

Examine the effects of organizational justice on attracting financial resources**Faeze Sadat Mirhadi***

Abstract

There are many factors in modern banking that affect the process of resource mobilization in banks which are important to determine the efficacy and relevance of these factors to successfully mobilize resources for the banks in the monetary issues. Today, the situations are not the same between banks. It may be different factors influencing the mobilization of financial resources even for each branch of a banking group. This

study examined the impact of organizational

justice (procedural justice, interactional justice and distributive justice) in attracting funds in Ansar bank, Isfahan. Researcher has distributed 131 questionnaires of organizational justice that examined the current status and the desired status. The results showed, in current status because of ($P \geq 0.05$), no relationship existed between organizational justice and attracting financial resources while in desired status because ($P \leq 0.05$) we realized a significant relationship between organizational justice and attract bank financing.

Keyword: Organizational justice, Distributive Justice, Interactional Justice, procedural justice, Branches successful in attracting funding, Isfahan, Iran.

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1.Introduction

In the competitive world to provide the liquidity requirements of economic activity the role of mobilization of financial resources has been important in the modern banking. Resource mobilization in the past were made by absorbing the excess savings of people. Needs of Bank customers were limited to keep money and transfer of funds. This needs in traditional banking easily was resolved by bank and anyway attract funds were done. Because people were forced to maintain security and transferring funds ,put their money in banks. Number of bank branches had limited and there was no competition between banks to attract resources or very limited. _But today, an increasing number of banks and financial institutions and increasing customer demands has urged banks to attract funds with new methods and pay more attention to factors affecting absorption of funds. In modern banking customers have different incentives to deposit their funds in banks which banks can attract the funds available in the market can attract the customers satisfaction with E-banking technology and offering a variety of services.

During the past, one of the basic human desires was the realization of justice in society. In this regard, different schools of thought, human and divine have been proposed various solutions . Justice research has shown that justice process plays a important role in organizations and how to deal with people in organization may be affect beliefs, feelings, attitudes and behaviors of employees.

Maslo represented justice as one of the basic preconditions to satisfy the needs. Fair treatment of organization with staffs will lead to better organization's commitment and citizenship behavior. On the other hand, those who feel injustice are more likely to leave the organization or

show low levels of organizational commitment or they may even start to anomalous behavior such as retaliation .Organizational justice is important because it is related critical organizational processes such as commitment, citizenship, job satisfaction and performance .

2.Previous Research

2.1 Organizational justice

Organizational justice as sticky which makes people come together and work together effectively (Cropanzano,2011:34).Although early discussions about justice has been studied by philosophers and lawyers ,management scholars have borrowed the concept and introduced three types of organizational justice:Procedural justice,Interactional justice and Distributive justice .Humans are social creatures and tend to confirm.People like to be recognized by the managers and the other did not want to be exploited by their. One of the reasons that causes employees to be sensitive to justice is the ethical aspects.Employees prefer justly behaviors because they think justly behavior is more moral and unfair behavior is unethical (Folger,2001,256).That means one of the basic principles of organizational justice is morality.When employees feel that their organization is an impartial judge,they can feel organizational justice.Research on organizational justice is a focus on two issues:Employee 's response to the outcomes that they receive and the means by which these outcomes are achieved (Cropanzano & Greenberg ,1997:561-568).In other words, theorists in the field of justice believe that there is different between people's perception of fairness in the distribution and allocation of resources and rewards which is called distributive justice (Greenberg,1990:568).More Researches related to justice, have focused on the distribution of pay and other work-related benefits that have been achieved in the theory of equality (Greenberg,1987:61).According to the theory of equality people can feel justice when the rewards are proportionate share of partnership (Leventhal,1980:167-218).

Typology of Organizational justice

In classification of organizational justice, it is divided into three categories: distributive justice, procedural justice, interactional justice (Scandura, 1990).

- **Distributive justice:**

There are basically three types of distributive justice act:

- 1- Contributions act
- 2- Equality act
- 3- The law needs

Distributive justice refers to attitudes of employees and perceptions about the suitability of their outputs. Distributive justice reflects the perceived fairness of the amount of the distribution and allocation of resources and reward (Rezaeeian, 2002:127). Stacy Adams' equity theory (1965), which was developed about 50 years ago, was suggested that employees want to receive fair remuneration for their works (Greenberg, 2004:21). According to this theory, we can claim equality in organization when the ratio of employees' input (effort) to outcomes (rewards) is equal to the ratio of associates (Ivancevich & Matteson, 1996:54).

- **Equality theory**

According to this theory, if the employees are treated unfairly they are motivated to make justice. The new edition of Equality theory that has been proposed by Adams said that people compared "get their" with "get the others". If this comparison comes to the conclusion that the organization has treated them with unfairly, they have a sense of injustice and try to reduce their inequities.

- **Procedural justice**

Procedures are perceived as justly when they are applied constantly and without self-interest based on accurate information, consider interests of all parties participating organization and regard all standards and ethical norms. Procedural justice refers to perceptions of the fairness of the current methods in decision-making. Thus, in procedural justice, perceptions of people have

key role. The reactions of people to methods depend on their perception of methods not the nature of their (Rezaeeian,2004:102). People do not have right to achieve justly results during unfair methods

- **Interactional justice**

Interactional justice focuses on the behavior of supervisors and their roles in organizational justice. The definition of justice in people mind is the personal interaction with others which is called interactional justice (Zaker isfahani,2008:149). It also states that people do not have a right to achieve their goals during unfair practices among themselves and others. Some scientists divide interactional justice into two sub-components: the first sub-component is fair behavior, the second sub-component includes descriptions and social reports which express the reasons of unpleasant and mishaps events.

- **informational Justice**

This kind of justice expresses that distribution of information about procedures and distribution of results must be fair. Today, information is the most valuable capital for developing human and economic capital (Colquitt,2001:132).

2.2. Attracting funds

Banks and financial institutions in order to properly adjusted cash flow and the establishment of a monetary system are attempting to attract funds in excess of the current cost to individuals and institutions to make these funds available to individuals and institutions that have the financial resources needed to invest. Attracting funds into the traditional banking were performed deposits, savings and term. The following is the incentive for the owners of the deposit

- 1- Maintaining excess funds
- 2- Facilitate monetary transactions through banking
- 3- Future cost savings surplus funds for unforeseen expenses
- 4- Participation in spiritual reward grant loan

5- Contribute to the prosperity of the country

6- Income and profits

Today's attract funds has been influenced by new factors and has undergone significant changes. Available resources in the environment, banks and financial institutions do not end to deposits and credit the surplus and also people's expectations of banks is not only intermediary services. With the increasing needs and demands of the people, there is a variety of services in the global arena and the quality of service provided shows the public's increasing expectations.

Steps of attract funds in banking

Banking was started about the same time the man left the cave and brought to life on trade and trade began. From the outset, equipment, or other resources to collect deposits was the main task of banking. When people produced goods more than they needed, trading began and for business transactions, humans invented a device called the Money. Improvement of business and transferring funds to the safe place caused to create banks. At that time, financial resources were including metallic and paper money, coins and precious metal objects except the money. Banks attracted and maintained resources, if needed, the funds were transferred to paying customers. Authorities eventually found that they can pay some stagnant portion of the funds that had been entrusted to them to make loans to other entities, because depositors always did not want to withdraw all their funds and banks were also receiving interest for such loans which were a source of income for them. Over time, attracting funds shifted absorption property like Jewellery and coins and other metal objects. Banks use stagnant funds to obtain new sources of income. Banks played the role of intermediary between depositors and borrowers and increase the power of their cash. Banks apart from the role of intermediary and power boost liquidity offer a

variety of services to clients in the areas of non-bank financial and new services such as banking, insurance, housing and manufacturing bring new funds to banks.

3. Hypothesis

These study hypotheses include one main hypothesis and three specific hypotheses.

3.1.Main Hypothesis

Organizational justice has effect on attracting funds.

3.2.Specific Hypotheses

Procedural justice has effect on attracting funds.

Distributive justice has effect on attracting funds.

Interactional justice has effect on attracting funds.

Figure 1 shows conceptual model. As it is indicated in figure 1 main hypothesis was confirmed.

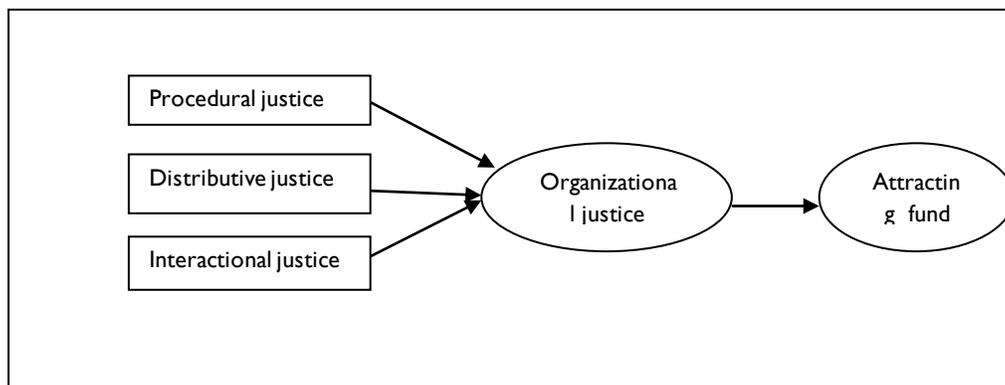


Figure1: Conceptual Model

4. Research Method

Method: The research method is descriptive - survey and this research is the field studies. The survey questionnaire is consisted of standardized organizational justice (procedural, distributive, and interactional) to evaluate the impact of organizational justice on the financial resources of Ansar Bank in Isfahan. Questionnaire contained 24 items based on Likert five-point scale (5=

strongly agree and 1= strongly disagree). Furthermore, we used Cronbach's α scores for testing reliability of Questionnaire as shown in Table1.

Table1:Raliability Statistices

Cronbach 's Alpha	N of Items
0.904	3

4.1.Normality Test

H0: Distribution of data is normal.

H1: Distribution of data is not normal.

Table 2: Normality Test

	Status	(K-S)	Sig. (2-tailed)
Procedural justice	Current	1/18	0/125
	Desired	1/12	0/164
Distributive justice	Current	1/098	0/179
	Desired	1/140	0/149
Interactional justice	Current	1/271	0/079
	Desired	0/639	0/810

According to test results Normality in tabe2 , Because significant levels of Normality Test is more than 5% for all Indicators Therefore, the hypothesis 0 is not rejected and This means that Distribution of data is normal.

4.2.Main Hypothesis

Organizational justice has effect on attract funds.

$$\begin{cases} H0: \mu \leq 3 \\ H1: \mu > 3 \end{cases}$$

H0: Organizational justice does not effect on attracting funds.

H1: Organizational justice has effect on attracting funds.

According to the below tables if the number of sig is less than Alpha the H0 is rejected and H1 is accepted.

Table 3

Effect of organizational justice on attract funds	Status	t-value	df	Sig. (2-tailed)
	Current	0.781	130	0.436
	Desired	43.72	130	0.000

4.3.Specific Hypotheses

H1: Procedural justice has effect on attracting funds.

$$\begin{cases} H_0: \mu \leq 3 \\ H_1: \mu > 3 \end{cases}$$

H0: Procedural justice does not effect on attracting funds.

H1: Procedural justice has effect on attracting funds.

According to the below tables if the number of sig is less than Alpha the H0 is rejected and H1 is accepted.

Table 4

	Current Status		Desired Status	
	Mean	Std. Deviation	Mean	Std. Deviation
Procedural justice	3.02	0.73	4.55	0.46

Table 5

Effect of Procedural justice on attract funds	Status	t-value	df	Sig. (2-tailed)
	Current	0/306	130	0/760
	Desired	38/22	130	0/000

H2: Distributive justice has effect on attracting funds.

$$\begin{cases} H_0: \mu \leq 3 \\ H_1: \mu > 3 \end{cases}$$

H0: Distributive justice does not effect on attracting funds.

H1: Distributive justice has effect on attracting funds.

According to the below tables if the number of sig is less than Alpha the H0 is rejected and H1 is accepted.

Table 6

	Current Status		Desired Status	
	Mean	Std. Deviation	Mean	Std. Deviation
Distributive justice	3.04	0.73	4.59	0.42

Table 7

Effect of Distributive justice on attract funds	Status	t-value	df	Sig. (2-tailed)
	Current	0/712	130	0/478
	Desired	43/12	130	0/000

H3: Interactional justice has effect on attracting funds.

$$\left\{ \begin{array}{l} H_0: \mu \leq 3 \\ H_1: \mu > 3 \end{array} \right.$$

H0: Interactional justice does not effect on attracting funds.

H1: Interactional justice has effect on attracting funds.

According to the below tables if the number of sig is less than Alpha the H0 is rejected and H1 is accepted.

Table 8

	Current Status		Desired Status	
	Mean	Std. Deviation	Mean	Std. Deviation
Interactional justice	3.05	0.69	4.55	0.41

Table 9

Effect of Interactional justice on attract funds	Status	t-value	df	Sig. (2-tailed)
	Current	1/259	130	0/210
	Desired	36/78	130	0/000

H4: There is difference between the dimensions of organizational justice and attracting funds in both current status and desired status.

$$\left\{ \begin{array}{l} H_0: \mu_1 = \mu_2 \\ H_1: \mu_1 \neq \mu_2 \end{array} \right.$$

H0: There is not difference between the dimensions of organizational justice and attracting funds in both current status and desired status.

H1: There is difference between the dimensions of organizational justice and attracting funds in both current status and desired status.

According to the below tables if the number of sig is less than Alpha the H0 is rejected and H1 is accepted.

Table 10

	t-value	df	Sig. (2-tailed)
Organizational justice	24/68	130	0/000
Procedural justice	23/34	130	0/000
Distributive justice	22/31	130	0/000
Interactional justice	22/95	130	0/000

5.The Results of Hypotheses Testing

According the result of main hypothesis in table10 and the number of T-value,in desired status sig is less than $\alpha = 0.05$ therefore H0 is rejected and the Mean of answers is more than three so we strongly claim that in desired status organizational justice has effect on attract funds.On the other hand,in current status the number of sig is more than $\alpha = 0.05$ then we can not reject the H0 and also the number of Mean of answers is less than three,So in current status organizational justice does not effect on attract funds.

5.1.Results of Testing H1

According the result in table5 and the number of T-value,in desired status sig is less than $\alpha = 0.05$ therefore H0 is rejected and the Mean of answers is more than three so we strongly claim that in desired status procedural justice has effect on attract funds.On the other hand,in current status the number of sig is more than $\alpha = 0.05$ then we can not reject the H0 and also the number of Mean of answers is less than three,So in current status procedural justice does not effect on attract funds.

5.2.Results of Testing H2

According the result in table7 and the number of T-value,in desired status sig is less than $\alpha = 0.05$ therefore H0 is rejected and the Mean of answers is more than three so we strongly claim that in desired status distributive justice has effect on attract funds.On the other hand,in current status the number of sig is more than $\alpha = 0.05$ then we can not reject the H0 and also the number of Mean of answers is less than three,So in current status distributive justice does not effect on attract funds.

5.3.Results of Testing H3

According the result in table9 and the number of T-value,in desired status sig is less than $\alpha = 0.05$ therefore H0 is rejected and the Mean of answers is more than three so we strongly claim that in desired status interactional justice has effect on attract funds.On the other hand,in current status the number of sig is more than $\alpha = 0.05$ then we can not reject the H0 and also the number of Mean of answers is less than three,So in current status interactional justice does not effect on attract funds.

5.4.Results of Testing H4

According the result in table10 ,the number of sig is less than $\alpha = 0.05$ therefore H0 is rejected and H1 is accepted so there is difference between the dimensions of organizational justice and attract funds in both current status and desired status.

6.Summary and Concluding Remarks

In testing the main hypothesis,level of significance of T test in desirable status is less than 5% ,so there is a relationship between organizational justice and financial resources in desirable Status.But in current status,level of significance T test is more than 5%, So there isnt relationship between organizational justice and financial resources in current status.

In testing the first sub-hypothesis,level of significance of T test in desirable status is less than 5% so there is a relationship between procedural justice and financial resources in desirable Status. But in current status, level of significance T test is more than 5%, So there isnt relationship between procedural justice and financial resources in current status.

In testing the second sub-hypothesis, Level of significance of T test in desirable status is less than 5% So there is a relationship between distributive justice and financial resources in desirable Status. But in current status,level of significance T test is more than 5%, So there isnt relationship between distributive justice and financial resources in current status.

In testing the third sub-hypothesis,level of significance of T test in desirable status is less than 5% So there is a relationship between interactional justice and financial resources in desirable Status. But in current status,level of significance T test is more than 5%, So there isnt relationship between interactional justice and financial resources in current status.

In testing the fourth sub-hypothesis, level of significance of T test is less than 5%. So the hypothesis H₀ is rejected and there is a difference between the mean of dimensions of organizational justice and attracting funds.

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