

Perceived Fairness of Pay: The Importance of Task versus Maintenance Inputs in Japan, South Korea, and Hong Kong

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ABSTRACT This study compares East Asians' evaluations of task and maintenance inputs in reward allocation decisions and examines the effects that inequity in various types of inputs and rewards have on fairness judgements. Based on a sample of 587 employees from various organizations in Hong Kong, Japan, and South Korea, we find that Hong Kong Chinese and South Korean employees are more likely to want their organizations and supervisors to emphasize maintenance inputs, while Japanese employees value task inputs in reward allocation. Results also show that there are significant country differences in fairness judgements associated with various types of inputs. For example, the positive relationship between pay level and perceived fairness of pay is significantly stronger when task contributions are high rather than low among Japanese employees but not among Hong Kong and South Korean employees. The concept of independent self-construal (similar to individualism at the societal level) seems to provide an adequate account of the country differences in choice of input preferences but not fairness judgements.

KEYWORDS cross-cultural comparison, East Asian differences, fairness judgements, organizational justice, reward allocation

INTRODUCTION

Can you be effective if you just treat all Asians the same? The answer is no in most cases. . . . Treating everybody (in Asia) the same would be as foolish as speaking Japanese to a Korean and expecting to be successful.

Joseph C. Geck, CEO at Global Intercultural Communication (2002)

Within the overall literature on reward allocation, there is a growing interest in the impact of cross-cultural differences (Fischer & Smith, 2003; Morris & Leung,

2000), driven in part by the globalization of business operations and the more complex functional relationships that are required in this context (Peterson & Thomas, 2007). Most previous cross-cultural studies on reward allocation make comparisons among countries that are from different regions and differ substantially from each other in their cultural backgrounds (e.g., the USA and China). The attempt to maximize cultural variation is a good approach, increasing the likelihood that differences among cultures can be detected. This logic explains in part why there have been so many East–West comparisons. However, theoretical reasons may at times call for the comparison of cultures that are from the same region and have similar cultural backgrounds.

One cultural context of interest is East Asia, which deviates from the maximization of cultural variation. This region has been identified as a single cultural cluster in the Global Leadership and Organizational Behavior Effectiveness Research Project (House, Hanges, Javidan, Dorfman, & Gupta, 2004) as well as in other frameworks (Hofstede, 2001). Relative to national cultures from other cultural groups, there are clearly more similarities than differences among East Asian cultures. However, substantial cultural differences in certain values also exist within this cluster that should not be ignored (Abramson & Inglehart, 1995; Hofstede, 2001; Kim & Leung, 2007; Kim, Wang, Kondo, & Kim, 2007). Comparative research within this cultural cluster provides a stricter test of previous theorizing in this area and makes it possible to tease out significant differences that may have substantial implications for theory but have been overlooked in previous East–West comparisons (Kim & Leung, 2007). This type of intra-region comparison can contribute to the justice literature by broadening our understanding of the systematic variation between cultural values and reward allocation (Greenberg, 2001). In addition, given that cross-national trade and alliances within East Asia are on the rise, cross-cultural comparisons within East Asia have significant applied implications. Findings from this type of research can help avoid cross-cultural misunderstanding and promote intra-regional collaboration.

This study attempts to provide a better understanding of the differences in fairness judgements in Hong Kong (a special administrative zone of China), Japan, and South Korea. Although China, Japan, and South Korea are geographically close to one another and are assumed to be similar, they have different cultural backgrounds that can affect employees' work behaviours as well as fairness judgements (Abramson & Inglehart, 1995; Kim & Leung, 2007; Kim et al., 2007). As a result, a comparison among different East Asian groups will provide insight into the similarities and differences that exist within the region, providing researchers with a better understanding of the potential problems associated with treating all East Asians as one homogenous group.

Our research systematically examines variation within three East Asian groups while examining the role that inputs play in (i) making reward allocations and (ii)

making fairness judgements. The first part of this objective allows us to examine how the three East Asian groups differ from each other in their preferences regarding the influence that different types of inputs have on reward allocation decisions. Current cross-cultural studies have examined how different types of inputs affect reward allocations (Bond, Leung, & Wan, 1982; Kim, Park, & Suzuki, 1990; Zhou & Martocchio, 2001). Bond et al. (1982) identified two types of inputs: task inputs, which refer to a person's contributions to accomplishing tasks, and maintenance inputs, which refer to a person's efforts to develop and sustain interpersonal relationships within organizations that are relevant to getting the work done. In this study, we examine how East Asians differ from each other in terms of the type of input on which reward allocations are based.

The second part of this study examines the differences in fairness judgements among the three East Asian groups. Although most people in the world care about workplace justice, there can be cross-cultural differences in how they make fairness judgements (Greenberg, 2001). For instance, in one culture, task contributions may be an important referent in evaluating received pay level and forming fairness of pay perceptions, whereas in another culture, maintenance contributions may be an important referent because of different cultural norms and expectations. In addition, unlike input preferences, fairness judgements simultaneously evaluate contributions and outcomes (e.g., pay level), and the joint consideration of cross-cultural differences in input preferences and equity judgements can shed new light on how managers in multinational companies or nationally diverse teams can enhance employees' perceived fairness.

Another contribution of this study is to examine why East Asians differ from each other in their input preferences in reward allocations and fairness judgements. Current studies have found that collectivists place a higher value on maintenance inputs and individualists place a higher value on task inputs (Kim et al., 1990; Zhou & Martocchio, 2001). While many studies have compared the individualistic US culture with collectivistic Asian cultures, there are important differences within the East Asian countries along this dimension. Specifically, Japanese cultural norms are more individualistic than are Hong Kong Chinese and South Korean cultural norms (Hofstede, 2001). Thus, the individualism–collectivism framework predicts some systematic differences among the three East Asian societies, which provides an important supplement to the East–West comparisons frequently reported in the literature.

In summary, this study examines how Chinese, Japanese, and South Koreans differ from each other in their input preferences and fairness judgements based on the individualism–collectivism framework. In the next section, we review the relevant literature and propose some specific hypotheses for East Asian differences in input preferences and fairness judgements.

THEORETICAL BACKGROUND AND HYPOTHESES

East Asian Differences in Input Preference

One of the factors that may explain East Asian differences in input preferences is collectivism. According to Hofstede (2001), collectivism refers to a tight social framework in which individual identities are based on social systems and trust exists in group decisions. In a collectivistic society, people emphasize cooperation over competition and the attainment of group goals over individual goals. In short, people are concerned with collective well-being instead of individual well-being (Hofstede, 2001; Triandis, 1995). Additionally, collectivists tend to attribute 'individuals' success as a result of collectivistic efforts and with the help of coworkers' (Zhou & Martocchio, 2001: 119). As a result, they would tend to emphasize maintenance inputs (e.g., relationship building behaviours with coworkers) in allocating rewards (Bond et al., 1982; Zhou & Martocchio, 2001).

In contrast, people in an individualistic culture emphasize competition over cooperation and are more sensitive to individual performance than group maintenance (Bond et al., 1982). As a result, individualists tend to emphasize task inputs (e.g., quantity, quality, and duration of members' work) in allocating and receiving rewards (Zhou & Martocchio, 2001). Consistent with this, Kim et al. (1990) found that compared with South Koreans, Americans (who have a higher level of individualism) placed a greater emphasis on performance in reward allocations.

With regard to differences in individualism in East Asia, Hofstede (2001) found that Japan has one of the highest scores for individualism in Asia (value index = 46). In comparison, Hong Kong and South Korea show relatively low and similar scores (value index = 25 and 18, respectively). Based on these findings regarding relative cultural preferences, Japanese employees should, on average, put more emphasis on competition over cooperation and be less concerned with collective well-being than Hong Kong Chinese and South Korean employees. The logical extension of these cultural preferences is that Japanese employees are more likely to place a greater emphasis on task inputs rather than maintenance inputs in allocation procedures, relative to Hong Kong Chinese and South Korean employees.

Hypothesis 1a: Japanese employees will prefer reward allocation decisions to be based on task inputs more strongly than Hong Kong Chinese and South Korean employees.

Hypothesis 1b: Hong Kong Chinese and South Korean employees will prefer reward allocation decisions to be based on maintenance inputs more strongly than Japanese employees.

Note that Hypotheses 1a and 1b are consistent with previous theorizing that is based on the individualism–collectivism framework. An important implication of these two hypotheses is that while previous research implicitly assumes that the

individualism–collectivism framework is most useful for understanding East–West differences, our theorizing suggests that this framework is equally useful for understanding cultural differences within East Asia. In addition, because we examine cultural differences in a single region, our study may be viewed as a stricter test of the individualism–collectivism framework.

The above hypotheses use country as a proxy for culture. Despite the prevalence of this practice in the cross-cultural literature, it is clearly a limitation because it does not provide direct evidence for the cultural mechanism behind the hypothesis. A more compelling strategy is to directly measure the relevant cultural constructs and demonstrate their predicted effects (Tsui, Nifadkar, & Ou, 2007). In this study, we measured self-construals (i.e., a view of the self) based on the individualism–collectivism framework to account for the country differences in input preferences. An independent self-construal, according to Markus and Kitayama (1994: 569), emphasizes that self is an independent entity that ‘comprises a unique, bounded configuration of internal attributes (e.g., preferences, traits, abilities, motives, values, and rights)’. On the other hand, individuals with an interdependent self-construal view the self as ‘a priori fundamentally interdependent with others’ (Markus & Kitayama, 1994: 570). Because self-construal is a focal and well-defined construct (Earley & Gibson, 1998), many researchers have used it to tap the effects of individualism–collectivism (e.g., Brockner, Chen, Mannix, Leung, & Skarlicki, 2000; Derlega, Cukur, Kuang, & Forsyth, 2002; Suh, Diener, & Updegraff, 2008). Specifically, collectivists tend to have an interdependent self-construal whereas individualists tend to have an independent self-construal (Derlega et al., 2002; Markus & Kitayama, 1994; Singelis, 2000). Thus, we predict that:

Hypothesis 2: Self-construals will mediate the relationship between country and input preferences.

East Asian Differences in Fairness Judgements

Pay level is a very important material outcome, and people are naturally concerned about their economic interests (Cropanzano, Byrne, Bobocel, & Rupp, 2001). As a result, fairness of pay can significantly influence employee outcomes (Adams, 1965). In general, pay level is positively related to perceived fairness of pay, the apparent result of the so-called ‘egocentric’ bias (Greenberg, 1980; Tyler, 1994). As Lind, Kray, and Thompson (1998: 3) posit, ‘justice judgments have a strong self interest component – that what is seen as fair is, to some extent at least, that which benefits the individual making the judgment’. In a similar vein, Walster, Berscheid, and Walster (1973) argue that the most potent injustices are those that threaten one’s own well-being. They further argue that injustices that threaten the well-being of others were important to the perceiver to the

extent that they affected the perceiver's own well-being. Consistent with this, in their meta-analytic study, Cohen-Charash and Spector (2001) found that outcome favourability is positively correlated with distributive justice in both field studies and laboratory experiments (weighted mean $r = 0.49$ and 0.42 , respectively).

While the egocentric view of fairness perceptions suggests pay level will increase fairness perceptions, it is not the only factor influencing such perceptions. Equity theory suggests that individuals consider the rewards they receive relative to what they contribute (Adams, 1965). While individuals may have the ability to rationalize some imbalances (particularly those where they are receiving excessive rewards), this theoretical approach suggests that perceptions of under or overpayment relative to their contributions to the organization is likely to influence their perceived fairness of pay. At least part of individuals' evaluation of pay fairness results from comparing their pay level with their contributions (e.g., contributions to tasks or building relationships with others) (Feinberg, 1974; Heuer, Blumenthal, Douglas, & Weinblatt, 1999). For example, people are likely to perceive unfairness when they receive significantly lower levels of pay than what they feel they have contributed to the organization. The same holds true if they perceive they have received substantially more pay than what they have contributed. In sum, it is a combination of pay level and the relative ratio of pay level to contributions that shapes such fairness perceptions.

Although the basic concept of fairness judgements applies to most situations, fairness judgements are likely to vary across cultures (including the three East Asian groups we are examining) given cultural differences in values, norms, and expectations. As discussed previously, Japanese employees, compared with Hong Kong Chinese and South Korean employees, are more likely to emphasize task inputs as the basis for allocating rewards. Thus, when Japanese employees make pay fairness judgements, task contributions should be a more important referent criterion for assessing the fairness of the pay they receive. For example, when they receive high pay level with high task contributions, Japanese employees, relative to Hong Kong Chinese and South Korean employees, should be more likely to perceive their pay level as fair.

Hypothesis 3a: Among Japanese employees, as compared with Hong Kong Chinese and South Korean employees, the relationship between pay level and perceived fairness of pay will be stronger when task contributions are high rather than low.

In contrast, Hong Kong Chinese and South Korean employees likely put a greater emphasis on maintenance inputs as a basis for allocating rewards. As a result, when they receive high pay level with high maintenance contributions, Hong Kong Chinese and South Korean employees should be more likely to perceive their pay level as fair, relative to Japanese employees.

Hypothesis 3b: Among Hong Kong Chinese and South Korean employees, as compared with Japanese employees, the relationship between pay level and perceived fairness of pay will be stronger when maintenance contributions are high rather than low.

Similar to the previous section, we attempt to explain the country differences in fairness judgements (predicted by Hypotheses 3a and 3b) by measuring self-construals from the perspective of the individualism–collectivism framework.

Hypothesis 4a: Self-construals will mediate the effect of country on the interaction effect involving task contributions and pay level on perceived fairness of pay.

Hypothesis 4b: Self-construals will mediate the effect of country on the interaction effect involving maintenance contributions and pay level on perceived fairness of pay.

METHOD

Sample and Procedures

The participants consisted of employees who worked in various companies in Hong Kong, Japan, and South Korea. We collected a total of 587 surveys using a convenience sampling method for the analyses (i.e., Hong Kong = 154, Japan = 273, South Korea = 160). The respondents were employed in finance (16.8 percent), service (29.8 percent), information technology (10.6 percent), manufacturing (16.6 percent), transport (2.8 percent), construction (4.9 percent), education (6.1 percent), and other sectors (12.4 percent). There were no significant industry differences across the three countries. There was also no significant difference across countries regarding the respondents' gender ratio. However, age, tenure, and education differed significantly across countries ($F(2, 587) = 5.36$, $p < 0.01$; $F(2, 587) = 15.76$, $p < 0.01$; $F(2, 587) = 7.34$, $p < 0.01$, respectively). The Japanese were a bit older and had a longer tenure than the Hong Kong Chinese and South Koreans ($M = 34.9$ versus 31.8 and 32.4 and $M = 8.9$ versus 4.9 and 5.4, respectively), and the South Koreans had a slightly higher level of education than the Japanese and Hong Kong Chinese ($M = 1.97$ versus 1.77 and 1.74, where 1 = high school, 2 = college undergraduate, 3 = master's, and 4 = doctorate).

In terms of the entire sample, age and tenure were significantly correlated with fairness of pay ($r = 0.09$, $p < 0.05$, $r = 0.11$, $p < 0.01$, respectively), but education was not ($r = 0.03$, n.s.). Thus, age and tenure were controlled in subsequent analyses to rule out the possibility of an alternative explanation for the observed cultural differences in the study.

The survey questionnaires were distributed by undergraduate students who were studying at a university in Hong Kong (Hong Kong), in Yokohama (Japan), or in Seoul (South Korea). These three locations are very populous urban areas and major commercial hubs of each country or region. The students were asked to distribute

the survey to their friends or family members who were working at companies. To motivate the students' willingness to assist with the study, the researchers provided financial incentives to them. We told participants that the survey was voluntary and asked them to return it to the researcher at the address attached to the survey. Participants were assured that their individual results would not be reported and were asked not to place their names anywhere on the survey to guarantee anonymity. We asked respondents to assess preferences for their organizations and supervisors to allocate rewards using various input criteria as well as to assess the contributions they made to their current jobs based on the same criteria. Then they were asked to assess their fairness perceptions of the pay they received at work.

The survey was initially developed in English and then translated into Chinese, Japanese, and Korean using Brislin's (1986) back-translation procedure. Specifically, all translators were blind to the study's hypotheses. Two bilingual individuals from each cultural group independently translated the survey from English to Chinese, Japanese, and Korean. Any disagreements between the two versions of translation were resolved by the two bilingual individuals discussing the conflict and determining the best translation. There was 92 percent, 93 percent, and 95 percent agreement between the Chinese, Japanese, and Korean translators, respectively, regarding word choice and expression. A third bilingual individual from each cultural group then translated the survey back to English. During this procedure, 12 words or phrases in the Chinese version, nine words or phrases in the Japanese version, and eight words or phrases in the South Korean version that were not exactly matched to the English version were back translated into English, in accordance with the recommendation of Brislin (1986).

Measures

Input preferences. For input preferences, we measured 'task inputs' and 'maintenance inputs'. We operationalized task inputs as task relevant work behaviours and task performance. Specifically, we measured 'task inputs' using Janssen and Van Yperen's (2004) five items to measure in-role job performance. Example items are 'adequately completes the duties specified in job description' and 'fulfills all responsibilities required in job description'. Consistent with our definition of task inputs, researchers commonly use task relevant work behaviours and task performance as task inputs in experimental design studies (e.g., the quality, frequency, and level of work output in Bond et al., 1982; work performance in Zhou & Martocchio, 2001). We operationalized maintenance inputs as building relationships with coworkers. Specifically, we measured 'maintenance inputs' using Ashford and Black's (1996) three-item scale designed to measure building a relationship with the boss. We changed the referent from boss to coworkers to assess relationship building behaviours with coworkers more broadly. The items are 'spends as much time as one could with co-workers', 'tries to form a good relationship with co-workers', and

'works hard to get to know co-workers'. Our definition of maintenance inputs is consistent with Zhou and Martocchio's (2001) definition (i.e., relationship building with coworkers). Using these eight total items, we asked respondents to assess the extent to which they want their organizations and supervisors to allocate rewards using task and maintenance inputs on a seven-point Likert-type scale (1 = not at all and 7 = very much).

Input contributions. We measured how much respondents believed they contributed to their current jobs in terms of task and maintenance contributions. Specifically, for the same eight input items above, we asked respondents to evaluate how much they contributed to their current jobs on a seven-point Likert-type scale (1 = a small amount and 7 = a very great amount).

Pay level. To assess pay level, we used two items from Super (1973). We asked respondents to assess how much pay they received from their organization using 'the amount of pay' and 'salary level' on a seven-point Likert-type scale (1 = a small amount and 7 = a very great amount).

Fairness of pay. With reference to the same items used to measure pay level (i.e., 'the amount of pay' and 'salary level'), we asked respondents to assess the extent to which their pay level was fair on a seven-point Likert-type scale (1 = not at all fair and 7 = very much fair).

Country. We created two dummy variables to operationalize respondents' nationality and make comparisons among the three groups. We used country as a rough proxy of culture in this study, although we recognize that cultural boundaries may not map perfectly onto national borders, with cultures and subcultures existing within and across national boundaries (Au, 1999).

Self-construals. We measured self-construals using Brockner et al.'s (2000) five items on a seven-point Likert-type scale (1 = strongly disagree and 7 = strongly agree). Sample items are 'I am a unique individual' and 'I enjoy being unique and different from others in many respects'. Higher scores reflected more independent and/or less interdependent self-construals.

Analyses

We conducted confirmatory factor analyses (CFAs) using LISREL 8.30 to assess the discriminant validity of the measures. Furthermore, we conducted a multi-group CFA to test whether comparison on these measures across countries can legitimately be undertaken. Then we conducted regression analyses using the dummy variables to test how the three East Asian groups differed in their preferences for the types of inputs taken into consideration in reward allocation decisions. To examine how the three groups differed in making fairness judgements, we employed hierarchical regression analysis. The inputs and pay level were centred

at their means before computing interactions or conducting analyses (Aiken & West, 1991). To examine any significant group differences more closely, we plotted the simple slopes of the pay level–fairness of pay regression at one standard deviation below the mean and one standard deviation above the mean of each input and tested whether each slope was statistically significant, consistent with Aiken and West's (1991) recommendation. In addition, to test the mediation effects of independent self-construal, we used Baron and Kenny's (1986) procedure. Details of these analyses follow in the next section.

RESULTS

Testing Measurement Models

To assess the construct validity of the measures, we conducted a CFA including measures of task and maintenance input preferences, task and maintenance contributions, pay level, fairness of pay, and independent self-construal. We compared the hypothesized seven-factor model with a one-factor model. The results show that the seven-factor model fit the data well, and the χ^2 statistic for the seven-factor model ($\chi^2(131) = 438.00$) was significantly lower than for the one-factor model ($\chi^2(152) = 3,286.75$). Other fit indices also showed that the seven-factor model (comparative fit index [CFI] = 0.94, non-normed fit index [NNFI] = 0.92, and root mean square error of approximation [RMSEA] = 0.06) fit the data better than the one-factor model (CFI = 0.39, NNFI = 0.38, and RMSEA = 0.19). In addition, we also conducted a multi-group CFA to determine whether comparison on these measures across countries can legitimately be undertaken. As Vandenberg and Lance (2000) and Tang et al. (2006) recommended, we tested configural invariance and metric invariance. First, a test of configural invariance assessed whether the same pattern of fixed and free factor loadings applied to each group. The results show that the overall fit of the test was above the minimum requirements ($\chi^2(477) = 843.83$, CFI = 0.94, NNFI = 0.92, and RMSEA = 0.07). These results suggest that the same number of factors applied to each country, and the items loaded on the same dimension for each country. Second, a test of metric invariance examined whether the factor loadings for each item were invariant across countries. This test for metric invariance resulted in an overall fit that was above the minimum requirements ($\chi^2(505) = 919.12$, $p < 0.01$, CFI = 0.93, NNFI = 0.91, and RMSEA = 0.07), indicating that factor loadings were invariant across countries. Taken together, the data collected from the three countries can be legitimately combined to test structural relationships among the measures.

Descriptive statistics, reliability estimates, and correlations for all measures are reported in Table 1. As shown in Table 1, all reliability estimates are acceptable (i.e., $\alpha > 0.70$). Several of the means in the table differ with task contributions being higher than maintenance contributions and pay level ($M = 4.93$ versus 4.64 versus

Table 1. Means, standard deviations, correlations, and alpha coefficients for all variables

Variables	1	2	3	4	5	6	7	8	9	M	SD	Cronbach's α
1. Age	-	0.13	0.13	0.02	0.22	-0.06	0.14	0.08	0.02	34.90	12.60	-
2. Tenure	0.17	-	-0.01	0.08	-0.05	0.09	0.07	0.12	-0.12	4.08	1.48	-
3. Task inputs (preference)	0.17	0.16	(0.84)	0.07	0.61	0.32	0.10	0.05	0.31	5.35	0.98	0.83
4. Maintenance inputs (preference)	0.01	0.21	0.26	(0.83)	-0.09	0.38	-0.04	-0.08	0.14	4.13	1.05	0.80
5. Task contributions	0.21	0.13	0.63	0.17	(0.85)	0.26	0.15	0.17	0.25	5.20	0.95	0.83
6. Maintenance contributions	0.01	0.20	0.35	0.51	0.41	(0.80)	0.19	0.07	0.35	4.62	1.03	0.73
7. Pay level	0.13	0.07	0.19	-0.05	0.28	0.13	(0.89)	0.69	0.06	4.36	1.32	0.87
8. Perceived fairness of pay	0.09	0.11	0.16	-0.04	0.22	0.13	0.70	(0.87)	-0.00	4.27	1.16	0.82
9. Self-construals	0.10	-0.00	0.33	0.10	0.30	0.22	0.12	0.13	(0.76)	4.82	0.95	0.75
M	33.36	4.19	5.08	4.38	4.93	4.64	3.83	3.88	4.57			
SD	10.52	1.44	1.00	1.11	1.03	1.07	1.35	1.26	0.96			

Notes: (N = 587; Hong Kong = 154, Japan = 273, South Korea = 160). Reliabilities for the overall sample are in parentheses. Overall correlations are below the diagonal, and means and SD are the last two rows. For correlations above |0.08|, $p \leq 0.05$; above |0.12|, $p \leq 0.01$. Japan correlations are above the diagonal, and Japan means, SD, and reliabilities are the last three columns. For correlations above |0.12|, $p \leq 0.05$; above |0.16|, $p \leq 0.01$.

Variables	1	2	3	4	5	6	7	8	9	M	SD	Cronbach's α
1. Age	-	0.27	0.19	0.05	0.17	0.06	0.11	0.05	0.09	32.38	0.63	-
2. Tenure	0.30	-	0.38	0.37	0.32	0.28	0.15	0.13	0.20	4.20	1.40	-
3. Task inputs (preference)	0.16	0.39	(0.84)	0.48	0.64	0.43	0.14	0.17	0.24	4.96	0.95	0.86
4. Maintenance inputs (preference)	0.10	0.25	0.60	(0.83)	0.46	0.70	0.19	0.24	0.20	4.66	1.12	0.85
5. Task contributions	0.14	0.35	0.56	0.51	(0.85)	0.55	0.31	0.25	0.19	4.87	0.94	0.84
6. Maintenance contributions	0.13	0.30	0.38	0.54	0.56	(0.80)	0.21	0.28	0.15	4.74	1.10	0.86
7. Pay level	-0.06	0.12	0.08	-0.04	0.23	-0.01	(0.89)	0.77	-0.01	3.33	1.33	0.91
8. Perceived fairness of pay	0.02	0.14	0.16	-0.00	0.13	0.13	0.54	(0.87)	0.11	3.37	1.16	0.87
9. Self-construals	0.17	0.14	0.23	0.15	0.27	0.07	0.04	0.19	(0.76)	4.57	0.89	0.70
M	31.64	4.41	4.72	4.54	4.52	4.57	3.40	3.71	4.11			
SD	9.39	1.40	0.97	1.10	1.11	1.09	1.04	1.32	0.88			
Cronbach's α	-	-	0.81	0.86	0.88	0.84	0.83	0.90	0.75			

Notes: (N = 587; Hong Kong = 154, Japan = 273, South Korea = 160). Reliabilities for the overall sample are in parentheses. Hong Kong correlations are below the diagonal, and Hong Kong means, SD, and reliabilities are the last three rows. South Korea correlations are above the diagonal, and South Korea means, SD, and reliabilities are the last three columns. For correlations above |0.16|, $p \leq 0.05$; above |0.21|, $p \leq 0.01$.

3.83, respectively). The correlation between pay level and fairness of pay ($r = 0.70$) was the highest among all of the correlations. There were also some differences in the correlation patterns across the groups. For example, the correlation between task contributions and pay level was lower in Japan than in Hong Kong and South Korea ($r = 0.15, 0.23, \text{ and } 0.31$, respectively).^[1]

Testing East Asian Differences in Input Preference

Hypothesis 1a predicts that Japanese employees will prefer reward allocation decisions to be based on task inputs more strongly than will Hong Kong Chinese and South Korean employees. Consistent with this, Table 2 shows that Japanese employees are significantly different from Hong Kong Chinese and South Korean employees in their preferences for task inputs ($\beta = -0.28, p < 0.01$; $\beta = -0.17, p < 0.01$, respectively). Specifically, Japanese employees, compared with Hong Kong Chinese and South Korean employees, were more likely to prefer that their employers allocate rewards using task inputs ($M = 5.35$ versus 4.72 versus 4.96 , respectively). Thus, Hypothesis 1a is supported.

We argue in Hypothesis 1b that Hong Kong Chinese and South Korean employees will prefer reward allocation decisions to be based on maintenance inputs more strongly than Japanese employees will. Consistent with this, Table 2 shows that Hong Kong Chinese and South Korean employees are significantly different from Japanese employees in their preferences for maintenance inputs ($\beta = 0.14, p < 0.01$; $\beta = 0.21, p < 0.01$, respectively). Specifically, Hong Kong Chinese and South Korean employees, compared with Japanese employees, were more likely to prefer that their employers allocate rewards using maintenance inputs ($M = 4.54$ versus 4.66 versus 4.13 , respectively). Thus, Hypothesis 1b is supported.

Table 2. Country differences in input preferences in reward allocations

Variables	Task inputs (preference)		Maintenance inputs (preference)	
	Model 1	Model 2	Model 1	Model 2
Age	0.11**	0.09*	0.00	-0.01
Tenure	0.17**	0.16**	0.20**	0.20**
Hong Kong = 1	-0.28**	-0.20**	0.14**	0.19**
South Korea = 1	-0.17**	-0.14**	0.21**	0.22**
Self-construals		0.26**		0.16**
R^2	0.12	0.18	0.09	0.11
F	19.29**	25.30**	13.67**	14.21**
ΔR^2		0.06**		0.02**

Notes:

$N = 587$: Hong Kong = 154, Japan = 273, South Korea = 160. The coefficients are standardized beta weights. Japan was coded as 0.

* $p < 0.05$; ** $p < 0.01$.

To test the mediating effects of self-construals on the country differences in input preferences (predicted by Hypothesis 2), we followed the steps outlined in Baron and Kenny (1986). To satisfy Step 1, the independent variable should be positively related to the mediating variable. In support of this, Japanese reported significantly higher independent self-construal scores than did Hong Kong Chinese and South Koreans ($M = 4.82$ versus 4.11 , $t(426) = 7.59$, $p < 0.01$; 4.82 versus 4.57 , $t(434) = 2.69$, $p < 0.01$), as expected. To satisfy Step 2, the independent variable should be positively associated with the dependent variable. Table 2 shows that the country-dummy variables had a significant effect on preferences for task inputs ($\beta = -0.28$, $p < 0.01$; $\beta = -0.17$, $p < 0.01$, respectively) and maintenance inputs ($\beta = 0.14$, $p < 0.01$; $\beta = 0.21$, $p < 0.01$, respectively). In Step 3, the previously significant relationships between independent and dependent variables should become non-significant or significantly decrease when controlling for the mediating variable. Table 2 shows that all of the relationships remained significant: for preferences for maintenance inputs, the regression coefficients increased rather than decreased, indicating that self-construals did not mediate the relationship between country and maintenance inputs. Thus, to examine whether the relationships between country-dummy variables and preferences for task inputs were significantly reduced, we used Freedman and Schatzkin's (1992) test, which is reliable for testing the difference between adjusted and unadjusted regression coefficients regarding mediation effects (MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002). The Freedman and Schatzkin's test results show that the Japan–Hong Kong and Japan–South Korea differences in preferences for task inputs were significantly reduced after entering independent self-construal ($t(1, 426) = 6.81$, $p < 0.01$; $t(1, 313) = 31.20$, $p < 0.01$, respectively), suggesting that independent self-construal significantly explained the Japan–Hong Kong and Japan–South Korea difference in preferences for task inputs. Thus, Hypothesis 2 was supported only for task inputs but not maintenance inputs.

Testing East Asian Differences in Fairness Judgements

Hypothesis 3a predicts that among Japanese employees, compared with Hong Kong Chinese and South Korean employees, the relationship between pay level and fairness of pay will be stronger when task contributions are high rather than low. Table 3 shows the three-way interaction terms among task contributions, pay level, and Hong Kong = 1 (i.e., Japan versus Hong Kong) and the three-way interaction terms among task contributions, pay level, and South Korea = 1 (i.e., Japan versus South Korea) are significant ($\beta = -0.11$, $p < 0.05$; $\beta = -0.12$, $p < 0.01$, respectively). Specifically, tests of simple slopes indicated that among Japanese employees, the relationship between pay level and perceived fairness of pay was stronger when task contributions were high (simple slope = 0.68 , $p < 0.01$) rather

Table 3. Results for the three-way interaction effects on perceived fairness of pay

Variables	Fairness perception in pay				
	Model 1	Model 2	Model 3	Model 4	Model 5
Age	-0.02	-0.02	-0.02	-0.02	-0.02
Tenure	0.05	0.05	0.03	0.02	0.03
Pay level	0.68**	0.66**	0.61**	0.57**	0.62**
Task contributions	0.02	0.03	-0.00	-0.00	0.01
Maintenance contributions	0.03	0.05	0.04	0.04	0.02
Hong Kong = 1	0.02	0.02	0.04	0.04	0.04
South Korea = 1	-0.09**	-0.10**	-0.11**	-0.12**	-0.12**
Pay level * task contributions		0.07*	0.11**	0.18**	0.23**
Pay level * maintenance contributions			0.06	0.03	0.06
Pay level * Hong Kong = 1			0.04	0.02	0.00
Task contributions * Hong Kong = 1			0.11**	0.08	0.08
Pay level * South Korea = 1			0.04	0.05	0.05
Task contributions * South Korea = 1			0.03	-0.02	-0.02
Maintenance contributions * Hong Kong = 1			-0.04	0.01	0.01
Maintenance contributions * South Korea = 1			0.04	0.07	0.06
Pay level * task contributions * Hong Kong = 1				-0.11*	-0.12*
Pay level * task contributions * South Korea = 1				-0.12**	-0.13**
Pay level * maintenance contributions * Hong Kong = 1				0.12*	0.12*
Pay level * maintenance contributions * South Korea = 1				0.05	0.05
Self-construals					0.03
Self-construals * pay level					-0.06
Self-construals * task contributions					-0.02
Self-construals * maintenance contributions					0.03
Self-construals * pay level * task contributions					-0.04
Self-construals * pay level * maintenance contributions					-0.04
R^2	0.51	0.52	0.53	0.54	0.55
F	86.55**	69.90**	43.16**	35.33**	27.17**
ΔR^2		0.01**	0.01	0.01*	0.01

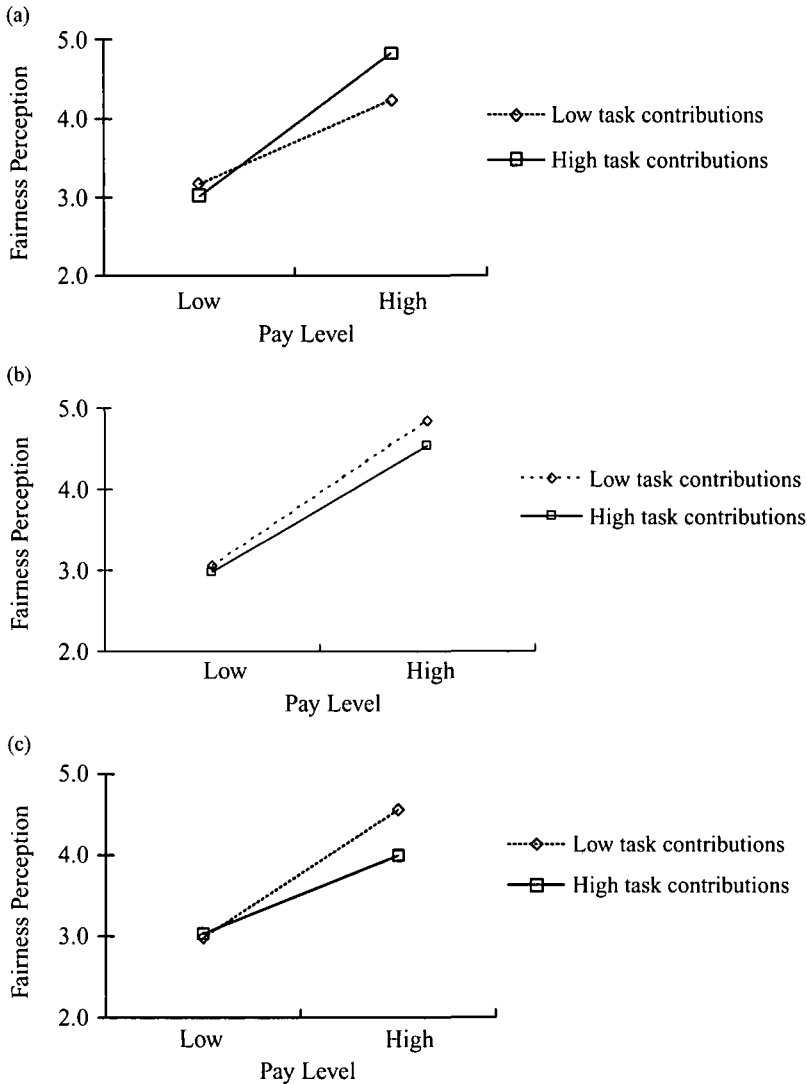
Notes:

$N = 587$: Hong Kong = 154, Japan = 273, South Korea = 160. The coefficients are standardized beta weights. Japan was coded as 0.

* $p < 0.05$; ** $p < 0.01$.

than low (simple slope = 0.40, $p < 0.01$); the slopes were significantly different from each other (slope difference = 0.27, $p < 0.01$). However, for Hong Kong Chinese and South Korean employees, the relationship between pay level and perceived fairness of pay was weaker when task contributions were high (simple slopes = 0.46, $p < 0.01$ and 0.59, $p < 0.01$, respectively) rather than low (simple slopes = 0.74, $p < 0.01$ and 0.68, $p < 0.01$, respectively); the slope differences were not statistically significant (slope differences = 0.28, n.s. and 0.09, n.s., respectively). These slopes

Figure 1. Simple slope for the effect of pay level and task contributions on pay fairness perception in (a) Japan, (b) South Korea, and (c) Hong Kong



are displayed in Figure 1. These results suggest that Japanese (but not Hong Kong Chinese and South Korean) employees perceive significantly higher fairness of pay as their pay level increases correspondingly with their levels of task contributions. Thus, Hypothesis 3a is supported.

Hypothesis 3b proposes that among Hong Kong Chinese and South Korean employees, compared with Japanese employees, the relationship between pay level and fairness of pay will be stronger when maintenance contributions are high rather than low. Table 3 shows that the three-way interaction term among maintenance contributions, pay level, and Hong Kong = 1 (i.e., Japan versus Hong

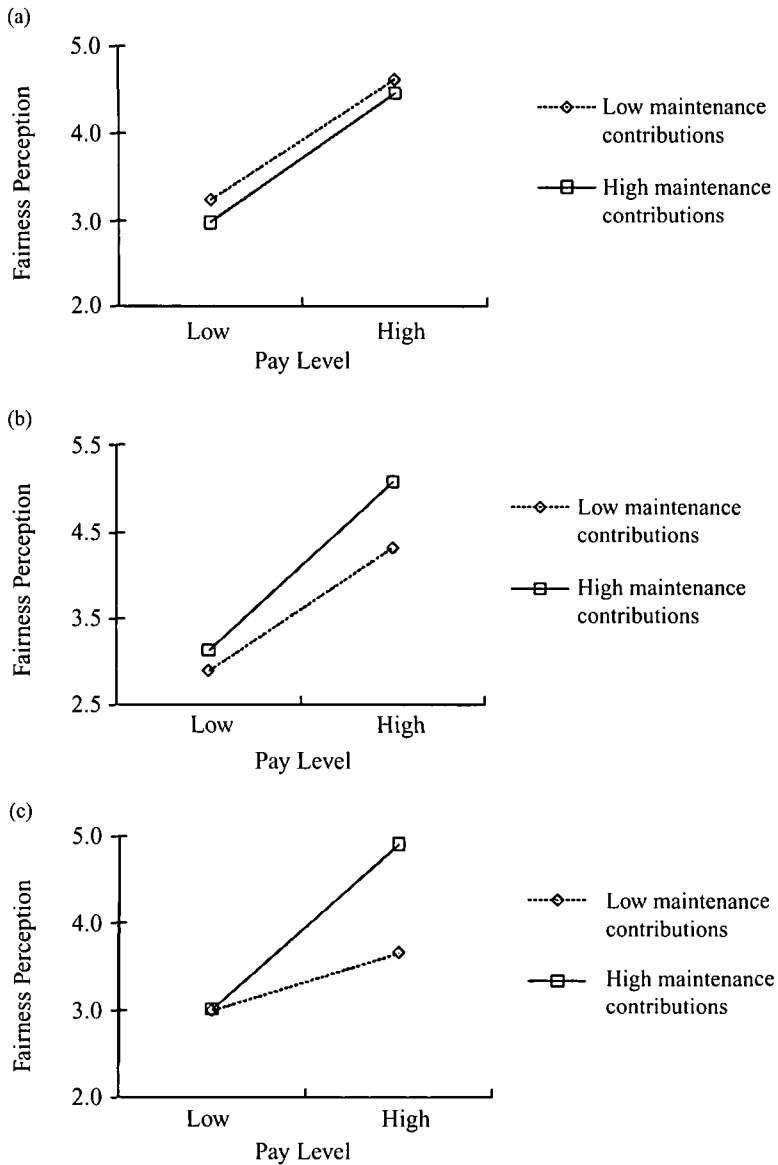
Kong) is significant ($\beta = 0.12$, $p < 0.05$). However, the three-way interaction term among maintenance contributions, pay level, and South Korea = 1 (i.e., Japan versus South Korea) was not significant ($\beta = 0.05$, n.s.). Specifically, tests of simple slopes indicated that among Hong Kong Chinese employees, the relationship between pay level and perceived fairness of pay was stronger when maintenance contributions were high (simple slope = 0.89, $p < 0.01$) rather than low (simple slope = 0.31, n.s.); the slope difference was significant (slope difference = 0.58, $p < 0.01$). For Korean employees, the relationship between pay level and perceived fairness of pay was stronger when maintenance contributions were high (simple slope = 0.73, $p < 0.01$) rather than low (simple slope = 0.54, $p < 0.01$); the slope difference was significant (slope difference = 0.19, $p < 0.05$). However, among Japanese employees, there was no difference in the effects of pay level on perceived fairness of pay between when maintenance contributions were high and low (simple slopes = 0.52, $p < 0.01$ and 0.57, $p < 0.01$, respectively). These slopes are displayed in Figure 2. These results suggest that Hong Kong employees, compared with Japanese employees, perceive significantly higher fairness of pay as their pay level increases correspondingly with their levels of maintenance contributions. Thus, since the three-way interaction between pay level, maintenance contribution, and South Korea–Japan is non-significant, Hypothesis 3b was supported for only the Hong Kong–Japan difference.

Finally, we tested the mediating effects of self-construals on the country differences in justice judgements (predicted by Hypotheses 4a and 4b) using Baron and Kenny's (1986) approach. As discussed previously, country was significantly associated with self-construals. To satisfy Step 2, as shown above, country significantly interacted with pay level and task or maintenance contributions to influence fairness perceptions in pay among three out of four cases. These significant three-way interaction terms remained significant after controlling for self-construals and all possible interactions involving it. The mediator self-construal is not significant. Also, the regression coefficients for the three-way interaction terms associated with task contributions, pay level, and Hong Kong = 1 and South Korea = 1 essentially did not change (from -0.11 to -0.12 for Hong Kong = 1 and from -0.13 to -0.14 for South Korea = 1), indicating that self-construals do not mediate the moderating effect of country associated with task contributions. The regression coefficients for the three-way interaction terms associated with maintenance contributions, pay level, and Hong Kong = 1 also did not change (from 0.12 to 0.12). Thus, Hypotheses 4a and 4b were not supported.

DISCUSSION

Cross-cultural perspectives on fairness judgements are important because they can help to explain variance in fairness judgements as well as guide managers responsible for a culturally diverse workforce (Greenberg, 2001). However, relatively few

Figure 2. Simple slope for the effect of pay level and maintenance contributions on pay fairness perception in (a) Japan, (b) South Korea, and (c) Hong Kong



studies have used organizational justice as a lens to examine cultural differences (Greenberg, 2001). In particular, we know little about East Asian differences in allocation preferences and fairness judgements.

Given the scarcity of research on East Asian differences in fairness judgements, one important result from this study is that Hong Kong Chinese, Japanese, and South Korean employees are significantly different from one another in their input preferences for reward allocation decisions. For example, Japanese employees, as

compared with Hong Kong Chinese and South Koreans, are more likely to value task inputs and less likely to value maintenance inputs in allocating rewards. These findings extend the current justice research (Bond et al., 1982; Kim et al., 1990; Zhou & Martocchio, 2001) by examining how East Asians differ from each other in their input preferences in reward allocation. These results also support Bond et al.'s (1982) argument that in a more individualistic society (e.g., Japan), people emphasize task-related inputs while people from less individualistic societies (e.g., Hong Kong and South Korea) emphasize maintenance inputs. Future studies may benefit from examining other types of inputs, such as rank and education, and other types of rewards, such as promotion and job security.

Another theoretical contribution of this study is illuminating how contributions and rewards shape fairness judgements differently across the three East Asian countries. For example, Japanese employees significantly differed from Hong Kong and South Korean employees in the interactive effect of pay level and task contributions on fairness in pay. Specifically, Japanese employees, compared with Hong Kong Chinese and South Korean employees, perceived significantly higher fairness of pay as their pay increased corresponding to higher levels of task contributions. In general, these findings contribute to the programme of research that reveals the importance of cultural differences within East Asia, which is often viewed as a cultural cluster (Abramson & Inglehart, 1995; Hofstede, 2001; Kim & Leung, 2007; Kim et al., 2007). These findings as well as the findings on East Asian differences in input preferences support the argument that East Asians are substantially different from one another in some important attitudes and behaviours (Kim & Leung, 2007). These results also extend the current justice literature by showing that collectivists (e.g., East Asians) can differ from each other in their equity judgements depending on the types of inputs (cf. Greenberg, 2001).

Although most of the East Asian differences in making fairness judgements were significant as expected, the Japan–South Korea difference associated with maintenance contributions was not as strong as expected although simple slope tests show some meaningful differences. We speculate that in South Korea, there exist duplicated value systems, referring to the coexistence of two opposing or different values and norms, which people apply differently across situations (Shin & Choi, 2002). Extrapolating from this, although South Koreans emphasize maintenance inputs, they may apply it differently between allocating rewards and making fairness judgements. It is possible that in making fairness judgements, pay level overwhelmed the effects of maintenance contributions on fairness in pay. Future research is needed to confirm this speculation and verify our results.

It is noteworthy that the cultural differences in input preferences are explained by self-construals to some extent. For example, self-construals significantly explained the Japan–Hong Kong and Japan–South Korea differences in task input preferences. These results provide a good starting point for future studies to

pinpoint and refine the variables that are able to explain East Asia differences in input preferences. However, self-construals did not significantly explain the East–Asia differences in preferences for maintenance inputs and justice judgements. It is possible that other facets of individualism–collectivism can explain the country differences in maintenance inputs. Individualism–collectivism is a multidimensional construct (Triandis, 1995), but we limited our measure to self-construals. In future research, the measure of collectivism should include other aspects such as emphasis on relationships (Triandis, 1995), societal in-group collectivism, societal institutional collectivism (House et al., 2004), and individual versus collective primacy (Chen, Brockner, & Chen, 2002). Future studies also need to consider other cultural or psychological dimensions that can explain country differences in equity judgements. For example, people from more masculine (rather than feminine) cultures and from cultures with greater (rather than less) power distance tend to allocate rewards more equitably (Fischer & Smith, 2003), and masculinity and power distance vary across the three East Asian countries in our study (Hofstede, 1980). Finally, future research may benefit from exploring how equity sensitivity (Huseman, Hatfield, & Miles, 1987) varies across the East Asian countries and whether it can explain the country differences in fairness judgements.

Our research is guided by the characterizations of three East Asian cultures based on individualism–collectivism. We have also included the corresponding individual-level individualism–collectivism values (i.e., self-construals) to evaluate the validity of the arguments based on these societal characterizations. The three cultures differ in many dimensions other than individualism–collectivism, upon which our explanatory mechanisms are based. We can place more confidence in our conceptualization if the results based on the individual-level value are consistent with the predictions based on cultural dimensions. The fact that some of the results based on self-construals are consistent with the individualism–collectivism framework provides good support for our arguments about reward preferences among the three nations and reward fairness between Hong Kong and the other two nations.

Practical Implications

The results of this study have some important practical implications for international managers responsible for compensation decisions. For example, this study can help them enhance their understanding of East Asian differences and similarities in reward distribution. Although justice seems to be a universal concern, fairness judgements differ across countries in terms of what kinds of inputs and rewards are regarded as important. The results also suggest that multinational companies need to be sensitive about different allocation practices within East Asian countries. For example, they may place a greater emphasis on maintenance inputs (e.g., relationship building behaviours) in reward distribution for Hong Kong and Korea, while emphasizing task inputs (e.g., positive work behaviours) in

Japan. Managers also need to keep in mind that whether or not over-reward is seen as unfair depends on the cultural context involved. For example, high pay level with reference to maintenance contributions results in lower feelings of justice for Japanese but not for Hong Kong Chinese and South Koreans.

Limitations and Strengths

It should be noted that we collected the data in this study at a single time, raising questions about the common method variance problem. However, since most hypotheses in this study are concerned with differences among the groups based on interaction effects, common method variance is unlikely to have influenced the results (Crompton & Wagner, 1994). In addition, the statistical test results suggested the presence of method bias did not affect the conclusions significantly. Nonetheless, it would be useful to corroborate the findings of this study using other methods of measurement (e.g., multisource assessment) in the future.

In addition, cultural differences may exist in the extent to which people are encouraged or discouraged from engaging in task and maintenance inputs. If so, then the comparisons made across the three countries in regards to input preferences for allocation decisions may be confounded by these behavioural expectations. Thus, future research needs to control for any country differences in the encouragement of task and maintenance inputs and confirm the current findings.

Finally, there are several limitations regarding the characteristics of the data used in this study. As in most cross-cultural studies, our samples from each of the three countries were not completely matched. For example, the Japanese were significantly older than the Hong Kong Chinese and South Koreans. In addition, the Japanese had a significantly longer tenure than the Hong Kong Chinese and South Koreans. Although these differences were controlled to rule out alternative explanations, they underscore the need for more comparable data in future cross-cultural studies. The study also suffers from the limitation of convenience sampling. As we noted in the Method, we surveyed employees who worked in various companies in the three East Asian countries. This is not a representative sample, and the results should be interpreted in light of this limitation.

Another potential concern could be found in the small ΔR^2 produced by our three-way interactions (about 1.3 percent). However, in interpreting these small effects, there are two points worth considering. First, our modest effect sizes are within the 0.01–0.03 range that is common for studies of this type (Chaplin, 1991; Cropanzano, Slaughter, & Bachiochi, 2005; Evans, 1985; McClelland & Judd, 1993). Second, our study used a broad set of control variables. Specifically, we controlled for age, tenure, the non-focal type of inputs, and all possible interactions involving the independent variables, making the analyses conservative. Given these observations, we believe that the three-way interaction we observed is robust and meaningful.

The limitations of this study are countered by several important strengths. First, this study provides a better understanding of East Asian differences in justice perceptions, specifically for compensation decisions based on different types of inputs and rewards. Second, this study explored cultural differences in input preferences as well as in fairness judgements. We measured inputs and rewards separately and tested how the difference between inputs and rewards affected distributive justice. Finally, the results were based on a large sample from many different firms across more than eight industries in each country. This sampling diversity increases our confidence in the generalizability of the results because they are not simply based on the idiosyncratic organizational culture of a single firm or the unique features of a certain industry.

CONCLUSION

This study contributes to our knowledge of East Asian differences by examining the role that task and maintenance inputs play in reward allocation decisions and fairness judgements. Specifically, Hong Kong Chinese and South Korean employees emphasize maintenance inputs whereas Japanese employees focus on task inputs in reward allocation. In addition, the positive effect of pay level on distributive justice becomes stronger as task contributions increase among Japanese employees but not among Hong Kong and South Korean employees.

We call for future research to develop a better and a more responsive theory to shed light on how East Asians differ from one another in terms of equity and equity judgements. Moreover, it is likely that other Asian countries (e.g., Singapore and Taiwan) may be different from the three East Asian countries in our study, suggesting the need to examine the differences within Asian countries as well as within Western countries. Such research efforts will broaden our explanatory frameworks for cross-cultural comparison beyond individualism–collectivism. It would also be interesting to examine the contextual variables that enhance or mitigate the cultural differences in allocation preferences and fairness judgements.

NOTES

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- [1] To test the method bias effect, a statistical test was conducted using the common method factor approach recommended by Podsakoff, MacKenzie, Podsakoff, and Lee (2003). We conducted two CFAs, one with the indicator variables for Hypotheses 2a and 2b and the other with a common method factor in addition to the indicator variables. Although the model fit with a common method factor was improved, indicating the presence of a common latent factor, none of the individual path coefficients corresponding to relationships between the indicators and the general method factor were significant. Also, the gamma estimates were similar to those obtained earlier. Thus, while method bias may be present, it should not significantly affect the results or conclusions (Crampton & Wagner, 1994; Spector & Brannick, 1995).

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