

**The Effect of Organizational Culture and Organizational Justice on Employee Satisfaction and Organizational Commitment in Bangkok, Thailand**

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**Abstract**

The purpose of the study was to examine the effect of organizational culture and organizational justice on employee satisfaction and organizational commitment. Employees whose aged equal and more than 25 years old and worked in the general organizations in Bangkok, Thailand were respondents. There were 406 qualified questionnaires were used in this analysis. Descriptive statistics analysis was used to find out the mean and standard Deviation. SEM (Structure Equation Model) was used to examine the hypothesis. The finding indicated both organizational culture and organizational justice had direct positive effect on employee satisfaction and organizational commitment.

This research provided effectively resources (organizational culture and organizational justice) for the companies to improve the employee satisfaction, making employees more willing to remain and build their career within the organization. In addition, the information in this research could be useful for the future studies to explore the organizational culture and organizational justice effect on the employee satisfaction and employee commitment in other Asian countries.

**Keywords:** organizational culture, organizational justice, employee satisfaction, organizational commitment

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## **Introduction**

The increasing globalization of economies is promoting the internationalization of companies. The competitions among different companies are more and more intensifying with the rapid progress of economic globalization and advanced technology (Ma Eugenia, Raquel SanzValleb and Ma Isabel, 2008). In response to the pressure of globalization, increasingly competitive markets, and volatile market dynamics, many companies seek the ways to dominant in the market competition. Studying management practices in different social and cultural contexts are fore need of the corporation (Soumendu, 2011). Employees are the front line factor that leads to success in every organization, as whatever direction that organizations take depends on employees (Susan, 2012). Employee satisfaction is one of the most frequently studied characteristics in organizational behavior research. It has been termed as a central variable in both research and theory of organizational behavior (Spector, 1997).

Therefore, studying employee satisfaction is one of the most important topics of organizations setup and employee satisfaction should not be ignored, but very few organizations seriously consider employee satisfaction (Boran, 2011). Much of the research in this area has not clearly analyzed employee satisfaction factors to gain insight into employee attitudes and behaviors (Abdallah, 2011). Although many studies have re-emphasized the importance of organizational culture, organizational justice, employee satisfaction and organizational commitment by bringing to light the relevance of managerial (Sajjad, Ali, Hemin, Sajad and Mohammad, 2011; Sajjadul, Waseef and Sajjad, 2011), very few studies have been conducted to examine systematically these variables in causal model and organization concepts should be evaluated within different culture environment and different countries and the effect may be not the same (Yavuz, 2010).

Thailand is a “core” six member (Indonesia, Malaysia, Philippines, Singapore, Brunei and Thailand) of the Association of South East Asian Nations (ASEAN) which is the original founding members of ASEAN in 1967 and remains the most influential members of ASEAN in the twenty-first century (Hooi and Russell, 2009). So In light of the upcoming China-ASEAN Free Trade Area (CAFTA) scheduled in 2015, it is likely that Thailand will increase its trade and investment activities with the region. So the study put forward the factors to influence the employee satisfaction and organization commitment of employees in Thailand to help the company in Thailand to know the factors and improve the human resource management and have the competition ability that can keep on the development.

### **Literature review**

Literature in this study includes employee satisfaction, organizational culture, organizational justice and organizational commitment.

### **Employee satisfaction**

The concept of employee satisfaction was first developed by Elton Mayo in the late 1920s and early 1930s, in which survey the employees of the Western Electric Company the Hawthorne plant in Chicago. The result was that the emotions of employees can effect on their working behaviors (Sadegh and Azadeh, 2012). And then since the late 1950s, several researchers have built up theoretical of the nature of employee satisfaction, developed models that investigates factors that influences employee satisfaction, and conducted empirical studies to test their models (Lacy and Sheehan, 1997). Based on comparison among review of scholars in employee satisfaction, many researchers defined employee satisfaction. Locke (1976) indicated that employee satisfaction is that “results from the perception that one’s job fulfils or allows the fulfillment of one’s important job values, provided

that it is to the degree that those values are congruent with one's needs". Soumendu and ArupVarma (2011) indicated that employee satisfaction is a multidimensional construct manifesting the emotional evaluations of individuals regarding their expectations and how well they have been met. In this study, factors of employee satisfaction were determined based on JDI of Smith (1969). So, the dimension of the employee satisfaction in this study comprise: nature of work, present pay, opportunities for promotion, supervision and relationship with co-workers. The employees were more satisfied, and then their organizational commitment was higher (Testa and Muller, 2009). Many studies have established the relationship between organizational commitment and employee satisfaction (Khalil and Peter, 2011).

### **Organizational culture**

In the organizational behavior literature, many of definitions of organizational culture have been proposed. Daulatram (2003) defined it as a "system of shared values (what is important) and beliefs (how things work) that interact with a company's people, organizational cultures, and control systems to produce behavioral norms". Nlco and Melinde (2007) indicated that organizational culture was regarded as particular pattern of human behavior, in which arouse a result of the organization's survival process and synthesize with its environment. Organizational culture can be appraised by many dimensions, in which conceptions were different, but foundations of them are from similar models and theories. Different literatures have studied different sides of organizational culture (Nlco and Melinde, 2007). In this study, the second group dimensions (strategic direction, communication, learning, reward and incentive system) of Romualdas and Vida (2006) was used for the dimensions of organizational cultures. Different aspects dimensions of organizational culture have been proved that organizational culture plays a role in effecting on the employee satisfaction (Verda, Asma, Neelam and Amna, 2011).

Organizational culture also was positive effect of the organizational commitment (Yavuz 2010; Nilco and Melinde, 2007). Yavuz (2010) found that organizational culture affect teachers' affective commitment, normative commitment and continuance commitment.

### **Organizational justice**

Greenberg was one of the first authors to apply organizational justice theory to Performance evaluation in year 1986 (Anastasios, Panagiotis and Leda, 2011). Greenberg (1990) defined organizational justice shows employees' fairly perceptions extent that they were treated in organizations and how the fairly perceptions effects on the organizational outcomes such as satisfaction and commitment. Muhammad and Basharat (2011) stated organizational justice is perception of employees about their equitable and honestly treatment in the organization. The perception of organizational justice included the sub-dimensions of distributive justice, Procedure justice and interactive justice, and the perception of overall organizational justice emerged from a combination of these three sub-dimensions (Sajjad, Ali, Hemin, Sajadand Mohammad, 2011). Organizational justice was a factor which widely been applied to know the employee satisfaction (Jamshed and Naimatullah, 2011). According to the results of a study by Folgerand Konovsky (1989), employees with high level perception of organizational justice also have a high level of commitment to the organization. Perception of organizational fair increased the commitment that employees feel towards and remain in the organization (Muhammad and Basharat, 2011).

### **Organizational commitment**

The term organizational commitment has been described and defined in a variety of ways. Meyer and Allen (1997) defined organizational commitment as “a psychological link between the employee and his or her organization that makes it

less likely that the employee will voluntarily leave the organization”. In general terms, organizational commitment refers to an employee’s belief in the organization’s vision and value, would like to remain a member of the organization and faithfulness to the organization (Hackett, 2001). Many researchers believed that employee commitment toward the organization as a basic foundation for success in today’s competitive marketplace (Khalil and Peter, 2011; Matthew, Chang-Bae, Jae-Jin, 2012). Organization commitment influenced the behaviors of employees and can make the behaviors of employees’ changes (Matthew S, Chang-Bae, Jae-Jin, 2012).

### **Conceptual framework**

After reviewing the literature, the conceptual framework in this study was modified from the conceptual framework of Sajjad, Ali, Hemin, Sajad and Mohammad (2011), Yavuz (2010) and Sajjadul, Waseef and Sajjad (2011). The independent variables were organizational culture and organizational Justice. The dependent variables were employee satisfaction and organizational commitment. All independent variable was drawn into the conceptual framework of this study together with the dependent variable, so the conceptual framework of this study was presented in as following model:

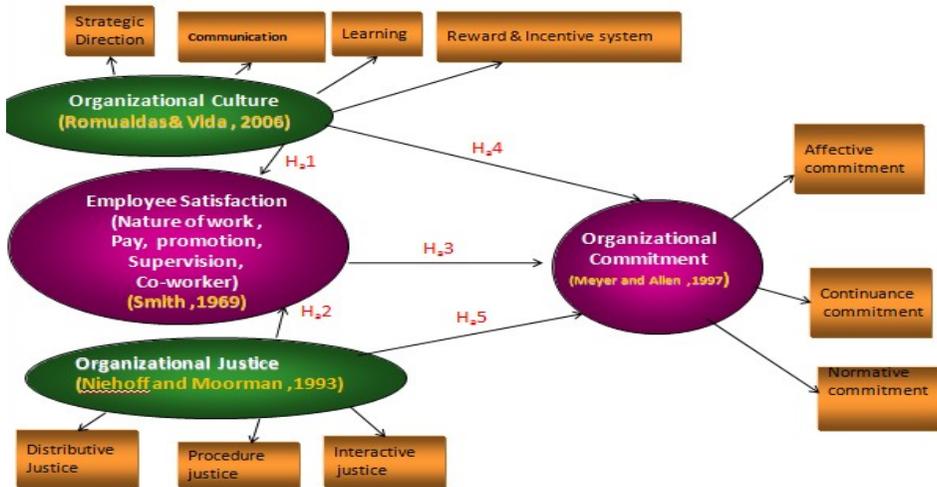


Figure 1 Conceptual framework of the research

## Methodology

### Population and sample

The questionnaires were distributed to employees in twenty companies in Bangkok, Thailand. A total of 420 employees answered the questionnaires of which 406 answered all the questions relevant for this study.

### Research Instrument

The questionnaires were designed with relevant to the objectives conceptual framework and divided into 5 parts. The first part was designed to gather the basic personal information; the second part was designed to gather the organizational culture data of the organization; the third part was related to the organizational justice; the fourth part was about employee satisfaction; the last part was related to the organizational commitment. The questionnaire were written in English first and later translated into Thai language by the author so that the participants would find it easy to understand the content of survey.

The score on a 5-point Likert-type scale was used in this study where “1” indicates “strongly disagree” and “5” indicate “strongly agree”.

### **Data analysis**

The collected data was analyzed through descriptive statistics analysis, Correlation analysis, factor analysis and Structure Equation Model (SEM). Descriptive analysis used for analysis the personal information. Correlation analysis and factor analysis used for evaluate whether there were clear observed variables which would be used as covariate. The study used the Structure Equation Model (SEM) to examine the hypothesis. The Structure relationship among organizational culture, organizational justice, employee satisfaction and organizational commitment were analyzed by LISREL 8.8 program (Joreskog and Sorbom, 2006). The purpose of LISREL 8.8(student version) is using to evaluate the goodness of fit, as the absolute fit indices like chi-square ( $\chi^2$ ), goodness of fit index (GFI), and average goodness of fit index (AGFI), and root means square error of approximation (RMSEA) index is used.

### **Result**

The result shows that 406 respondents sample consisted of 199 males and 207 females. majority of respondents aged from 25-29 year and 30-34 year which covered 38.9% and 29.8% respective of all the respondents. Majority of respondents had education level as Bachelor degree which covered 56.4%. Respondents that were from local company that covered 52.2% of all the respondents, in which was more than the respondents were from multinational company that covered 47.8% of all the respondents. Much of respondents got the income among 10,001-20,000(Baht) that covered 36.7% of the all respondents. And most of respondents had the working years among 3-6 years that covered 38.7% of the all respondents.

More than half of the respondents coming from company that had establishment more than 15 years, of which 61.1% of all the respondents.

According to the table 1, the p-value was 0.524, in which was much more than the standard as more than 0.05. The Goodness of Fit Index was 1.00 and Adjusted Goodness of Fit Index was 0.96, in which were almost close to 1 and fitted the standard that need the value close or equal to 1. The value of the Root Mean Square Residual (RMR) was 0.0075 in which was approached 0, and Root Mean Square Error of Approximation (RMSEA) was 0, in which that fitted the standard as the standard need the value of Root Mean Square Residual (RMR) and value of Root Mean Square Error of Approximation (RMSEA) were close or equal to 0. So, above results indicated that the model was matched the conceptual framework of the study.

**Table 1** Goodness of fit Statistic

FIT Index	Acceptable threshold levels	Value
$\chi^2$	$\chi^2$ relative to df with p-value (0.05)	Chi-square: 13.03 p-value: 0.524
GFI	Values > 0.95	1.00
AGFI	Values > 0.95	0.96
RMR	Good model have small RMR	0.0075
RMSEA	Values < 0.05	0

Figure 2 present the SEM Standardized Solutions. It indicates that organizational culture (OCU) has direct effect on employee satisfaction (ES) as  $\beta = 0.30$  (SE= 0.12, st=0.30); organizational justice (OJ) has positive direct effect on employee satisfaction (ES) as  $\beta = 0.71$  (SE=0.12, st=0.71); employee satisfaction (ES) has positive effect on organizational commitment (OC) as  $\beta = 0.46$  (SE=0.20,

st=0.46); organizational culture (OCU) has direct effect on organizational commitment (OC) as  $\beta = 0.17$  (SE=0.08, st=0.17); and organizational justice (OJ) has direct effect on organizational commitment (OC) as  $\beta = 0.37$  (SE=0.16, st=0.37)

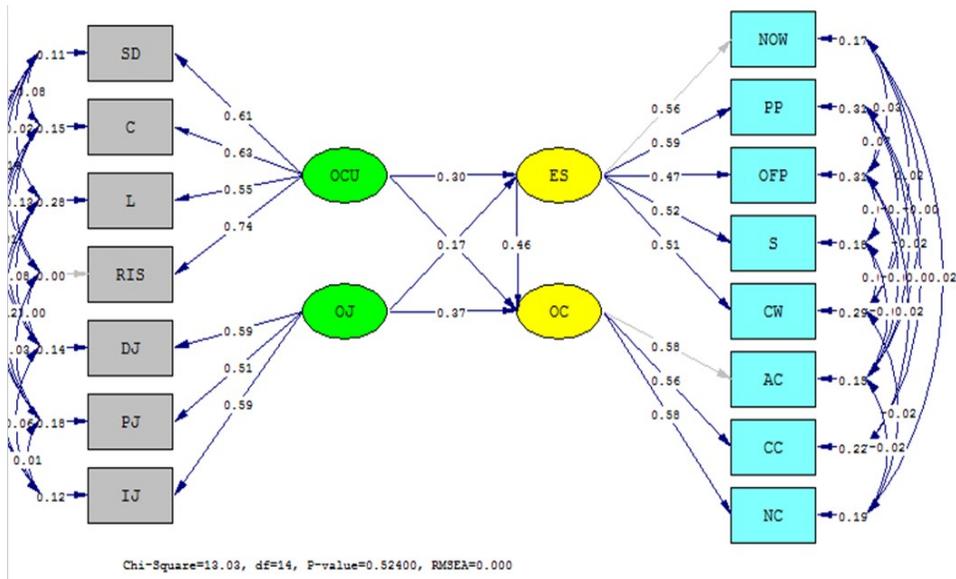


Figure 2 SEM Standardized Solutions

## Discussion

From the analysis result, it was found that organizational culture had positive effect on employee satisfaction. Many empirical researches support this finding (Verda, Asma, Neelam, Amna, 2011; Nlco and Melinde, 2007). Nlco and Melinde (2007) argued that organizational culture influenced employees to be good members of the organization and influences the satisfied of employees for the organization in which should provides shared values that insure that every member in the organization is on the same terrace. Results also indicated organizational culture had positive direct effect on organizational commitment. Conducted studies had supported a positive relationship between organizational culture and

organizational commitment (Meyer, 1997; Yavuz 2010). Nlco and Melinde (2007) argued that organizational culture reinforced organizational commitment and increased the coherence of employee behavior for the organization.

Researcher also noticed that organizational justice had positive effect on employee satisfaction. The obtained results consistent with previous findings (Jamshed and Naimatullah, 2011). Fatt (2010) indicated that “distributive justice” has a direct positive effect of employee satisfaction and “procedural justice” has a direct positive influence on employee satisfaction. Results also indicated organizational justice had direct effect on organizational commitment. Conducted studies had supported a positive relationship between organizational justice and organizational commitment (Yavuz, 2010; Sajjad, Ali, Hemin, Sajad and Mohammad, 2011).

The study results also indicate that employee satisfaction had direct effect on organizational commitment. This finding was consistent with pervious findings (Khalil and Peter, 2011; Sajjad, Ali, Hemin, Sajad and Mohammad, 2011; Sajjadul, Waseef and Sajjad, 2011). Santoshi (2011) revealed that satisfied employees developed cognitive bonds with the organization commitment. Satisfied, motivated employees will hard work for organization and in turn positively influence organizational commitment.

### **Implication of the study**

According to the study results, organization managers or human resource department could improve the employee satisfaction, making them more willing to remain and build their career within the organization by developing organizational culture and organizational justice.

For the organizational culture, organization managers should be fully analyzed when constructing the organizational strategies. Companies could strengthen the propaganda of the corporate strategy, and to make employee's

common goals more clearly. Companies should strengthen and focus on the communication between Superior and subordinate. Superior should strive to help and advice subordinate. Companies should invest into knowledge and skills of employees (different courses are offered and so on) and offers thorough training to improve employee job skills. And companies should construct a well good reward and incentive system for each of the employees with rewarding to guide good behavior, using punishment to reduce bad behavior. This may provide to build more sensible and healthy organizations.

For the organizational justice, managers should make each employee have the same opportunities to participate, same opportunities to be chosen and same opportunities to win in the related salary distribution occasions, and none were subject to discrimination. So that salary that employee get had direct proportion to their respective performance. Managers should respect the employees and fully consider the views of the employees in the job decision-making. And superior should treats subordinates were polite, taking into account employee's dignity, respect of employees.

### **Recommendation for the future research**

Future research could explore the differences in response towards the investigated variables among different groups of people of varied backgrounds and demographics. Such as investigate to compare the respondents between who work below 3 years and who work equal were or more than 3 years about organizational culture and organizational justice on employee satisfaction and organizational commitment. This study was just widespread investigating the employees of the organizations, did not focus on an industry, future research could should be conducted in assertors, such as banking industry and automobile so as to validate the generalizability.

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