The Impact of Organizational Justice and Internal Marketing on Organizational Commitment with Using Structural Equation Modeling

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Abstract
The purpose of this paper is to examine the effect of internal marketing, organizational justice and organizational commitment. A quantitative survey methodology was adopted to collect data from private banks' employees in Isfahan. A sample of 280 employees within 20private banks was used. Data were analyzed using AMOS 16.0 to determine the interactions between the various factors. This study contributes to the literature by examining organizational commitment in light of employee's perception of organizational justice and internal marketing using structural equation modeling to explore the complex relationship among the organizational factors .Empirical findings confirmed that internal marketing and organizational justice had a positive direct effect on organizational commitment. Employees' perception of organizational justice was positively related with their level of organizational commitment. In addition, perception of distributive justice had great impact on the employee's organizational commitment.
Keywords: Internal Marketing, Organizational Justice, Organizational Commitment

Introduction

The organizational commitment is related to several important issues, including stress (Martelli et al., 1989), decision making (McConkey et al., 1996), absenteeism (Mathieu and Zajac, 1990), and potentially officer turnover (Lambert, 2007). Gaining a better understanding of the factors associated with organizational commitment is important in order to shape management decisions, improve officer performance. Employees who are committed to their organization are likely to make better officers. Evidence suggests that organizational commitment among employees decreases as age and experience increase (Beck and Wilson, 1997; Van Maanen, 1975). Lack of commitment to the organization can have cascading effects, especially since experienced officers often shape the attitudes and experiences of new recruits through the socialization process. Yet, despite the importance of organizational commitment   relatively little is known about the factors or processes that influence organizational commitment, which include the officers' perception of organizational justice and internal marketing . While anumber of studies in organizational psychology examined the influence of employee's perception of organizational justice on a variety of organizational factors (Dowden and Tellier, 2004; Kwong and Leung, 2002; Lincoln and Kalleberg, 1990; Lines, 2005). As such, prior research reported the significant relationship between organizational justice and other factors, whereas few of them looked into the role of internal marketing for the association between organizational factors (Pelfrey, 2004, 2007).

Research suggests that perception of organizational justice is correlated with several organizational factors, including organizational commitment (Kwong and Leung, 2002), trust (Lincoln and Kalleberg,1990), and legitimacy (Lines, 2005). The current study seeks to contribute to the literature by exploring the relationship between organizational justice, internal marketing and organizational commitment, using structural equation modeling, for any possible indirect relationship between the latent variables.

Organizational justice is the theoretical concept regarding how people are treated within an organization and is usually divided into two dimensions: distributive and procedural justice (Muchinsky, 2008). Distributive justice refers to the fairness with regard to the distribution of the outcomes to the members of an organization (Jones, 1998). Distributive justice is said to exist when the distribution of outcomes such as compensation, benefits, and other rewards meet employees' expectations in relation to their inputs (Chou, 2009; Clay-Warner et al., 2005). Whereas distributive justice focuses on outcomes procedural justice focuses on the process that leads to the results (Cropanzano and Greenberg, 1997; Konovsky and Cropanzano, 1991).

Prior research suggests several relationships between distributive and procedural justice. For instance, members of an organization may perceive the outcome as being unfair while he or she agrees with the process of the decision-making, or vice versa (Tyler, 1990). In other words, it is possible that an individual's perception or satisfaction about the process and outcome may vary depending on circumstances. Others have suggested that procedural justice is important because of its impact on distributional justice (Lind and Tyler, 1988). According to this argument, "fair procedures are valued because they ultimately lead to favorable outcomes" (Lipponen et al., 2004, p. 276). In short, prior research indicates that individuals' perception of fairness in outcome distribution and their confidence in the process interact with each other and affect the member's commitment to the goals of the organization (Taxman and Gordon, 2009).

Bies and Moag (1986) suggested another construct, interactional justice, as the third dimension of organizational justice. Interactional justice is a distinct perception of fairness in

the interpersonal treatment of employees by the organization while procedural justice is related to the fairness of the procedures used for resolving disputes and allocating outcomes (Bies, 2001; 2005; Bies and Moag, 1986; Pillai et al.,1999). In essence, interactional justice concerns how individuals in charge of "allocating resources and rewards in the workplace behave toward the recipients"(Chou, 2009, p. 72). As far as they are concerned about outcomes (distribution) and

procedures, employees of an organization also evaluate whether they are treated by others – including colleagues and supervisors – with respect and dignity. This perception of interaction significantly affects employees' level of job satisfaction (Colquitt, 2001). The organizational justice literature also indicates that there are interactions among the three types of justice: procedural and distributive (Brockner and Wiesenfeld, 1996); procedural and interactional (Skarlicki and Folger, 1997). People use their perception of procedural and interactional justice when theyevaluate or determine if the distribution of the outcome is fair (Brockner, 2002; Brockner et al., 2008).

H1:procedural justice has positive effect on organizational commitment
H2: Interactional justice has positive effect on organizational commitment
H3: distributive justice has positive effect on organizational commitment

Internal marketing
Organizational commitment has been variously and extensively defined, measured and researched, but it continues to draw criticism for lack of precision and concept redundancy (Roja and Roast, 2007). Meyer and Allen's (1991) three-component model of organizational commitment has been the dominant framework for organizational

commitment research in the past decade because it is based on a more comprehensive understanding of organizational commitment (Erdheim et al., 2006). The three-component model consists of: (1) Affective commitment – refers to the employee state of emotional attachment to the organization and is especially sensitive to work experiences such as organizational support (Griffin and Hepburn, 2005) Thisemotional response has also been described as a linking of the individual identity with the identity of the organization and as an attachment to the organization for its own sake, apart from its purely instrumental worth; itresults in a situation where the employee wants to continue his or her association with the organization (Dawley et al., 2005). (2) Normative commitment – refers to an employee's belief that he or she ought to stay with the organization and develop, because of socialization experiences that emphasize the appropriateness of remaining loyal to one's employer (Griffin and Hepburn, 2005). Individuals having a high degree of normative commitment feel that they are obliged to continue employment (Kondratuk et al., 2004). Namasivayam and Zhao (2007) describe normative commitment as, the result of "both pre-entry (familial and cultural) and post-entry (organizational) socialization processes".(3) Continuance commitment – might consist of two sub-constructs – one based on the degree of personal sacrifice associated with leaving the organization (Dawley et al., 2005), and the other based on individuals' recognition of the availability of alternatives if they were to leave the organization, often referred to as sunk costs (Namasivayam and Zhao, 2007).Gro¨nroos (1980) introduced a new approach to internal marketing. In his approach, each employee should be trained as a marketer to do add-on, cross-selling and the like along with customer retention skills that would enable the building of ongoing customer relationships, the company should adopt a framework similar to that of its.external marketing and by applying marketing-like activities internally, stimulate

service awareness and customer oriented behavior among personnel. Berry (1981, p. 25) defined internal marketing as "a management philosophy, viewing employees as internal customers and viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization".Rafiq and Ahmed (2000) defined internal marketing as a planned effort, using a marketing-like approach, to overcome organizational change resistance, align, motivate, inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies, in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees. Building on the above, the purpose of this paper is to provide a model exploring the effect exerted by internal marketing, organizational commitment and organizational justice over private banks in Isfahan city . The proposed model builds on previous research (e.g. Caruana and Calleya, 1998) to explore the interactions between internal marketing and organizational Justice and organizational commitment.

H4: Internal marketing has positive effect on organizational commitment

Findings
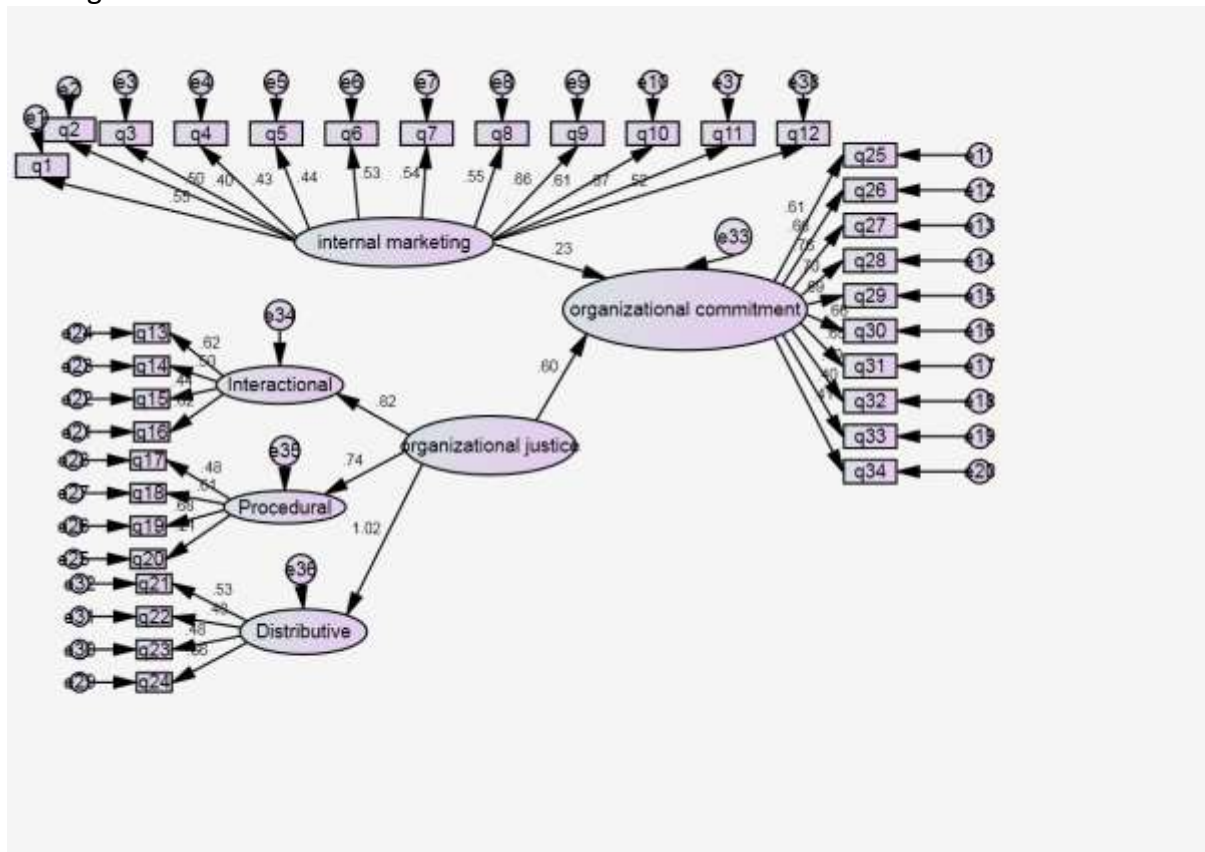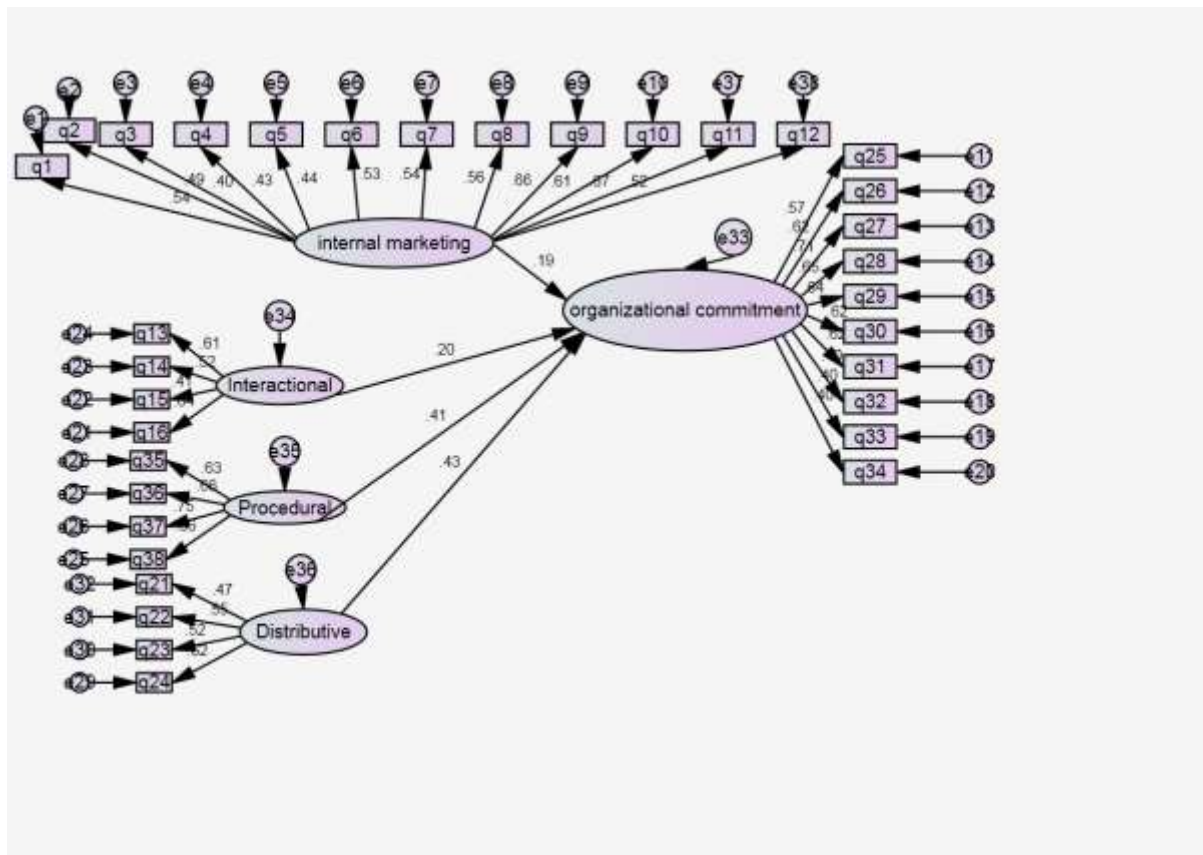
This research is descriptive research and population consistedof employees in private bank in Isfahan city.The studyis usedrandomsampling.The participants showed their agreement with a set of statements, using a 7- point Likert-type scale.. Out of 260 questionnaires, 250 were return with completed answers and were used in statistical analyses .In order test proposed hypotheses, we collected data and analyzed it with using structural equation model (SEM). SEM is a general technique in some fields including marketing , social sciences and psychology.SEM is a second-generation multivariate that use confirmatory factor analysis with multiple regressions and estimate some of interrelated dependence relationships simultaneously..Hence ,the structural equation model. Thisstudy use Amos software to analyze data.

Structural equation modeling has several advantages over traditional regression, which are particularly beneficial to the current study (Gau, 2010). First, the key constructs under examination here – organizational justice, internal marketing , and organizational commitment – are not directly observable variables. Instead, these unobserved, or latent, variables are derived from multiple survey questions. this method enables researchers to create and analyze latent variables, which is preferable to the traditional use of scales to measure organizational justice, internal marketing, and organizational commitment because latent variables allow for the assumption of measurement error (Gau, 2010).

The use of SEM in the current study enables the authors to model these variables in one model in a manner that better reflects the complexity of the relationships. Utilizing SEM, the current study examined model to identify the relationship between organizational justice, internal marketing and organizational commitment. Confirmatory factor analysis was conducted for each of the latent variables to examine the validity of the measures.

Every factor loading was statistically significant (p , 0.001) and greater than the recommended value of 0.5.Figure 1 displays the result of the analysis of research model. Standardized parameter estimates for the model are presented. The results indicated that the first hypothesis was supported. perceptions of distributive justice had a significant positive relationship with organizational commitment. As indicated by the path coefficient, the relationship between distributive justice and organizational commitment was, however, relatively weak .The results of model also support the second hypothesis. The influence of both procedural justice and interactional justice on organizational commitment was indirect. In other words, procedural justice and interactional justice directly influenced distributive justice. The relationship between procedural justice and distributive justice was relatively strong.The researchers report three indices here. For research model, fit indices reflect a somewhat well-fitting model.

The Comparative Fit Index (CFI) compares the SEM model with the null model and measures how well the SEM model captures the covariance among the variables (Bentler, 1990). Generally, a CFI of 0.95 or better indicates a very well-fitting model and a CFI between 0.90 and 0.95 represents an acceptable model (Hu and Bentler, 1999;

Marsh et al., 2005; Marsh et al., 2004)[3]. The CFI for research model was 0.92. Another important measure of model fit is the Root Mean Square Error of Approximation (RMSEA), which is based on degrees of freedom and controls for sample size. Adequate model fit is indicated by RMSEA values less than or equal to 0.08 while good model fitis represented by values less than or equal to 0.05 (Gau, 2010). The RMSEA for research model was 0.073. Finally, the chi-square/degrees of freedom ratio is a third measure of fit recommended in the literature. By convention, ratios of 5.0 or less indicate relatively good fit of the model. We used measurement model to test validity and reliability of questions and variables in the proposed model. Table 2 areshowed Results of path analysis.

Table 1.
The Result of Indexes

Index	CMIN/DF	P	RMR	GFI	AGFI	TLI	CFI	RMSEA
Value	3.04	0.020	0.026	0.96	0.92	0.997	0.994	0.042

Table 2.
The Result of Hypotheses Testing (Regression Weights)

Hypotheses	Description	Estimate	C.R.	P
organizational commitment ⟵	Organizational Justice	0.60	6.25	***
organizational commitment ⟵	procedural justice	0.41	5.088	***
organizational commitment ⟵	Interactional justice	0.20	3.194	***
organizational commitment ⟵	distributive justice	0.43	5.947	***
organizational commitment ⟵	Internal marketing	0.23	3.778	***

Discussion

The current study explores the relationship between these three organizational factors in private bank in Isfahan city. In order to better investigate the complex relationship among the variables, the researchers estimate SEM models, which address several of the weakness of traditional regression models used to examine organizational commitment in the past. The research presented here provides several important contributions to the literature on organizational commitment among employees in   private bank in Isfahan city. In order to observe if the employee 'perception of the three types of organizational justice affects their level of organizational commitment. Consistent with the findings of prior studies (Farmeret al., 2003; Joo, 2007), the findings of the current study confirm the positive relationship between organizational justice and organizational commitment among employees, which supports the hypothesis of this study. According to the resultsof SEM analyses procedural justice, distributive and interactional justice were found to havesignificant relationship with organizational commitment. This positive perception regarding the distribution of outcomes, inturn, increased level of commitment to their organization.

findings also support the fourth hypothesis of this study about the role of internal marketing andorganizational commitment. The significant influence of internal marketing on organizational commitment became insignificant when internal marketing was added. That is, the relationship between justice and organizational commitment should be interpreted with consideration internal marketing. This shows the crucial role of internal marketing, as a predictor or outcome variable,, which provides a meaningful impact on the relationship among other organizational factors.

While the current study improves the understanding of the complicated relationshipamong organizational justice, internal marketing, and organizational commitment, thereare several limitations that should be mentioned. This studyemployed SEM to overcome the limitation of the traditional cross-sectional designusing linear regression for multivariate analysis, which allowed the researchers tocontrol for the measurement of errors for the latent variables. In addition, the SEMapproach enabled the researchers to analyze organizational justice, internal marketing,and organizational commitment in research   model that better reflects the complexity of therelationships. The findings of this study may have limited generalizability.This study utilized judgmental sampling, one of the non-probability sampling methods, and this may limit the generalizability of the findings to other general populations of employees in banks.

Future studies may consider including other organizational factors as a predictor or outcome variable. The literature indicates a lack of information about organizational justice (Farmeret al., 2003; Griffin and Hepburn, 2005; Lambert, 2003; Lambert et al., 2007; Taxmanand Gordon, 2009), and future studies may observe additional variables, such as organizational citizenship behavior (Joo, 2007), orientation to community policing (Pelfrey, 2007), and strategic commitment as being influential factors.

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