



A Study on the Impacts of Organizational Justice and Organizational Support on the Retention of Core Employees: A Case Study of Chinese Language Center

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ABSTRACT

In the age of knowledge economy, human capital has become the most important resource for enterprises. Because core employees have the scarce resources that enterprises' need, such as knowledge, skills, and experience, they often play an important role in the enterprises. The purpose of this study is to analyze the employees' retention under the influence of organizational justice and organizational support. This study discusses the three dimensions of organizational justice (i.e., distributive justice, procedural justice, and interactional justice) on employee retention. And organization support theory is an important theory to explain the relationship between organizational performance and employee performance. The participants in this study are 130 of Chinese teachers in Bangkok. The instrument employed in this study is a survey questionnaire. The results of this study revealed that organizational justice, organizational support and employee performance directly affect employee retention.

INTRODUCTION

Employee retention is an important factor for all companies, especially the small businesses in the course of their operations, since attracting, training, retaining and motivating employees are the critical success determinants for today's organization. Essentially, more organizations are now realizing that retention is a strategic issue and represents a competitive advantage [1].

Based on The Pareto 80/20 Rule [2], we can know 20% employees who create 80% profits are the company's core employees. These core employees hold the core competence of the enterprise and play an important role in the operation and development of the enterprise.

With the acceleration of globalization, enterprises will face more fierce competition for talents. How to retain core employees has become one of the most important issues for business owners. This study focuses on how the schools in

Bangkok, Thailand will retain their Chinese teachers.

This study applied the justice theory and related concepts to explore the influence of organization support and organization justice on employee retention and employee performance of Chinese teacher in Thailand. This study has four research objectives. First, to examine the impact factors of employee retention. Second, to examine the impact of organizational justice on employee retention. Third, to examine the role of organizational support in the relationship between organizational justice and employee retention. Lastly, to propose suggestions to education institution to improve the retention level of core employees.

This study provided empirical evidence to support the essence of organizational justice in the organization while to gain insight on the level of impact of each dimension of justice on employee retention.

LITERATURE REVIEWS

Two factors Theory

Herzberg (1959) constructed a two-dimensional paradigm of factors affecting people's attitudes about work. He concluded that such factors as company policy, supervision, interpersonal relations, working conditions, and salary are hygiene factors rather than motivators. According to the theory, the absence of hygiene factors can create job dissatisfaction, but their presence does not motivate or create satisfaction. [3]

Motivating factor are the factors that make employees feel satisfied. Incentives to improve the results of employee satisfaction, can greatly stimulate the enthusiasm of staff and improve labor productivity.

Hygiene factors are the factors that cause employee dissatisfaction. If hygiene factors cannot be satisfied, it will make the employee dissatisfaction, negligence, and even led to strikes



and other confrontational behavior. However, after the hygiene factor has been improved to a certain extent, it would be very difficult to make employees satisfy and to inspire the employees' positivity.

Equity Theory

Equity Theory was found by an American scholar J.S. Adams in 1960s, so also called Adams Equity Theory. The theory asserted the rationality and fairness of wage distribution and its impact on the enthusiasm of employee. He believes that only fair pay can make employees feel satisfied and motivate. Whether the salary is fair or not, the employees are not just looking at absolute value, but comparing themselves to others, comparing themselves with others or comparing their past with their past. Pay too high or too low, can make employees psychology nervous. [4]

In the extant literature, justice has been divided to three dimensions: interactional justice, procedural justice and distributive justice [5]. Interactional justice refers to the people who assign rewards and explaining their decisions and expressing their level of care and courtesy to the rewarded people. Procedural justice refers to the perceived fairness of the means used to determine those outcomes. Distributive justice refers to the perceived fairness of the outcomes.

Organizational justice is one of the factors that affect teachers' performance and contribute to effective management of workforce. Managers need to thoroughly understand the role played by organizational justice on teachers' performance to increase both job satisfaction and organizational commitment and reduce turnover [6].

In addition, Eisenberger et al. [7] found that organizational support was negatively related to employee retreat. Consistently, Loi et al. [8] suggested that organizational support impact on employee's turnover. They found that the organizational support has positive effect on the retention of core employees. Enterprises need to retain their own core talents and need to consider and implement them from these two aspects. Therefore,

Hypothesis 1: Organizational justice has a positive effect on employees' performance.

Hypothesis 2: Organizational support has a positive effect on employees' performance

Hypothesis 3: Organizational justice has a positive impact on employee retention through employees' performance.

Hypothesis 4: Organizational support has a positive impact on employee retention through employees' performance.

Hence, the research framework of current paper is shown in figure 1.

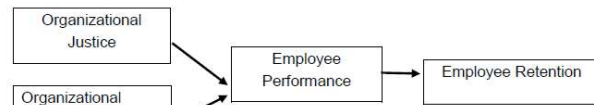


Figure 1: Conceptual Framework

METHODOLOGY

Research Design and Samples

This research examines the antecedents of perceived employee's job performance which includes organizational support and organizational justice as well as their impact on employee retention. This study also explores the mediating role of job performance between its antecedents and employee retention. This research adopts quantitative research technique using self-administered questionnaire.

This research is random sampling technique on Chinese teachers in Thailand. It obtained the data from 130 respondents who are Chinese teachers in Thailand. 33% of respondents are male and 67% are female. In term of age, 69% of the respondents are 20 to 30 years old, whereas 7 % of respondents are 41 to 50 years old. In term of the highest educational level, 56% of the respondents obtained Bachelor degree. In the term of teaching experience, 38% of the respondents have been Chinese Teachers for 3 to 5 years, 35% of the respondents have been Chinese Teachers for less than 2 years. 8% of the respondents have been Chinese Teachers 6 to 8 years, another 8% of the respondents have been Chinese Teachers above 15 years.

Data Collection and Procedures

150 self-administered questionnaires were distributed online to Chinese teachers of selected educational institutions in Bangkok, Thailand in February 2018. 130 respondents return the questionnaire.

Measurement Items

The respondents are asked to complete some demographic information and rate the domain



constructs in 5-point Likert scale (1 for Strongly Disagree and 5 for Strongly Agree).

Employee Performance was measured with 6 items from Goodman & Svyantek [9] and Chiang & Hsieh [10]. For example: (1) "I help other employees with their work when they have been absent"; (2) "I take initiative to orient new employees to the department even though not part of the job description"; (3) "I help others when the work load increases"; (4) "I fulfilling specific job responsibilities"; (5) "I perform better than my colleagues"; (6) "I accomplish something where others failed".

Employee Retention was measured with 4 items from McKay et al. [11] and Kim & Stoner [12]. For example: (1) "Hardly ever think about leaving", (2) "Would take a lot to get me to leave the company", (3) "In the next few months I intend to stay with this organization", (4) "In the next few years I intend to stay with this organization".

Organization Justice was measured with 6 items from Fields [13] scale. For example: (1) "My work schedule is fair"; (2) "I think that my level of pay is fair"; (3) "Job decisions are made by the general manager in an unbiased manner"; (4) "My general manager makes sure that all employee concerns are heard before job decision are made"; (5) "When decisions are made about my job, the general manager treats me with kindness and consideration"; (6) "When decisions are made about my job, the general manager treats me with respect and dignity".

Organization Support was measured with 5 items from Fields [13]. For example: (1) "My organization cares about my opinions", (2) "My organization cares about my well-being", (3) "My organization strongly considers my goals and values", (4) "My organization would forgive an honest mistake on my part", (5) "Help is available from my organization when I have a problem."

Validity and Reliability Test

This study found that all domain variables have convergent validity and reliability. Average Variance Extracted (AVE) of Organization Support (0.737), Distribution Justice (0.772), Interaction Justice (0.742),

Procedural Justice (0.755), Organization Justice (0.636), Employee Performance (0.672) and Employee Retention (0.707) are above 0.5 which confirm convergent validity. In addition, composite reliability and Cronbach's alpha of all domain construct are exceeded 0.7 reflecting internal consistency for reliability as shown in table 3.1. The loadings of all measurement items of each construct are above 0.75.

RESULTS AND DISCUSSION

To test hypothesis 1 which indicated that Organizational justice has a positive effect on employees' performance, linear regression analysis was adopted.

The linear regression indicated that organization justice could statistically significantly predict Employee Performance ($F=35.093^*$, $p=0.000$) at 95% confidence level. The adjusted R-Square is 0.209, thus, organization justice accounted for 20.9% of the explained variability of employee performance. The effect size is medium level. Hence, hypothesis 1 is supported.

To test hypothesis 2 Organizational support has a positive effect on employees' performance, linear regression analysis was adopted. A linear regression indicated that Organization Support could statistically significantly predict Employee Performance ($F=33.339$, $p=0.000$) at 95% confidence level. The adjusted R-Square is 0.20, thus, organization support accounted for 20% of the explained variability in Employee Performance. The effect size is medium level. Hence, hypothesis 2 is supported.

In order to test the mediating effect of employee performance between organizational justice and employees' retention in hypothesis 4, this study employed linear regression to test direct effect of organization justice on employee retention. A linear regression indicated that organization Justice could statistically significantly predict Employee Retention ($F=56.921$, $p=0.000$) at 95% confidence level with adjusted R-Square of 0.30.

To test the indirect effect of organizational justice on employee retention via organizational performance, employee performance was added to the model. Multiple linear regression shows that organizational justice has significantly statistically direct impact on employee retention while employ



performance did not impact on employee retention. Thus, employee performance did not mediate the relationship between organizational justice and employee retention. Hence, Hypothesis 3 is not supported.

However, employee performance is not so obvious statistically significantly impact on employee retention. A linear regression indicated that employee performance could statistically predict employee retention ($F=10.273^*$, $p=0.000$) with adjusted R-Square of 0.067.

Next, in order to test the mediating effect of employee performance between organizational support and employees' retention in hypothesis 5, this study employed linear regression to test direct effect of organization support on employee retention. A linear regression indicated that organization support could statistically significantly predict Employee Retention ($F=25.974$, $p= 0.000$) at 95% confidence level with adjusted R-Square of 0.169.

To test the indirect effect of organizational support on employee retention via organizational performance, employee performance was added to the model. Multiple linear regression shows that organizational support has significantly statistically direct impact on employee retention while employee performance did not impact on employee retention. Thus, employee performance did not mediate the relationship between organizational justice and employee retention. Hence, hypothesis 4 is not supported.

CONCLUSIONS

This study confirmed the impact of organizational justice on employee performance and employee retention, which is consistent with Khalil & Sharaf [14]. The current research indicated that organizational justice statistically significantly impacts on employee retention and employees' performance. Though employees' performance did not mediate the relationship between organizational justice and employee retention, employees' performance statistically significantly impacts on employee retention.

On the other hand, this study confirmed

the impact of organizational support on employee performance and employee retention, consistent with research results of Eisenberger et al. [15]. The current research indicated that organizational support is positively influence on employee retention. Similar to that of organizational justice. However, employees' performance did not mediate the relationship between organizational support and employee retention. Because employees who have good performance explained employees work efficiently didn't directly affecting employee retention.

The core employees are the key resources for the company. Whether or not they can retain core employees will determine whether companies can succeed in market competition. Through literature review and empirical research, it is found that organizational justice and organizational support have important influence on employee retention. Raising the organization justice and organizational support will help reduce the employee turnover. It would increase employee loyalty to the organization and strive for work.

As the organizational justice structure has evolved from a single dimension into a multidimensional structure, further research may include other dimensions in addition to the interactional justice, procedural justice and distributive justice. Antecedent of organizational justice and organizational support should be included in future analysis since limited research has explored this area. The study of justice and organizational support has important implications for organizational management. Through the study of the antecedents of organizational justice and organizational support, better measures can be put forward to improve the fairness of the organization and increase the retention of employees.

Limitations

Due to resources and other reasons, the sampling of this study has certain limitations. The research object of this article is the core employee of the organization. Due to the limitation of research conditions, this article cannot confirm the identity of the core employee of the respondent.

Due to resource reasons, the sample size of the study is relatively small and the survey results are subjective.

Due to the respondents are Chinese, there are



cultural restrictions from organizational management.

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