Studying the Relationship between Organizational Justice and Organizational Entrepreneurship
(Case Study: Mellat Bank Supervisory Branch in Tehran Borough)

Mohammad Reza Karimaei¹, Nader Seyed Amiri²

¹MA in Agricultural Economics, Islamic Azad University, Qom
²PhD Student in Public Management, University of Tehran, Faculty of Management

ABSTRACT

The main purpose of this study is analysis of the correlation between organizational justice and organizational Entrepreneurship. This study also analyzes the correlation between organizational justice components as encompassed by three specific forms of justice perceptions; distributive justice, procedural justice, and interactional justice with organizational performance. Statistical population includes employees of Mellat Bank supervisory branch in Tehran borough 5 with B. A. and M. A. degrees. The quantity of statistical population is 112. Data collection tool is questionnaire. Collected data were analyzed by and Pearson correlation test and Friedman test by SPSS software. Findings indicated significant relationships between organizational justice and organizational Entrepreneurship. Correlation analysis for the three components of organizational justice showed that three components of organizational justice had relations with organizational Entrepreneurship.

KEYWORDS: Organizational Justice, Organizational Entrepreneurship, Mellat Bank supervisory branch in Tehran borough

INTRODUCTION

In the last decade of 2⁰th century, most of the attention of researchers and scholars has been gathered around the organizational justice as an important concept and the main subject of research in organizational and industrial psychology. Equity in organization expresses the equality from ethical behavioral point of view in an organization (Kolkowhite, 2001, p 386). Research findings in the organizational justice literature show that organizational justice is a significant predictor of work attitudes and behaviors (Wang et al, 2010, p661) such as: organizational Entrepreneurship, job satisfaction (Kolkowhite, 2001, p 386). Employees nowadays look for organizations that offer fair/just work places where everyone feels accepted, respected and valued. Fairness should be adopted not only because accuracy is not achievable but because justice is an important societal value and feelings of justice have important consequences for society and the workplace (Suliman & Al Kathairi, 2012, p1). When individuals feel a benefit from an organization, such as fair treatment, they feel the need to reciprocate. The more they believe that their organization is treating employees fairly, the more they are likely to be committed to their organization in return (Jeon, 2009, p12). Fair behavior is demanded by all the employees who spend their time and energy in an organization. These demands and expectations would cause the organization to have more inclination toward emphasizing on being fair. The question is this, what happens when the organization doesn’t pay attention to this. Greenberg concludes that managers, who violate these norms with unfair behavior, would cause a negative reaction from their employees toward this unfair behavior (Greenberg, 2004, p 322).

On the other hand Entrepreneurs in all of the organization has a significant role to the success and growth of organization, Society and country.

The purpose of this study is to investigate the relationship between Organizational Justice and organizational Entrepreneurship.

2. LITERATURE REVIEW

2-1. Organizational Justice

Justice is a key issue for understanding organizational behavior (Bos, 2002, p866). During the past 25 years, the study of fairness has received major research attention from a variety of disciplines, including economics, psychology, law, and organizational science (Dulebohn et al, 2009, p141). Cremer (2005, p. 4) described organizational justice as “a dominating theme in organizational life” (Elanain, 2010, p6). Much of this attention to justice is because of the important work-related consequences that have been linked to employees’ perceptions of fairness within organizational contexts (Johnson et al, 2006, p175), such as job satisfaction, organizational Entrepreneurship, and organizational-citizenship behaviors (Olkkonen & lipponen, 2006, p204).

*Corresponding Author: Nader Seyed Amiri, PhD Student in Public Management, University of Tehran, Faculty of Management
There has also been considerable interest in examining the antecedents of justice perceptions in the hopes of promoting fairness in organizations. It is generally agreed that work-related outcomes, the procedures that determine those outcomes, the provision of voice and explanations, and the respect and dignity that is received from others all have a significant impact on the content and magnitude of fairness perceptions (Johnson et al., 2006, p.175). Explaining the special significance that the concept of justice has taken in organizations, Greenberg (1996) coined the term organizational justice, which refers to individuals’ perceptions of fairness in organizations (Hoy & Tarter, 2004, p.250). As indicated by Schminke et al. (1997), the fundamental concept underpinning both ethics and organizational justice is fairness, which influences people’s judgment about right and wrong (McCain et al., 2010, p.995). Fair treatment is something that employees who invest their time and energies in an organization “expect” (Eberlin & Tatum, 2005, p.1041).

In fact, organizational justice scholars use the terms fairness and justice interchangeably. For these scholars, fairness is an important yardstick that employees use to assess outcomes distribution, formal procedures, or interpersonal treatment in organizations (Beugre, 2009, p.129).

2-2. The dimensions of organizational justice

Early studies of justice in organizations were focused on equity theory and outcome justice. As the study of organizational justice began to expand, the focus shifted from outcome justice (was the end result fair) to social justice (were the procedures fair and were people treated with respect). Some studies now suggest that social justice is as important as outcome justice, and there is a relationship between social justice and both managerial performance (Eberlin & Tatum, 2005, p.1042).

In general, organizational justice can be categorized into two broad areas called “structural justice” and “social justice”. Structural justice refers to the structural elements of the organization that allow for employee involvement in decision making and provide for the fair distribution of outcomes. Social justice, by contrast, refers to the employee’s perceptions that the organization openly shares information with them and cares about their well-being. Some readers may be familiar with the distinction between procedural and distributive justice. The structural/social justice categories used in this exercise include both distributive and procedural justice, but also add the important element of interpersonal interaction – how people are treated on an interpersonal level when an organization institutes its policies and procedures (Tatum & Eberlin, 2006, p.67).

There have been many classifications offered for organizational justice, but the taxonomy presented by Greenberg (1993), has received strong empirical support (Eberlin & Tatum, 2008, p.311), according to Greenberg, organizational justice has generally been postulated to encompass three different components: Distributive justice, Procedural justice, Interactional justice (McDowall & Fletcher, 2004, p.10).

Greenberg (1993) classified the components of organizational justice under two dimensions. The first dimension is the classical differentiation of justice focusing either on procedures or outcomes. The second dimension refers to the focal determinant (either structural or interpersonal). Greenberg argued that traditionally procedural and distributive justice dealt with structural aspects. The focus is on the environmental context within which the interaction occurs, e.g. the procedures used to determine an outcome and the perceived fairness of the final outcome. Interactional justice deals with the treatment of individuals, and therefore the emphasis is on social determinants (Hassan & Hashim, 2011, p.84).

Organizational justice has developed over the past 40 years to include distributive, procedural, and interactional theories. From these theories, researchers have come to accept a four-factor model of organizational justice, which includes distributive justice, procedural justice, and two classes of interactional justice, specifically, informational and interpersonal justice. Research suggests that these factors are distinct constructs that can, and should, be empirically distinguished from one another (Nabatchi et al., 2007, p.149).

2-2-1. Distributive justice

Distributive justice is related to the perceived fairness outcomes (Jafari et al., 2011, p.1696) such as payment and promotion (Wang, 2010, p.661). Distributive justice focuses on the extent to which rewards and punishments are related to job performance (Nirmala & Akhilesh, 2006, p.138). Approaches to distributive justice are primarily related to structural determinants. Structural determinants are rules and environmental contexts in the decision making process (Yilmaz & Tasdan, 2006, p.113).

Distributive justice stems from equity theory (Elanain, 2010, p.7). According to equity theorists, individuals compare a ratio of their perceived inputs into and outcomes derived from a relationship with that of a referent other. If the ratios are equal, the individual perceives distributive justice. If the ratios are unequal, the individual will perceive inequity (Jawahar, 2002, p.813). Referring to the equity theory, employees will modify the quality or quantity of their work to restore justice. When employees perceive justice in the organization, they are less likely to seek opportunities to balance things out by increasing their own benefits at the company’s expense. Additionally, when employees are treated fairly, they are “more willing to subordinate their own short-term individual interests to the interests of a group or organization” (McCain et al., 2010, p.997). The logic of distributive justice is straightforward – participant satisfaction is increased when one believes that the resolution

2-2-2. Procedural justice
Procedural justice is concerned with one’s perception of the process that determines fair pay (Till & Karren, 2011, p45). Theory and research has established that procedures are judged as fair if they are implemented consistently, without self-interest, on the basis of accurate information, with opportunities to correct the decision, with the interests of all concerned parties represented, and following moral and ethical standards (Jawahar, 2002, p813). Procedural justice towards employees is a basis for employee Entrepreneurship. Procedural justice influences individuals’ perceptions of fairness in regard with pay raises and promotions as well as organizational Entrepreneurship and job satisfaction (Jafari et al, 2011, p1697).

Whereas distributive justice suggests that satisfaction is a function of outcome (the content of the decision or resolution), procedural justice suggests that satisfaction is a function of process (the steps taken to reach that decision) (Nabatchi et al, 2007, p150).

Operating within a structural framework, Leventhal and his associates (1980) identified six procedural rules against which fairness of procedures may be evaluated. These rules are (a) consistency rule—allocation procedures should be consistent across persons and over time; (b) bias suppression rule—personal self-interest in the allocation process should be prevented; (c) accuracy rule—decisions must be based on accurate information; (d) correctability rule—opportunities must exist to enable decisions to be modified; (e) representativeness rule—the allocation process must represent the concerns of all recipients, and (f) ethicality rule—allocations must be based on prevailing moral and ethical standards.

Procedural justice is, therefore, concerned primarily with the extent to which structural features of decision making (allocation process) facilitate employee voice, appropriateness of criteria, and the accuracy of the information used to arrive at a decisional outcome (Aryee et al, 2004, p3).

A vast amount of research has indeed shown that the direct effect of distributive justice on people’s reactions at the workplace is influenced by procedural justice. In fact, there is converging evidence that the effects of procedural justice are most strongly observed when outcomes are unfavorable. Whereas favorable outcomes may generally satisfy people, unfavorable outcomes elicit a greater need for explanation and thus focus people’s attention more strongly on the procedures used to arrive at the outcome. Accordingly, with unfavorable outcomes, procedural justice will have a greater impact on people’s responses to the decision (Cremer, 2005, p5).

2-2-3. Interactional justice
Perceived interactional justice depends on employees’ reaction to the manner in which their direct supervisors carry out formal procedures (McCain et al, 2010, p995). Interactional justice is defined as the quality of interaction that an individual receives during the enactment of organizational procedures (Jafari et al, 2011, p1696) and concerns the human aspect of organizational practices (Yilmaz & Tasdan, 2006, p114). Greenberg (1993) has argued that interactional justice should be divided into two distinct components, informational justice and interpersonal justice (Till & Karren, 2011, p46). These two subcategories of informational and interpersonal justice overlap considerably; however, research suggests that they should be considered separately, as each has differential effects on justice perceptions.

Informational justice focuses on the enactment and explanation of decision making procedures. Research suggests that explanations about the procedures used to determine outcomes enhance perceptions of informational justice. Explanations provide the information needed to evaluate the structural aspects of the process and how it is enacted; however, for explanations to be perceived as fair they must be recognized as sincere and communicated without ulterior motives, based on sound reasoning with logically relevant information, and determined by legitimate rather than arbitrary factors (Nabatchi et al, 2007, p151).

Interpersonal justice reflects the degree to which people are treated with politeness, dignity, and respect by authorities. The experience of interpersonal justice can alter reactions to decision outcomes, because sensitivity can make people feel better about an unfavorable outcome. Interpersonal treatment includes interpersonal communication, truthfulness, respect, propriety of questions, and justification, and honesty, courtesy, timely feedback, and respect for rights (Colquitt et al, 2006, p110).

Although related (even highly so in some cases), procedural justice and interactional justice are often viewed as distinct constructs. Whereas procedural justice involves the fairness of the organization’s formal structures and procedures, the enactment of those procedures is covered by interactional justice. Thus, it is conceivable that, although the formal procedures of one’s organization are judged as fair, interactional justice is deemed low because an unscrupulous boss is charged with executing them (Johnson et al, 2006, p178).
2-3. Organizational entrepreneurship

Howard Stevenson, a leading theorist of entrepreneurship at Harvard Business School, added an element of resourcefulness to the opportunity-oriented definition based on research he conducted to determine what distinguishes entrepreneurial management from more common forms of “administrative” management. After identifying several dimensions of difference, he suggests defining the heart of entrepreneurial management as “the pursuit of opportunity without regard to resources currently controlled.” He found that entrepreneurs not only see and pursue opportunities that elude administrative managers; entrepreneurs do not allow their own initial resource endowments to limit their options. To borrow a metaphor from Elizabeth Barrett Browning, their reach exceeds their grasp. Entrepreneurs mobilize the resources of others to achieve their entrepreneurial objectives.

Organizational entrepreneurship is consisted of activities that aim to create new business, new products and market development. Organizational entrepreneurship has three main concepts: renewal of strategies (Renovation of strategies or restructuring the organization structure), innovation (offering something new to the market) and business within the company (entrepreneurial company activities that has led to new business and work in the mother company). Tendency has increased towards responding to such rapid entrepreneurship competitor, lack of confidence in traditional methods of business, many smart people creating small independent businesses, international competition and productivity. In Table1, definitions related to the organizational entrepreneurship are presented.

For 250 years, attempts to define and explain entrepreneurship as a phenomenon have been widely based on functional arguments. Differing interpretations of entrepreneurship can be distinguished based on how two related questions are answered: (1) what unique function does the entrepreneur play in the economy, and (2) what unique characteristics of individuals enable them to perform this function? (Khanifar et al, 2012)

Table 1: Definitions of Organizational Entrepreneurship

<table>
<thead>
<tr>
<th>Row</th>
<th>Name of Researcher</th>
<th>Year</th>
<th>Keyword</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hans Schollhammer</td>
<td>1982</td>
<td>Activities that have explicit legal support and organizational resources for efforts that offer innovative new products, growth, new products and processes to improve production.</td>
</tr>
<tr>
<td>2</td>
<td>Vesper</td>
<td>1990</td>
<td>It is a process that will cause the company to improve in innovation and market opportunities to react and inspires employees through creating a sense of ownership.</td>
</tr>
<tr>
<td>3</td>
<td>Naffziger • Hornsby • Montagno • Kurako</td>
<td>1993</td>
<td>A multidimensional process with many forces that act automatically implementing an innovative thinking.</td>
</tr>
<tr>
<td>4</td>
<td>Fry</td>
<td>1993</td>
<td>Entrepreneur is a process. A process that needs to be encouraged, praised, supported and appreciated to survive. Organizational entrepreneurship is a process which leads to innovation of products and process in an organization through the induction of entrepreneurial culture.</td>
</tr>
</tbody>
</table>

Source: Ahmadpour, 1378, P. 121

2-4. Types of Organizational Entrepreneurship

Just like any live creature, an organization is born, grows, ages and gets old and sooner or later will die. The emergence of these organizations takes place in two basic stages:

The first stage is when changes occur in the outside world; such as war which can destroy production facilities in a country, but leave the trained work force remaining; or in many other countries, it may highly increase the number of population for some years. Such changes affect the various aspects of life even to an extent where it is necessary to replace some changes in the number of goods and services. For example, before the war in Japan at the end of World War II, the Japanese industry was destroyed which caused Japan to rebuild their industry all over again. Another example could be the population explosion in America in the late 1940's and 1950's which caused massive market creation for products and services for specific ages; this specific population shaped the market during the 1970's and 1980's and continued in the 1990's.

The second stage is in the entrepreneurial process of an idea. Here, the question is that where do entrepreneurs get their ideas from? Many entrepreneurs get their ideas from their work experience; these people learn new skills by working in a particular field and then use them in finding new opportunities. In this method, organizations have the role of schools but with the difference that individuals are paid for what they do. “Steve
Vosnock”, one of the employees at "Hewlett-Packard” learned how to use micro processors (which have existed in the market since the 1970’s) to produce personal computers (PC). Some may think that perhaps the CEO of "Packard” should have humbly asked "Vosnock ” to invent personal computers for the company, because "Vosnock " himself was unable to tell the CEO to produce PCs.

The third type of organizational entrepreneurship is "organization transformation & renewal". This kind of entrepreneurship is only fit with the initial definition of entrepreneurship given by Joseph Schumpeter, if organizational transformation is consisted of innovation, new combination of resources and results and creating sustainable economic value.

The fourth type of organizational entrepreneurship is one of the subsets of organizational development which includes not only the evolution of an organization, but also the competitive environment that exists in the industry; it causes the formation of something different from what already existed in the industry.

3. Study Hypotheses

In terms of social exchange theory, employee perceptions of fairness lead to organizational entrepreneurship. When individuals feel a benefit from an organization, such as fair treatment, they feel the need to reciprocate. As antecedents of organizational c entrepreneurship, fair treatment of employees is one of the major themes, along with supportive from the organization and the supervisor (Jeon, 2009, p52). The main aim of this study is to explore the relationship between organizational entrepreneurship and organizational justice. In order to attain this aim, different hypotheses have been developed. These hypotheses will help in identifying the significance, direction and strength of the relationships between these two main constructs. As the discussed literature indicates most scholars reported significant links between organizational justice and organizational entrepreneurship as well as between the facets of these variables. Given this fact the hypotheses of the current research can be stated as follow:

Main hypothesis
There is a relationship between organizational justice and organizational entrepreneurship

Minor hypotheses
H₁: there is a relationship between organizational justice and organizational entrepreneurship
H₂: there is a relationship between organizational justice and organizational entrepreneurship
H₃: there is a relationship between organizational justice and organizational entrepreneurship

5. RESEARCH METHOD

In terms of purpose, this is an applied study and in terms of data gathering method, it is descriptive – type survey. Statistical population includes employees of Mellat Ban supervisory branch in Tehran borough 5 with B. A. and M. A. degrees. The supervisory branch of borough 5 was selected through cluster sampling method among 7 supervisory branches in Tehran. Since the statistical population quantity was clear and branches had identical chances to be selected, simple random sampling method was used. The total quantity of employees in statistical population was 362 of whom 112 were selected by simple random sampling method. To measure justice in workplace, the standard questioner devised by Chester Spell and Todd Arnold was used and organizational entrepreneurship was measured with Meyer and Allen (1997) consisting of the five factors: affective entrepreneurship, continuance entrepreneurship and normative entrepreneurship. Chronbach’s alpha is
used to measure the reliability of questionnaires. It is 0.891 for organizational justice questionnaire and 0.854 for organizational entrepreneurship questionnaire. Since acquired Chronbach’s alpha ratio is greater than 0.7 for both questionnaires, one can say that the reliability of questionnaires is confirmed. To analyze collected data and to study research hypotheses by SPSS software, Pearson’s coefficient correlation Test is utilized. Friedman test is used to rate justice variables and organizational entrepreneurship.

6. Research findings
6-1. Pearson correlation test
In present study, Pearson correlation test is used to test hypotheses. As mentioned in research conceptual model, research findings are set in one major and three minor hypotheses. $H_0$ test and contrary test are used as follow:

$$\begin{align*}
H_0 : & \rho = 0 \\
H_1 : & \rho \neq 0
\end{align*}$$

Below, the findings of testing major and minor hypotheses are provided:

**Main hypothesis test**

- $H_0$: there is no relationship between organizational justice and organizational entrepreneurship.
- $H_1$: there is a relationship between organizational justice and organizational entrepreneurship.

Since obtained significance level (0.000) is less than considered significance level (0.01), $H_0$ is refused and $H_1$ is supported. Put it differently, by 99% confidence level one can say that research major hypothesis is supported and there is a relationship between organizational justice and organizational entrepreneurship. Pearson correlation ratio is 0.431. (See table 2).

**Table 2: the results of Pearson correlation test**

<table>
<thead>
<tr>
<th>Organizational Entrepreneurship</th>
<th>Distributive justice</th>
<th>Procedural justice</th>
<th>Interactional justice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>0.431</td>
<td>0.245</td>
<td>0.234</td>
</tr>
<tr>
<td>Sig</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>112</td>
<td>112</td>
<td>112</td>
</tr>
</tbody>
</table>

**Minor hypotheses test**

**1st minor hypothesis**

- $H_0$: there is no relationship between distributive justice and organizational entrepreneurship.
- $H_1$: there is a relationship between distributive justice and organizational entrepreneurship.

As seen in table 2, significance level in the first hypothesis is less than 0.01, so one can say that with 99% confidence level, there is a relationship between distributive justice and organizational entrepreneurship. Obtained correlation ratio is 0.245.

**2nd minor hypothesis**

- $H_0$: there is no relationship between procedural justice and organizational entrepreneurship.
- $H_1$: there is a relationship between procedural justice and organizational entrepreneurship.

The results of testing the 2nd hypothesis in table 1 show that $H_0$ is refused and $H_1$ is supported. Therefore, with 99% confidence level, one can say that there is a relationship between procedural justice and organizational entrepreneurship. Obtained correlation ratio is 0.234.

**3rd minor hypothesis**

- $H_0$: there is no relationship between interactional justice and organizational entrepreneurship.
- $H_1$: there is a relationship between interactional justice and organizational entrepreneurship.

Concerning SPSS outputs, the obtained significance figure is 0.000 which less than standard significance level (0.01). Therefore, with 99% confidence level, $H_0$ is refused and $H_1$ is supported. It means that there is a relationship between interactional justice and organizational entrepreneurship.

6-2. Ranking the dimensions of organizational justice and organizational entrepreneurship.
To rate the dimensions of organizational justice and organizational entrepreneurship. Friedman test is used.

- $H_0$: there is no significant difference in status quo of organizational justice dimensions.
- $H_1$: there is a significant difference in status quo of organizational justice dimensions.
The results of testing show that obtained significance level is less than 0.05 so $H_0$ is refused and $H_1$ is supported. Therefore, one can say that there is a significant difference between in status quo of organizational justice dimensions. Relevant constituents are outlined in table 3 and 4.

Table 3: Friedman test significance of organizational justice dimensions

<table>
<thead>
<tr>
<th>Statistical indicators</th>
<th>Computed sums</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>112</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>104/513</td>
</tr>
<tr>
<td>df</td>
<td>4</td>
</tr>
<tr>
<td>Sig</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 4: Ranks of organizational justice dimensions

<table>
<thead>
<tr>
<th>The dimensions of organizational justice</th>
<th>Mean Rank</th>
<th>Aspects priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interactional justice</td>
<td>2.14</td>
<td>1</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>1.95</td>
<td>2</td>
</tr>
<tr>
<td>Procedural justice</td>
<td>1.91</td>
<td>3</td>
</tr>
</tbody>
</table>

7. DISCUSSION AND CONCLUSION

Employees nowadays look for organizations that offer fair/just work places where everyone feels accepted, respected and valued. Fairness should be adopted not only because accuracy is not achievable but because justice is an important societal value and feelings of justice have important consequences for society and the workplace (Sabbagh, et al 1990). On the other hand, over the years practitioners and researchers believed that a loyal committed worker is likely to be a productive employee. Therefore, it is possible that organizations which have more entrepreneur are more productive, thus more profitable than organizations with employees known for less entrepreneurship. However, the exploration of such relationships is regarded more important today than four decades ago, on the grounds that as Dubois, P. This supports Lawrence's study (1958) that provoked the necessity and rationale for research in this area by asserting those perceptions of organizational justice (i.e. fairness perceptions in the workplace) within supervisor-subordinate, and recently organization employee relationship, influence individuals' attitudes and behaviors (Suliman & Al Kathairy, 2012, p1).

This paper set out to look at the relationship between organizational justice and organizational entrepreneurship. All the hypotheses received some support. There is a relationship between organizational entrepreneurship, of employee and perceptions of justice and between perceived levels of justice which is in line with previous studies. For example, Foster (2007) supported the general relationship between organizational justice and entrepreneurship. Therefore, the key is thus to find ways of triggering discretionary behaviour in employees and management in order to stimulate organizational entrepreneurship. Particularly for the organization involved in this study, our findings suggest that increased focus on improving perceptions of justice, through ensuring line management are capable of carrying out HCPM practices, may help improve entrepreneurship to the organization.

Despite the interesting findings emerging from this study, it is important to note that the research is based on self-report data on levels of entrepreneurship: future studies could try to measure this also from management perspective, for example, to help minimize possible problems of common-method variance.

REFERENCES