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## **Analysis of the Effect of Compensatory Justice and Compensation Procedural Fairness on Affective Commitment and Motivation as Mediators**

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### **Abstract**

This study aims to examine the effect of "The Effect Of Compensation Justice And Compensation Procedural Justice On Affective Commitment And Motivation As Mediators" (Case Study In The Company PT Hujan Hijau Mas In Berau Regency). The respondents in this study were 169 employees who worked in PT. Hutan Hijau Mas in 2017. The analysis technique used is Structural Equation Modeling with the help of the AMOS program version 21.0 as an analytical tool. This study yielded the following conclusions: 1) Compensation Distributive Justice and Compensation Procedural Justice in influence motivation 2) Motivation influences Affective Commitment, 3). Compensation Distributive Justice and Compensation Procedural Justice have an influence on Affective Commitment through Motivation.

**Keywords: Compensation Distributive Justice, Compensatory Procedural Justice, Motivation, Affective Commitment.**

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### **INTRODUCTION**

Companies and human resources are of things that cannot be separated and have a relationship with each other. Because it is an asset for the organization because without good human resources the organization will not be able to develop for the purpose of its establishment.

Therefore, in achieving the goals desired by the company, many aspects must be done both from the external side and from the internal side of the company itself, including the aspect of fairness to employees which refers to the achievements of the output that will be produced, because if the output having to go out have had a positive impact on the results obtained by the company, this means that it is in line with the expectations that everyone and the company want.

Fairness and compensation can be achieved if the company can implement compensation and motivate its employees. Distributive justice refers to the reasonableness of the results received. For example, in the context of

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performance appraisal, distributive fairness tends to correlate to improve reactions to specific evaluations. Distributive Justice is an Assessment of reasonableness, outcomes, or allocations (Cropanzano 2001; 164).

Alexander and Ruderman (1987 Welbourn; 5) also found that procedural fairness has an important impact on employees' attitudes toward their salaries. The needs of employees who want to be met and the expectations of employees about the income or compensation to be received can affect the employee's perception of compensation. Another factor that can influence the employee's perception of compensation is the situation and the target or characteristic of the object of perception.

Motivation refers to the process by which a person's efforts are energized, directed, and sustainable toward achieving a goal Robbins & Coulter (2010). Morrison (1993). Also gives his opinion on motivation, namely motivation as a tendency for a person to involve themselves in activities that lead to the target. According to Greenberg and Baron (2003), affective commitment is a person's strength and desire to keep working for the organization because they agree with the main values and goals of the organization.

## **THEORETICAL STUDIES**

### **Distributive Justice of Compensation**

Distributive justice is reflecting the sense of justice received regarding how resources and rewards are distributed or allocated (Kreitner & Kinicki 2014). Distributive justice refers to the reasonableness of the results received. For example, in the context of performance appraisal, distributive fairness tends to correlate to improve reactions to specific evaluations. When compared to procedural and interactional types of justice, distributive justice tends to relate more strongly to certain reactions even though the results are less strong with reactions to organizations (Cropanzano, 2002,; 325).

### **Procedural Fairness of Compensation**

Alexander and Ruderman (1987 Welbourn; 5) also found that procedural fairness has an important impact on employees' attitudes toward their salaries. The needs of employees who want to be met and the expectations of employees about the income or compensation to be received can affect the employee's perception of compensation. Kreitner & Kinicki (2014);223 the theory of justice has at least six practical implications. *First*, research into the theory of justice emphasizes the need for managers to pay attention to how employees feel is fair and balanced regardless of management's estimates of the fairness of the company's policy system, procedures, and rewards. *Second*, managers are benefited by allowing employees to participate in important decision-making about work. *Third*, employees should be given the opportunity to protest

decisions that affect their welfare. *Fourth*, managers can advocate togetherness and cooperation among group members by treating them fairly. *Employees'* perceptions of fairness are strongly influenced by the leadership behavior of their managers. *Sixth*, managers need to pay attention to the organizational climate toward fairness.

### **Motivation**

Motivation is as a tendency for a person to involve themselves in activities that lead to the target. Motivation refers to the process by which a person's efforts are energized, directed, and sustainable toward the achievement of a goal. This definition has three key elements: *energy, direction, and perseverance* (Robbins & Coulter (2010)).

### **Affective Commitment**

According to Greenberg and Baron (2003) affective commitment is a person's strength and desire to keep working for the organization because they agree with the main values and goals of the organization. Meyer and Allen (2011) state that *affective commitment* is an employee's emotional bond to the organization, identification with the organization, and involvement in the organization. Members of organizations with high affective commitment will continue to be members of the organization because they want *it (want to)*.

### **Effect of Compensation Distributive Justice and Compensation Procedural Fairness on employee work motivation**

Some researchers have proven that fair treatment is closely related to work behavior and the achievement of higher performance and work decisions, Gilliland, 1994; Konovsky,2000: Konovsky and Crompazano, 1991 (Crompanzano, Prehar, and Chen, 2000). Sweeney and McFarlin (1993) and the two factors expressed by Heru who explained distributive justice had a positive influence on outcomes related to personal evaluations such as individual satisfaction.

**H<sub>1</sub>:** Distributive Justice Compensation positively affects motivation

The procedural justice model argues that procedural fairness is important because it signifies that a person's figure is valued collectively wherever they come from. In Jason A Colcuit (2001).

**H<sub>2</sub>:** Procedural fairness Compensation positively affects motivation

### **The effect of distributive justice and procedural Justice on affective commitment**

Distributive Justice Compensation will receive a more sensitive response in the form of a change in satisfaction. and furthermore, Tjahjono explains that

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distributive justice is more dominant than procedural justice in explaining satisfaction (Tjahjono, 2008).

**H<sub>3</sub>:** Compensation Distributive Justice positively affects affective commitment

Sweeney and McFarlin (1993) in Tjahjono (2015) say that procedural fairness is stronger than distributive justice when it comes to predicting organizational commitments.

**H<sub>4</sub>:** Procedural Justice Compensation positively affects Affective Commitment

### **Motivated by affective commitment**

Wardhani *et. al* (2015) showed that hygienic factors and motivating factors have a significant effect on organizational commitment, and hygienic factors influence organizational commitment more than motivator factors. The higher the motivation felt by employees, the higher the level of commitment possessed by employees.

**H<sub>5</sub>:** Motivation positively affects affective commitment

### **METHODS**

The sample used in this study was employees who worked in the company PT. Mas Green Forest. Where collecting research data using survey models and *Simple Random Sampling* techniques as sampling techniques. Furthermore, in the final stage of the study, researchers used the AMOS application version 0.21 as a data analysis tool.

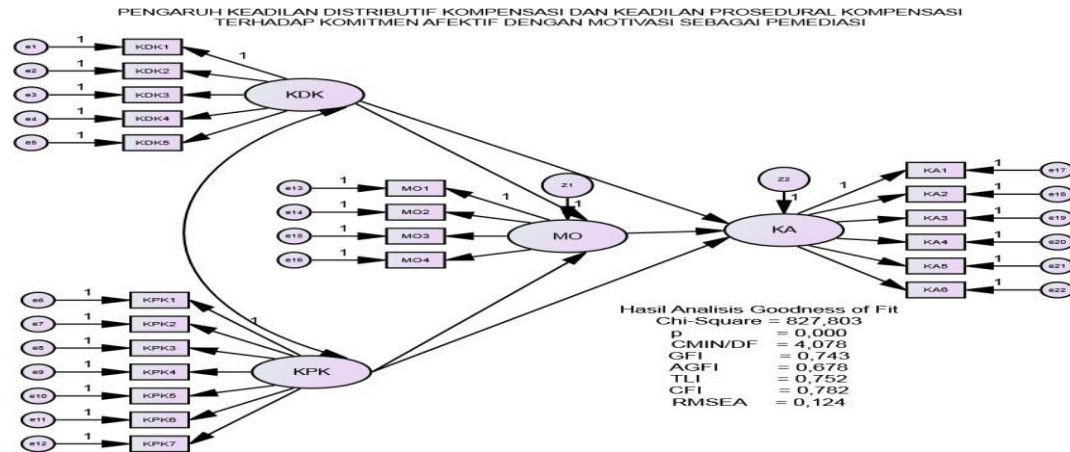
Organizational commitment is defined as one of the attitudes that reflect feelings of pleasure and displeasure in the organization at work (Robbins, 2003). There are three components of indicators related to organizational commitment described by Meyer and Allen (1993).

Distributive justice is reflecting the sense of justice received regarding how resources and rewards are distributed or allocated (Robert Kreitner & Angelo Kinicki 2014).

Alexander and Ruderman (1987 Welbourn; 5) also found that procedural fairness has an important impact on employees' attitudes toward their salaries. The needs of employees who want to be met and the expectations of employees about the income or compensation to be received can affect the employee's perception of compensation.

Motivation is a tendency for a person to involve themselves in activities that lead to the target. Motivation refers to the process by which a person's efforts are energized, directed, and sustainable toward the achievement of a goal. This definition has three key elements: *energy, direction, and perseverance* (Robbins & Coulter (2010).

## RESULTS AND DISCUSSION



Source: Data processed 2017

Figure 1. Full Model SEM

Table 1. Hypothesis Test Results

	Estimate	S.E.	C.R.	P	Information
Judicial Distributive → Motivation	.557	.060	9.240	***	Significant
Procedural Judiciary → Motivation	.540	.083	6.487	***	Significant
Affective Commitment → Distributive Justice	-.034	.069	-.487	.627	Insignificant
Procedural Judiciary → Affective Commitment	.146	.087	1.686	.092	NoK Significant
Affective Commitment → Motivation	-.288	.094	-3.071	.002	Significant

Source: Data processed 2017

### First Hypothesis Testing

From the table above, a qualifying probability value of  $< 0.05$  and a C.R value of 9.240 qualified  $> 1.96$  was obtained. Thus the first hypothesis is accepted.

### Second Hypothesis Testing

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From the table above, a qualifying probability value of  $< 0.05$  and a C.R value of 6.487 qualified  $> 1.96$  was obtained. Thus the second hypothesis **is accepted**.

### ***Third Hypothesis Testing***

From the table above, a probability value of 0.627 ineligible  $< 0.05$  and an ineligible C.R value of -0.487 is obtained  $> 1.96$ . Thus the third hypothesis **is rejected**.

### ***Testing the Fourth Hypothesis***

From the table above, a probability value of 0.092 is obtained which tidal qualifies  $< 0.05$  and a C.R value of 1.686 that does not qualify  $> 1.96$ . Thus the fourth hypothesis **is rejected**.

### ***Fifth Hypothesis Testing***

From the Table above, a qualifying probability value of 0.002 is obtained  $< 0.05$  and a C.R value of -3.071 eligible  $> 1.96$ . Thus the fifth hypothesis **is accepted**.

Based on the results obtained on hypothesis testing, it was found that the destructive fairness of compensation and the procedural fairness of compensation have an effect on motivation. This condition shows that a person who has a good motivation in working because it is in accordance with the values or the presence of similarities in the vision of his work will make a strong organizational commitment. The formation of organizational commitment is what will encourage and motivate individuals to make various efforts for the progress of the organization.

Motivation has an effect on affective commitment, that employees will feel happy with the work they have who feel that the responsibility of the company motivates them to work better. When there is high motivation, it will have an impact on the level of job satisfaction obtained by employees.

From the results of research testing using AMOS shows that distributive justice compensation affects motivation and motivation affects affective commitment, then motivation can mediate between the variable of distributive justice compensation and affective commitment.

## **CONCLUSION**

From the results of hypothesis testing, it was found that the distributive fairness of compensation and also procedural fairness of compensation had a significant positive effect on motivation. Likewise, the distributive justice of compensation and the procedural fairness of compensation have an influence on



affective commitment but must go through motivation lastly it was found that motivation has a positive effect on affective commitment.

## **SUGGESTION**

For further research, it is hoped that researchers will develop research variables and indicators to get better results and not be fixated on the same respondents. In addition, it is also hoped that further research can apply and develop the current research model by matching the phenomena that occur in the current organizational development.

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