

# Bridging the gap between justice and citizenship behavior in Asian culture

Justice and citizenship behavior in Asian culture

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## Abstract

**Purpose** – Based on social exchange, equity, and other orientation theories this study examines the effect of organizational justice on two dimensions of employees' citizenship behavior in the Asian context. Moreover, the purpose of this paper is to investigate whether Islamic work ethic (IWE) can moderate the relationships between organizational justice and two dimensions of citizenship behavior.

**Design/methodology/approach** – Data were collected using self-administered questionnaire. In total, 337 employees from Islamic financial institutions in Malaysia participated in the survey. Structural equation modeling specifically partial least square was used to analysis the hypothetical model developed in this study.

**Findings** – The finding of this study revealed that justice has direct effect on citizenship behavior directed toward individual and organization alike. These relationships found to be more effective for employees who are high in IWE and weak for employees who are low in IWE. Moreover, the findings of this study provide insight about the validity and reliability of the existing scales pertaining to the study constructs in Asian culture.

**Practical implications** – The current study enhance researchers understanding about the crucial role of dispositional variables as moderator in relation to justice and citizenship behavior, confirmed the predictive role of organizational justice in Asian context, and stresses the importance of justice at workplace which can encourage employees to go the extra mile and show good behavior toward their co-workers and/or organization.

**Originality/value** – This is a pioneer study that empirically investigates the moderating role of IWE between organizational justice and citizenship behavior, and emphasized the validity and reliability of the used scales in eastern context.

**Keywords** Organizational citizenship behaviour, Moderating effect, Islamic work ethic, Organizational justice

**Paper type** Research paper

## Introduction

Organizational citizenship behavior (OCB) became an important area of research in organizational studies and has received great attention from scholars for last four decades due to its significant contribution to organizational effectiveness and success (Podsakoff *et al.*, 2014). Additionally, OCB is well-known as a crucial measure of employees' behavior and performance inside organization (Rotundo and Sackett, 2002). Furthermore, the interest in employees' citizenship behavior is gaining more consideration from researchers in different discipline like marketing, nursing, and environment (Podsakoff *et al.*, 2014). Although different authors have defined OCB in



different ways, in general it refers to positive behavior from employees' side that exceeds their core task and intends to support organization members and its social and psychological environment (Podaskoff *et al.*, 2009).

At workplace employees' OCB level is oscillating, it can increase and/or decrease due to contextual, dispositional, and/or attitudinal variables (Mohammad *et al.*, 2015b). One crucial factor that can affect OCB level is employees' perception of justice at their workplace (Chen and Jin, 2014). This is consistent with past studies (see Alotaibi, 2001; Colquitt *et al.*, 2013; Moorman *et al.*, 1998; Organ and Ryan, 1995; Williams *et al.*, 2002) that found fairness as the good predictor of OCB compared to other attitudinal variables. However, some other researchers (e.g. Schappe, 1998; Tansky, 1993) found that overall fairness has no direct effect on OCB. Therefore, it is important to consider a third variable that may help to resolve this discrepancy in existing literature. Grounded in other orientation theory, this study proposes Islamic work ethic (IWE) as a moderator that has the potential to resolve this conflict.

IWE is an orientation toward work and being considered as a crucial factor that helps human beings to live safely, peacefully, and maintain their dignity (Ali and Al-Kazemi, 2007). The concept of IWE has its origin in the *Quran*[1] and the sayings and practices of Prophet Muhammad (SAW[2]) (Khalil and Abu-Saad, 2009). The bulk of research pertaining to work ethic and various organizational and individual outcomes have been carried out in western countries and have focussed on the concept of protestant work ethic, and not much attention has been given to assess the notion of IWE in the organizational behavior studies (Ali and Al-Owaihian, 2008; Khan *et al.*, 2013). Moreover, understanding business ethic from Islamic perspective is important for several reasons. For example, Muslim countries as a whole constitute almost one third of the world population including those who are in public and private business (Uddin, 2003). Also, the globalization era and diversity of workplace requires business organization and their citizens to enhance their understanding of each other's values, beliefs, and religion (Uddin, 2003).

The current study seeks to extend the literature on OCB, OJ, and IWE by: first, examining the effect of organizational justice on employee's citizenship behavior in eastern context. Morrison (1994) and Farh *et al.* (1997) argued that the relationship between justice and OCB varies on the basis of individuals and research context. Moreover, Korsgaard *et al.* (2010) and Li and Cropanzano (2009) emphasized the importance of studying OCB and OJ in different context since this type of behavior and attitude are rooted in the culture of the country. Second, examining the moderating role of IWE between OJ and OCB. The discrepancies that exist across literature regarding the relationship between OJ and OCB have suggested the possibility of the presence of a third factor that may moderate this relationship. Researcher like Morrison (1994), and Farh *et al.* (1997) found that this contradiction results in this relationship can be due to individual and/or contextual attributes, hence it is logical to argue that individual cultural values can play a significant role as moderator. This logical argument is supported by some past studies that found cultural values such as modernity, traditionality, gender, respect for people, team orientation, and power of distance have moderated the relationship between justice and citizenship behaviors (see Erkutlu, 2011; Farh *et al.*, 1997; Hauff and Richter, 2013). Moreover, Organ (1990, 2005), Organ *et al.* (2005). Organizational citizenship behavior: Its nature, antecedents, and consequences. Sage Publications. and Colquitt *et al.* (2006) argued that individual difference variables in cultural values play a crucial role as moderator in regard to this relationship. For example Farh *et al.* (1997) found that the relationship between justice

and OCB is strong for individual who are high on modernity and low on tradition values. Moreover, Yousef (2001) found that the positive relationship between organizational commitment and job satisfaction is strengthened when workplace value moderate the relationship. Accordingly, the present study incorporates individual cultural value, i.e., IWE to solve this contradiction in extant literature; lastly, examining these relationships in Asian culture can provide insight about OCB and OJ theories that has been developed and tested in western setting. It is expected that in this way the generalizability of these theories will be enhanced by testing it in Asian context (Li and Cropanzano, 2009).

The rest of the paper is threefold. First, relevant literature is reviewed and hypotheses are developed. Next, the adopted methodology is discussed followed by results and discussion. Lastly, conclusion has been made, implications are highlighted and limitations and future research directions are presented.

## **Theoretical background and hypotheses development**

### *OCB*

Podaskoff *et al.* (2009, 2014) defined OCB as voluntary behavior that helps to maintain and enhance the social and psychological aspect of an organization. They argued that this definition differentiates clearly between in-role and extra-role behavior. Moreover, it eliminates the idea that OCB is discretionary behavior in nature. Additionally, this definition clearly indicates that OCB is embedded in the context.

Pioneer researcher such as Williams and Anderson (1991), and Lee and Allen (2002) have operationalized OCB as multidimensional construct that consist of two dimensions, i.e., citizenship behavior directed toward individuals (OCBI), and citizenship behavior directed toward organization (OCBO). This categorization was perceived by researcher (see Podaskoff *et al.*, 2009; Lai *et al.*, 2013) as the most comprehensive categorization for OCB's dimensions. Their justification is based on the fact that all OCB research can be subsumed under these two categories. Therefore, the current study follows this conceptualization of OCB since these two dimensions capture the meaning of all other dimensions.

### *Organizational justice*

Due to its contribution to organizational survival, effectiveness, and efficiency OJ became an important phenomenon in the field of industrial and organizational psychology (Bolat, 2010; Shao *et al.*, 2013). In general, employees evaluate organization's fairness based on three criteria. First, the fair ratio of outcome they receive from organization (e.g. salary, promotion, bonus, recognition, fringe benefits, and job status) compared to their input (e.g. intelligence, experience, training, skill, education) (distributive justice) (Adams, 1965). Second, the extent to which individuals perceives fairness regarding procedures, methods, and policies that determine outcomes (Folger and Cropanzano, 1998) (procedural justice). Third, employees also consider interpersonal treatment received from their superior in evaluating the fairness of their organizations (interactional justice) (Bies and Moag, 1986).

Other school of thoughts have questioned the merits of focussing on specific type of justice and encourage moving toward examining overall justice (Ambrose and Arnaud, 2005; Ambrose and Schminke, 2009; Cropanzano and Ambrose, 2001; Lind, 2001a, b). These researchers suggested that shifting the focus toward overall justice rather than a specific dimension might provide a clearer and better understanding of how employees experience justice in organizational setting. Following this convention, this study

considered justice as a uni-dimensional construct and defines it as a global evaluation of the fairness of an organization as a whole based on individuals' personal experiences (Ambrose and Schminke, 2007, 2009).

*Work ethic from Islamic perspective*

As mentioned before, IWE originates from the two major sources of Islam, i.e., holy *Quran* and *Sunnah*[3] (Kumar and Rose, 2010). Islam perceives work as religious duty for the sake of Allah (SWT[4]) (Kamaluddin and Manan, 2010), and as a sincere and dedicated effort that drives individuals to obtain benefit for themselves, for others and for society as a whole (Gibbs *et al.*, 2007). Additionally, Islam ranked work as a superior form of worship. As such, Prophet Muhammad (SAW) stated that: "Worship of the Creator (SWT) has seventy parts, the best of which is solvent business" (Ali and Al-Owaihian, 2008, p. 11). The Prophet (SAW) highlighted two aspects of successful work: quality and quantity. He (SAW) stated that, "Allah blesses a person who perfects his craft" and "Allah loves a person who learns precisely how to perform his work and does it right" (Ali and Al-Owaihian, 2008, p. 11). Likewise, Muhammad (SAW) said "The best work is the one that results in benefit" and "The best of people are those who benefit others." Moreover, the Prophet emphasized that, hard work causes sins to be absolved, and asserted that "work is a worship" (Ali, 1992, p. 507).

IWE is an orientation that has great influence on Muslims and their organization's development (Ali, 2005). It has played an essential role in the development of Islamic world since the time of Prophet Muhammad (SAW) (Al-Modaf, 2005). It has influenced the economic development and the organizational commitment of Muslim societies (Ali, 1992). It is a comprehensive and critical element in any political, economic, and social system (Abeng, 1997). At the organizational level, IWE can contribute positively to the organization performance and prosperity (Ali and Al-Owaihian, 2008). Thus, it can be said that IWE prescribed by *Quran* and *Sunnah* of great importance for the development and prosperity of Muslim societies and their organizations.

IWE advocates for honesty, flexibility, justice, responsibility, and fair system of rewards (Mohammad *et al.*, 2015a). In addition to that, IWEs encourages acquiring skills and technology for excellence and continuous improvement in performance (Yousef, 2000a). Besides that, IWE places substantial importance on hard work, dedication to work, and work creativity (Yousef, 2000a). Moreover, IWE emphasizes cooperation and consultation in workplace as a way to overcome barriers and avoiding mistakes (Kumar and Rose, 2010). Furthermore, IWE considers helping others and solving their issues as important virtue that everyone must follow. The Prophet said "he saw a man strolling in Paradise. The deed that he had performed was to cut down and removed a tree from the path that was causing trouble to passers by." Also, IWE stresses persistence, and innovativeness in workplace as a source of happiness and accomplishment (Kumar and Rose, 2010). In addition to this, IWE also encourages social relations at work in order to meet ones' need and establishes equilibrium in one's individual and social life (Yousef, 2001). Besides that, it evaluates work as a source of autonomy, and means of fostering personal growth, self-respect, satisfaction, and self-fulfillment (Yousef, 2001). In brief, IWEs argue that life without hard work has no meaning and engagement in economic activities is an obligation (Yousef, 2001). Accordingly, this study operationalizes IWE as a set of moral principles (hard work, dedication, fairness, responsibility, avoidance of unethical ways of accumulating wealth, etc.) that organize employees' actions and activities at the workplace so that they are congruent with the teachings of Islam.

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*Individual cultural values and workplace attitude and behavior*

Ethical behavior model developed by Weber and Gillespie (1998) indicated that individuals' values in term of religion, experience, age, locus of control, self-efficacy, moral development, beliefs, norms, etc. vary across cultures and have significant effect on individuals' attitude and behavior. Moreover, Farh *et al.* (1997), argued that difference in term of individuals cultural values, can has important effect on their beliefs and behavior. For example, western cultures stress the importance of individualism, universalism, and contractual relationship whereas Asian culture emphasizes more on collectivism, particularism and non-contractual relationship (Hofstede, 1980; Trompenaars and Hampden-Turner, 1993). In the same manner, Tyler *et al.* (2000) found that individual values vary across cultures; such values include individualism-collectivism, power distance, masculinity-femininity, and uncertainty avoidance. In the individualist culture individuals focus on values such as autonomous, assertiveness, loose relationship, ego focussed, whereas in collectivist culture individuals focus on different set of values such as tight and inter-relationship, other-focussed, and cooperation (Triandis and Suh, 2002). This variation in term of individual cultural values is likely to result in different type of attitude and behavior among individuals (Tyler *et al.*, 2000). For example, Bond *et al.* (1982) and Leung and Bond (1984) found significant difference between collectivist and individualistic culture in term of norms of equity and equality. Also Farh *et al.* (1997) found that traditionally has positive effect on citizenship behavior in collectivist context like china due to obligation toward their company not because of fair treatment (non-contractual relationship). On the other hand, in western culture like USA Organ (1988) found positive relationship between justice and OCB due to fair treatment (contractual relationship).

In cross-cultural setting one of the vital factors that that shape individuals' values is religion (Emerson and Mckinney, 2010). Past studies found that cultural values in term of diversity in religious values have significant effect on workplace. For example: Kutcher *et al.* (2010), and Weaver and Agle (2002) found strong positive relationship between religious affiliation and workplace attitude and behavior. Moreover, Sikorska-Simmons (2005) argued that religious individuals are more satisfied and committed to their organization compare to those who are low in religiosity. Additionally Harpaz (1998) contend that religious worker score high on work centrality. Another stream of research found that religiosity can moderate the relationship between job stressor and job motivation and turnover motivation (see Jamal and Badawi, 1993). Many studies have linked work ethic from religious perspective (protestant, Islamic, Buddhist, Hinduism) to workplace variables (see Ali, 2005; Blood, 1969; Kidron, 1978; Oliver, 1990; Parboteeah *et al.*, 2009; Weber, 1958; Yousef, 2000a, b). Consequently it is likely to argue that individual cultural values can have significant effect on workplace attitude and behavior, and can interact with contextual and dispositional variables and exert extra effect on employees at workplace.

*Organizational justice and OCB*

The relationship between OJ and OCB can be explained by social exchange theory (Blau, 1964) and equity theory (Adams, 1965). In detail, when employees feel that they are being treated fairly they reciprocate by performing extra-role behavior (social exchange theory). Again, when employees discover discrepancy between their inputs and outcomes in relation to referent, they may alter their OCB in order to reduce their dissonance (equity theory). Thus, in this regard, justice plays a vital role to enhance citizenship behavior inside the organization.

Besides the theoretical justifications, empirical supports for the positive correlation between OJ and OCB also exist. For example, Organ (1988) found that fairness perception is the strongest predictor of OCB. Additionally, some meta-analytic review of the literature on attitudinal and situational antecedents of OCB revealed that OJ is relatively stronger predictor of OCB among a number of relevant variables (Ilies *et al.*, 2007; Podsakoff *et al.*, 2000).

However, it is important to note that, based on different culture; different organizational variables may hold different meaning and may exhibit differences in terms of their relationships (Nik Abd Rahman, 2001). For example, people from different country may not possess the same set of values and beliefs, and may have different views, interpretation, and preference that vary based on situations (Adler, 1989). This notion is supported by other research findings which suggest that employees from diverse countries like Taiwan, Hong Kong, China, Britain, and Germany are influenced by justice perception differently due to differences in their values (see Fischer and Smith, 2006; Lum *et al.*, 1998; Tyler *et al.*, 2000). Moreover, Shao *et al.* (2013) has emphasized the importance of studying justice and its antecedent and consequences in different culture to enhance our understanding and enrich our knowledge of cross-cultural justice. Considering this, present study attempts to fill these gaps by verifying these relationships in the Islamic financial sector in Malaysia. On the basis of preceding discussions, this study assumed that when employees of Islamic institutions perceive their organization fair to them they are more likely to go the extra miles and exceed their contractual employment duties by demonstrating helping behavior to their colleagues, supervisors, and the whole organization in job-related matters. Based on this assumption, it is hypothesized that:

H1. Organizational justice will be positively associated with OCBI.

H2. Organizational justice will be positively associated with OCBO.

#### *Moderating role of IWE*

A major stream of OCB research consistently found positive relationship between OJ and OCB (e.g. Hemdi and Nasurdin, 2008; Organ and Konovsky, 1989). Nonetheless, using the data from both longitudinal and cross sectional study in the USA, Tansky (1993) showed that overall fairness does not exert direct influence on OCB. In contrast, Ambrose and Schminke (2009) found that overall organizational justice was able to predict citizenship behavior in the US context. In a similar manner, Farh *et al.* (1997) found that distributive justice is positively correlated with OCB, whereas others found no relationship between distributive justice and OCB (Moorman, 1999). Brockner and Adsit (1986) found that employees' perception of procedural justice was significantly related to increase in their citizenship behavior; while Schappe (1998) alleged that procedural justice was not able to predict OCB. Therefore, to resolve the conflict of past study findings, it is necessary to consider the effect of a third variable as a moderator that can strengthen this relationship. In such situation, Organ (1990) suggested that dispositional variables may play vital role as a moderator on the link between work context variables and OCB. Therefore, following Organ's (1990) suggestion this study proposes to consider a dispositional variable (i.e. IWE) as a moderator in this link.

Due to its spiritual and earthly importance, several researchers have discussed the notion and importance of IWE and its effect on employees' attitude and behavior at workplace. For example, Ali and Al-Owaihán (2008) and Abeng (1997) suggested that, IWE could contribute positively to organization's performance and prosperity. Mohamed *et al.* (2010)

argued that IWE is a good predictor of individuals' attitudes in term of their satisfaction, commitment, and ethics toward use of computer. In the same manner, Khalil and Abu-Saad (2009) demonstrated that IWE is strongly correlated with individualism scales. Likewise, Mohammad *et al.* (2015b) found that IWE has strong effect on employees' citizenship behavior at Islamic organizations in Malaysia. Similarly, Kumar and Rose (2012) found that IWE exerted positive effect on innovation capability of employees of public sector in Malaysian. Moreover, Ali and Al-Owaihian (2008) found significant difference between the managers of public sector and private sector in term of their IWE. Equally, Yousef (2001) found that employees of government organizations are high on IWE compare to employees of private organization. In nutshell, the pioneer work carried out by Ali (1988, 1992) and Yousef (2000a, b, 2001) and subsequent studies (see Khan *et al.*, 2013; Mohammad *et al.*, 2015a) on the relationship between IWE and workplace attitude and behavior have emphasized the importance of extending the research on IWE.

Islam is a religion that believes and advocates fairness, equality, and freedom. Allah (SWT) said in the holy *Quran*, "Give full measure when you measure out and weigh with a fair balance. This is fair and better in the end" (17:35). At workplace Islam has prohibited injustice, discrimination, and intolerance. Prophet Muhammad (SAW) said, "When you hire, compensate the workers and treat them fairly." In Islam, no one is superior due to his/her wealth or status, and managers are assumed to treat everyone equally, with justice and fairness. Empirical research related to organizational justice found vital impact of justice on the employees' attitudes and behaviors at the workplace (Greenberg and Colquitt, 2005). More celery, when people feel that they are treated fairly; their commitment increase, their job performance enhanced, and they become more likely to assist their co-workers (Cropanzano and Greenberg, 1997; Folger and Konovsky, 1989).

Based on previous discussion, there is a sufficient evidence to examine the combined effects of organizational justice and IWE on OCB in Asian culture. In fact, interaction effect occur when independent and moderator variables have a combined effect in explaining the incremental variance in dependent variable beyond that explained by main effects (Cohen and Cohen, 1983). In this study, the moderating effect of IWE can be justified theoretically by using other orientation theory, which explains the degree to which individuals are concerned about the wellbeing of others (Meglino and Korsgaard, 2004). It suggests that, individuals who are more other oriented, either due to dispositional characteristics (individual differences) or due to the influence of contextual factors (such as group norms, OJ, etc.), are less likely to make rational assessment of the consequences of their activities (Sparrow *et al.*, 2010). More particularly, individuals who are lower in rational self-interest is likely to sacrifice their own interests by developing other oriented values characterized by sympathy and concern for the welfare of others (Meglino and Korsgaard, 2006). Built on this theory, it is assumed that, the person higher in other values such as IWE is more likely to reciprocate even in the absence of expected future returns, whereas, individual who is low in other orientation values such as IWE is less likely to reciprocate in the absence of future benefit.

Based on these discussions, this study expect the relationships between OJ and OCBI and OCB are stronger for employees who are high on IWE than for employees who are low in IWE. Accordingly, the following hypotheses are developed:

- H3. The positive relationship between organizational justice and OCBI will be strong when IWE is higher.
- H4. The positive relationship between organizational justice and OCBO will be strong when IWE is higher.

## Research methodology

### *Research context*

The Islamic financial industry has appeared as one of the most growing industry in Malaysia during the last three decades (Dusuki and Abdullah, 2007). As a result of its benefits, it has received attention from both Muslim and non-Muslim customers (Iqbal and Molyneux, 2005). Islamic financial organizations accomplish the same major functions like other conventional organizations do, except that the use of Islamic principles to carry out their function (Iqbal and Mirakhor, 2007). This industry became an important part of the overall financial system of Malaysia due to its contribution to the growth and development of Malaysian economy (Dusuki and Abdullah, 2007). Currently, there are 17 Islamic banking institutions, 12 insurance companies, and the Malaysian Pilgrims Fund Board (Bank Negara Malaysia, 2012). These institutions are offering more than 100 Islamic financial products and services following the Islamic guidelines and discipline (Marimuthu *et al.*, 2010).

The Islamic principles and rules which govern the operations of these financial organizations stemmed from different sources such as holy *Quran* and *Sunnah* (Gait and Worthington, 2007). All of these sources emphasize on following the Islamic principles which include five basic activities. First, all transactions must be free of interest (Marimuthu *et al.*, 2010). Second, activities that involve speculation or gambling must be avoided (Metwally, 2006). Third, Islamic tax (*Zakat*) should be implemented (Samad, 2004). Fourth, profit and loss sharing (PLS) principle should be followed (Marimuthu *et al.*, 2010). Fifth, the production or consumption of goods and services which are prohibited by Islam such as financing casino, night club, or any other prohibited activity should entirely be avoided (Samad, 2004).

### *Design of the study*

The population of this study is employees of Islamic financial institutions in Malaysia. As this study examines employees' OCB and focusses on their perception of organizational justice, the unit of analysis is individual level. Since it was not feasible to include all Islamic financial institutions of the country in the sample, only the headquarters of Islamic banks, insurance companies, and the Malaysian Pilgrims Fund Board that located within Klang Valley area were selected. Anon-probability sampling technique particularly, judgmental sampling was used to gather data. This type of sampling permits the theoretical generalization of the results (Calder *et al.*, 1981). Following Hair *et al.*'s (1998) recommendation the desirable number of participants is to have five times observation as the number of variable to be analyzed. According to this rule of thumb, the needed number of questionnaires to be collected in this study was  $39 \times 5 = 195$ .

### *Survey instrument*

Data were collected using self-administered questionnaire. The questionnaire included a cover letter that described the purpose of the study, affirming that the study would be conducted for academic purpose only, and assuring anonymity of respondents. The survey instrument used in this study was comprised of 39 questions relating to four construct, namely: OJ, OCBI, OCBO, and IWE. And eight questions pertaining to respondents' demographic variables.

The present research considers OJ as a uni-dimensional construct and measured it by using six items developed and validated by Ambrose and Schminke (2009), and Colquitte and Shaw (e.g. "Overall, I'm treated fairly by my organization," "In general, I can count on this organization to be fair"). On the other hand OCB was treated as a multidimensional



latent construct that consist of two dimensions, i.e., OCBI and OCBO (Lai *et al.*, 2013; Podaskoff *et al.*, 2009). In this study OCBI and OCBO were measured by using 16 items adopted from Lee and Allen (2002) (e.g. "I help others who have been absent," "I assist others with their duties," "I attend functions that are not required but that help the organizational image," "I demonstrate concern about the image of the organization"). IWE was measured by using 17 items adopted from Ali (1992) (e.g. "Dedication to work is a virtue," "One should carry work out to the best of one's"). Respondents were asked to indicate their response on a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). All measurement items were self-reported by the respondents.

#### *Data collection procedures*

The researchers have contacted human resource department of Islamic financial institutions, and permission was sought to conduct survey to their employees. Sample copy of the survey questionnaire along with formal cover letter was handed over to the representative of these firms. Upon receiving the approval from top management, 430 questionnaires were distributed to organizations that agreed to take part in this survey (ten Islamic banks, seven insurance companies, and the Malaysian Pilgrims' Fund Board). Among the 430 questionnaires that were distributed, 337 questionnaires were returned and found usable for further analysis.

### **Analysis and findings**

#### *Respondents' profile*

The demographic details of the respondents are provided in Table I. The respondents were almost equal in gender, 55.2 percent males and 44.8 percent females. The majority

Demographics variables	Number of participant (337)	%
<i>Gender</i>		
Male	186	55.2
Female	151	44.8
<i>Age</i>		
25 and below	72	21.4
26-35	160	47.5
36-45	84	24.9
46-55	21	6.2
<i>Profession</i>		
Administrative	232	68.8
Technical	5	1.5
Sales	33	9.8
Clerical	34	10.1
Entrepreneur	9	2.7
other	24	7.1
<i>Experience</i>		
5 years and below	139	41.2
6-10	95	28.2
11-15	55	16.3
16-20	20	5.9
More than 20	28	8.3

**Table I.**  
Personal profile  
of respondents

of the participants (47.5 percent) were between 26 and 35 years old. The results of descriptive analysis showed that 68.8 percent of the respondents were administrative staff. With regard to respondents' work experience, 69.4 percent of the respondents had almost ten years work experience.

### *Model assessment*

Before evaluating the model this study examined the presence of common method variance (CMV), which refers to the variance explained due to measurement methods rather than the construct of interest (Podsakoff *et al.*, 2012). CMV exists when one factor explains more than 50 percent of the variance. This problem was addressed using Harman 1-factor test as proposed by Podsakoff *et al.* (2012). The outcome of this test indicated that none of the four constructs explained more than 50 percent of the total variance. Therefore, it was argued that CMV was not serious problem in this study.

Research hypotheses were tested based on structural equation modeling using partial least squares technique. The main focus of PLS is to maximize the explained variance in the endogenous constructs and to predict the relationships in the inner model using multiple regressions (Gefen *et al.*, 2000). Therefore, this study has adopted this statistical technique to achieve its objectives. The software Smart PLS M2 version 2.0 (Ringle *et al.*, 2005) was used to analyze the data. Moreover, non-parametric bootstrapping with 5,000 replications was used to obtain the standard errors of the estimates (Wetzels *et al.*, 2009). Following Anderson and Gerbing's (1988) two stages procedures to assess the model, this study started by evaluating the reliability and validity of measurement model. Then the analysis proceeds by testing the theoretical relationships described in the structural model.

### *Measurement model*

Measurement model identifies the relationships between latent construct and the observed variables that underlie each latent construct (Henseler *et al.*, 2009). Confirmatory factor analysis was conducted to test the reliability, convergent validity, and discriminate validity of the measurement scales (Götz *et al.*, 2010). First, the reliability of scale was tested which indicates that the measure is free from error; hence, it can yield similar result over time (Cavana *et al.*, 2001). Reliability of the scale was determined based on the factor loading of items and composite reliability (Henseler *et al.*, 2009). Next, convergent validity was assessed which indicates that all items are sharing high portion of variance with its respective construct. Convergent validity of the scale was decided based on the values of average variance extracted (AVE) and composite reliability (Peng and Lai, 2012). Finally, we evaluated the discriminant validity that indicates each construct differs from other constructs; hence, it is more strongly related to its own indicators rather than other constructs. Discriminate validity was tested by comparing the squared root of AVE of constructs with correlation between other constructs (Fornell and Larcker, 1981).

Based on results from Tables II and III, the measurement model is satisfactory. First, all items loaded highly on its relevant construct and their loading exceeded the cut-off value of 0.50 (Table II) (Anderson and Gerbing, 1988). Thus, the reliability of individual items is sufficient. Moreover, the values of composite reliability for IWE, OCBI, OCBO, and OJ exceeded the minimum cut-off point of 0.70 as recommended by Chin (2010) (Table II). Subsequently, all four constructs meet the requirement of construct reliability.

Constructs	Items	Factor loadings	AVEs	CRs			
IWE	IWE1	0.801	0.585	0.954			
	IWE2	0.750					
	IWE3	0.667					
	IWE4	0.852					
	IWE5	0.813					
	IWE6	0.811					
	IWE7	0.878					
	IWE8	0.736					
	IWE10	0.658					
	IWE11	0.682					
	IWE12	0.571					
	IWE13	0.804					
	IWE14	0.794					
	IWE15	0.785					
	IWE16	0.806					
	OCBI	OCBI1			0.628	0.511	0.879
		OCBI2			0.760		
OCBI3		0.672					
OCBI4		0.717					
OCBI5		0.764					
OCBI6		0.757					
OCBI7		0.694					
OCBO	OCBO10	0.727	0.652	0.937			
	OCBO11	0.850					
	OCBO12	0.845					
	OCBO13	0.815					
	OCBO14	0.853					
	OCBO15	0.826					
	OCBO16	0.900					
	OCBO9	0.603					
	OJ	OJ1			0.887	0.772	0.953
OJ2		0.833					
OJ3		0.900					
OJ4		0.917					
OJ5		0.914					
OJ6		0.814					

**Notes:** AVE, averages variance extracted; CR, composite reliability. IWE 17, IWE 9, and OCBI8 were deleted due to low factor loading (< 0.40); OCB8 were deleted to increase AVE

**Table II.**  
Construct reliability  
and convergent  
validity

	IWE	OCBI	OCBO	OJ
IWE	0.765			
OCBI	0.243	0.715		
OCBO	0.417	0.367	0.807	
OJ	0.304	0.340	0.434	0.878

**Notes:** Diagonals represent the square root of AVE while off-diagonals represent the correlations

**Table III.**  
Discriminate validity

To establish convergent validity, the values of AVE and composite reliability must exceed the recommended value of 0.50 and 0.70, respectively (Hair *et al.*, 2010). As shown in Table II, the values of AVE for all constructs exceed 0.50, which means each construct was able to explain more than 50 percent of variance in its respective

indicators. As mentioned before, composite reliability for the four constructs surpassed 0.70, which indicates that each construct was measured by its underlying indicators. Thus, convergent validity is established.

Finally, it can be observed from Table III that the four constructs reach discriminant validity. The square root of AVE (diagonal values) is greater than correlations between constructs (off-diagonal values) which provide adequate support for discriminant validity (Fornell and Larcker, 1981).

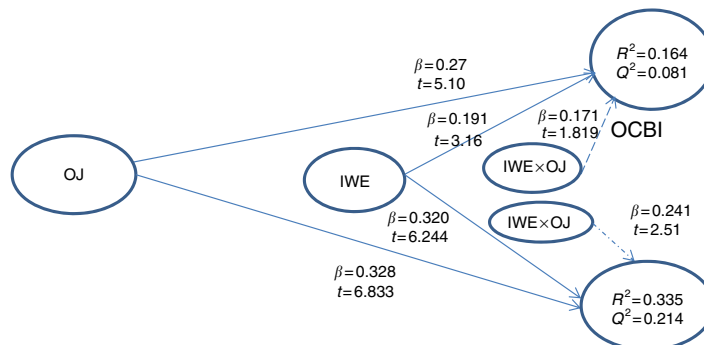
*Structural model*

Structural model represents the theoretical relationships between the latent constructs in the inner model. The goodness of the theoretical model is established on the basis of the explained variance in endogenous constructs ( $R^2$ ) and the significance of all path coefficients ( $\beta$ ) (Chin, 2010). The  $R^2$  refers to the amount of variance explained in the endogenous construct by its antecedents in the research model. To achieve an acceptable level of explanatory power, the values of  $R^2$  are required to be strong enough (Urbach and Ahlemann, 2010). Falk and Miller (1992) argued that  $R^2$  should be greater than 0.10 to reach the minimum level of explanatory power. Bootstrapping procedures with 5,000 resample as suggested by was employed to produce path coefficient and their corresponding  $t$ -values. Since all hypothetical relationships developed in this study are positive, one-tailed test for  $t$  student distribution was applied. According to Hair *et al.* (2011), critical  $t$ -values for one-tailed test are 1.28 ( $p < 0.10$ ), 1.645 ( $p < 0.05$ ), and 2.33 ( $p < 0.01$ ).

Table IV and Figure 1 show the results of the structural model from PLS output. OJ was found to be significantly associated with OCBI ( $\beta = 0.27, p < 0.001$ ), and OCBO ( $\beta = 0.328, p < 0.001$ ), explaining 16.3 and 33.5 percent of the variance in OCBI and OCBO, respectively. Thus, it satisfies the criterion of Falk and Miller (1992) and support  $H1$  and  $H2$  (Figure 1). Moreover, the output of structural model found that IWE exert a

**Table IV.**  
Summary of the structural model

Hypotheses	Path	Path coefficient	SE	$t$ -values	Decision
$H1$	OJ→OCBI	0.270	0.053	5.101	Supported
$H2$	OJ→OCBO	0.328	0.048	6.831	Supported
$H3$	OJ→OCBI (moderated by IWE)	0.171	0.094	1.819	Supported
$H4$	OJ→OCBO (moderated by IWE)	0.241	0.096	2.511	Supported



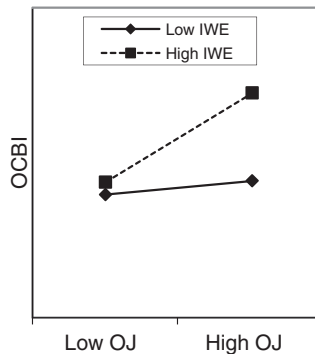
**Figure 1.**  
The structural model results

direct significant and positive effect on OCBI ( $\beta = 0.191, p < 0.01$ ), and OCBO ( $\beta = 0.32, p < 0.001$ ), respectively.

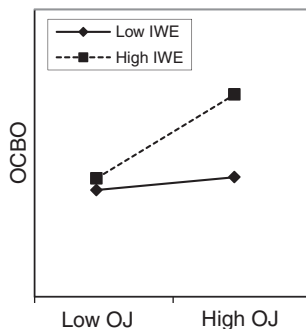
Hypotheses three and four assumed that IWE will moderate the relationship between OJ and OCBI and OCBO. The product approach was employed to test these hypotheses. OJ and IWE items were multiplied to create an interaction effect (OJ  $\times$  IWE) to predict OCBI and OCBO (Henseler and Fassott, 2010). To overcome the problem of multicollinearity, indicators for OJ, and IWE were standardized before multiplication. The bootstrapping result shows that the paths coefficient that connects the interaction construct with OCBI ( $\beta = 0.171, t = 1.819$ ) and OCBO ( $\beta = 0.241, t = 2.51$ ) were statistically significant at 0.05 and 0.01, respectively (Table IV and Figure 1). This signifies that IWE was able to moderate the relationships between OJ and OCBI and OCBO. This provides support for accepting *H3* and *H4*.

As shown in Figures 2 and 3, individuals who are high on IWE are more willing to demonstrate OCBI and OCBO compared to employees who are low on IWE when their perception of organizational justice is high. These findings support hypotheses three and four suggesting that the relationships between OJ and OCBI and OCBO can be enhanced when IWE moderate these relationships.

To test the importance of interaction effect in explaining the variance in OCBI and OCBO, the study has utilized the effect size ( $f^2$ ) as suggested by Henseler *et al.* (2009). It can be calculated by using Cohen's (1988) equation, i.e.  $f^2 = (R^2 \text{ included} - R^2 \text{ excluded}) / (1 - R^2 \text{ included})$ . The effect size values of 0.02, 0.15, and 0.35 are considered small, moderate and large, respectively (Cohen, 1988). In the present study, interaction



**Figure 2.**  
Integration effects  
of OJ and OCBI



**Figure 3.**  
Interaction effects  
of OJ and OCBO

effect (OJ × IWE) was able to explain small amount of variance in OCBI and OCBO (Table V). According to Chin *et al.* (2003, p. 211) “small effect size ( $f^2$ ) does not necessarily mean that the moderator effect is negligible, even small interaction effect can be meaningful, if the resulting beta changes are meaningful, then it is important to take these conditions into account.”

The model’s predicting ability was evaluated as well. It was decided based on Stone-Geisser’s  $Q^2$  value (Geisser, 1975; Stone, 1974). The blindfolding procedure was used to obtain the values of  $Q^2$  (Tenenhaus *et al.*, 2005). Values greater than zero indicate that the model has predictive ability (Fornell and Cha, 1994). In the current study, the values of  $Q^2$  of OCBI and OCBO were 0.081 and 0.214, respectively (Figure 1). As these values are greater than zero, it can be concluded that the structural model has predictive relevance.

### Discussion

The focus of this study is twofold. First, to predict the effect of organizational justice on employee’s citizenship behavior directed to benefit specific individual and/or organization as a whole in the context of Islamic financial institutions in Malaysia. Second, to examine the interaction effect of IWE. The outcomes of this study showed support for all hypotheses developed in this research. The findings are briefly discussed below.

#### *Relationship between OJ and OCBI and OCBO*

The hypothesized positive and significant relationships between organizational justice and OCBI and OCBO are supported by the findings of the study (*H1* and *H2*). This result supports the notion of social exchange theory (Blau, 1964), and equity (Adams, 1965). According to these theories, when individuals perceive that their organization is fair to them, they tend to feel morally obligated to reciprocate the fair treatment by exhibiting behavior that can help the organization to flourish and prosper in its environment. Such behavior may include sharing information with their colleagues, reporting ethical problems, and having a positive image about the organization. On the other hand, when employees feel that their organizations are not being fair to them, they tend to respond to the unfair treatment by withholding or reducing their OCB contribution and/or by demonstrating behavior that could hurt the organization, such as withdrawal behavior and/or counterproductive behaviors (Cohen-Charash and Spector, 2001; Trevino and Weaver, 2001).

The result of this study is consistent with the outcome of previous research. For example, Ambrose and Schminke (2009) found that overall organizational justice has positive influence on OCB in the educational sector, food service industry, and medical organizations in the USA. At the same time, the output of this study contradicts the results of past studies such as Tansky (1993) who fail to find significant relationship between overall organizational justice and employee citizenship behavior. This situation emphasizes the arguments founded in literature (e.g. Korsgaard *et al.*, 2010; Morrison, 1994; Shao *et al.*, 2013) to study these variables and the relationships between these variables in different research context and in different cultures.

**Table V.**  
Effect size on  
interaction effect

	$f^2$ (OCBI)	$f^2$ (OCBO)
OJ × IWE	0.033	0.085

In the Malaysian context the collectivist values dominated the culture such as, teamwork, cooperation, sense of belonging, priority to group interest over self-interest. The result of this study is in line of these values. More specifically, employees demonstrated more citizenship behavior toward their organization ( $\beta = 0.320$ ) compare to citizenship behavior directed toward individuals OCBI ( $\beta = 0.27$ ) when they considered their organization fair.

#### *Moderating role of IWE between OJ and OCBI and OCBO*

The finding of this study supports the moderating effect of IWE on the link between OJ and OCBI and OCBO. The result presented in Figures 2 and 3, demonstrated the two lines are not parallel, which indicated that the interaction effect was presented. In general, the simple way to interpret the moderation effect involved comparing the slopes of the two lines (Jose, 2013). In this study the steep slope occurs for individuals who were reported high work ethic. In contrast, the slightly steep slope occurs for individuals who were reported low work ethic. Therefore, it can be concluded that high IWE strengthen the relationship between OJ and OCBI and OCBO. More clearly, Individuals who are high on IWE are more likely to show citizenship behavior toward their colleague and organization compared to individuals who are low on IWE when they their perception of organizational justice is high. It seems that individuals of Islamic financial organizations who are high on IWE are willing to demonstrate OCB, but much more when organizational justice is high. Probably they believes that their contribution in term of extra-role behavior will be eventually compensated since the organization recognizes their efforts and treat them fairly. This is consistent with the other orientation theory that argued individuals who are higher on other oriented values are more likely to show citizenship behavior compared to employees who are low on other oriented values.

Contrary to expectation, employees who are low on IWE did not show significant increase in their level of OCB according to their perception of justice. This study theorized that when employees' perception of justice increase, their positive behavior in term of OCB will increase, and when their perception of justice decreases their contribution of OCB will decrease. Nevertheless, the output of this research found that employees who are low on IWE did not increase their performance of OCB when their perception of justice was increased. Possible explanation for this result can be ascribed to the way this study operatized organizational justice. More particularly, this study focussed on overall justice rather than its dimensions to understand employees' experience of justice. It seems that employees who are low on IWE can share their own experience of justice better when it is related to outcome they received, procedures used to determine this outcome, and the respect they received during the enactment of these procedures.

Interestingly the finding of this study found that when employees' perception of justice is low, they are still going the extra mile and perform OCBI and OCBO whether they are high or low on IWE. Possible explanation for this result could be ascribed to the ethical environment in this research context. More specifically, it seems that employees of Islamic financial organizations whether they are low or high on IWE consider their organizations to be ethical; hence, they are willing to go the extra mile and demonstrate OCB even when their perception of justice is low. Second possible explanation could be traced to the culture of the country (i.e. Malaysia). According to Hofstede's (1980) categorization, Malaysia is high on power distance, which implies that individuals accept and tolerate unfair distribution of power in organizations and institutions and take it for granted. Therefore, the respondents in this study (employees

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of Islamic banks) whether they are high or low on IWE are expected to demonstrate OCB even when their perception of justice is low.

This result of this study found that in order to improve employee citizenship behavior, it involves improving employee perception of justice and their Islamic work values. Therefore, this study argues that IWE should receive more attention as a justice moderator and should be included in studies that try to explore the effect of justice on individuals' attitude and behaviors. Additionally, the finding of this study contends that dispositional variables are likely to provide answer for the inconsistent relationships between justice and OCB. Therefore, researchers should continue to investigate work ethic and other dispositional and contextual variables in explaining perception and behavior.

### **Theoretical and managerial implications**

Theoretically, this is a pioneer study that examines the moderating effect of IWE on the relationship between organizational justice and OCBI and OCBO. The findings of this study show that dispositional variable (i.e. IWE) plays an important moderating role in solving the contradiction that occur in the literature regarding the relationship between attitudinal variable (i.e. OJ) and behavioral outcome (i.e. OCBI and OCBO). This finding indicates that other dispositional variables have the potential to moderate this relationship. By addressing this gap in the literature, the present research contributes significantly to the existing body of knowledge. Moreover, the findings of this study reveal that IWE plays a greater role as an antecedent of OCB and also as a moderator on the relationship between OJ and OCBI and OCBO.

This study emphasizes and confirms the role of social exchange theory and equity theory in explaining the relationships that take place inside Islamic financial organizations in the context of a developing country. These relationships are very crucial for the growth and survival of all organizations. It is evident that the perceived fairness of the organizations makes employees feel obliged to reciprocate by displaying favorable behaviors (social exchange theory). On the other hand, when employees feel that organization's fairness is not up to their expectation they will respond by demonstrating attitudes and behaviors that could harm the organization (equity theory). In brief, the outcome of this research emphasizes the crucial role of these relationships inside organizations in Asian context.

Finally, this study suggests several practical implications for academicians and for practitioners as well. First, the output of this study is consistent with past study that found positive relationships between justice and OCB in the western context like the USA and the UK. This result emphasizes the predictive role of overall OJ in Malaysian setting, which extends its predictive validity. Moreover, the study confirms the reliability and validity of the scales that have been used in this study to measure OCBI, OCB, and OJ in the context of developing country like Malaysia. Therefore, researchers from Asian culture can adopt or adapt these scales in their studies.

Findings of this study are important for practitioners as well. It stresses the importance of treating people justly at workplace and creating fair atmosphere which can encourage and inspire employees to exceed their boundary of employment contract and demonstrate desirable behavior toward their co-workers, managers, and the whole organization. Also, the results of the study found that IWE plays a key role in strengthening the relationship between OJ and OCBI and OCBO, hence, managers are strongly recommend to instill the values of Islam in their organization and to enhance their employees' level of IWE by: developing an Islamic code of ethics; conducting



coaching and training program on regular basis for their staff to enrich their knowledge and understanding about Islam and its principles; and hiring and attracting individuals who are high on IWE. Finally, multinational organizations that operate their business in Muslim countries will be benefited from the findings and recommendations of this research.

### Limitation and future research directions

Although the present research has its merits in highlighting crucial aspect of OCB in organizational setting, it is not beyond of its limitation. However, the limitations of this study can be the ground of future research in the field. This study has collected data from respondents at same point of time; this can raise questions about the direction of causality. Future research can utilize longitudinal method to overcome this issue. The sample of this study was confined to financial organizations that follow Islamic principles in Malaysia. This can limit the generalization of the findings on a mass people. Future studies can replicate this study in different research context and in different countries to increase the population generalizability of the findings. Last but not the least, the findings of this study has highlighted the important role of IWE inside an organization. Therefore, future researchers are encouraged to examine the effect of IWE on individual and organizational variables which has not been tested yet like personality, emotional intelligence, leadership behavior, counterproductive behavior, organizational performance, organizational identification, job characteristics, work engagement, perceived organizational support, and organizational culture and structure.

### Notes

1. *Quran*: is the fundamental Islamic scripture which was revealed to Prophet Muhammad (SAW) through angel Jibril. This holy book is written in Arabic and believed to be the unadulterated exact words of Allah (SWT).
2. SAW: it is the short form of Sallallahu Alaihi Wa-salam which implies "peace be upon him". This acronym is only used after the name of Prophet Muhammad (SAW).
3. *Sunnah*: *Sunnah* refers to the ways, teachings, and activities of Prophet Muhammad (SAW)
4. SWT: Refers to acronym of Subhanahu Wa Ta'ala which means "Glorious is He and He is Exalted" and it is placed after the name of Allah, as a sign of reverence.

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