An Investigation of the Impact of Organizational Justice Dimensions on Job Satisfaction (Case Study: An Iranian Bank)

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Abstract  Organizational justice has shown to be a predictor of many behavioral outcomes. Thus it should be taken into account by the managers seeking to maximize the job satisfaction of their employees. The purpose of the present study was to examine the impact of organizational justice dimensions on job satisfaction of the employees working at an Iranian bank (bank Sepah) in the city of Ilam. The sample consisted of 110 participants from which 105 questionnaires were collected. The results showed that the three dimensions of organizational justice including distributive, procedural and interactional justice were significantly related to overall job satisfaction of the employees. From the three dimensions distributive justice was the strongest predictor. It was also found that the female employees were more satisfied with the job relative to the male co-workers.

Keywords Organizational Justice, Distributive Justice, Procedural Justice, Interactional Justice, Job Satisfaction

1. Introduction

Employees in an organization have always been a key asset, as their departures could have a significant effect on the implementation of the organization's business plans and may eventually cause a parallel decline in productivity. As such, employee retention was important to the long-term growth and success of the company. Retaining the best employees would ensure customer satisfaction and effective succession planning [1].

Over the last 30 years, organizational justice has been researched extensively in social psychology, specifically in organizational contexts by psychologists and management researchers, among others interested in the construct [2], [3], and [4]. The concept of justice is central to understanding a wide range of human behaviors in the organizational setting [5]. Organizational justice, a term coined by Greenberg [6] refers to employee perceptions of fairness in the workplace. It has shown to be associated with several outcomes such as job satisfaction, work motivation [7], [8], [9] & [3], intention to turnover[10], work performance [7] & [8].

Human resources play a central role in the services sector. A primary reason for this is that the services are seen as inseparable from their provider. In this context, increasing employees’ job satisfaction, commitment to the organization and motivation will not only increase the extra-role behavior of the employees through organizational citizenship behavior, but it will also contribute to the increased competitiveness of the banking sector and lead to better future performance.

This study is designed to assess the impact of organizational justice perceptions on job satisfaction among the employees of an Iranian bank in Ilam city. The term organizational justice is used in this study to denote the degree to which employees perceive the overall organizational rules, procedures and policies that are related to their work to be fair. It includes three components: distributive justice, procedural justice and interactional justice. Job satisfaction is used to refer to the degree to which employees feel positively or negatively about their jobs.

As the first established Iranian bank, Bank Sepah started its operations on May 4, 1925 with an initial capital of IRR 3,883,950 in a shopping center in Tehran.

The Bank Articles of Association were fundamentally revised in 1926, thus enabling it to render financial and banking services in any economic activities.

Now, as one of the most influential Iranian financial institutions, Bank Sepah, with 85 years of experience, effectively contributes to the achievement of the country’s macroeconomic goals through mobilizing the funds from depositors and allocating them to the productive sectors.

With a paid-in capital of IRR 7,822 billion, the Bank now plays a significant role in the economic development of Iran, through providing services on both national and international
bases, within the framework of its three-year Strategic Plan, taking full advantage of its 1771 domestic branches, the three branches in Paris, Rome and Frankfurt and one wholly-owned subsidiary, Bank Sepah International plc, in London.

The bank has recently designed and executed Top Quality Customer Satisfaction scheme to further enhance its client-oriented performance. The following are among the highlights:

- Providing the clients with the necessary information through the Bank’s website, direct phone lines, and information stands;
- Elaborating the Bank’s services through brochures, annual reports, banners, T.V. and radio advertising, publications and billboards; and
- Executing 5S methodology throughout branches in order to increase security, improve the Bank’s services and gain the satisfaction of the clients.

2. Literature review

2.1. Organizational Justice

Philosophers and social commentators were writing about justice long before management scientists were. Among the ancient Greeks, for example, Herodotus’ History and Plutarch’s Lives described the achievements of the Lawgiver Solon, who reformed Athenian government. These are the prescriptive approaches, since they seek to logically determine what sorts of actions truly are just. As such, they reside comfortably within the domain of business ethics [11].

Organizational justice can explain a wide range of employee behaviors and highlights the importance of the ideals of justice and fairness as a requirement for organizations to function effectively [12]. Organizational justice describes the individuals (or groups) perception of the fairness of treatment received from an organization and their behavioral reaction to such perceptions [13]. The two most prevalent forms of organizational justice discussed in the literature are distributive and procedural justice [14] & [12].

The first focus on organizational justice was based upon the equity theory, which holds that workers bring inputs to an organization education, effort, experience, willingness, etc. So for the mentioned inputs, employees expect their supervisors and managers fair outcomes, such as pay, treatment, promotions [15].

2.2. Distributive Justice

Researchers call the first component of justice distributive justice because it has to do with the allocations or outcomes that some get and others do not. Distributive justice is concerned with the reality that not all workers are treated alike; the allocation of outcomes is differentiated in the workplace. Individuals are concerned with whether or not they received their “just share.” Sometimes thing are distributed just, as when the most qualified person gets promoted. Other times they are not, as when advancement goes to corporate “insiders” with a political relationship to upper management [11].

2.3. Procedural Justice

Procedural justice refers to participants’ perceptions about the fairness of the rules and procedures that regulates a process [16]. Whereas distributive justice suggests that satisfaction is a function of outcome, procedural justice reveals that satisfaction is a function of process. Among the traditional principles of procedural justice are impartially, voice or opportunity to be heard, and grounds for decisions [17]. Procedural justice establishes certain principles specifying and governing the roles of participants within the decision-making processes. In three papers, Leventhal and his colleagues [18] & [19] established some core attributes that make procedures just. A just process is one that is applied consistently to all, free of bias, accurate, representative of relevant stakeholders, correctable, and consistent with ethical norms. Though surprising to some, research has shown that just procedures can mitigate the ill effect of unfavorable outcomes. Researchers have named this the “fair process effect.”

2.4. Interactional Justice

Bies and Moag [20] introduced the most recent advance in the justice literature by focusing attention on the importance of the quality of the interpersonal treatment people receive when procedures are implemented. Bies and Moag[20] referred to these aspects of justice as “interactional justice.” More recently, interactional justice has come to be seen as consisting of two specific types of interpersonal treatment (e.g., [12] & [21]). The first, labeled interpersonal justice reflects the degree to which people are treated with politeness, dignity, and respect by authorities or third parties involved in executing procedures or determining outcomes. The second, labeled informational justice, focuses on the explanations provided to people that convey information about why procedures were used in a certain way or why outcomes were distributed in a certain fashion.

2.5. Job Satisfaction

Job satisfaction is one of the most researched areas of organizational behavior and education. It is perceived as an attitudinal variable measuring the degree to which employees like their job and various aspects of their jobs [22]. This is an important area of research because job satisfaction is correlated to enhanced job performance, positive values, high levels of employee motivation, and lower rates of absenteeism, turnover and burnout [23] & [24].

Hoppock defined job satisfaction as any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am
satisfied with my job [25]. According to this approach although job satisfaction is under the influence of many external factors, it remains something internal that has to do with the way the employee feels. That is job satisfaction presents a set of factors that cause a feeling of satisfaction [26].

2.6. Relationship between Organizational Justice and Job Satisfaction

Masterson et al. [27] investigated the effect of the procedural and interactional justice on different work-related social exchange relationships. It was found that procedural justice is positively correlated with job satisfaction. The sample for the study was employees of different companies in the Northeastern United States. Bakhshi et al. [28] on their research on organizational justice perceptions as predictors of job satisfaction and organizational commitment found that distributive justice was significantly related to job satisfaction whereas procedural justice was not found to be related significantly with job satisfaction. In addition, both distributive justice and procedural justice were found to be significantly related to organizational commitment. Kim [29] found that employee who perceived that they were treated fairly by their company tended to develop and maintain communal relationships with the company. Also, when employees felt that they were treated fairly by their company, they were likely to hold more commitment, trust, satisfaction, and control mutuality than when they perceived that they were treated unfairly.

Khin et al. [30] on their study found that the higher the level of employee's perception towards fairness to the means used to determine outcomes (procedural justice) and fairness of the outcomes employees receive (distributive justice) tended to increase the level of employees' job satisfaction, organizational commitment while reduces turnover intention. Nadiri and Tanova [31] in a study in hospitality industry concluded that the fairness of personal outcomes that employees receive had more impact on turnover, job satisfaction and organizational citizenship behavior (OCB) than the perceived fairness of a firm's procedures. It was also found that even though improved job satisfaction seems to be related to OCB, organizational justice seems to be the key factor that has a strong effect on both OCB and job satisfaction.

Furthermore, perceptions of unfair procedures and, even more so, unjust outcomes can lead to resentment on the part of the workers. This resentment will affect their job satisfaction ultimately. When a person feels that he or she has been betrayed via an unfair organizational process or outcome, feeling that his or her job is satisfying would be so hard. While it is theoretically acceptable to conclude that organizational justice will help shape worker job satisfaction and organizational commitment, empirical findings are needed to provide support for the theorized impacts of organizational justice on the attitudes of people [32].

Based on the previous literature four main hypotheses were developed in this study:
H1. There is a significant relationship between distributive justice and job satisfaction.
H2. There is a significant relationship between procedural justice and job satisfaction.
H3. There is a significant relationship between interactional justice and job satisfaction.
H4. There is a significant relationship between gender and job satisfaction.

3. Methodology

3.1. Sample

110 employees in different branches of the bank in the city of Ilam, Iran were randomly selected as sample. The questionnaires were personally handed out to them and finally 105 of which were returned (response rate 0.95) and subjected to analyze by IBM© SPSS© Statistics Version 20.

3.2. Measures

Organizational justice

The 20-item scale developed by Neihoff and Moorman [33] was used to measure three dimensions of organizational justice including distributive justice, procedural justice and interactional justice. The measure was assessed on a 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). The Cronbach alpha for the 20 items was 0.918. The 5 items were related to distributive justice (alpha value 0.786), 6 items to procedural justice (alpha value 0.826), and 9 items for interactional justice (alpha value 0.894). An item scale for distributive justice is “My work schedule is fair”. An item scale for procedural justice is “My supervisor is neutral in decision making”. An example item for interactional justice is “My supervisor provides explanations for the decisions related to my job”.

Job satisfaction

Job satisfaction is mostly assessed by asking people how they feel about their jobs. A popular job satisfaction scale is the Minnesota Satisfaction Questionnaire [22] & [34]. Robbins [35] informs that the MSQ has the advantage of versatility in that long and short forms are available. The long form contains 100 items and the short form contains 20 items measuring different facets of job satisfaction [22]. An item scale for job satisfaction is “I feel I am being paid a fair amount for the work I do”. The Cronbach alpha for overall job satisfaction was 0.834 which is an acceptable value. The scales were translated to Persian from English so that the employees can easily read and answer the questions.

4. Results
4.1. Descriptive Statistics

Among the employees 67.6 were male and 32.3 were female. Education level variable was coded as follows: 1 (below bachelor), 2 (bachelor), and 3 (master). Most of the employees held master degree accounting for 42.8, bachelor holders were 25.7, and the employees with below bachelor degree were 31.4. Education level of the participants indicates the fact that most of the bank's employees are well educated. More recently, the bank required applicants to be employed in the bank to have at least a bachelor degree in the field of banking, business, accounting, computer and related fields and also be accepted in a qualification exam which means that the bank seek to employ individuals familiar with banking. The average age of the employees was 39.26.

4.2. Inferential Statistics

To test hypotheses 1, 2, and 3 the correlations among three dimensions of organizational justice and job satisfaction were obtained. Table 1 shows that significant positive correlations exist between job satisfaction and distributive justice ($r=0.286$, $p<0.01$), job satisfaction and Procedural justice ($r=0.423$, $p<0.01$), and job satisfaction and Interactional justice ($r=0.299$, $p<0.01$). This indicates that H1, H2, and H3 are supported, in other words, there is a significant relationship between job satisfaction and the three organizational dimensions. Employees with higher perceptions of organizational justice tend to be more satisfied with their jobs.

4.3. Multiple Regressions

Multiple regression was applied to see how much of the variance on job satisfaction as a dependent variable is predicted by the three dimension of organizational justice as independent variables. Using the Enter method, a significant model emerged. According to Table 2 the model explains 60.9 percent of the variance (Adjusted $R^2=0.609$).

Table 3 gives information for the variables entered into model. All the three variables (distributive, procedural and interactional) were significant predictor of job satisfaction among the employees. The table also shows that the impact of distributive justice is stronger than the other dimensions of organizational justice. Among the independent variables procedural justice had the weakest but significant impact on job satisfaction.

For testing the hypothesis 4 we used Independent Samples Test. Table 4 shows that the mean score for female employees is greater than that of male employees meaning that they are more satisfied with their job in the bank Sepah. But we need to know if this difference is statistically significant or not.

Table 5 shows the results from SPSS for testing the null hypothesis that the means for female and male employees on job satisfaction is the same. In the output, there are two slightly different versions of the T test. One makes the assumptions that the variances in the two populations are equal; the other does not. Since the Sig for the Levene's Test is less than 0.05, then we look at the second row labeled Equal variances not assumed. Then with respect to the Sig($p<0.05$) for the Equality of means, we can conclude that there is a significant difference between men and women concerning their attitude toward their job.
5. Discussion and Managerial Implications

The purpose of this research was to investigate the impact of organizational justice dimensions as independent variables on the employees' job satisfaction as dependent variable in an Iranian bank which is the first established Iranian bank. The study was conducted in the city of Ilam and employees from various branches of the bank Sepah were surveyed. Based on the results from testing the hypothesis 1 we can conclude that the fairness of personal outcomes that employees receive had more impact on job satisfaction than the perceived fairness of a firm's procedures and the perceived fairness regarding interactional interactions. This result of the hypothesis 1 is consistent with the studies by Nadiri and Tanova [31], Bakhshi et al. [28], McFarlin and Sweeney [36] but in contrast with the research by Elamin and Alomaim [37]. One reason for this inconsistency may be the fact that the study conducted by Bakhshi et al. [28] was focused on a sample of both Saudi employees and foreign workers and for foreign workers living in a strange country interactional justice tend to be more important than the other two dimensions of organizational justice. However, organizational justice in service sectors such as banking must be a priority for managers because it can in turn lead to customer satisfaction. Bowen, Gilliland and Folger [38] suggested that just treatment of employees would lead to organizational citizenship behaviors that “spill over” to customers. This “just play” results in customers feeling appropriately treated, thereby yielding customer satisfaction and loyalty. Today, in the highly competitive sectors like banking customer satisfaction can ensure the future of the institutions in question.

The result of the hypothesis 4 showed that the female employees working in the bank were more satisfied with their job as compared to the male employees. It may be because of the reality that in Iran like many other Asian countries and specially the Middle East ones, the livelihood of family is generated by men while women are often in their home doing their tasks as housewives. Thus, they are not concerned much about the pay they received as one of the most important factors of job satisfaction and to some extent they consider their jobs as hobby. In contrast, male employees pay more attention to pay and other aspects of their job as the only source of supporting their families. Workplace for men is a place that could be viewed as a second home for them. Thus, the bank's managers should concentrate on this issue to have the employees that are highly satisfied with their job and therefore the future of their organization is important to them.

As noted by Leung and Stephan [39], research about organizational justice must go beyond the Euro-American cultural boundaries if the purpose is to develop more universal and generalizable theories in justice. Therefore, along with other studies on organizational justice such as Elamin and Alomaim [37], Suliman [7] conducted in the Saudi Arabia and UAE respectively; this research which was carried out in the city of Ilam (Administrative center for Ilam province, Iran) can contribute to the extant literature of organizational justice.

6. Limitations and Future Research

The present study has several limitations that must be considered for future research. Of which the most important was the size of sample surveyed that may decrease the generalizability of our results. This limitation was our problem for not using the Factor Analyze and Path Analyze techniques to show the relationship of the variables examined. In case of location, future researchers can focus on surveying the bank's employees in other cities of Ilam province and comparing the results with that of this research. Because the city of Ilam is the administrative center of Ilam province, some other factors related to being a resident in a big city which is the center of a province, may influence employees' attitudes towards their job. Finally, this study was limited in its scope by concentration on the impact of organizational justice dimensions on only job satisfaction. Future researches can consider examining the impact on various organizational behaviors such as turnover, burnout, commitment, performance and trust of employees.

REFERENCES


