

## Research Article

# Organizational Justice in Family Firms of Iran

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## A B S T R A C T

### Keywords

Organizational Justice;  
job satisfaction;  
Non-family employees;  
family firms.

This research study analyzed the impact of organizational justice as encompassed by four components, namely distributive justice, procedural justice, interpersonal justice and informational justice on employee's job satisfaction among non-family employees in family firms of Iran. The other purpose of this research was to determine which dimension of organizational justice has the most effect on non-family employees' perception of fairness. To collect data the questionnaire has been used. The statistical sample includes 207 non-family employees from family computer companies in Iran that were selected randomly. The result shows Procedure justice among non-family employees has the most effect on organizational justice, and the perceived organizational justice has positive effect on job satisfaction. The findings in this study would help family firms to formulate strategies that involved work factors such as perception of organizational justice to improve the management of human resource development. These strategies would help in influencing positive behaviors among non-family employees, and hence achieve effectiveness and high productivity in the family firms. Therefore, it was worth the effort for the family firms to train and educate their managers on the impact of perceptions of organizational justice on job satisfaction of their non-family employees.

## Introduction

Recently, scholars have begun to examine the role of non-family member employees (Astrachan and Keyt, 2003 ;Barnett and Kellermans,2006; Chua, Chrisman, and Sharma,2003). more than 80% of employees of family businesses are non-family members (MassMutual,2007). It is likely that non-family member employees struggle to find their "place" within the family business for which they work as

they do not necessarily have in-group status due to their lack of membership in the founding family.

What distinguishes a family business from a non-family business is not simply the capital structure of the firm but the role the family plays in the organization, identity, vision and operations of the firm. Therefore the concept of family business

can broadly be defined as a business governed by a dominant coalition controlled by members of the same family or a small number of families who intend to shape and pursue the overall vision of the business held (Chua et al., 1999).

According to Tang et al. (1996), it was also important for organizations to ensure that they communicated the relevant information to employees. The improvement in the perceptions of informational justice as well as procedural justice is through information communicated by higher levels of management and by organizational policies and practices. Another aspect was two-way communication to identify the needs, desires, and expectations of employees, that helped them to achieve their goals and objectives, to recognize their achievements and their accomplishments, provide feedback, and allows for an employee's input. As such, performance appraisal criteria and possible rewards should be expressed to their employees clearly to enhance their understanding of the process and improving their performance and trust in managers. Meyer and Smith (2000) considered the justice climate of the procedural, interpersonal and the informational, and suggested that the provision of training of managers to ensure that all of their employees perceived fair treatment. Facilitating meetings where subordinates were able to express their opinions, and that needed information was well communicated, that explanatory role-playing was performed, and that interpersonal sensitivity was observed when providing performance appraisal feedback to subordinates. As well as establishing policies, that increased the likelihood of procedural and informational justice and rule satisfaction.

Several researches were carried out among the relationship of organizational justice can be defined as awards and punishments, rules, process, communication and interaction was applied equally or not (Polat, 2007). Greenberg (1990) reviewed the literature pertaining to organizational justice and noted that "social scientists have long recognized the importance of the ideals of justice as a basic requirement for the effective functioning of organizations and the personal satisfaction of the individuals they employ". He also declared the justice as "first virtue of social institutions". Organizational justice mainly concentrates on the workplace's fairness which influences numerous organizational and individual work-related factors like turnover intentions, absenteeism, job satisfaction, organizational commitment, role breadth, job performance, leader-member exchange, trust, leadership and job satisfaction (e.g., Lambert, Hogan, and Griffin, 2007; Vermunt and Steensma, 2003; Bakhshian and Kumar, 2009; Hubbel and Chory-Assad, 2005; Judge and Colquitt, 2004; Wat and Shaffer, 2005; Byrne, 2005; Greenberg, 2004; Colquitt et al., 2001; Boer et al., 2002).

In existing literature, organizational justice characterized into four broad categories named "distributive", "procedural", "interactional" and "informational" justice in family firms of Iran.

### **Literature Review**

Justice as a basic requirement for the effective functioning of organizations and the personal satisfaction of the individuals they employ has long been recognized (e.g., Greenberg, 1990). Employees perceptions of how similar they see themselves to other employees depend on

their beliefs whether they are treated fairly. Perceptions of organizational justice will contribute to how connected individuals feel with the family businesses they work for. (Atalay and Ozler, 2013).

The first notion came out from the literature was distributive justice which is defined as by Moorman (1991) as “the fairness of outcomes an employee receives such as pay and promotions”. This type of justice based on equity theory which emphasized on the judgments made by the employees about the outcomes (for example promotion, pay) offered by the organization against their effort by which they work or in accordance with given criteria. (Cropanzano and Greenberg, 1997; Hubbel and Chory-Assad, 2005; Blakely et al., 2005; Colquitt et al., 2006; Alder and Ambrose, 2005). In family firms, non-family employees thus compare their own input/output ratio to that of other individuals within their reference frame, for example with family members that are also working in the company. (Sieger et al).

Family firms, however, maybe prone to violating that allocation norm. For instance, the concept of altruism implies that the welfare of the parent is positively linked to that of his or her children (Schulze, Lubatkin, and Dino, 2003; Schulze et al., 2001). As a consequence, parental altruism can bias the family's perception about the performance of family members, and business families are incentivized to offer perquisites, promotional opportunities and salaries to family employees regardless of their individual contribution to the firm (Lubatkin et al., 2007). An example is appointing a family member to a specific position even though a non-family employee would be better qualified

(Gersick et al, 1997). When the norm of merit (cp. Lansberg, 1983) is replaced or weakened through altruism or general favoritism of family members (Lubatkin et al., 2007; Schulze et al., 2001) this is likely to lead to perceptions of distributive injustice by non-family employees. Even though non-family employees might expect or even accept a certain extent of preferential treatment of family members (Gersick et al., 1997), perception so far justice may arise as soon as the “non-family employees' zone of indifference” is left (Lubatkin et al., 2007, p. 965).

Procedural justice is the employees' observations about fairness in rules and regulation which are used to make a decision that will lead to the ultimate outcome. (Elovainio et al., 2004; Greenberg, 2004; Aryee et al. 2002; Byrne, 2005). Colquitt et al. (2001) claimed that distributive and procedural justice is distinct constructs in nature. It refers to the fairness in the process of decision making about resource allocation. Barnett and Clermann (2006) argue that considering the family firms that the special different factors of family business as the family affection level, salary and advantages, a re-promotion. In procedural justice activities the emphasize on justice sense creation among individuals along the activity of decision-making is strategic.

Interactional justice was first coined by Bies and Moag (1986) and more recently it has come to be seen as consisting of two important types of interpersonal treatment (Atalay and Ozler, 2013). Informational justice is related to how decision-makers openly, honestly, and thoroughly explain the rationale for their decisions (Colquitt, 2001).

Interpersonal and informational justice are important factors to family business employees because every one expects and desires fair human interaction. By carefully implementing and cultivating interpersonal and informational justice, family businesses could likely enhance the identification of employees, as employees are more likely to feel a sense of belonging and loyalty to their organizations if they are involved in the decision making processes of their family businesses (Carmon et al,2010).

Job satisfaction is another important work attitude (cp. Heller and Watson,2005;Ilies,Wilson,andWagner,2009;VanDyneandPierce,2004). It has been commonly defined as an attitudinal evaluative judgment of one's job or job experiences (Iliesetal.,2009). It basically asks, 'How do I evaluate my job?'(VanDyneandPierce,2004,p.444). Family business literature has mainly investigated job satisfaction with regard to family members. In that context, numerous scholars have concentrated on the relationships between work and family domains and their effects on job satisfaction.(Sieger et al,2011)

Family, school, workplace and social environment are the places where people in search of justice. Starting from that research organizational justice can be raised if they are behaved fairly and their organizational dependency and productivity can be raised and by the way job satisfaction trust to management and their job request and performance can be raised too (Yılmaz and Sevinç, 2004).

Researches show that on the base of injustice perception by individuals, their interaction were different. If injustice were in distributive variable, individuals

try to decrease their cooperation level.(By objection, groups epration,to come late and to leave soon).Also, injustice perception in the procedural dimension and dealing, caused hidden and indirect behaviors as theft or properties destruction (Barron and Byrne,2003). the family firms essays, mainly surveyed on job satisfaction in regard of family members. The surveyed materials in this field are the work-family conflict, and family solidarity. The researches show that the job Satisfaction is a basic variable that affect on employees' behavior.

## **Method**

In the present study we investigated which dimensions of organizational justice have the most and the least effect on perception of fairness among non-family employees in family firms in Iran. The present research on base of the aim is an applied research and from the point of datas collection method is descriptive one. Datas collection tool is Questionnaire. n this study for determining the organizational justice measurements level used of Rega and Cunno Questionnaire(2006).Also by purpose of employees' job Satisfaction measurements of smith et al (1967) compiled. For questionnaire reliability the Cronbach'salpha coefficient was 0.878 for research criteria that indicates acceptable reliability of questionnaire questions. The Cronbach's alpha for each variable is illustrated in table 1.The Kolmogorov-Smirnov test (K-S test) which is a nonparametric test for the equality of continuous, one-dimensional probability distributions, was used. Pearson corrolation was used to measure of how well they are related. The theoretical modal is illustrated in figure 1.

## **Finding and Discussion**

The Kolmogorov-Smirnov test (Chakravart, Laha, and Roy, 1967) is used to decide if a sample comes from a population with a specific distribution.

The findings related to Pearson Correlation Analysis to determine the course and degree of the relationship between the dimensions of organizational justice could be seen in table 2.

As It is shown in table 2 ,Procedural justice has the most correlation with informational justice (0.461) which shows there is a meaningful relationship between these variable. Procedural justice has the least correlation with interaction justice (0.183) which shows there is a weak relationship between these dimensions of organizational justice.

In recent years, justice studies at workplace has been grown rapidly (zhang et al, 2009). The research presents that justice processes play an important role in organization, and the way individuals are behaved, may effect on their beliefs and attitudes. Because of comprehensive consequences of justice, surveying the effects of justice perception in organizations has received significant attentions among humanistic resources researchers, organizational behavior and organizational-industrial psychology (Bish et al, 2004).

The results of Colquitt's(2001)meta-analysis establish that organizational justice has four distinct dimensions: distributive justice, procedural justice, interpersonal justice, and informational justice. The current study focuses on the relationship between these dimensions,

and how ech of them effects on organizational justice. The result of figure 2 shows Procedure justice among non-family employees has the most eeffect on organizational justice.( $\beta=0.78$ ).

The theory test contains of the perceived organizational justice effects on the job satisfaction. The statistical form of this theory is as follow:

H0 = The organizational justice has not any positive and meaningful effect on job satisfafaction.

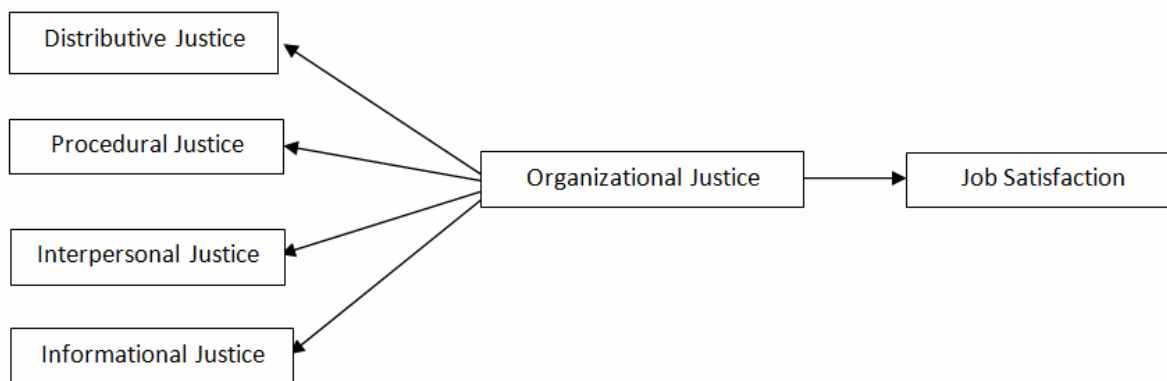
H1 = The perceived organizational justice has a positive and meaningful effect on job satisfaction.

As it is reported in table 3, ( $\beta=0/53$ ) has presented that the perceived organizational justice has positive effect on job satisfaction. As The meaningfulness level is ( $P=0.000$ ). therefore, zero hypothesis will not accept, and research theory namely the first hypothesis on base of meaningfulness relation between variables will accept. Hence, the hypothesis is confirmed.

Tziner et al (2011), Elamin et al (2011), Thurston and MackNall (2010), Whisenant and Smucker (2009), Lamber (2003), Jordan (2007), Rego and Cunha (2006). Generally, The results of this research present that a positive and meaningful relation among the perceived organizational justice dimensions(distributive justice and procedural justice) among non-family employees in family computer companies and their job satisfaction, which could effect on customer orientation too.

Our findings constitute valuable additions

**Figure.1** Theoretical model



**Table.1** (K-S test)

		Distributive justice	Procedural Justice	Interpersonal justice	Informational justice	Job satisfaction
N		207	207	207	207	207
Normal Parameters <sup>a,b</sup>	Mean	3.0667	3.3551	3.3732	3.3829	3.6341
	Std. Deviation	.39364	.66565	.57500	.56644	.72039
Most Extreme Differences	Absolute	.131	.123	.125	.142	.103
	Positive	.131	.075	.085	.089	.037
	Negative	-.124	-.123	-.125	-.142	-.103
Kolmogorov-Smirnov Z		1.880	1.774	1.803	2.047	
Asymp. Sig. (2-tailed)		.112	.104	.183	.30	1.475

H0: Distributive justice follows a normally distribution

Ha: Distributive justice does not follow the normally distribution

As the value in the sig. row is 0.112 for distributive justice (sig>0.05) then it can be considered as Normally distributed and H0 is acceptable.

H0: Procedural justice follows a normally distribution

Ha: Procedural justice does not follow the normally distribution

As the value in the sig. row is 0.104 for Procedural justice (sig>0.05) then it can be considered as Normally distributed and H0 is acceptable.

H0: Interactional justice follows a normally distribution

Ha: Interactional justice does not follow the normally distribution

As the value in the sig. row is 0.183 for interactional justice (sig>0.05) then it can be considered as Normally distributed and H0 is acceptable.

H0: Informational justice follows a normally distribution

Ha: Informational justice does not follow the normally distribution

As the value in the sig. row is 0.30 for informational justice (sig>0.05) then it can be considered as Normally distributed and H0 is acceptable.

H0: Job Satisfaction follows a normally distribution

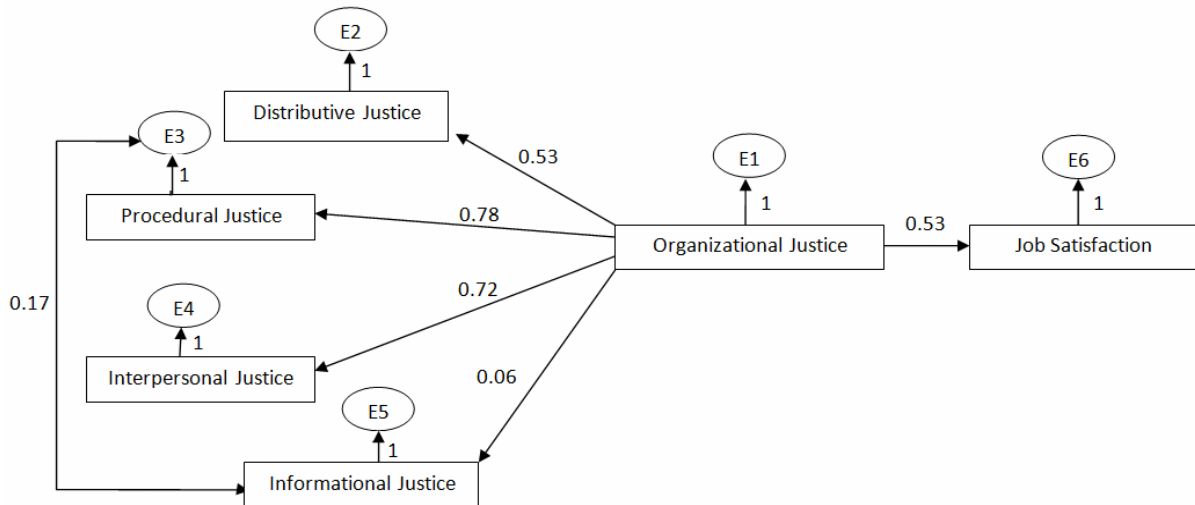
Ha: Job Satisfaction does not follow the normally distribution

As the value in the sig. row is 1.475 for Job satisfaction (sig>0.05) then it can be considered as Normally distributed and H0 is acceptable.

**Table.2** Pearson correlation

		Distributive justice	Procedural justice	Interpersonal justice	Informational Justice
Distributive justice	Pearson Correlation	1	.252**	.183**	.302**
	Sig.		.000	.008	.000
	N	207	207	207	207
Procedural justice	Pearson Correlation	.252**	1	.364**	.461**
	Sig.	.000		.000	.000
	N	207	207	207	207
Interpersonal justice	Pearson Correlation	.183**	.364**	1	.434**
	Sig.	.008	.000		.000
	N	207	207	207	207
Informational Justice	Pearson Correlation	.302**	.461**	.434**	1
	Sig.	.000	.000	.000	
	N	207	207	207	207

**Fig.2** Path model with standardized parameter estimates



**Table.3** Hypothesis

Result	P	$\beta$	Independent variable dependent variable	Hypotheses
Confirm	.000	.53	Organizational justice Job satisfaction	Hypothesis

to family business research, organizational justice and job satisfaction literature, and to practice. In the regression analysis, there seems to be a positive relationship between organizational justice and job satisfaction..Family businesses should be cognizant of ensuring their non-family members are informed of key decisions and that they are involved in the organizational processes, even if they are not privy to family interactions about the business. The findings of this study can be used by managers in designing their family firms in the future.

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