Gaining Customer Satisfaction: Organizational Justice Approach

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ABSTRACT

The purpose of writing the current paper is to survey the relationship between organizational justice and customer satisfaction. Two separated questionnaires were designed and after proving their validity and reliability distributed among samples. First of all, applying Kolmogorov-Smirnov test shows that the statistical society is not normal one; so to survey the hypotheses some non-parametric test were utilized. The results of using Chi-square test show that there are positive and meaningful relationship between organizational justice and customer satisfaction. While Friedman test showed distributive justice is the top criteria of organizational justice. The Spearman test illustrated there is positive relationship between customers’ educational level and their satisfaction. Also it shows there is positive relationship between employees’ educational level and their perception of organizational justice. Finally Average test represents that all variable except distributive justice were placed in favorable levels.

KEYWORDS: Organizational justice, distributive justice, procedural justice, interactional justice, customer satisfaction.

INTRODUCTION AND PROBLEM STATEMENT

Today effective usage of human resources for gaining competitive advantage has been considered as a new issue which almost all organizations had been or are dealing with it. So reconsidering the relationship between people with their organization is one of the topics which have been considered by many researchers in recent years.

Fair decisions which are made by managers about their employees will have great influence on improving the present relationship between individuals and organization (Tekleab, 2005).

Nowadays, organizations are seeking to customer satisfaction and therefore attract them and increase profitability which is necessary for their retention and survival.

Customer satisfaction operates as a dependent variable which is affected by different variables like employees’ (service agenda) job satisfaction. Employees’ satisfaction is also related to justice in organizations (Zeynali, 2004).

Attending to human resources necessity in organizations and their affective role on organizations’ imagination – especially service organizations- paying much more attention to justice or injustice seems to be very important. Because justice/ injustice affect on employees’ job satisfaction and consequently leads to customers’ satisfaction/ dissatisfaction.

More than two-thirds of workforce are working at service parts and interfacing to customers. Services because of their unique characteristics – like tangibility, simultaneously creation and consumption and etc- are different from productions. These characteristics are so applicable for managers in which customers evaluate services quality and judge about them (Groth and Stephen, 2001).

Most research on customer satisfaction has focused on satisfaction with consumer products and services, thus applying the individual consumer as the unit of analysis. Research on customer satisfaction in business-to-business relationships is still modest and lagging far behind consumer marketing. Unlike in services marketing, where SERVQUAL has become a reasonably well accepted model for measuring the extent to which an organization meets its customers’ expectations, a widely utilized measure of industrial customers’ satisfaction does not exist to the best of our knowledge (Homburg and Rudolph, 2001).

Iran insurance Company is a service one which is concern to lots of customers. From the other side, the employees are not satisfied their payment and wages that affect on their behavior with the customers. Injustice in Iran insurance company leads to employees’ dissatisfaction which affect on their behavior with...
the customers. As customers are the key factors on organizations’ success, attending to their satisfaction plays an important role on gaining organizations’ goals and objectives. So the main question of the research can be considered as: Is there any relationship between organizational justice and its dimensions with customers’ satisfaction in Iran insurance company?

2. LITERATURE REVIEW

2.1. Organizational Justice

The first focus on organizational justice was based on the equity theory, which holds that employees bring inputs to an organization, such as education, experience, willingness, skills, knowledge, expertise and etc. So for the mentioned inputs, people expect their supervisors/managers fair outcomes, such as payment, treatment, promotions, special awards, organizational recognition, honest feedback, rewards and fair and accurate performance evaluations (Lambert, 2003).

Organizational justice examines the role of fairness, and particularly perceptions of fairness, in the workplace. Early researchers were interested in fairness in a variety of social interactions and didn’t focus on organizations specifically. However, the possible implications of fairness perceptions for organizations became clear, and a considerable amount of research has focused on the organizational setting, leading to the label of organizational justice for this line of research. The topic continues to be important because research has provided evidence of connections between organizational justice perceptions with job performance and job satisfaction, organizational commitment (Mahony et al, 2009).

Justice can be defined as one of the goals which is considered by human beings in ethical, political and social dimensions over the years. Justice is among the most important conceptions which is explained in political and social subjects. Social organizations will not exist without justice. Specially, justice causes integrity and organizational justices makes individuals be together in order to work more effectively. Justice is the center of attention of all humanistic affairs, because people are sensitive to how it is behaved towards justice, deeply. In management, observing and making justice is one of the most critical tasks of each manager and each individual in every condition. Justice is among the most valuable criteria of social life. It is also foundation of all pleasant behaviors. When justice exists, all works will accomplish correctly, but employees have to get their rights illegally if the justice doesn’t exist (Goudarzvan Chegini, 2009).

Researches on organizational justice explain that utilizing justice and fairly decision making will affect on employees’ attitude and behaviors drastically (Colquitt and Greenberg, 2003; Greenberg & Baron, 2003).

Organizational justice is considered as basis of strategic thinking and values of organizations. Injustice will be threatened organization’s growth, development and stability (Goudazvand Chegini, 2009). Greenberg (1990) found that organizational justice is related to perceived equity by employees about their job duties in the workplace. Indeed, he applies this word to describe and analyze its impact on the work environment.

Definitely, injustice, inequity and discrimination will cause to irreparable losses on configuration of organizations. If there is discrimination among different parts of the organization and people relationships, organizations will be deteriorated quickly (Gladwell, 1990; Greenberg, 2005).

2.1.1. Organizational justice dimensions

Researches which have been accomplished on organizational justice illustrated that equity and justice in various affairs of organization like decisions affect on employees' attitude and behavior (Colquitt and Greenberg, 2003; Greenberg and Baron, 2003).

In most of studies organizational justice has three dimensions: **Distributive justice** consists of perceived equity about payment and rewards in organizations or when outcomes are perceived to be equally utilized (Adams, 1965; Leventhal, 1976). Distributive justice plays important role in employees' performance evaluation (Loi et al, 2006) and for people in evaluating their employing organization. Employees would be more attached to their organization if they can not obtain the same benefits in other ones. It is generally agreed that continuance commitment extends when an individual makes investments, that would be lost if he or she were to discontinue the activity (Jamaludin, 2008).

**Procedural justice** represents managers’ equity in the decision making process (Leventhal, 1980; Thibaut & Walker, 1975), and it also illustrates people attitude better than distributive justice (Warner et al, 2005). People can expand a sense of obligation to their organizations for some reasons other than socialization, including the receipt of benefits that invoke a need for reciprocity (Jamaludin, 2008).

**Interactional justice** refers to quality and perceived equity at interpersonal behavior or perceptions of respect and propriety in one’s treatment (Poole Wendy, 2007). An individual is interactionally just if he or
she shares information appropriately and avoids cruel remarks and since interational justice emphasizes one-on-one transactions, people often seek it from their managers and supervisors (Cropanzano et al, 2007).

2.2. Customer satisfaction

Lots of definitions about customer satisfaction have been represented by marketing researchers. Customer satisfaction can be defined as an organization’s performance scale which meets customers’ expectations. When customers’ needs and desires are met by firm’s performance, customers will be satisfied (Divandari and Delkhah, 2005)

Dissatisfied customers probably cat their relationship with the organizations and will be engaged in negative word of mouth advertising (Jamal and Naser, 2002).

There is growing managerial interest in customer satisfaction as a means of evaluating quality. It is believed that high customer satisfaction rate will be the best indicator of organizations’ future profits (Kotler, 1991).

Overall customer satisfaction is total customers’ appraisal of a good/ service selling and consuming experience in a long term period. Overall satisfaction is more appropriate index about past, present and future of the firm. Customers make renewed selling decision in base of their experience about one brand, not in terms of a selling at special time and place (Beeri et al, 2004).

Many researchers attended to the importance of customer satisfaction (Singh, 2006). Customer satisfaction means “people’s pleasure feelings or disappointment resulting from comparing a product’s perceived outcome in relation to their expectations” (Kotler, 2000). Also another definition of satisfaction can be defined as feelings of acceptance, happiness, relief, excitement, and delight (Hoyer and Maclnis, 2001).

There are many criteria that affect customer satisfaction. These criteria include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service (Singh, 2006).

For gaining more customer satisfaction, organizations must be able to satisfy their customers’ needs, desired and wants (La Barbera and Mazursky, 1983).

In the other definition, customer satisfaction is a postpurchase evaluation of product quality/ service given prepurchase expectations (Anderson and Sullivan, 1993).

The time horizon concept of the consumption experience has resulted in two different conceptualizations of customer satisfaction: transaction specific satisfaction and cumulative satisfaction. The traditional view of satisfaction has its roots in the satisfaction/ dissatisfaction paradigm, in which satisfaction is event specific and typically is defined as the postconsumption evaluative judgment of a particular transaction. The cumulative view of customer satisfaction, on the other hand, is more recent and is viewed as the cumulative satisfaction with all previous consumption experiences over time. That is, cumulative satisfaction represents the outcome of a learning process in which the consumer learns or remembers his/her satisfaction with all the previous transactions. In fact, firms practicing the relationship marketing concept would be more interested in the cumulative view of customer satisfaction. Consequently, in this study, we adopt the cumulative view of customer satisfaction, and henceforth the term satisfaction will be used to represent cumulative satisfaction with the firm’s product or services (Sharma et al, 1999).

2.3. The relationship between organizational justice and customer satisfaction

Service agenda behavior management who are interfaced to customers, are really important for managers and leaders and needs to be paid more attention. Different researches show the positive and meaningful relationship between customer satisfaction, employees’ attitudes and organizational performance. Service agenda that are related to the customer physically and spiritually, affect on customers attitude of service quality and leads to customers’ loyalty and finally organizational profitability.

The firms that try to gain more customer satisfaction will perform better in related industry. Negative service quality perception of customers will be so expensive because of leaving customers, organizations’ brand undermined and destructive advertising. Employees’ service quality perception (management protection, procedures and appropriate policies) would affect on both employees and customers satisfaction (Zeynali, 2004).

Service agenda affective management can affect on cost decreasing (by efficiency improvement) and managers’ empowerment in controlling on customer servicing. Batt (1991) found the agenda who have more insight about customer servicing, are more affective in access to significant income. Therefore, studying discretionary service behavior (D.S.B) is vital for organizations and controllable by managers (Blancero and Johnson, 2001).
Conceptual framework of research and hypotheses

The chart below is the modulation of Cropanzano et al., 2007 and Grigoroudis et al., 1999 models which shows the effect of organizational justice on customer satisfaction. In the current model, organizational justice includes distributive justice, procedural justice and interactional justice as independent variables and customer satisfaction is dependent variable.

Conceptual framework of research, (Cropanzano et al, 2007; Grigoroudis et al, 1999)

1. Organizational justice has positive and meaningful influence on customer satisfaction.
   1.1. Distributive justice has positive and meaningful influence on customer satisfaction.
   1.2. Procedural justice has positive and meaningful influence on customer satisfaction.
   1.3. Interactional justice has positive and meaningful influence on customer satisfaction.

3. METHODOLOGY

Statistical society of this research was selected from Iran insurance employees (2080 people) and customers (1947 people). This number of statistical society seems too much; however, the sampling strategy was done through stratified random method.

\[
n = \frac{NZ^2 pq}{(N-1)e^2 + Z^2 \frac{pq}{\frac{N-1}{N}}} \Rightarrow \frac{2080 \times (1.96)^2 \times (0.5)^2}{2079 \times (0.05)^2 + (1.96)^2 (0.5)^2} \approx 325
\]

So the samples of current study include 325 employees of Iran insurance company.

\[
n = \frac{NZ^2 pq}{(N-1)e^2 + Z^2 \frac{pq}{\frac{N-1}{N}}} \Rightarrow \frac{1947 \times (1.96)^2 \times (0.5)^2}{1946 \times (0.05)^2 + (1.96)^2 (0.5)^2} \approx 321
\]

Also other samples of current study include 321 customers of Iran insurance company consist of representatives and service companies.

Also current research can be considered as a descriptive survey if we observe it from data gathering aspect and it would be a utilized research if the goals of the study are considered. For collecting the data, library method (refer to books, articles, theses, etc...) and fieldwork (questionnaire) were used. Two questionnaires with 5 point scale likert (very low, low, medium, high, and very high) for employees’ perception of justice and customer satisfaction were designed. The first one includes 34 questions which questions distribution for each variable is presented in table 1:

<table>
<thead>
<tr>
<th>Table 1: Organizational justice indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational justice questionnaire</td>
</tr>
<tr>
<td>The numbers of questions</td>
</tr>
<tr>
<td>Organizational justice indices</td>
</tr>
<tr>
<td>Distributive justice</td>
</tr>
<tr>
<td>Procedural justice</td>
</tr>
<tr>
<td>Interactional justice</td>
</tr>
</tbody>
</table>
Other questionnaire includes 10 questions with 5 point scale likert again. All questions measured customer satisfaction.

To analyze the data SPSS 19 software and Spearman, Friedman, Chi-square and Average tests were applied.

Management experts were asked to evaluate the validity of questionnaires. To do this, the questionnaires were given to some university professors and experts in management. Then, they confirmed the used modifications and the questionnaires were given to the participants.

To determine the questionnaires’ reliability, the ‘Cronbach Alfa technique’ was applied. For this purpose, 35 people were chosen by random (from the participants) and the questionnaires were given to them. The ‘Cronbach’s Alfa’ values for all variables were calculated:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach Alfa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational justice</td>
<td>0.85</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>0.79</td>
</tr>
<tr>
<td>Procedural justice</td>
<td>0.92</td>
</tr>
<tr>
<td>Interactional justice</td>
<td>0.83</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.81</td>
</tr>
</tbody>
</table>

These values support the reliability of questionnaire, because the calculated results for Cronbach’s alpha are more than 0.7.

4. Data analysis

4.1. Kolmogorov-Smirnov test

First of all for data analyzing, we used Kolmogorov-Smirnov test to identify the statistical society normality. The results are presented in table 3:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sig</th>
<th>Compatibility</th>
<th>Resource based view</th>
<th>Market situation</th>
<th>Creativity and innovation strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig</td>
<td>0.023</td>
<td>0.019</td>
<td>0.043</td>
<td>0.022</td>
<td></td>
</tr>
</tbody>
</table>

As table 3 shows, all calculated amounts are less than 0.05, so the normality of statistical society is rejected. Therefore to analyzing data, we apply some Non-Parametric tests.

4.2. Chi- square test

Chi-square test was applied to survey the relationship between organizational justice and its indices with customer satisfaction. The results are shown in table 4:

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Chi-Square</th>
<th>Sig</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational justice with customer satisfaction</td>
<td>243.124</td>
<td>0.000</td>
<td>Meaningful relationship</td>
</tr>
<tr>
<td>Distributive justice with customer satisfaction</td>
<td>84.677</td>
<td>0.000</td>
<td>Meaningful relationship</td>
</tr>
<tr>
<td>Procedural justice with customer satisfaction</td>
<td>88.359</td>
<td>0.000</td>
<td>Meaningful relationship</td>
</tr>
<tr>
<td>Interactional justice with customer satisfaction</td>
<td>82.685</td>
<td>0.000</td>
<td>Meaningful relationship</td>
</tr>
</tbody>
</table>

As table 4 shows, there are positive and meaningful relationships between organizational justice ind its indices with customer satisfaction. Because the calculated sig for all relationships is less than research error (0.05).

4.2. Friedman test

Friedman test was utilized to prioritize organizational justice dimensions. The results of applying this test is shown in table 5:

<table>
<thead>
<tr>
<th>Table 5: The result of using Friedman test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Rank</td>
</tr>
<tr>
<td>Distributive justice</td>
</tr>
<tr>
<td>Procedural justice</td>
</tr>
<tr>
<td>Interactional justice</td>
</tr>
<tr>
<td>N= 251, χ²= 70.66, df= 2, Sig= 0.000</td>
</tr>
</tbody>
</table>
Table 5 show the prioritization of organizational justice dimensions. As it is observed, distributive justice is the most important dimension and interactional justice is the last one.

4.3. Spearman test

4.3.1. The relationship between customers’ demographic characteristics and their satisfaction

To survey the relationship between customers’ demographic characteristics with their satisfaction, Spearman test was utilized. The results are shown in table 6:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Spearman r</th>
<th>Sig</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>-0.143</td>
<td>0.024</td>
<td>Negative relationship</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.093</td>
<td>0.141</td>
<td>No relationship</td>
</tr>
<tr>
<td>Educational level</td>
<td>0.131</td>
<td>0.038</td>
<td>Positive relationship</td>
</tr>
<tr>
<td>Job experience</td>
<td>-0.248</td>
<td>0.000</td>
<td>Negative relationship</td>
</tr>
</tbody>
</table>

Table 6 shows that there are negative relationship between customers’ age and job experience with their satisfaction. Also positive relationship was found between educational level and customers’ satisfaction.

4.3.2. The relationship between employees’ demographic characteristics and job satisfaction

To survey the relationship between employees’ demographic characteristics with their perception of organizational justice, Spearman test was utilized again. The results are shown in table 7:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Spearman r</th>
<th>Sig</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>-0.131</td>
<td>0.038</td>
<td>Negative relationship</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.134</td>
<td>0.033</td>
<td>Negative relationship</td>
</tr>
<tr>
<td>Educational level</td>
<td>0.181</td>
<td>0.004</td>
<td>Positive relationship</td>
</tr>
<tr>
<td>Job experience</td>
<td>-0.238</td>
<td>0.000</td>
<td>Negative relationship</td>
</tr>
</tbody>
</table>

The results of surveying the relationship between employees’ demographic characteristics with their perception of organizational justice show that there is positive relationship just between educational level and perception of organizational justice. Negative relationship was found between other variables.

4.4. Average test

To survey the levels of variables, Average test was applied.

<table>
<thead>
<tr>
<th>Variables</th>
<th>$Z$</th>
<th>$\alpha$</th>
<th>$Z$-Value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational justice</td>
<td>1.645</td>
<td>2.513</td>
<td>Favorable level</td>
<td></td>
</tr>
<tr>
<td>Distributive justice</td>
<td>1.645</td>
<td>1.434</td>
<td>Unfavorable level</td>
<td></td>
</tr>
<tr>
<td>Procedural justice</td>
<td>1.645</td>
<td>1.979</td>
<td>Favorable level</td>
<td></td>
</tr>
<tr>
<td>Interactional justice</td>
<td>1.645</td>
<td>2.021</td>
<td>Favorable level</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>1.645</td>
<td>2.426</td>
<td>Favorable level</td>
<td></td>
</tr>
</tbody>
</table>

Table 8 shows that all variables in current research were placed in favorable level apart from distributive justice.

5. Conclusion and Suggestions

The current study was done with the purpose of surveying the influence of organizational justice on customer satisfaction in Iran insurance Company.

For this research, 3 dimensions were considered for organizational justice includes distributive justice, procedural justice and interactional justice. As it was explained, utilizing organizational justice dimensions by managers leads to more satisfaction for employees who are interfaced to customers. Employees, who are satisfied, behave better and more polite with customers which cause their more satisfaction.

First of all, by applying Chi-square test, the positive and meaningful relationships were found between organizational justice and customer satisfaction.

The results of using Friedman test show that distributive justice and interactional justice are the most and the least affecting dimensions on customer satisfaction respectively.
Also Spearman test show that there are positive and meaningful correlation customers’ educational level and their satisfaction. Meanwhile employees’ educational and their perception of organizational justice is related together.

Finally Average test show that all variables except distributive justice were at high levels.

As distributive justice and customer satisfaction are related together, so the managers are advised to distribute organization’s rewards, income, payment and generally outcomes fairly to enhance their employees’ perception which leads to more customer satisfaction.

Also procedural justice has influence on customer satisfaction, so we can claim that accurately job decisions, applying valid and reliable procedures and unbiased decision making cause high employees’ perception of procedural justice.

To increase and improve interactional justice, managers are advised to behave to their people respectfully, honestly and trustfully. Explaining made decisions is another suggestion to enhance employees’ perception of interactional justice.

Distributive justice was selected as the top organizational justice dimension. But from the other side, it was placed in unsatisfied level. Therefore we can claim that paying the rewards, income and wages fairly and in terms of people’s work difficulty is another suggestion to improve distributive justice.

As just employees’ educational level is related to their perception of organizational justice, so the managers are recommended to utilize, employ and maintain the people who are more educated. Other relationships were negative. So employing young and novice men are suggested as a future plan.

By reviewing Spearman test for customers, cooperating with educated, young and new customers leads to their higher satisfaction.

Also other strategies to achieve more customer loyalty are (Ahmadi et al, 2012):

✓ Adaptability of services to different customers
✓ Reduce the amount of danger feeling in the process of providing services
✓ Diversity of services
✓ Providing new and unique services
✓ Branches close to administrative places
✓ Comfortable and pleasant atmosphere

REFERENCES


