DISTRIBUTIVE JUSTICE: BY WHOSE STANDARDS?

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Distributive justice research within the realm of the Eastern world has been based primarily on the application of a Western cultural theoretical perspective to Eastern cultures. This paper questions the foundational assumptions upon which much of the past cross-cultural equity research has been based and offers a new perspective. This new perspective isolates the major factors that previous research has found to impact an equitable or equal reward decision, and then integrates and manipulates these variables to illustrate their individual and cumulative influence on a manager’s allocation. The independent variables utilized in this paradigm include: group membership, performance differentiation, and individualism/collectivism. A cross-cultural framework is provided within which the rewards are allocated and testable propositions are offered. The paper concludes with the implications for both researchers and managers and directions for future inquiry.

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INTRODUCTION

Contemporary management theory and research has its roots predominantly in the west and thus, is subject to the justified criticism that it is narrowly reflective of Western culture and its dominant historical, and ideological trends (Doktor, Tung and VonGlinow, 1991; Sampson, 1975). Because different cultures foster unique values and attitudes among their respective citizenry (Ferraro, 1995), understanding the influence of cultural idiosyncrasies on the applicability of mainstream management theories is of utmost importance (Adler, 1996). In 1956, Miner penned his classic article describing the ritual behaviors of the Nacirema (“American” spelt backwards). Miner (1956) eloquently demonstrated the absurdity of observing behaviors and then interpreting those behaviors through the observers’ biases without an understanding of the culture being observed. However, based upon the various approaches that compare Eastern versus Western cultures through simplistic, dichotic frameworks, it seems that many cross-cultural management researchers have systematically ignored the lesson of the Nacirema. Revalidation of the constructs of the most basic management theories is of vital importance before these concepts can be effectively applied in a new cultural setting (Adler, Campbell and Laurent, 1989).

Traditionally, many researchers have translated American data collection instruments in terms of language to test the applicability of various management concepts to different cultures (Fischer and Smith, 2003). However, straightforward translations fail to consider the multitude of complexities created by cultural differences, and too often, when experimental results vary from the expected results, simplistic and subjective modifications of the original framework are made to rationalize the unpredicted outcomes (Mahler, Greenberg and Hayashi, 1981; Mann, Radford and Kanagwa, 1985; Mikula, 1974). In 1980, Evans supported this position by noting that management research has conceptually failed to grasp the impact of culture on the application of management theory. Excellent descriptions of cultural differences seemingly have done little to reduce the difficulties experienced by management researchers in their efforts to derive practical theoretical frameworks within the chaos of a trans-cultural morass (Adler, 1996).

This paper conceptually examines the tenets of reward allocation from the perspective of past studies and questions the application of this Western theory to Eastern cultures. The relevant literature on distributive justice, individualism-collectivism, and group membership is reviewed and then integrated to develop a perspective that illustrates the influences and inter-relationships of the variables. Propositions derived from the perspective are presented as well as implications for all those doing cross-cultural research or managing in a multicultural environment.
DISTRIBUTIVE JUSTICE

In general terms, distributive justice can be defined as the fair and comparative assignment of rewards, both economic and non-economic, to recipients (Cohen and Greenberg, 1982). Economic rewards consist of all those rewards that are translated to the increased financial well being of the recipient; while non-economic rewards are translated to improved working conditions and social benefits (Deutsch, 1985). Recipients include individuals, small or large groups, and complex social organizations. A perception of distributive justice by organizational members enhances structural legitimacy, motivates individual efforts, and encourages members to cooperate in the pursuit of organizational goals (Deutsch, 1985).

Justice is a value-laden evaluation of the distribution process and is intrinsically concerned with well-being as perceived by the individual and efficient societal functioning. However, since the term “Justice” has no singular meaning or definition, multifaceted interpretations of the tenets of distributive justice by individuals participating in the social exchange process is usually the source of conflict during reward allocation. Different views of distributive justice are often in conflict with each other in any given situation. The question as to how specific values or situational forces impact an individual’s choice of distribution rules is critical. Although researchers have compiled a comprehensive list of distributive rules available to allocators (see Deutsch, 1985, for a review), a parsimonious reduction of these methods validates two theoretically-based, organizational distributive methods: equity and equality. Each is now reviewed.

Equity

Equity theory has long been accepted as a key process, of motivation theory in the United States. In brief, equity theory states that individuals will subjectively compare his/her self appraisal of inputs that include effort, results, experience, education, skills, and tenure and the outcomes received in return, to those of a comparative other to determine if they have been treated in an equitable fashion (Adams, 1963). In the event that equity is perceived, the individual will be satisfied with their input/outcome ratio; if not, they will be motivated to pursue the establishment of equity (Adams, 1963). The individual’s pursuit of equity takes precedence over performance driven behaviors and sometimes may even lead to dysfunctional consequences.

Equity theory applied to the organizational justice stream of thought explains the consequences of perceived reward allocation injustice from the recipient's point of view (Adams, 1963; 1965; 1976; Nowakowski and Conlon, 2005). An equitable reward system compensates each individual based upon his/her contributions or inputs (Adams, 1963). Each individual compares his/her input/outcome ratio to that of a cognitively chosen referent other. The choice belongs to the one making the comparison and reality is as they choose to believe
it (Kulik and Ambrose, 1992). The individual perceiving injustice or inequity will always be motivated to correct the imbalance. As early as 1976, Campbell and Pritchard noted that equity theory was one of the most rigorously tested cognitive models of social exchange and process-centered motivation.

All in all, the applicability of equity theory to individual behaviors has been well documented in western cultures, especially in the United States, due to the considerable research attention that it has garnered (Greenberg, 1990). However, because the distributive factor is so complex and variable, the canons of justice within a particular culture that define fairness and appropriateness may not do the same in another culture. The mere fact that ethnocentric tendencies dominate most facets of distributive justice only adds to the unpredictable nature of this dynamic concept.

The recent push to understand the applicability of primarily Western management theories in Eastern cultural settings is the result of the inter-cultural connectivity created by the global economy. As TV business pundits often put it “if the US economy sneezes, the Chinese economy catches a cold.” So the basic issue for international researchers today is how applicable are theories that are the product of Western culture, values, and biases (Adler, Doktor and Redding, 1986; Doktor et al., 1991) to Eastern cultures. In fact, studies specifically investigating the universality of equity theory, that is, its applicability to Eastern cultures are less than ubiquitous and have emerged relatively recently (Allen, Takeda and White, 2005; Bond and Wang, 1983; Mahler et al. 1981; Wheeler, 2002).

Equality

In analyzing the principles of organizational justice as interpreted in Asian cultures, early researchers found that equality, not equity, is the preferred reward allocation method (Bond, Leung and Wang, 1982; Leung and Bond, 1982; 1984; Mahler et al., 1981). Reward allocation based on an equality rule of distribution is determined by group outcome. Individuals are not rewarded for their discrete contributions, rather rewards are equally distributed among all members involved in producing the overall group outcome (Sampson, 1975).

Although the equality method of reward allocation melds well with Asian cultures’ resilient group orientation (Bond, 1986; Tu, 1994) where loyalty, harmony, and solidarity, are highly valued, there is no theoretical foundation to support the claims. In direct contrast to empirical studies on equity, research in equality is almost always characterized as an empirical comparative test between equity and equality. Cross-cultural equality studies actually specified the value orientations necessary for each distributive principle. To that end, the supporters of the equality proposition seem to make a leap of faith to the over-simplified position that Westerners favor equity, while Easterners favor equality.
COLLECTIVISM/INDIVIDUALISM

The equality method of reward allocation (assumed to be) exhibited by Eastern cultures (Mahler et al., 1981; Bond et al. 1982) is subsequently attributed to Hofstede's cultural value dimension of collectivism/individualism (CI) (Deutsch, 1985; Hofstede, 1980; Leung and Bond, 1982). Hofstede (1980) defined this continuum as the extent to which an individual within a given culture identifies with group-oriented goals and needs at the expense of his own personal desires (collectivism); versus an emphasis solely on the individual's needs, and at most his nuclear family, when making major decisions (individualism). In other words, individualistic societies are populated by members who are likely to identify with goals that enhance their own well-being while collectivist societies are populated by individuals who are likely to identify with group goals.

One can actually interpret Hofstede’s CI dimension by asserting that in collectivist cultures, individuals do not forsake their own personal desires or needs, but rather meet these needs by embracing the group and in-turn being embraced by it (Gelfand, Bhawuk, Nishii and Bechtold, 2004). Much like Friedman, Chi, and Liu (2006) found in studying Chinese and North American differences in handling conflict-avoiding behaviors, the expectancy of individual fulfillment can exist within a group structure. This perspective is most similar to the GLOBE Studies’ In-Group Collectivism practices construct but is also significantly interrelated with the Globe Studies’ Institutional (societal) Collectivism values construct (Javidan and House, 2001).

Of Hofstede’s four cultural dimensions, the collectivism/individualism continuum stimulates the most empirical research (Bond et al. 1982; Hui, Triandis and Yec, 1991; Leung and Bond 1982; 1984; Leung and Park, 1986; Ng, 1981; 1984; Triandis, 1985; Triandis et al., 1988). Cultures that endorse individualism, such as those found in the US, Canada, Australia, and Western Europe, place a high value on autonomy, competitiveness, achievement, and self-sufficiency (Triandis, 1994). In contrast, cultures that endorse collectivism, such as countries in Asia and South America, appear to place a high value on interpersonal harmony and group solidarity (Bond, 1986). Here again, the cautionary stance of the Nacirema (Miner, 1956) must be observed as previous behavioral observances have led to the wrong conclusions (Westerners favor equity while Easterners favor equality). In sum, the collectivism/individualism continuum, superficially at least, effectively mirrors the observable and value-laden cultural differences between Eastern and Western societies.

CI also is isolated by researchers as the major dimension of cultural variability that affects intergroup processes (Marsella, DeVos and Hsu, 1985; Ng, 1981; 1984; Triandis, 1985). Hui and Triandis (1984) assert that researchers universally agree on the general definition of the CI construct, and that the
The concept of group interaction is embedded within the definition. People in individualistic cultures tend to be more universalistic in the application of their value standards to all. Although ingroups exist in individualistic cultures, individual ties to these ingroups are weak and rather temporary, as people will exit the group if too many constraints are applied. People in collectivistic cultures, however, tend to be more particularistic, by applying differential value standards to members of their ingroups and outgroups (Hui and Triandis, 1984). Collectivists are more likely to identify ingroup and outgroup members because they tend to have only one or two groups with which they identify (Triandis, 1994).

CI AND GROUP MEMBERSHIP

Triandis and his colleagues (Triandis, Leung, Villareal and Clack, 1985; Triandis et al., 1988) extended Hofstede's (1980) original work on CI and proposed that group membership (whether one belongs in the ingroup or outgroup) plays a vital social role in Eastern cultures. Group membership, not to be confused with In-Group Collectivism, is defined in this paper as a dichotomy of ingroup and outgroup members where those individuals who are in favor are ingroup members and all others are outgroup members.

Triandis (1985; 1989; 1994) saw the key distinction between individualistic and collectivistic cultures as the focus on the ingroup in collectivistic cultures. Collectivistic cultures emphasize goals, needs, and views of the ingroup over those of the individual. Specifically, the social norms of the ingroup take precedence over individual pleasures, shared ingroup beliefs are more important than unique individual beliefs, and a high value is placed on the cooperation with ingroup members instead of the maximization of individual outcomes (Triandis, 1994). Triandis (1989) also points out that ingroups have different rank-orders of importance in collectivistic cultures. Some, for example, put family ahead of all other groups, while others rank their corporation first.

People in collectivistic cultures appear to draw sharper distinctions between members of ingroups and outgroups than do people in individualistic cultures. This is even strongly supported by several ancient Chinese texts. Intrigues of the Warring States (BC 476 – BC221) states that “things of one kind come together; birds of a feather flock together” and in The Book of Post Han Dynasty (AD 141) it states that “those who share the opinions become partisans and attack those who have different opinions.” Considering the discrimination between ingroup and outgroup members, it is certainly plausible that the dedication to ingroup norms is driven by individual desires and needs to remain part of the ingroup.
The more severe the distinction between ingroup and outgroup, the more likely ingroup members will seek to avoid being cast out. Thus, the seemingly strong ties to the collective or group may actually represent an individualistic choice based upon observable alternatives. The term outgroup is somewhat confusing as no real group structure necessarily exists within an outgroup. In this paper the term outgroup is simply used to reflect the position of those individuals who are excluded from the ingroup. Another way of visualizing the ingroup/outgroup dynamic is the “onion” approach. In a collectivist society, the society itself is an ingroup, but with each layer of the onion that is peeled fewer people remain within the ingroup and more people become external to that ingroup. This peeling of layers explains why ingroups and outgroups exist within a collectivist organization located in a collectivist society.

Collectivism also results in a greater differentiation of social behavior across ingroup and outgroup boundaries than does individualism (Triandis, 1985; 1989; 1994). Social behavior is more intense and interdependent in collectivistic cultures and more distant and detached in individualistic ones (Bond, 1986). In other words, among collectivists, social behavior with ingroup members tends toward higher levels of association, subordination, and intimacy, while with outgroup members it tends toward higher levels of dissociation, superordination, and formality (Triandis et al., 1985).

Social relationships are enduring and relatively simple in collectivistic cultures, whereas, in individualistic cultures, the relationships are more complex and temporary; however, the very nature and permanence of social relationships in Eastern collectivist cultures may add complexity at a level that has been unobserved or unrecognized by Western researchers. Gelfand, et al.’s (2004) discussion of human resource practices in collectivist organizations elucidate the importance of “long-term relational commitments” in the selection and placement processes. The closer that relationship, the more likely the employee will be a member of his immediate ingroup. Another way of understanding this ingroup phenomena is to view the similarity and closeness of the relational commitment between a manager and his direct subordinates, that is, the closer the relationship, the more likely one is to be a member of his/her manager’s ingroup.

Collectivistic societies place a greater emphasis on large groups, while individualistic societies will place a greater emphasis on smaller groups, where flexibility and privacy are valued (Triandis et al. 1988). Roccas and Brewer’s (2002) social identity research applied to both the cultural CI value and the ingroup/outgroup identities would tend to categorize collectivistic cultures as being populated by individuals with low identity complexity, because their identity is tied to being recognized as a member of one or two primary ingroups while individualistic cultures tend to promote high identity complexity because
individuals may be members of many ingroups with their individual identities being more reflective of the composite than a single ingroup.

In summary, a major component of collectivism is the emphasis on harmonious relationships with ingroup members, not all the members of the collectivistic society. Thus, the collectivistic traits (e.g. group harmony, group norms, group beliefs, and group views) originally proposed by Hofstede (1980) are only applicable for ingroup situations, not all circumstances. In fact, in specific scenarios when dealing with outgroup members, even collectivists tend to behave in an individualistic manner (Triandis et al., 1985). Based on the literature, a theoretical model is presented that illustrates the influences of the major variables that were isolated by previous research (Group Membership; Collectivism/Individualism; and Performance) that impact a manager’s allocation choice (Equity or Equality).

THE MANAGERIAL REWARD MODEL

Within a collectivistic culture, the manager’s decision to employ either the equity model or equality model was found to be more dependent on group membership than recipient performance; while the same research indicates that these allocation decisions when made in individualistic cultures focus more on recipient performance than recipient group membership (Bond et al., 1982; Kim, Park and Suzuki, 1990; Leung and Bond, 1982; Mahler et al., 1981). To adequately explain the relationship these variables have with each other as well as their impact on distributive justice, the Managerial Reward Model is presented in Figure 1.

PROPOSITIONS

The Managerial Reward Model conceptually illustrates the interaction of the most researched variables in this theoretical area. Integrating the relevant research streams from the theoretical areas of distributive justice, collectivism/individualism, and group membership, it is purported that the collectivistic/individualistic nature of the allocator (Giacobbe-Miller, Miller, Zhang and Victorov 2003), as well as the group membership and performance of the recipients will affect an individual's reward allocation choice. Previous dyadic allocation studies where these three variables have been isolated, tested, and their effects empirically determined (Leung and Bond, 1984; Ng, 1984), suggest their respective influences should similarly affect the reward allocators in the current third person allocation model.
Proposition 1: Recipient group membership, performance, and the reward allocator’s cultural value (individualism/collectivism) will each have a direct main effect on the allocator’s distributive behavior.

The derived model also predicts that the collectivism/individualism value will interact separately with both recipient group membership and performance to moderate their respective influences on reward allocation. In other words, collectivism/individualism will predispose an allocator's perception regarding the relative importance of the recipients' group membership or performance level when determining whether to reward the recipients equally or equitably. Based on previous empirical works (Chen, 1995; Kim et al., 1990; Leung and Bond, 1984; Leung and Park, 1986) which examined reward behavior under similar dyadic conditions, the overall direction and effect of these interactions can be hypothesized.

Proposition 2a: For the collectivistic allocator, the recipients’ group membership will have a greater effect than the recipients’ performance differentiation on the variance of the allocator’s reward distribution.

*Indicates high performer

Figure 1. The Managerial Reward Model
Proposition 2b: For the individualistic allocator, the recipients’ performance will have a greater effect than the recipients’ group membership on the variance of the allocator’s reward distribution.

Although the aforementioned studies provide a strong theoretical foundation in this area of inquiry, it only considers dyadic structures of the allocator - recipient relationship (Chen, 1995; Fadil et al., 2004). For example, Leung and Bond’s (1984) experiment required an individual to distribute a reward between himself and another individual for the work they performed. A dyadic allocation model is given in Figure 2, where the reward is controlled and distributed by the allocator with the allocator keeping what is not distributed.

![Dyadic Allocation Model](image)

**Figure 2. Dyadic Allocation Model**

Based on previous research and as shown in Figure 2, scenario 1, the allocator in a collectivist culture will likely utilize an equality distribution model; whereas scenario 2 depicts an allocator from an individualistic culture utilizing an equity distribution method. Not withstanding the extant literature, which, in sum, provides both a theoretical foundation and support for continued inquiry, the extension of this research beyond the dyadic structure of the allocator – recipient relationship is a somewhat recent development (Chen, 1995; Fadil et al., 2004).

It cannot be assumed that a third person allocator who must divide a reward between two separate individuals (excluding self) and who does not have a direct stake in the outcome, will behave in the same way as an allocator who is intimately involved. In fact, a third party allocator who himself has nothing to gain or lose from the allocation will not utilize the same allocation criteria when allocating rewards among multiple would-be recipients as he would if he had a direct stake in the outcome (Fischer and Smith, 2003). Additionally, the third-party allocation scenario much more closely approximates the organizational
reality of a supervisor allocating a reward between subordinates. Four distinctive distributive scenarios are created by assigning a third party allocator and manipulating the recipient groups and performance levels. These scenarios are offered in Figure 3.

By utilizing two recipients in a third party allocation scenario, different levels of intergroup (Ng, 1981; 1984) and intragroup scenarios can be developed. These scenarios will effectively manipulate both variables, thereby illustrating the pervasive impact of culture on the allocation process. This comprehensive, systematic manipulation of recipient group membership and performance across all third-person allocation possibilities provides the next set of propositions for future empirical analysis.

Figure 3. Third Person Allocation Model

In the first scenario, the allocator (subject) must decide how to distribute a reward between two ingroup recipients. As explained by previous dyadic distributive justice studies (Leung and Bond, 1982; 1984; Bond et al., 1982;
Deutsch, 1985) and theoretically based on Triandis’ (1985; 1989; 1994) reformulation of collectivism/individualism, collectivists reward members of their ingroup on an egalitarian basis regardless of their performance, whereas individualists focus on the recipients' performance and reward those individuals in an equitable fashion.

This is consistent with Leung and Bond's (1984) experimental findings and is a direct extension of their framework into the third person allocation context. From this position, the following hypotheses are derived.

Proposition 3a: In an ingroup/ingroup allocation scenario, collectivistic allocators will distribute rewards equally, regardless of the performance differences of the subordinates.

Proposition 3b: In an ingroup/ingroup allocation scenario, individualistic allocators will distribute rewards equitably, based on the performance differences of the subordinates.

In the next scenario, the reward allocator must decide how to distribute a reward between two recipients who are both outgroup members. Collectivism necessitates loyalty toward the ingroup which results in a greater differentiation of social behavior when dealing with outgroup members (Triandis et al., 1988). In collectivistic cultures, the dichotomous reality of group membership fosters intimate, enduring relationships with ingroup members and formal, reluctant relationships with outgroup members (Triandis, 1994). This is in direct contrast to individualistic cultures; where complex, temporary relationships foster the need to socialize with outgroup members in the hopes of making new friends or acquaintances.

The increased interaction with the outgroup in individualistic cultures promotes a heightened sense of empathy amongst ingroup members for these outgroup members and contributes to a more universal application of value standards for all (Triandis, 1985). Collectivistic cultures, in contrast, are more particularistic in differentiating across groups and tend to employ less flexible behaviours and attitudes when dealing with outgroup members (Triandis et al., 1988). The work of Triandis and his colleagues (1985; 1988; 1994) provides the theoretical foundation for this scenario's propositions.

Proposition 4a: In an outgroup/outgroup allocation scenario, collectivistic allocators will distribute rewards equitably, based on the performance differences of the subordinates.

Proposition 4b: In an outgroup/outgroup allocation scenario, individualistic allocators will distribute rewards more equally than collectivistic allocators.
In the third and fourth situations, an allocator must distribute a reward between an ingroup member and an outgroup member. The intergroup nature of this allocation facilitates intergroup discrimination (Doise, 1978) and a negative affect toward the outgroup (Pettigrew, 1986). Research conducted in highly individualistic cultures such as the United States indicates that when group membership is salient, it is important in influencing behavior, and the outgroup is often discriminated against (Doise and Sinclair, 1973; Park and Rothbart, 1982; Rothbart and John, 1985; Sidanius, 1993). Studies in collectivistic cultures also demonstrate that group membership plays a large role in influencing behavior, usually at the expense of the outgroup (Ng, 1981; 1984).

Tajfel (1978) posits that the mere existence of group categorization fosters a social comparison process with the cognitive and motivational purpose of achieving a positive group identity in relation to the relevant outgroups. This ingroup favoritism exists for both individualistic and collectivistic allocators in any intergroup situation (Triandis, 1989). Therefore, the following propositions for both individualistic and collectivistic allocators is offered.

**Proposition 5a:** In an intergroup allocation scenario, when the high performer is the ingroup subordinate, the individualistic allocator will distribute rewards equitably, with a reward bias to the ingroup subordinate.

**Proposition 5b:** In an intergroup allocation scenario, when the high performer is the ingroup subordinate, the collectivistic allocator will distribute rewards equitably, with a reward bias to the ingroup subordinate.

**Proposition 6a:** In an intergroup allocation scenario, when the high performer is the outgroup subordinate, the individualistic allocator will distribute rewards equally, with a reward bias to the ingroup subordinate.

**Proposition 6b:** In an intergroup allocation scenario, when the high performer is the outgroup subordinate, the collectivistic allocator will distribute rewards equally, with a reward bias to the ingroup subordinate.

The final proposition compares the magnitude of intergroup discrimination exhibited by the collectivistic allocators to that exhibited by the individualistic allocators. Based on the collectivism/individualism (Triandis, 1985), reward allocation (Leung and Bond, 1982; 1984), and group membership (Tajfel, 1978) literatures, it is posited that since group memberships are more important for self-conceptions and self-esteem in collectivistic cultures than in individualistic cultures (Marsella et al., 1985), a greater tendency exists to achieve a more positive social identity through intergroup comparison in collectivistic societies,
due to the extensive group focus in these societies. This ingroup identification combined with the greater degree of ingroup loyalty felt by the members of collectivistic cultures, creates an environment where intergroup discrimination is highly prevalent (Triandis et al., 1988). The existence of this stated environment during the allocator - ingroup recipient/outgroup recipient reward distribution situation provides the foundation for the final proposition of this theoretical examination.

Proposition 7a: In an intergroup allocation scenario, when the high performer is the ingroup subordinate, the collectivistic allocator will exhibit a greater reward bias than the individualistic allocator.

Proposition 7b: In an intergroup allocation scenario, when the high performer is the outgroup subordinate, the collectivistic allocator will exhibit a greater reward bias than the individualistic allocator.

RESEARCH CONTRIBUTIONS

Testing these propositions will address many of the gaps that exist in the cross-cultural reward allocation literature. First, the theoretical isolation of the three independent variables (individualism/collectivism, recipient group membership, and recipient performance) and subsequent overall testing of their direct and interactive influences on reward behavior is not documented. Second, empirical testing of this conceptual framework will extend the knowledge of the applicability of Western management theories to Eastern cultures. Third, there are very few conceptual models in the cross-cultural distributive justice research stream that ground their frameworks in theory, before empirically testing their propositions. Finally, the utilization of third person allocation scenarios allow us to generalize the tests of these propositions directly into the organizational reward situations.

MANAGERIAL IMPLICATIONS

Based on its third person allocation structure, the derived conceptual perspective is more representative of the supervisor-subordinate dynamic than previous dyadic allocation analyses. In much of the prior cross-cultural justice research, the subjects were asked to play the role of a co-worker who divided the rewards between himself and a partner (Bond et al., 1982; Leung and Bond, 1982; 1984). Since rewards or bonuses in an organization are usually allocated by supervisors rather than co-workers, past dyadic studies presented an unrealistic view of the allocation system in organizations. Therefore, the propositions posited here have greater implications for managers because of the realistic supervisory role played by the subjects in the third person allocation structure.
The second managerial implication involves the perception of a fair and just allocation system by the organization's employees. This employee perception is a necessary component in fostering both job satisfaction and organizational commitment (Organ, 1990). Since perceptions of fairness and justice may vary across different cultures (Deutsch, 1985), it is imperative that international managers know and understand the fundamental rules of the distributive system in the countries in which their organizations conduct operations. For example, we proposed through our propositions that collectivistic societies utilize different degrees of equitable and equal methods of reward allocation based on certain group membership scenarios. It is the responsibility of the international manager to determine which variables impact the allocation system, and subsequently, the distribution method most appropriate for each specific situation.

The final managerial implication relates to the strong group membership alliance displayed by the collectivistic allocators. Our propositions are supported by prior research that found collectivists to possess extremely high levels of group loyalty (Triandis et al., 1985), group identity (Meindl, 1989), and group responsibility (Bond, 1986). Although most individualistic societies are quite uncomfortable disregarding a subordinate's performance when making reward decisions, we posit that recipient group membership should be strongly considered before allocating rewards in collectivist societies.

**LIMITATIONS**

Before the results of these studies can be examined, we draw your attention to the gross generalization that Eastern cultures can in themselves be considered as a single culture. For the purpose of building a conceptual organizational model, the differences amongst Eastern cultures, although noted, cannot be included in the conceptual paradigm. Therefore, Eastern cultures, for the sake of this paper, are treated as one culture.

**DIRECTIONS FOR FUTURE RESEARCH**

This paper has sought to demonstrate the importance of understanding the variables that influence reward behavior in different cultures. The international distributive justice research stream has repeatedly examined performance and group membership within the culture construct as the two main independent variables that affect reward allocation (Leung and Bond, 1982; 1984; Mahler et al., 1981; Marin, 1981; 1984). However, variables such as supervisory perception, affect, or job satisfaction may also influence the distribution process. For example, some research suggests that the Eastern perception of distributive justice may be more of a mixed bag and that some of the mix may be attributed to structural or hierarchical differences with managers preferring an equality
based system (Giacobbe-Miller et al., 2003; Zhou and Martocchio, 2001) and subordinates preferring an equity based system. If one were to assume that managers are older than the employees, and that some of the equity studies (Allen et al., 2005; Wheeler 2002) were conducted with relatively young study participants, then the difference in perspectives might be attributable to age, or a generational gap (He, Chen and Zhang, 2004; Peppas, 2004). Whether these factors are dispositional, cultural or situational in nature, their direct and interactive impacts on allocation behavior can have far-reaching effects on both the recipients and the allocators.

Another direction for future research could look at the impact an allocation would have on the manager-subordinate relationship. In previous empirical pieces (Leung and Bond, 1984; Chen, 1995; Leung and Park, 1986), the allocation event was treated as a “snap-shot” in time and the evolving relationship of the manager and the subordinate after the event was not considered. Although there are numerous outcome variables that could be influenced by a negative or positive allocation event, the distributive justice literature is strangely void of these critical studies. Only the equity literature predicts subsequent subordinate actions if he/she is inequitably treated. A highly negative or positive allocation could significantly affect the motivation or job satisfaction of the subordinate, the morale of the entire group (Hegtvedt, 2005), and the legitimate leadership and future reward choices of the manager.

CONCLUSION

One of the most influential skills that managers should possess is their ability to motivate their subordinates (Campbell and Pritchard, 1976). Although intrinsic factors are considered to be the most powerful motivators, a manager has only limited power to assist subordinates in achieving intrinsic satisfaction. The central motivational factor under a manager's control is the allocation of extrinsic rewards. Therefore, the more information international managers can gather pertaining to the reward behaviour appropriate for a particular society, the more accepted their cross-cultural allocation decision-making, and the more likely they will be to foster the satisfaction and commitment of their employees. Should an allocation system be perceived as unfair or inappropriate, the opposite is likely to result.

Our purpose with this paper is to conceptually explore the potential effects of individualism/collectivism, recipient performance and recipient group membership on reward allocation behavior. By systematically manipulating the group membership and performance variables, the reward behavior of the individualistic and collectivistic allocators is explored across distinct scenarios. Our position is that group membership is the driving force behind the
collectivists' reward behavior, while individualists will be strongly influenced by recipient performance differentiation in third-party allocation situations.

Neither English nor Modern Chinese translations of the ancient Chinese texts cited are available – quotes were provided by Ziming Zao, an MBA graduate and scholar of ancient Chinese literature who contributed her interpretation of Chinese collectivist behavior and group orientation to the authors.

REFERENCES


