THE IMPACT OF ORGANIZATIONAL JUSTICE ON ORGANIZATIONAL LOYALTY CONSIDERING THE ROLE OF SPIRITUALITY TRUST VARIABLES
(CASE STUDY: SOUTH PARS GAS COMPLEX)

Sima Radmanesh
South Pars Gas Complex, Iran
simaradmanesh@gmail.com

Abstract:
The presence of a large number of active rival gas companies on the Persian Gulf border necessitates the adaptation and implementation of effective employee retention strategies as well as implementation of promoting loyalty and belonging strategies of specialized staffs in the South Pars gas company. Hence, this study aims at assessing the amount of organizational loyalty and explaining the effect of institutional justice on organizational justice with regard to the role of mediator variables of spirituality in the workplace and organizational trust. Therefore, through reviewing the related literature, the researchers achieve a conceptual model for the effect of these factors on organizational loyalty. To this end, this model was assessed and tested through questionnaires in South Pars gas company. The research method was descriptive and correlation-structural equation modeling. The findings of the study indicated a significant relationship between the concepts addressed in the research and conceptual models were confirmed. Finally, according to the results to improve effectiveness factors affecting organizational loyalty, recommendations are provided.

Keywords: organizational loyalty, organizational trust, organizational justice, organizational spirit, oil and gas company, knowledge, management
1. INTRODUCTION

In modern human resource literature, the employees are considered as organization's architects; securing this invaluable asset needs the implementation of stimulating maintenance systems.

Lack of organizational loyalty among the managers and employees is one of the major problems that South Pars Gas Complex is faced with. Considering the increasing numbers of gas companies in Persian Gulf territory and their rival for employing the skilled and experienced employees, the human-resource managers of South Pars Gas Complex need an exact and comprehensive strategy to employ and sustain this vital force in the organization.

Organizations and companies try to provide their customers' satisfaction by presenting their favorite goods and services. They are willing to keep their loyal clients; however, they pay little attention to their own employee loyalty. Those managers who believe loyal employee builds loyal customer attempts to keep this loyal work force and enhance their sense of organizational loyalty by applying promising workplace policies (Coyle & Shapiro et al 2003, Williams & Zainuba 2002, Zellers et al 2003).

When the employees’ level of organizational loyalty decreases, their determination in doing their task and duty also becomes unstable. In fact, organizational loyalty has a strong symbolic message for human resource management of South Pars Gas Complex as it indicates that if the organization is concerned the well-being of employees; they can enhance the level of their organizational loyalty. Employee loyalty can be summarized in four perceptions: 1. Expressing deep devotion to the organization even in hard times and stressful conditions. 2. Willing to do extra-role task in order to fulfill organizational goals. 3. Showing positive viewpoints in one's relations to others. 4. Being flexible towards planned organizational alterations (Ali, 1993). In gas companies' competitive arena, in order to prevent the committed and skilled workforce from quitting their service and leaving the organization, two basic principles should be investigated: meaningful work, and healthy relationships. Organizational justice is one of healthy relationships attributes. Studies show that employee perception of organizational justice is effective on organizational commitment.

As South Pars Gas Company evaluates employee's perception of organizational justice, it should also consider employee's trust as an essential prerequisite of organizational loyalty. Any kinds of organizational injustice and inequality, first of all, affect organizational trust and employee's loyalty (Taheri Attar 2008).

This study focuses on analyzing the three components of organizational justice, organizational trust, and workplace spirituality in South Pars Gas Complex.

Different studies indicate that there’s a meaningful relationship between organizational justice and workplace spirituality. (Yazdani 2010; Hawkins 2008).

Considering the importance of organizational loyalty in South Pars Gas Complex as one of the major companies of Oil Ministry, this research aims to study the impacts of organizational justice, employee trust, and workplace spirituality on organizational loyalty of South Pars employees.

Some intellectuals believe that the relationship between organizational justice and organizational loyalty is due to intermediate variables. Various theoretical basics make clear that the impact of organizational justice on organizational loyalty considering the role of intermediate variables of workplace spirituality and organizational trust has been neglected by scholars and researchers. Therefore, the main discussion of the present study is the assessment of the correlation between organizational justice and organizational loyalty variables regarding the role of intermediate components of employee trust and workplace spirit in South Pars Gas Complex.

2. RESEARCH LITERATURE

The organizational loyalty and motivation of an employee who wants to remain with organization just for not losing the job or just for personal advantages differs from the one who really loves the organization. (Clemons, 2011, p185).
Pourrezzat and Gholipour (2008) consider organizational loyalty as a conceptual variable that helps the organization achieve its goals or as a force or power that necessitates the employee to believe in organizational values and to remain loyal to them. Committed, loyal, and skilled work force is the main asset of any organization, and how to behave and deal with this human resource affects their future attitudes and their viewpoints of organizational justice. Injustice and unfair treatment of employees by managers and colleagues makes them willing to leave the organization (Walker and Thibaut, 2003). According to Bauer and Trip (1995), organizational justice is applied to social laws and norms in organizational managements including: 1) rules for allocating resources in organization 2) decision-making processes 3) organization treatment of employees. This definition is based on the three major components of organizational justice: Distributive Justice, Procedural Justice, and Interactional Justice. In the current study, these three factors are also considered as the main components of organizational justice (Yazdani, 2010).

The findings of the researches carried out on organizational justice indicate that observing justice and equality in employee treatment encourages their sense of loyalty (Begari 1998). This equality happens when outcome distribution (benefits and rewards) is based on allocated norms (Distributive Justice). Alexander and Ruderman (1987) believe that distributive justice would be the main reason of employee’s willing to leave the organization. Nevertheless, the human resource managers should consider that loyal employees react to procedural justice in organizational issues. In order to be considered fair, the procedures should be exact, based on comprehensive information, and equitable for all employees at any time. They should include activities and solutions, correcting mistakes, making decisions, observing moral values and considering the benefits for all employees in implementing rules and policies (Bies and Moag 1986, Bies and Shapiro 1987, Bies and Shapiro1988, Bies et al.1988).

Greenberg has divided Interactional Justice into two branches: interpersonal justice and informational justice. Interpersonal justice includes daily communications; therefore, it covers a wide range of behaviors such as deception, privacy violation, disrespect or contempt (Rock and Shock 2006). Informational justice focuses on the quality and quantity of presented information about methods and outcomes. Clarity, efficiency, and honesty in decision making are some factors of informational justice (Colquitt 2001, Greenberg 1990).

Trust is a motivational factor; however, its loss can act as a destructive power that paralyses the work force. Maintaining trust in any organization is one of the managers’ and employees’ duties. If mutual trust is lost, much energy is spent on politics rather than the main task. Trust is also the main factor in creating social investment in organization. Trust derives from honesty, integrity, and competency; not from covertness (Mirsepasi P 67-88).

Gilbert and Tonge (1998) define organizational trust as “the employee feeling of confidence and patronage, and the belief that the employer honors his commitments and is completely frank and honest with the employee.” (Mayer et al 1995, Hartog 2003). results of the studies suggest that the organizations with high culture of trust have displayed better organizational performance (Paliszkiewicz 2013), organizational loyalty ( Kaneshiro 2008), and ideal justice (Memarzadeh 2013). Many of behavioral science researchers state that a new paradigm has emerged in organizations in the last two decade. Along with this paradigm, organization managers have discovered and experienced new methods in helping their employees create a balance between life and work, more flexibility, and better employee empowerment and partnership. This newfound paradigm is known as “Spirituality Movement”. (Barham 1998, Marques, Dhimand and King 2007, Hyman and Meson 1995, Gottlieb, Kelloway and Kuglimass 1995). Mitrof and Denton (1999) define spirituality as the tendency towards searching life’s ultimate goal and living based on that goal. In the present study, the model presented by Milliman et al (2003) on workplace spirituality is used. This model deals with workplace spirituality in 3 levels: individual (meaningful work), group work (unity and integration), and organizational (in alignment with organizational values). Each employee has given a series of factors in order to give meaning and significance to his. Her work experiences. Deep feeling of having goals and the joy of working and gaining energy are such factors. The feeling of unity and integration lessens the stress, and on the other hand improves the employee satisfaction and loyalty.

In order to increase the employee trust and confidence, the organization should provide an attractive work environment; so that the employees align themselves with organization goals and values. They
should be ensured that the organization cares for the employees’ mental demands and supports its human workforce in having an effective performance.

Regarding spirituality as a new aspect of management leads to the increase of efficiency, innovation, employee’s intuitive capabilities, group work, and organizational loyalty (Neck and Milliman, 1999, Garcia and Zamor, 2003).

3. CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

The conceptual model of the research is extracted from theoretical basics and depicted as follows:

**Figure 1**: Research conceptual model

![Research conceptual model](image)

4. RESEARCH HYPOTHESES

a) Organizational Justice has positive and meaningful effect on Employee Trust (main hypothesis)
   Employee Trust has positive and meaningful effect on Organizational Loyalty (main hypothesis)

b) Organizational Justice has positive and meaningful effect on Organizational Loyalty (main hypothesis)

c) Organizational Justice has positive and meaningful effect on Workplace Spirit (main hypothesis)

d) Workplace Spirit has positive and meaningful effect on Organizational Loyalty (main hypothesis)

e) Organizational Justice has positive and meaningful effect on Employee Loyalty through Employee Trust and Workplace Spirit variables (subsidiary hypothesis)

5. METHODOLOGY

The present study is an applied research and belongs to correlation-scaling researches. In order to gather data, questionnaire (as the main tool), and library documents (as the supplement tool) are used. In this research, the relation between organizational justice, employee trust, workplace spirituality, and organizational loyalty as the research variables investigated. The measuring tools of the research variables are: organizational justice and employee loyalty questionnaire presented by Pourrezzat (2013) with 22 and 6 items respectively, employee trust questionnaire presented by Elonen et al. (2008) with 12 items, and workplace spirit presented by Milliman et al. (2003) with 19 items, which all of them are arranged based on Likert spectrum. In order to measure the questionnaire reliability, a primary sample including 30 questionnaires is assessed. Average Variance Extracted indicates that
that all structures have extracted variance mean of more than 0.5. Therefore, the convergence validity of all variables is justified. In fact, this parameter examines how a latent variable can explain its indicators variance (manifest variables). In order to verify the questionnaire consistency and reliability, Chorronbach's alpha is used (the required criterion was the amount of more than 0.7). All the achieved coefficients were more than 0.7 that suggests the reliability of the measuring tool.

### Table 1: Correlation, validity, reliability, coefficient, and mean

<table>
<thead>
<tr>
<th>Hidden Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>AVE</th>
<th>Chorhonbach's alpha</th>
<th>R²</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Trust</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>0.69</td>
<td>0.81</td>
<td>0.74</td>
<td>2.47</td>
</tr>
<tr>
<td>Organizational Spirit</td>
<td>0.71</td>
<td>1</td>
<td></td>
<td></td>
<td>0.71</td>
<td>0.84</td>
<td>0.7</td>
<td>2.96</td>
</tr>
<tr>
<td>Organizational Loyalty</td>
<td>0.53</td>
<td>0.91</td>
<td>1</td>
<td></td>
<td>0.66</td>
<td>0.79</td>
<td>0.97</td>
<td>3.33</td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>0.85</td>
<td>0.84</td>
<td>0.599</td>
<td>1</td>
<td>0.68</td>
<td>0.88</td>
<td></td>
<td>-2.79</td>
</tr>
</tbody>
</table>

All correlation coefficients are meaningful in error level of less than 0.1. Table (1) shows Pearson. All correlation coefficients are positive and meaningful in certainty level of 0.99 indicating a meaningful relation between two research variables. In this study, other than the component validity that is used in measuring the components to examine the importance of the selected indicators, discriminate validity has also been considered. It means that the indicators of every component finally provide better discrimination of measurement than other model components. As a matter of fact, each indicator only measures its own component, and all components can be well discriminated from each other. Determination coefficient indicator shows what percentage of a dependent variable is described by independent variable or variables. Accordingly, the variables of Organizational Trust, Organizational Spirituality, and Organizational Loyalty can on the whole explain %97 of organizational loyalty variable changes. Organizational Justice Variable can alone explain %74 and %70 of organizational trust and organizational spirit variables changes.

Considering 5-item Likert Scale for the research questionnaire, the results of the responders' answers should be surveyed to make it clear whether their mean answers differs with the amount of 3 (the middle number of Likert scale) or not? As it can be seen in the last column of Table (1), Organizational Trust, Organizational Spirituality, and Organizational Justice are evaluated lower than the average level which shows the unsatisfactory viewpoint and undesirable situation of some responders in the organization. However, Organizational Loyalty is evaluated desirable and higher than the average level. The most favorable situation belongs to Organizational Loyalty and the least favorable belongs to Organizational Trust.

### 6. STATISTICAL SAMPLE AND POPULATION

The population of the present study includes 2625 persons of South Pars Gas Complex's employees (managers, supervisors, and specialists). Cochran's formula is used to determine sample size. Accordingly, the sample includes 181 persons of the employees. In order to increase the response rate, and also to increase the accuracy of the presented viewpoints, the questionnaires are distributed among 400 persons that 104 if these surveys are returned.

### 7. DATA ANALYSIS AND RESEARCH FINDINGS

Considering the conceptual framework and in order to test all the research factors, the present study is carried out in several stages which will be explained in detail in the following pages. Descriptive results indicate that men have had more participation (%91.8). Regarding the employee's age, the maximum participation percentage (%69.4) is related to the ages 31 to 40. As for the employment status, more than %97 of the participants has been formal employees. And considering marriage status, % 78.4 of the responders is married.
In order to confirm or reject the research hypotheses, and also to find special relations among variables, confirmatory factor analysis tests and structural equations (multivariate regression) are carried out by using Lizrel software.

The Kolmogrov-Smirnov test is used to determine the factors normality (Table 2). Since the significance level for all factors is more than the error rate of 0.05, the amount is considered zero i.e. all the research factors are normal.

Table 2: Kolmogrov-Smirnov test results

<table>
<thead>
<tr>
<th>Research Variables</th>
<th>Significance Level</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Justice</td>
<td>0.117</td>
<td>Normal</td>
</tr>
<tr>
<td>Organizational Trust</td>
<td>0.104</td>
<td>Normal</td>
</tr>
<tr>
<td>Organizational Spirit</td>
<td>0.0602</td>
<td>Normal</td>
</tr>
<tr>
<td>Organizational Loyalty</td>
<td>0.091</td>
<td>Normal</td>
</tr>
</tbody>
</table>

8. CONFIRMATORY FACTOR ANALYSIS RESULTS (MEASUREMENT MODELS)

Before examining the hypotheses test and the research conceptual model, it's necessary to confirm the measurement models accuracy of exogenous and exogenous variables. The task is performed by factor analysis of the first and second order. All loading factors have an amount of more than 0.5 that suggests the indicators' high validity and reliability.

Figure 2: Research Model after correction estimating Standard Coefficients
In this model, Organizational Justice variable is endogenous, and Organizational Trust, Organizational Spirituality, and Organizational Loyalty are exogenous variables. In figure 2, coefficients are divided into two groups: the first are measurement equations indicating the relations between latent (Oval) and manifest (rectangle) variables. These equations are called loading factors. The minimum amount for loading factor is 0.5. In this study, all loading factors have got a value of more than 0.5. The second latent groups are applied in testing hypotheses. Structural equations signify the relations between latent variables. Figure 3 depict the research model in coefficients meaningful state (t-value). This model, in fact, tests all measurement equations (loading factors) and structural equations using t-value. Based on this model, if the absolute value of t is more than 1.96, the path coefficients and loading factor are meaningful in confidence level of %95. In the present study the amounts of t for each loading factor is more than 1.96; therefore, we can confirm the validity of the research questions in alignment with measuring the concepts. As a matter of fact, figure 3 shows that what the researcher wants to examine and evaluate using questionnaires, is made possible by these tools. Accordingly, the relations between the factors or latent variables are attributable and valid.

Table 4: Path coefficients, t-value, and research hypothesis results

<table>
<thead>
<tr>
<th>Research Hypotheses</th>
<th>t-value</th>
<th>Impact Coefficient</th>
<th>Sig</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Organizational Justice⇒Organizational Trust</td>
<td>8.41</td>
<td>0.86</td>
<td>P&lt;0.01</td>
<td>confirmed</td>
</tr>
<tr>
<td>H2 Organizational Trust⇒Organizational Loyalty</td>
<td>2.14</td>
<td>0.71</td>
<td>P&lt;0.05</td>
<td>confirmed</td>
</tr>
<tr>
<td>H3 Organizational Justice⇒Organizational Loyalty</td>
<td>1.89</td>
<td>0.65</td>
<td>P&gt;0.05</td>
<td>rejected</td>
</tr>
<tr>
<td>H4 Organizational Justice⇒Organizational Spirituality</td>
<td>7.41</td>
<td>0.83</td>
<td>P&lt;0.01</td>
<td>confirmed</td>
</tr>
<tr>
<td>H5 Organizational Spirituality⇒Organizational Loyalty</td>
<td>4.62</td>
<td>0.8</td>
<td>P&lt;0.01</td>
<td>confirmed</td>
</tr>
<tr>
<td>H6 Organizational Justice⇒Organizational Trust and Organizational Spirituality⇒Organizational Loyalty</td>
<td>4.75</td>
<td>0.59</td>
<td>P&lt;0.01</td>
<td>confirmed</td>
</tr>
</tbody>
</table>
9. RESEARCH HYPOTHESES TEST RESULTS

Considering fit indices, as shown in Table (4), the model is in a favorable condition. Organizational Justice has positive and meaningful effect equals to %86 on Organizational Trust. The increase of Organizational Justice leads to the increase of Organizational Trust (Hypothesis 1). Organizational Trust has positive and meaningful effect equals to %71 on Organizational Loyalty. The increase of Organizational Trust leads to the increase of Organizational Loyalty (H 2). Organizational Justice has positive and meaningful effect equals to %65 on Organizational Loyalty. The increase of Organizational Justice causes the increase of Organizational Loyalty. Then, Piveh's hypothesis with a %95 of confidence level is rejected. However, if we decrease the confidence level to %90, the research hypothesis will be verified. The reason is that the t-value reaches to more than 1.64 (Hypothesis 3). Organizational Justice has positive and meaningful effect equals to %83 on Organizational Spirituality. The increase of Organizational Justice enhances Organizational Spirituality (H4). Organizational Spirituality has positive and meaningful effect equals to %80 on Organizational Loyalty (H5). Organizational Justice also has positive and meaning effect equals to %59 on Organizational Loyalty through Organizational Spirituality and Organizational Trust variables. The increase of Organizational Justice through Spirituality and Trust variables will lead to the increase of Organizational Loyalty (H6).

10. CONCLUSION

Factor analysis results of the present study variables indicate that:

1. Based on the factor analysis results of second order Organizational justice, Procedural Justice has the highest percentage. Then, it's proposed that to improve justice in organization, the managers should use objective and tangible indicators in evaluating the employee’s performance or in enforcing the rules.

2. Based on the confirmatory factor analysis results of second order Organizational Trust, the third factor i.e. Competency has the highest percentage. Therefore, in order to enhance the organizational trust, human resource managers should focus on competency, and by necessary trainings, improve the managers’ and employees’ behavioral and skillful knowledge.

3. Based on the confirmatory factor analysis results of second order Workplace Spirituality, the second factor i.e. Workplace Significance has the highest percentage. Therefore, in order to enhance the organizational Spirituality, human resource managers by considering the significance factor should focus on the importance, identification, independence and job feedback.

After confirmatory factor analysis, the results of multivariate regression of structural equations are as follows:

1. The achieved results of structural equations coefficients and t-value indicate that organizational justice has positive and meaningful effect on organizational trust, and the increase of Organizational Justice leads to the increase of Organizational Trust. Therefore, it is proposed that human-resource managers develop and promote employee’s trust towards managers, headsmen, and colleagues by being fair in distributing resources and advantages, getting decisions without any personal prejudice, and honestly explaining policies.

2. The achieved results of structural equations coefficients and t-value indicate that organizational trust has positive and meaningful effect on organizational loyalty, and the increase of Organizational Trust leads to the increase of Organizational Loyalty. Therefore, it is proposed that human-resource managers attempt to encourage the human work force to remain in the organization by exhibiting honesty and procedural integrity, and also by effectively training the employees.

3. The achieved results of structural equations coefficients and t-value indicate that organizational justice has positive and meaningful effect on organizational loyalty, and the increase of Organizational Justice leads to the increase of Organizational Loyalty. Therefore, it is proposed that other than fair distribution of incomes and rewards, job promotion and organizational preferment should also be carried out according to legal terms, and these procedures and policies should be acceptable by all organization members. Job promotions and rewards should be based upon on the employee competency. All organization members should have equal chance to win the positions. In fact, Organizational Loyalty increases when managers institutionalize a culture of mutual respect and behavior in the organization.
4. The achieved results of structural equations coefficients and t-value indicate that organizational justice has positive and meaningful effect on Workplace Spirituality, and the increase of Organizational Justice leads to the increase of Organizational Spirituality. It means that justice and spirituality are substantially of the same kind. Therefore, it is proposed that human-resource managers enhance workplace spirituality by exploiting the effective organizational factors on justice.

5. The achieved results of structural equations coefficients and t-value indicate that Workplace Spirituality has positive and meaningful effect on organizational loyalty, and the increase of Workplace Spirituality leads to the increase of Organizational Loyalty. It is suggested that managers try to maintain and support the human workforce by performing such measures as job rotation, job enrichment, employee empowerment, creating a warm and cooperative atmosphere, explaining the organization policies and goals for employees, surveying the employees about organization’s values, and ‘caring for the employees’ physical and mental health and their living conditions.

In general, the results of the research main hypotheses test considering the structural model and t-value indicate that organizational Justice has a significant positive effect on employee trust and workplace spirituality. Structural model also shows that employee trust and spirituality together attract the employees and encourage them to continue working in the organization. This point is consistent with the findings of Javadin et al (2008), Yazdani (2010), Yar-mohamadian (2012), Ehsani moghadam et al (2013), Kanshirv (2008), Millman et al (1999), and Garika and Zamur (2003).

REFERENCE LIST


30. Paliszkiewicz, J. (2013). Organizational trust as a foundation for knowledge sharing and its influence on organizational performance, online journal of applied knowledge management, a publication of the international for applied knowledge management, volume, issue 2.


35. Savolainen, prof, taina and lopez-frensho(2012). trust leadership for sustaining innovation: how leaders enact on showing trustworthiness nang yan business journal


