the severity of the initial period, that means it is more difficult to be accepted as a member of the working group, the more closely the group; (3) the size of the group, the bigger the group the more difficult to interact intensively among its members, the less attached to the group; (4) the threat from the outside, most studies say that the group cohesiveness will increase if the group received threats from the outside; (5) the success in the past, everyone enjoys a winner. If the working group has a glorious history, it will create esprit de corps that attract new members, the group will remain high cohesiveness.

Loyalty in an organization has a direct impact on work efficiency and cause less translocation of staff, more efficient use of resources and higher efficiency (Burgi in Goodarzi, 2012). Kelman (2004) said there are three bases for loyalty, which are: (1) Compliance; association and involvement required for a specific external rewards. (2) Identification; associations based on a tendency to become members

of the organization. (3) Internalization; based on the alignment of individual values and organization (in Ashkanasy, Wilderom & Peterson, 2004).

METHODS

The type of research used is associative. This research was conducted by correlating one variable to another variable in order to determine, explain, and predict the level of dependence of the independent variables and the dependent variable. The data collected by spreading questionnaire and interview. The unit of analysis is employees of PT Adhi Karya and information obtained from employees collected only one time at a specific time or also called the cross sectional.

Operationalization of the variables is the translation of the studied variables, dimensions, and indicators used to measure these variables. In this study, there are four variables used, namely procedural justice, distributive justice, group cohesiveness and organizational loyalty. Procedural justice has six indicators, which include: (1) the decision was taken after collecting enough information; (2) the employee express ideas freely even if they disagree with superiors; (3) the leader explained the decision to employees; (4) leaders listen to their subordinates before make decisions; (5) leaders make decisions objectively and without prejudice; and (6) the decision applied fairly to all employees.

Indicators for distributive justice variables are (1) the employees get a lot of benefits, (2) fair wages compared to the work performed, and (3) benefits are equitably distributed. For cohesiveness of the group, the indicators are cooperation to make the performance better, exchange ideas and suggestions with colleagues, mutual support by colleagues, trust with colleagues, peers assist in carrying out duties, members of the group integrate other jobs, and low levels of negative conflict.

While organizational loyalty has 13 indicators, including: (1) Be ready to exert maximum effort at work. (2) Feel that exert maximum effort is liability. (3) Ready to do the job that is needed by organization. (4) Speak positively with friends about the organization. (5) Interested in the fate of the organization. (6) Has the same value to the organization. (7) Be proud to work in an organization. (8) Have better job opportunities in the organization compared with the opportunities elsewhere. (9) Do not mind doing another job in the organization. (10) Having benefits of working in the organization. (11) Will not leave the organization because of job requirements changes. (12) Take the right decision by choosing a job in the organization, and (13) Be loyal to organization.

The data source of this research are two primary data and secondary data. According to Sekaran (2006), the primary data is information that can be obtained from interview with others, observing events, people, objects; or distributing questionnaires to people. The data is collected through questionnaire that is

distributed to 76 employees of PT. Adhi Karya as respondents by using simple random sampling as sampling technique. The data collected is tested using validity test, reliability test, and also assumption classic test then analyzed using simple and multiple regression method.

RESULTS AND DISCUSSIONS

The following is the hypothesis concerning the effect of procedural justice to organizational loyalty. Ha1: there is a significant effect of procedural justice to organizational loyalty

Table 2 is based on the value of significance for hypothesis testing results of Ha1 shows that procedural justice has a significant level of 0.011, since it is significantly lower than the level of significance of 0.05, then the conclusion is to accept Ha1. That means there is a significant effect of procedural justice to organizational loyalty with the amount of effect is 2.596.

Table 2 The Result of T-Test

Coefficients(a)			
	Model	t	Sig.
1	(Constant)	.181	.857
	Procedural justice	2.596	.011
	Distributive justice	-.982	.330
	Group cohesiveness	16.573	.000

a. *Dependent Variable:* organizational loyalty

The next hypothesis is concern about the effect of distributive justice to organizational loyalty. Ha2: there is a significant effect of distributive justice to organizational loyalty

Table 2 is based on the value of significance for hypothesis testing results of Ha2 shows that distributive justice has a significant level of 0.33, since it is significantly higher than the level of significance of 0.05, thus the conclusion is to reject Ha2. That means there is no significant effect of distributive justice to organizational loyalty.

The following hypothesis is regarding the effect of group cohesiveness to organizational loyalty. Ha3: there is a significant effect of group cohesiveness to organizational loyalty

Table 2 is based on the value of significance for hypothesis testing results of Ha3. It shows that group cohesiveness has a significant level of 0.000, since it is significantly lower than the level of significance of 0.05, then the conclusion is to accept Ha3. That means there is a significant effect of group cohesiveness to organizational loyalty with the amount of effect is 16.573.

Based on Table 3, the F test results indicate that the significance value is 0.00. Since the significant value is less than 0.05, it can be concluded that Ha4

is accepted. That means, there is a significant effect between procedural justice, distributive justice and group cohesiveness' on organizational loyalty simultaneously. The coefficient of determination (R^2) essentially measures how far the ability of the model in explaining variations in the dependent variable is loyalty organizations. Coefficient determination test results are presented in Table 4.

Table 3 The Result of F Test (Simultan)

ANOVA(b)						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.509	3	3.836	92.745	.000(a)
	Residual	2.978	72	.041		
	Total	14.487	75			

- a. *Predictors: (Constant)*, group cohesiveness, procedural justice, distributive justice
- b. *Dependent Variable:* organizational loyalty

Table 4 Model Summary(b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.891(a)	.794	.786	.20338	2.231

- a. *Predictors: (Constant)*, group cohesiveness, procedural justice, distributive justice
- b. *Dependent Variable:* organizational loyalty

Table 4 shows that the Adjusted R Square of 0786. That means 78.6% dependent variable which is the organization's loyalty can be explained by the independent variables which are Procedural Justice, Distributive Justice and Group Cohesiveness. The remaining 21.4% is explained by other factors beyond the variables used.

Based on Table 3, then multiple regression equation is as follows:

$$Y = 0.54 + 0.119 X_1 + 0.31 X_2 + 0.890 X_3$$

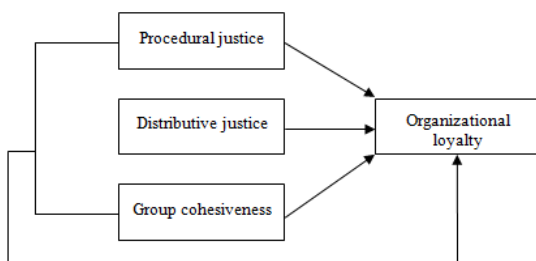


Figure Research Model

Description of Figure is as follows: (1) If the value of procedural justice, distributive justice, and group cohesiveness are zero, the value of

organizational loyalty is 0.54. (2) If procedural justice is better, then organizational loyalty will also increase. (3) If distributive justice is better, then organizational loyalty will also increase. (4) If group cohesiveness is better, then organizational loyalty will also increase.

Based on questionnaire result, most respondent said that they agree with the statement "the decision are made after all information needed are collected", it means employees feel that they have contributed in providing information for decision making. Most employees also agree with the statement "employees can express ideas freely", that make employees feel appreciated by the organization. In procedural justice questionnaire, for the third to sixth statement showed that most respondents agree by giving score of 4 for each statement. Based on the explanation above, it can be concluded that lower level management still have contribution on policies making. Beside, statistical test result also showed that procedural justice have an effect on organizational loyalty because employees feel appreciated and have contributed in the organization.

In distributive justice questionnaire, the statement "company gives benefit to all employees equally" has negative respond from employees. In their opinion, higher level employees receive more various benefit such as allowance and also operational vehicle. Because benefit received by employees are based on managerial level, then there are difference of benefit variation in each managerial level. For statement "the salary is received equal with the work done by employees" also have negative respond. Most employees think that the amount of salary given is not worth to their effort because they have a lot of workload and must do overtime.

Indicator of group cohesiveness about assessment of cooperation in the work have positive respond from employees, in which the average score is 4 for this statement. This means employees have a good teamwork and they will help each other in completing tasks. Another indicator, which is "employees exchange ideas and support each other" also have positive responds. By exchange ideas and support with each other, it will make employees become closer emotionally and reducing conflict.

CONCLUSIONS

Based on the results of research and discussion of existing analysis, the conclusions that can be drawn are as follows: (1) Procedural justice has a significant impact on organizational loyalty at PT Adhi Karya. (2) Distributive justice has a significant impact on organizational loyalty at PT Adhi Karya. (3) Group cohesiveness has a significant impact on organizational loyalty at PT Adhi Karya. (4) The procedural justice, distributive justice, and the group cohesiveness have significant impacts on organizational loyalty at PT Adhi Karya.

The suggestions which can be provided to PT Adhi Karya include: (1) Company should keep its

procedural justice to make employees feel appreciated then their performance might be improved. (2) To improve distributive justice, company should provide more various benefit for all employees or providing flexible benefit plan in which employees may choose their own benefit. Company should also improve the salary with regard the task difficulty and workload. (3) To keep its group cohesiveness in high level, company should more care to employees, and also provide a condusive working environment to make them feel comfortable to improve their loyalty.

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