

Validating Constructs of Procedural Justice Based on Confirmatory Factor Analysis for Behavioral Accounting Scientific Research

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Abstract—This study seeks to present some constructs of procedural justice, and validate them, so that they can be used as valid constructs in subsequent behavioral accounting research. This research was conducted at 262 auditors in Jakarta, Indonesia. The data of this study are cross section data from all auditors working at the Public Accountant Office in Jakarta. This research was conducted by survey method. The research instrument used was a questionnaire. The findings as supported by descriptive empirical data presented in table 2 show that the average index value of 49.5 is interpreted medium. This means that the respondents have perceptions of procedural fairness fairly. Even though it is in the middle group, if it is turned on, the index value is relatively low so that it can be interpreted that the procedures for evaluating auditor performance have not been carried out very satisfying the auditors. Based on the validation test, the constructs that can be proposed in scientific research in the field of behavioral accounting in the context of procedural justice are the feeling of respondents to work performance appraisal truly reflects the work done, fairness of work period assessment, evaluation of job performance according to respondents, fairness perceived by respondents from supervisors in conducting your performance appraisal, respondent's feelings regarding performance appraisal during the past period are free from errors, similarity of respondents' assessment to performance appraisal made by the employer if the they evaluate their own performance.

Keywords—construct validation, procedural justice, confirmatory factor analysis, behavioral accounting, scientific research

1 INTRODUCTION

TODAY, while the theory of distributive justice is growing rapidly, the concept of procedural justice grows side by side inseparably (Thibaut and Walker, 1975). Perception of justice or injustice that occurs within the organization is called organizational justice (Carrell and Dittrich, 1978). Equity theory becomes the root of the concept called organizational justice. Greenberg's (1990) subsequent development details organizational justice into three main components proposed, namely distributive justice, procedural justice and interactional justice.

Previously, organizational justice only focused on distributive justice. But at the beginning of the era of the 1970s, researchers began claiming that evaluation of individual decisions was not only influenced by the appreciation of what was received, but also how the award process was carried out (Leventhal, 1980; Thibaut and Walker, 1975). This idea is then referenced as procedural justice, namely justice felt through policies and procedures used in making decisions in the work environment (Greenberg, 1990; Carrell and Dittrich, 1978).

Procedural justice is defined as justice perceived through policies and procedures used in making decisions in the work environment (Greenberg, 1990). Procedural justice refers to procedures or methods of making decisions. The tendency of employees to make evaluations of supervisors has a strong relationship with procedural justice. Procedural justice refers to justice decision making (Thibaut and Walker, 1975). This variable is operationalized by measuring the level of justice of

respondents on a number of questions regarding procedural justice. Moreover, scientific research on organizational justice has long been a research topic because it is considered an important determinant of behavior and work attitudes (Fisher and Smith, 2002) and has experienced very rapid development in recent years. Some researchers have proven that fair treatment is closely related to performance, organizational commitment and higher job satisfaction (Konovsky, 2000). This study seeks to present some constructs of procedural justice, and validate them, so that they can be used as valid constructs in subsequent behavioral accounting research. This research was conducted at 262 auditors in Jakarta, Indonesia.

2 PROCEDURAL JUSTICE

According to Greenberg and Baron (2003) procedural justice is defined as perceptions of fairness on the decision making process of giving rewards in the organization. People in the organization are very concerned about the decision-making process related to giving rewards, and they feel that the organization and employees will benefit equally if the organization implements the procedure fairly. While the definition of procedural justice according to Kreitner and Kinicki (2003) is the perceived justice of the processes and procedures used to allocate decisions, the same definition is also expressed by (Thibaut and Walker, 1975). Procedural justice theory seeks to explain what causes workers to see the procedure as fair or unfair and the consequences of that perception.

According to procedural justice theory, there are two important factors in determining workers' perceptions of justice procedures. One factor is maintaining employee interpersonal relationships, namely how workers are treated by the results of the distribution (usually managers/superiors). It is important for employers to be honest and polite, respect their rights and opinions. Providing regular feedback on their work, it is important for employers

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to know from the perspective of the workers as material to make decisions.

The second factor is the extent to which employers explain how to make decisions to workers, how the process assesses inputs (work time, effort, education, experience), the process of assessing performance, the process of deciding how to distribute the results and processes of how to carry out promotions.

Procedural justice theory states that workers will be motivated to work at a high level when they see the procedure used to make a decision on the distribution of results considered fair. Workers will be more motivated if they think that their performance is accurately assessed. Conversely, if workers think that their performance is not accurately assessed by their superiors, because employers are not aware of their contribution to the organization, or perhaps personal feelings influence performance ratings, they will not be strongly motivated to perform at a high level. Procedural justice theory seeks to explain what causes workers to see the procedure as fair or unfair and the consequences of that perception. The theory of justice which focuses on the distribution of fair results from all workers to encourage motivation at a high level, this theory is often referred to as the theory of distributive justice. Another dimension of justice in organizations is procedural justice, it is also important to understand it because it is related to work motivation. Procedural justice theory is related to perceived fairness of the procedures used to make decisions about the distribution of results, while interactional relationships conducted by superiors to subordinates in making decisions to give rewards are called interactional justice (Greenberg, 1990). The three main assumptions applied in business activities for the theory of justice, can be summarized as follows (Carrell and Ditttrich, 1978):

1. Employees expect fair rewards for what they contribute to their work. This concept is referred to as "equity norms".
2. Employees determine what is fair to them after comparing input and results with their colleagues. This concept is referred to as "social comparison".
3. Employees who consider themselves in unfair situations will try to reduce inequality both by reducing input in their own minds (cognitive distortion), by directly changing inputs or by leaving the organization.

3 CRITICISM OF THE THEORY OF JUSTICE

Criticism has been directed towards the assumptions and practical applications of the theory of justice. Experts have questioned the simplicity of the model, arguing that a number of demographic and psychological variables influence people's perceptions of fairness and interaction with others. In addition, much of the research that supports the basic propositions of the theory of justice has been carried out in laboratory settings, and thus its application is questionable for real world situations. Critics also argue that people might regard justice or injustice not only in terms of certain inputs and outcomes, but also in terms of a comprehensive system that determines their input and output. Thus, in business

activities, people may feel that compensation is fair to other employees, but people may see the overall compensation system as unfair (Carrell and Ditttrich, 1978).

Research on organizational justice has long been a research topic because it is considered an important determinant of behavior and work attitudes (Fisher and Smith, 2002) and has experienced very rapid development in recent years. Some researchers have proven that fair treatment is closely related to performance, organizational commitment and higher job satisfaction (Konovsky, 2000).

Practically, this kind of criticism in behavioral accounting finds momentum alongside that public accountants have an important social role in society, therefore professional staff of public accounting firms are required to behave appropriately in carrying out high quality audits. Auditing standards and professional ethics guidelines are guidelines for auditors in carrying out their professional responsibilities. The statement of auditing standards is considered as a provision that has legal value because every person in this profession must comply according to established standards (Arens et al., 2011).

4 VALIDATING THE CONSTRUCTS OF PROCEDURAL JUSTICE

To measure the construct of procedural justice, an instrument has been used that has been used by Tang and Sarsfield-Baldwin (1996) with a Cronbach-alpha coefficient of 0.95. This instrument includes 6 questions with a Likert7 point scale ranging from 1 (very unfair) to 7 (very fair). A high score indicates the respondent has a high perception of justice towards his organization. Conversely, a low score indicates that respondents have a low perception of justice towards their organization. The indicators used to measure the construct of procedural justice are presented in table 1.

TABLE 1
CONSTRUCTORS OF PROCEDURAL JUSTICE

Code	Indicators
X1	How do you feel that the work performance assessment really reflects how well your work is done?
X2	How fair is the assessment of the work period (years) in your opinion?
X3	How exactly do you think your work performance is evaluated?
X4	How fair is your supervisor doing your performance assessment?
X5	How much do you feel that your work performance assessment for the past period is free from mistakes?
X6	How similar are your judgments to the performance assessments made by your supervisor if you do your own performance assessment?

The results of descriptive analysis of respondents' answers to procedural justice variables are shown in table 2.

TABLE 2
INDEX VALUE OF PROCEDURAL JUSTICE VARIABLES

Indicator	Percentage of respondent responses							index
	1	2	3	4	5	6	7	
X1	18.3	24.4	15.6	14.1	10.3	12.2	5.0	47.1
X2	13.4	19.1	15.3	20.6	14.1	8.0	9.5	49.6
X3	24.8	16.0	14.1	12.2	11.1	9.5	12.2	49.4
X4	22.5	17.6	13.7	11.5	11.1	9.5	14.1	50.9
X5	21.0	26.0	10.7	14.5	9.5	8.5	10.3	47.7
X6	16.4	24.8	13.7	13.0	13.7	9.2	9.2	52.1
mean								49.5

From table 2, it can be seen that the results of the calculation of index values for procedural justice variables indicate that procedural justice variables have an index of 49.5, so that it can be concluded that procedural justice variables are perceived by respondents. The results of confirmatory analysis conducted on indicators of procedural justice variables are described in figure 1.

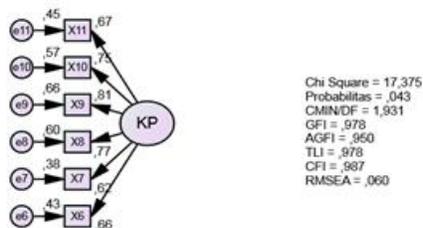


Figure 1. Results of Confirmatory Analysis of Procedural Justice Variables

Based on figure 1 the chi-square value = 17.375 with a probability of 0.043, probability shows smaller with the required p value that is equal to 5 0.05. This shows that the model is not yet fit, but based on the results of other goodness of fit criteria, namely GFI, AGFI, TLI, CFI and RMSEA, the statistical results show GFI = 0.978; AGFI = 0.950; TLI = 0.978; CFI = 0.987 and RMSEA = 0.060, the statistical value indicates that all have met the required criteria. The results of these statistics indicate that the model is sufficiently fit with the data. This indicates that both the model and the theoretically constructed model have both explained and defined the constructs of procedural justice.

The next step is to look at the convergent validity of the indicators forming the latent construct. First see the standardized loading factor whether there is a value below 0.50, secondly see the significance of the loading factor whether the value is lower than 0.05 (Ghozali, 2013). Based on table 4.13 regression weight the procedural justice variable indicators show that all indicators have a standardized value of loading factors greater than 0.5 with a probability value (p-value) smaller than 0.05. This shows that the indicators are valid are indicators of latent variables formed, namely procedural justice variable.

TABLE 3
REGRESSION WEIGHT INDICATORS OF VARIABLE PROCEDURAL JUSTICE

			Std Estimate	Estimate	S.E.	C.R.	P
X6	<---	KP	.657	1.000			
X7	<---	KP	.618	.939	.107	8.779	***
X8	<---	KP	.773	1.340	.130	10.307	***
X9	<---	KP	.814	1.430	.132	10.827	***
X10	<---	KP	.753	1.240	.122	10.132	***
X11		KP	.670	1.069	.115	9.271	***

Procedural justice is defined as the perception of fairness in the decision making process of rewarding an organization (Greenberg, 2003). While job satisfaction is a positive emotional feeling towards his work (Locke, 1969). The results of statistical tests show that perceptions of procedural justice do not affect job satisfaction. The findings are also supported by the results of confirmation to respondents who stated that procedural justice relating to the performance appraisal process to determine rewards will not increase their job satisfaction, because the auditor's job satisfaction is more due to different audit objects, this is indicated by index values related to enjoyment in carrying out a dominant audit that is equal to 62.5. While related to the performance appraisal process, the auditor has understood it because the implementation is carried out together with the audit process. Therefore, based on confirmation from several respondents, they stated that the perception of procedural justice would not affect auditor job satisfaction.

The results of the testing of this study are in line with the results of the study of Ghorbanalizadeh et al. (2012) which conducted a survey of employees in the Iranian Ministry of Sports using Multiple Regression Analysis, finding that procedural justice was not significantly related to job satisfaction. However, the results of this study are not in line with the results of previous studies conducted, among others by Tortia (2006) who conducted a survey of 228 workers of social service organizations in Italy, Lambert et al. (2007) who conducted a survey of examining staff, Halepota and Irani (2010) conducted a survey of 110 employees in public sector health organizations in Pakistan, Kadaruddin and Mardiana (2012) who conducted a survey of 83 employees of the Tax Office in Makassar, Sareshkeh et al. (2012) on federation sports workers in Iran, found that procedural justice directly affects job satisfaction. This is because many previous studies have been carried out in large institutions that have more complex performance appraisal procedures. Auditors in Jakarta are mostly from small institutions and individual businesses, and the appraisal procedure is relatively informal because between leaders and auditors are relatively often met so that the assessment is automatically carried out while interacting in the audit process.

5 CONCLUSION

The data of this study are cross section data from all auditors working at the Public Accountant Office in Jakarta. This research was conducted by survey method. The research

instrument used was a questionnaire. The entire research questionnaire was adopted from previous studies that had been used to conduct surveys. Previous research reports that the entire questionnaire used has good validity and reliability. However, the inherent weaknesses in survey research are considerations that must be taken into account in their use. There are two weaknesses that are of concern, namely the level of understanding of the respondents to the questionnaire and the low rate of return. Here, this study seeks to validate the construct of procedural justice so that it can be used as a construct in subsequent behavioral accounting research.

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