

The Impact of Organizational Justice, Atmosphere and Culture on the Organizational Performance: A Case of Iran's TEJARAT Bank

Majid Mirvaisi

Faculty of Social Science, Islamic Azad University, Neyshabur Branch, Razavi Khorasan, Neyshabur, IRAN

Corresponding author's Email: Mirvaisi@yahoo.com

ABSTRACT: The objective of the current research is investigating the effects of Organizational Atmosphere (OA), Organizational Culture (OC) and Organizational Justices (OJ) on Organizational Performance (OP) in banking industry of Iran (Tejarat Bank). Applied method has been used for this research in which the questionnaire method has been utilized in order to gather the required data for describing the research variables and interpreting the relations between them. The Analysis unit in this research is the banking services customers have answered the questionnaires. In order to describe the data, the frequency distribution tables have been used and the structural equations model has been used to describe the data. In so doing, SPSS 18.0 & LISREL 8.5 soft wares have been utilized the exploratory factor analysis, confirmatory factor analysis. The results gained due to this research indicate all hypotheses were accepted in Tejarat bank. The paper rounds off with conclusions and an agenda for future research and limitations in this area.

Key words: Organizational Atmosphere (OA), Organizational Culture (OC), Organizational Justices (OJ), Organizational Performance (OP), SEM, Tejarat Bank.

Received 04 Nov. 2012
Accepted 25 Jan. 2013

ORIGINAL ARTICLE

INTRODUCTION

Researchers in organizational behavior have long been interested in understanding employees' perceptions of the work environment and how these perceptions influence individuals' work-related attitudes and OP. Research findings in the OJ literature show that OJ is a significant predictor of work attitudes and behaviors (Cohen-Charash and Spector, 2001). As to the relationship between OJ and work OP, researchers have been striving to find the answer, but with unsatisfactory results.

Some existing studies do show that OJ can predict OP. Uncertainty still exists around the influence of the different dimensions of OJ on work OP. Moreover, how OJ work performance is still largely unknown. Some justice researchers have advanced leader-member exchange as the mediator between OJ and work performance based on the social exchange theory (Cropanzano et al., 2002). The functional relationship between interactional justice and performance demands further attention (Cropanzano et al., 2002). Other researchers have suggested perceived accountability to be the key mechanisms of the relationship between OJ and work performance (Erdogan, 2002), but these have not been tested empirically.

It is unfortunate that the existing studies have concentrated mostly on task performance, without paying attention to contextual performance, which is significant when discussing voluntary behavior (Wang et al., 2010). OJ concerns employees' perception of fair treatment by an organization and its agents (Shalhoop, 2003). It is popularly accepted that OJ consists of three constructs: distributive justice, procedural justice, and interactional justice (Wang et al., 2010). The Competing Values Framework clarifies the complex nature of OC according to two dimensions: internal/external focus, and stability/flexibility structure. Taken together, the two dimensions create four quadrants which represent four sets of values that guide organizational tasks of environmental management and internal integration (Grey & Densten, 2013). The purpose of this paper is to extend previous theory by examining the interconnections between OC, OA and OJ on OP. The development of an integrated model of OJ and other variables should facilitate OP in Tejarat Bank of Khorasan-e Razavi province.

OA serves as a measure of individual perceptions or feelings about an organization. OA includes management or leadership styles, participation in decision making, provision of challenging jobs to employees, reduction of boredom and frustration, provision of benefits, personnel policies, and provision of good working conditions and creation of suitable career ladder for academics (Nicholson & Miljus, 1992). Early researchers suggested that the social climate or atmosphere created in a workplace had significant consequences employees' perceptions of the work context purportedly influenced the extent to which people were satisfied and perform up to their potential, which in turn, was predicted to influence organizational productivity. The construct of atmosphere has been studied extensively and has proven useful in capturing perceptions of the work context. Climate has been described as an experientially based description of the work environment and, more



specifically, employees’ perceptions of the formal and informal policies, practices and procedures in their organization (Adenike, 2011).

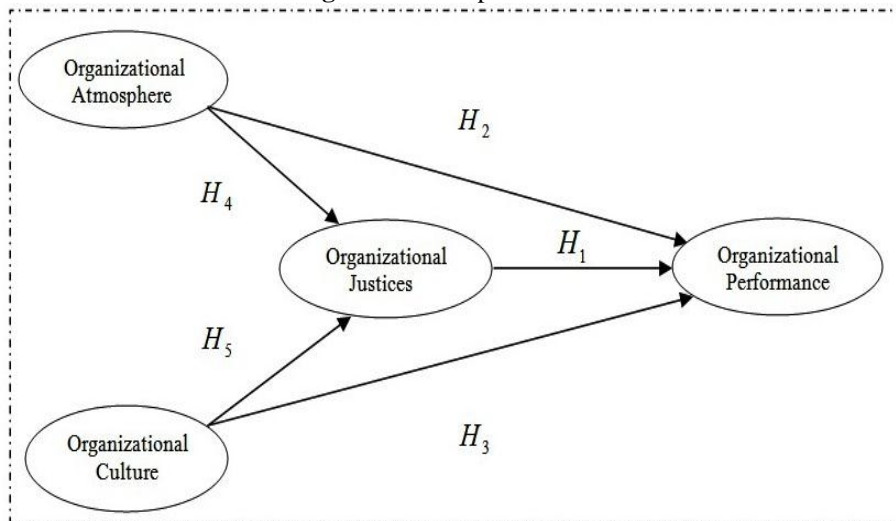
Culture consists of some combination of artifacts (also called practices, expressive symbols or forms), values and beliefs and underlying assumptions that organizational members share about appropriate behavior. Although there are many definitions of culture, OC has been viewed as holistic, historically determined, and socially constructed. Culture involves beliefs and behavior, exists at a various levels, and manifests itself in a wide range of features of organizational life (Hofstede et al., 1990). As such, OC refers to a set of shared values, belief, assumptions, and practices that shape and guide members’ attitudes and behavior in the organization. In trying to understand better the concept of corporate culture, several typologies had been developed. One of the most recent typologies was developed by Goffee and Jones (1998). Goffee and Jones (1998) categorized OC into four main types based on two dimensions: sociability and solidarity. Sociability can be defined as friendliness in relationships between people in an organization. It is valued for its own sake and independent of its impact on the performance of the organization. Through friendships, ideas, attitudes, interests and values are shared. Reciprocity is a hallmark of friendship; so that actions are taken that favour others with no expectation of immediate payback (Rashid et al, 2008).

One of the important questions in business studies is why some organizations succeeded while others failed. OP has been the most important issue for every organization, be it profit or non-profit. It has been very important for managers to know which factors influence an OP in order for them to take appropriate steps to initiate them. However, defining, conceptualizing, and measuring performance have not been an easy task. Researchers among themselves have different opinions and definitions of performance, which remains to be a contentious issue among organizational researchers. The central issue is concerned with the appropriateness of various approaches to the concept of utilization and measurement of OP (Jarad, 2010). Performance has different meanings to different people. From a process point of view, for instance, performance means transformation of inputs into outputs for achieving certain outcomes. However, from the economic point of view, performance is the relation between effective cost and realized output and achieved outcome, which is effectiveness. However, to Daft (2000), OP is the organization’s ability to attain its goals by using resources in an efficient and effective manner (Jarad, 2010).

Hypothesis and Conceptual Model

- 1- There is a positive relation between OJ and OP.
- 2- There is a positive relation between OA and OP.
- 3- There is a positive relation between OC and OP.
- 4- There is a positive relation between OA and OJ.
- 5- There is a positive relation between OC and OJ.

Figure 1: Conceptual model.



MATERIALS AND METHODS

The present study attempts to analyze the relationship between the independent variables and the dependent variable by applying a reliability analysis, correlation analysis, regression analysis, mean analysis and hypothesis testing. The paper is based on a survey questionnaire adopted from previous studies. The sample was randomly selected among the employees of Tejarat Bank. As a rule of thumb, states that the sample size should be between 30 and 500 are used depending on how appropriate and effective the type of sampling design is being used and the research questions implemented. As the research

is on employees of Iranian Tejarat Bank, a sample size of 200 employee and supervisor is deemed adequate. The 5 point Likert scale were used as a measurement for the respondent with scoring of 1 (strongly agree) to 5 (strongly disagree).

Pilot study A pilot study of the questionnaire was conducted to evaluate the content validity of the measurement scales. Content validity can be assessed by a group of judges or experts who decide whether the test represents all of the content of a particular construct. After evaluation by four academics and five local professionals in this field, some items were reworded based on their feedback.

Next, the questionnaire was administered to 30 employees of Tejarat Bank who was working in various branches in Mashhad. They were required to answer, review and critique the questionnaire. All 30 questionnaires were useful; the questionnaire was then revised and finalized based on their feedback.

Personal Characteristics of Respondents A personal profile of the respondents indicates that there were more female than male: %60 versus %40, respectively. The results also show that %80 of respondents were from Mashhad. Most respondents were 31-26 years of age. More than %70 indicated hold Bachelor, master and Phd Degree level of educational background. %62 respondent is single, %47 are student and %38 are professionals.

Table1. Descriptive Statistics and Correlations & R2.

Std	Mean	dev.	Min	Max
Organizational Justice	3.19	0.360	3	15
Organizational Atmosphere	4.70	0.826	3	19
Organizational performance	3.70	0.937	3	20
Organizational Culture	3.01	0.95	4	18
R2 Organizational Justice	to	Organizational performance		0.63
R2 Organizational Atmosphere	to	Organizational performance		0.61
R2 Organizational Culture	to	Organizational performance		0.88
R2 Organizational Atmosphere	to	Organizational justices		0.88
R2 Organizational Culture	to	Organizational justices		0.78

Note: Significant at; p<0.05)

Method of analysis and Profile of respondents To test the model’s robustness, we analyzed the data using covariance structure analysis (LISREL) as well. As the data were truncated into two samples, both samples are highly skewed and consequently violate the main assumption for analyzing data using structural equation modeling. We tested the conceptual model using the two-step approach; first, we tested the measurement models and then the causal model. Our factors and constructs all passed these tests. Furthermore, we entered all constructs in the model at the same time and computed them as exogenous variables. We did this to reveal any potential conflicts between the constructs before we tested the structural model. Our model provided acceptable fit statistics and did not reveal any particular problems between any constructs. Based on the measurement models and the tests we conducted, we can conclude that the convergent and discriminate validity both are satisfactory.

Finally, we ran the structural model, which provided assessments o homological validity. In doing so, we looked at both absolute and incremental fit statistics. Of the absolute fit statistics, we examined the X2 and GFI, SRMR, the RMSEA. Of the incremental fit statistics, we reviewed AGFI and NNFI. According to the different cut-off criteria provided in the literature, we draw that our causal model was within the acceptable range of all fit statistics. The RMSEA was below 0.08, the SRMR was low (0.037), GFI was well above 0.90 (0.96), as were AGFI (0.94) and NNFI (0.95).

As the X2 is sensitive to the sample size above 200, this is not a very good indicator of model fit in our study. Minor misspecifications may become significant with larger samples. Last but not least, all paths in the structural model were found to be significant when running the LISREL analyses. In summary, we claim that the model fit the data reasonably well. In Table 1 can see Descriptive Statistics and Correlations & R2.

RESULTS

Table 2 reports the path coefficients, the degree of explained variances and the fit index for the conceptual model for the total sample of the employees Tejarat banks. As with confirmatory factor analysis (CFA), model testing was done with the LISREL 8.5 software using the maximum likelihood algorithm. The overall fit statistics, as shown in Table 2, indicate an acceptable level of fit between the hypothesized model and the data. As predicted, all of five hypothesis were accepted and there was a difference in degree, OJ has a significant relationship with OP (P<0.05, T=3.92), thus confirming H1. Results also show that OA has a significant relationship with OP (P<0.05, T=4.14.13), were supporting H2. As shown in the results, OC has a significant relationship on OP (P<0.05, T=4.25), thereby confirming H3. However, the path from OA has a

significant relationship on OJ ($P < 0.05$, $T = 3.44$), and H4 were supported by the data. And by analyzing data gathering from OC to OP ($P < 0.05$, $T = 4.21$), H5 was also supported.

Table2. The results of hypotheses testing.

Hypotheses	Relationship of construct		Result	T-value
H1	OJ	OP	supported	3.92
H2	OA	OP	supported	4.14
H3	OC	OP	supported	4.25
H4	OA	OJ	supported	3.44
H5	OC	OP	supported	4.21
χ^2				384.61
Df				3
CFI				0.98
NFI				0.90
NNFI				0.95
RMSEA				0.07

Note: Significant at: $p < 0.05$

DISCUSSION AND CONCLUSION

Conclusions and Implications Many organizations found change to be a real challenge. The change process in each organization is unique in each situation, due to the differences in the nature of the organization, the nature of the business, the work culture and values, management and leadership style, and also the behavior and attitude of the employees. Further, the risk of failure is greater as people are generally resistant to changes. For some, change may bring satisfaction, joy and advantages, while for others the same change may bring pain, stress and disadvantages. Past research regarding the mechanism of the influence of OJ on OP led to relationship discord between OJ and OP. This current research considered the direct and indirect effects of OJ on OP by using the structural equation model. The final model was arrived at by fitting the model to the sample data and after some modifications. The research results revealed that when affective commitment, normative commitment, OJ were introduced as mediators to the model, the three dimensions of OJ generally did not have a direct effect on all the dimensions of work performance, except that interactional justice had a weak influence on task performance. Justice provides an excellent business opportunity, from reaping specific returns such as stronger employee friendly atmosphere and culture to gaining an overall tough-to-copy competitive edge that resides in a “culture of justice.” In this paper we have examined OJ from the perspective of two main managerial perspectives; OA and OC. These tasks are diverse, but they all involve a degree of risk in service industry, especially banking service. OJ allows managers to make these tough decisions more smoothly. Justice does not guarantee all parties what they want. However, it does hold out the possibility that power will be used in accordance with normative principles that respect the dignity of all involved. This is sound business advice. It is also the right thing to do.

Limitations any research and study faces certain limitations or even problems (from the planning to implantation). In this research the following limitations also could be discussed: The statistic group includes 30 bank branches of Tejarat. Irrespective of communications and extensive follow ups, at times distributing the questionnaires at the branches of some of the banks was not possible because of not powerful system and software for reaching it.

Future research directions providing a service quality improvement implementation in Tejarat banks using a theory based on the data (GT).SWOT analysis of service quality formation in these banks designing systems with high reliability in order to providing service by these banks in Iran and designing models for assessing the service quality of commercial banks at the level of substantial customers. Examining and analyzing the service quality focusing by the role of employees in other cultural fields from international to national and or the diverse minor cultures.

ACKNOWLEDGMENT

The authors would thank to the employees of different banks of Tejarat branch for honestly participating in this research. We thanks from various department of this bank.

REFERENCES

- Adenike, A. (2011), "Organizational climate as a predictor of employee's job satisfaction: evidence from congenial university, *Organizational Climate as a Predictor of Employee Job Satisfaction: Evidence from Covenant University*", January, Vol.4 No.1, pp.151-216.
- Cameron, K.S. & Quinn, R.E. (1999), "Diagnosing and changing organizational culture", Addison-Wesley, Reading, MA.
- Cohen-Charash, Y. and Spector, P.E. (2001), "The role of justice in organizations: a meta-analysis, *Organizational Behavior and Human Decision Processes*, Vol.86, pp. 278-321.
- Colquitt, J.A., Conlon, D.E., Wesson, M.J., Porter, C.O.L.H. and Ng, K.Y. (2001), "Justice at the millennium: a meta-analytic review of 25 years of organizational justice research", *Journal of Applied Psychology*, Vol.86, pp. 425-45.
- Cropanzano, R., Prehar, C.A. and Chen, P.Y. (2002), "Using social exchange theory to distinguish procedural from interactional justice", *Group & Organization Management*, Vol.27, pp. 324-51.
- Cropanzano, R., Rupp, D.E., Mohler, C.J. and Schminke, M. (2001), "Three roads to organizational justice", *Research in Personnel and Human Resources Management*, vol.20, pp.100-113.
- Daft, R.L. (2000), "Organization Theory and Design", 7th ed., South-Western College Publishing, Thomson Learning, Cincinnati, OH.
- Erdogan, B. (2002), "Antecedents and consequences of justice perceptions in performance appraisals", *Human Resource Management Review*, Vol.12, pp.555-78.
- Goffee, R. and Jones, G. (1998), "The Character of a Corporation: How Your Company's Culture Can Make or Break Your Business", Harper Business, London.
- Grey, J.H. & Densten, I.L. (2013), "Toward an integrative model organizational culture and knowledge management", *International Journal of Organisational Behaviour*, Vol.9 No.2, pp.594-603.
- Jarad, I.A. Yusof, N. & Shafiei, N. (2010), "The organizational performance of housing developers in Peninsular Malaysia", *International Journal of Housing Markets and Analysis*, Vol.3 No.2, pp.146-162.
- Hofstede, G., Neuijen, B., Ohayv, D.D. and Sanders, G. (1990), "Measuring organizational cultures: a qualitative and quantitative study across twenty cases", *Administrative Science Quarterly*, Vol.35 No.2, pp.286-316.
- Masterson, S.S., Lewis, K., Goldman, B.M. and Taylor, M.S. (2000), "Integrating justice and social exchange: the differing effects of fair procedures and treatment on work relationships", *Academy of Management Journal*, Vol.43, pp.738-48.
- Nicholson, E.A and Miljus, R.C (1992), "Job Satisfaction and Turnover among Liberal Arts College Professors", *Personnel Journal*, Vol.51, pp.840-845.
- Shalhoop, J.H. (2003), "Social-exchange as a mediator of the relationship between organizational justice and workplace outcomes, unpublished doctoral dissertation", The University of Akron, Akron, OH.
- Wang, X. Liao, J. Xia, D. & Chang, T. (2010), "The impact of organizational justice on work performance; mediating effects of organizational commitment and leader-member exchange", *International Journal of Manpower*, Vol.31, No.6, pp.660-677.