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Perceived Organizational Justice, Trust, and OCB: A Study of Chinese Workers in Joint Ventures and State-owned Enterprises

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Abstract

In this study, we investigate the relationships of perceived organizational justice, trust, and organizational citizenship behavior (OCB) among Chinese workers in joint ventures (JVs) and state-owned enterprises (SOEs). We develop a model that considers distributive justice and procedural justice as antecedents of trust in organization, and interactional justice as an antecedent of trust in supervisor. These two types of trust are expected to affect workers’ OCB. We hypothesize that distributive justice has a stronger effect on trust in organization in SOEs than in JVs, while procedural justice has a stronger effect on trust in organization in JVs than in SOEs. Besides, the effect of trust in supervisor on OCB is hypothesized to be stronger in JVs than in SOEs. We analyze data collected from 295 and 253 supervisor-subordinate dyads in a JV and a SOE respectively, and the results support our hypotheses. The theoretical and practical implications of this study are discussed.

Keywords: organizational justice, trust in organization, trust in supervisor, organizational citizenship behavior, Chinese workers
Trust and organizational justice are important foci of study in management research. Trust enables cooperative behavior, reduces conflict, and decreases transaction costs at work (Rousseau et al., 1998). It has been demonstrated to be an important predictor of certain organizational outcomes such as organizational commitment (Cook and Wall, 1980) and organizational citizenship behavior (Konovsky and Pugh, 1994, Van Dyne et al., 2000). Organizational justice, which includes distributive justice, procedural justice and interactional justice, has been found to be related to employees’ commitment and trust in organization (Alexander and Ruderman, 1987; Cropanzano and Folger, 1991; Sweeney and McFarlin, 1993).

Most of the previous studies on trust and organizational justice were conducted in Western countries. The generalizability of these findings to other parts of the world is in question. More cross-cultural studies in this area of research are called for. In view of its unique cultural traditions (Earley, 1989; Warner, 1993) and sweeping economic reform during the past two decades, the People’s Republic of China (PRC) provides a good research setting for studying how organizational justice and trust affect work behaviors of workers who are employed in different types of organization.

The main purpose of this study is to explore the relationships of perceived organizational justice, trust, and organizational citizenship behavior (OCB) among Chinese employees working in joint ventures (JVs) and state-owned enterprises (SOEs). A model is proposed that links trust in organization with distributive justice and procedural justice, and trust in supervisor with interactional justice. Trust in organization and trust in supervisor are then linked to OCB. Additionally, we expect the effect of distributive justice and procedural justice is different in JVs and SOEs. The effect of trust in supervisor on OCB is also expected to be different in these two types of organization. Several hypotheses are derived from our model and tested with data collected from 295 and 253 supervisor-subordinate dyads in a JV and a SOE.
This study enhances our understanding of the roles of organizational justice and trust in the Chinese workplace, and provides some practical implications for managing Chinese workers.

**BACKGROUND AND HYPOTHESES**

China provides an excellent research site to test our model, owing to the specific combination of private and public business organizations in its economy. SOEs are typically large organizations, concentrated in the sectors that are given priority under the central planning system. Their operation and management are strongly influenced by the government policies. During the past two decades, thanks to the open door and economic liberalization policy, more foreign-invested firms have been set up in China. JV was formed by a local enterprise and a foreign partner, with the purposes of introducing new technology and developing new products and markets. The management and governance structure of JVs are remarkably different from SOEs.

Distributive justice refers to the fairness of outcomes received. Past studies showed that it is related more strongly to reactions to specific outcomes, but less strongly to reactions to the organizations (Folger and Konnosky, 1989; Sweeney and McFarlin, 1993). Procedural justice refers to the fairness of the process by which a decision is made (Konnovsky, 2000), such as the amount of employee voice (Folger and Lewis, 1993). It tends to be a better predictor of reactions to the organization as a whole and upper management (Folger and Konovnsky, 1989). Past research regarding the impacts of distributive and procedural justice on trust was mixed. Some researchers have shown that distributive justice does not significantly impact on trust (e.g., Konovsky and Pugh, 1994). However, Kumar, Scheer, and Steenkamp (1995) found that both procedural justice and distributive justice contribute to relationship quality, and procedural justice appears to be a more important determinant of trust.
Similarly, Tyler and Lind (1990) reported that both procedural justice and distributive justice affect trust, but the former holds a stronger relationship.

In China, SOEs generally have less autonomy in human resources management than JVs. In the SOEs, employees receive different amounts of compensation under the prescribed reward system. Chen (1995) found that Chinese employees were economically oriented and they preferred to invoke differential rules (i.e., those that result in unequal distribution of rewards) for the allocation of material rewards such as pay and bonuses. Under such situation, workers in SOEs tend to be more conscious of the fairness of allocation of material rewards (i.e., distributive justice) rather than the means used to determine these rewards (i.e., procedural justice) than workers in other organizations. It is because SOE employees generally have less opportunity to participate in production and operation decisions and in the procedures of determining wages, bonuses, and employee benefits (Chow and Shenkar, 1989).

On the contrary, the performance-based rewards system has been widely implemented in JVs. Ding, Goodall, and Warner (2000) pointed out that the employment systems in JVs are more market-oriented than in SOEs; and the reward systems in JVs are more competitive than in SOEs. More fair distribution principles and procedures for the allocation of material rewards have been adopted in JVs. Thus, workers in JVs are concerned more about the means used to determine the rewards (i.e., procedural justice) than the fairness in the allocation of material rewards (i.e., distributive justice). They tend to perceive more procedural justice, as the rules of reward distribution are more explicit and clear in the JVs than in SOEs.

According to the literature, employees’ perception of distributive justice should be positively associated with their trust in organization. Based on a survey of more than 2,000 employees, Alexander and Ruderman (1987) found that trust in management, an important aspect of trust in organization (Ashford, Lee and Bobko,
was an outcome of distributive justice (Alexander and Ruderman, 1987). Compared with workers in JVs, workers in SOEs who have a stronger perception of the fair allocation of material rewards are expected to have a higher level of trust in organization. We thus hypothesize that:

**Hypothesis 1:** In SOEs, perceived distributive justice of employees will have a stronger and positive effect on their trust in organization than in JVs.

Alexander and Ruderman (1987) found that trust in management showed substantial unique effects of procedural justice. Procedural justice has been found to affect the evaluation of the organization and its authorities (Cropanzano and Folger, 1991; Sweeney and McFarlin, 1993), and thus it would have strong impact on trust in organization. Arguably, employees will have a high level of trust in organization when they are guaranteed fair procedural treatment. Compared with SOEs, JVs tend to have fair procedures governing the allocation the material rewards among employees. Additionally, their employees also have more opportunity to participate in making decisions related to their work. Hence, a higher level of procedural justice will be perceived by workers in JVs, which in turn increases their trust in organization. On the contrary, workers in SOEs are likely to have less opportunity to voice and participate in the process of allocating the material rewards, and this will affect their level of trust in their organization. The following hypothesis is thus put forward:

**Hypothesis 2:** In JVs, employees’ procedural justice will have a stronger and positive effect on their trust in organization than in SOEs.

Interactional justice refers to the quality of the interpersonal interaction between individuals, and it has been found to be a significant predictor of reactions to supervisors (Malatesta and Byrne, 1997; Masterson, Lewis, Goldman, and Taylor,
The current literature suggests that perceived interactional justice directly affects trust in supervisor. For example, Konovsky and Pugh (1994) found a very high correlation between subordinates' judgment of their supervisor's interactional justice and their trust in supervisor. We expect that such a relationship will also hold in China, such that subordinates' perceived interactional justice will affect their trust in supervisor in both SOEs and JVs. It is hypothesized that:

**Hypothesis 3:** Employees’ interactional justice will have a positive effect on their trust in supervisor in both SOEs and JVs.

Some researchers argue that the concept of procedural justice is multidimensional, and it can be further classified into *formal procedures (or procedural justice)* and *interactional justice* (Greenberg, 1990; Tyler and Bies, 1990). The former is related to the procedure used in allocating resources (Thibaut and Walker, 1975), while the latter is related to quality of treatment received from decision-makers (Bies and Moag, 1986; Tyler and Bies, 1990). Cropanzano, Prehar, and Chen (2002) argued that, although procedural justice and interactional justice are distinct constructs, they are closely correlated. As pointed out by Tyler and Bies (1990), procedural justice is important in shaping interpersonal contexts, and thus it affects perception of interaction justice. This argument should hold for workers employed in both JVs and SOEs. We hypothesize that:

**Hypothesis 4:** Employees’ procedural justice will have a positive effect on their interactional justice in both SOEs and JVs.

As supervisors build relational contacts with employees and fulfill their perceptions of organization’s obligations, employees’ trust in organization will be enhanced (Whitener, 1997). In general, supervisors hold the responsibility of
supervising the daily work of their subordinates, implementing the company’s policies, and cooperating with their subordinates to achieve the goals and objectives of the organization. As such, supervisor’s interaction with subordinates tends to be frequent and direct. It is common for subordinates to view their supervisors as belonging to the “management level” and being the “representatives” of the organization, particularly in high power-distance societies like China. Accordingly, Chinese workers’ trust in their supervisors is likely to be linked to their trust in organization. It is thus hypothesized that:

**Hypothesis 5: Employees’ trust in supervisor will have a positive effect on their trust in organization in both SOEs and JVs.**

OCB can be defined and operationalized in various ways (e.g., Graham, 1991; Organ, 1988). Basically, it includes work-related behavior that “goes above and beyond” that dictated by organizational policy and one’s job description. According to Meyer and Allen (1997: 33), OCB typically include such things as “providing extra help to coworkers, volunteering for special work activities, being particularly considerate of coworkers and customers, being on time, and making suggestions when problems arise”.

The linkage between trust in organization and OCB has been examined by some scholars (e.g., Konovsky and Pugh, 1994; Podsakoff, MacKenzie, Moorman and Fetter, 1990). According to Konovsky and Pugh (1994), trust is a manifestation of social exchange, and social exchange accounts for OCB by encouraging employees to behave in ways that are not strictly mandated by their employers (Rousseau and Parks, 1993). It follows that employees with higher trust in their organization are likely to display more OCB, regardless of the types of organization. The following hypothesis is proposed:
Hypothesis 6: Employees’ trust in organization will have a positive effect on their OCB in both SOEs and JVs.

Deluga (1994) found that supervisor’s trust building behavior was closely associated with employees’ OCB. As a consequence of social exchange, employees’ trust in supervisor is likely to affect their OCB. It is worthy to note that JVs use performance-based reward systems, and their employees have a clear understanding of the distinction between in-role and extra-role behavior. This is not the case in SOEs in which the employees are not clear about the distinction between in-role and extra-role behavior. Hence, a high trust in supervisor may not directly lead to more OCB in SOEs. It is hypothesize that:

Hypothesis 7: In JVs, employees’ trust in supervisor will have a stronger effect on their OCB than in SOEs.

METHODS

Samples

To test the hypotheses, we selected a JV and a SOE in the manufacturing sector in Guangdong, a southern province in the People’s Republic of China. To make the two samples more comparable, we only selected factory workers, including production-line workers, clerks, technicians, foremen, and production supervisors. The respondents of the JV sample and the SOE sample comprised 295 and 253 employees and their immediate supervisors respectively. The two organisations were selected carefully so that they were representative of JVs and SOEs in the region.

The immediate supervisors of the participants were asked to evaluate their subordinates’ level of OCB, and such design can avoid the problem of common
method bias. The survey questionnaire was written in Chinese. Some of measures in the questionnaire were drawn from measures developed in the West, and then translated in Chinese. To ensure the equivalence of the measures in the Chinese and English versions, we performed back-translation from Chinese into English (Brislin, 1970). The two translations revealed no substantial differences in the meanings of the items. Two local research assistants with university degree in English reviewed all of the Chinese translated items to ensure that all the items would be meaningful to Chinese participants. Finally, two Chinese scholars in Hong Kong examined the Chinese version of the questionnaire. All items were modified to fit into the 5-point Likert-scale format (i.e., 1 = “extremely disagree”, 2 = “slightly disagree”, 3 = “neither agree nor disagree”, 4 = “slightly agree”, and 5 = “extremely agree”).

Measures

*Trust in organization.* We measured the employee’s trust in their organization by an eight-item scale that combined the two-item scales on trust in organization that Ashford, Lee, and Bobko (1989) developed and the six-item scale on trust in management that Cook and Wall (1980) developed, with some modifications to render the items more appropriate for the Chinese context. We combine these two existing scales because the concepts and measurements of trust in organization and trust in management are often used interchangeably in the literature (e.g., Ashford et al., 1989; Cook and Wall, 1980). Additionally, in our interviews with the Chinese workers we found that they often considered their trust in management and trust in the organization as almost the same. An example of item is: “I trust this organization to look out for my best interests.” The coefficient alpha of the sample in JV is 0.79. The coefficient alpha of the sample in SOE is 0.89.

*Trust in supervisor.* We selected three items from the Trust in/Loyalty to the Leader
Scale (Podsakoff et al., 1990): “I have complete faith in the integrity of my supervisor”; “My supervisor would not try to gain an advantage by deceiving employees”; and “I feel a strong loyalty to my supervisor”. The coefficient alpha of the sample in JV is 0.71. The coefficient alpha of the sample in SOE is 0.80.

**Procedural justice.** The four items used by Balkin and Gomez-Mejia (1990) were modified and adopted. An example of item is: “Managers at all levels participate in pay and performance appraisal decisions.”. Coefficient alpha of the sample in JV is 0.71. The coefficient alpha of the sample in SOE is 0.86.

**Distributive justice.** Five items from the Distributive Justice Index (Price and Mueller, 1986) were modified and adopted. An example of item is: “Fairly rewarded considering the responsibilities.”. Coefficient alpha of the sample in JV is 0.88. The coefficient alpha of the sample in SOE is 0.87.

**Interactional justice.** Six items used by Moorman (1991) were modified and adopted. An example of item is: “Your supervisor treated you with kindness and consideration.”. Coefficient alpha of the sample in JV is 0.81. The coefficient alpha of the sample in SOE is 0.86.

**Organizational citizenship behavior.** We modified the Farh, Earley, and Lin (1997) scale with twenty-two items. An example item is: “I am willing to stand up to protect the reputation of the company.” The coefficient alpha of the sample is 0.82. The coefficient alpha of the sample in SOE is 0.92.

**Analytical strategy**

We used LISREL 8.14 (Jöreskog and Sörbom, 1993) to test the proposed model. Due to the limited sample size in this study, the measurement and structural models cannot be examined simultaneously. Therefore, the single indicator method used in past research (e.g., Anderson and Williams, 1992; Williams and Hazer, 1986; Wong
and Kung, 1999) was adopted. The measurement model was first estimated, and as the goodness of fit statistics indicated that the fit index of the measurement model were acceptable in both the SOE sample (i.e., $\chi^2 = 53.84$, d.f. = 7; GFI = 0.94; CFI = 0.91; IFI = 0.91; and RMR = 0.048) and the JV sample (i.e., $\chi^2 = 12.80$, d.f. = 7; GFI = 0.99; CFI = 0.99; IFI = 0.99; and RMR = 0.014). We then tested the hypotheses via structural model by examining the respective coefficients of the relationship. To do so, we employed the maximum likelihood procedure in LISREL 8.14 (Jöreskog and Sörbom, 1993).

**RESULTS**

Descriptive statistics, correlation coefficients of study variables, and coefficient alphas of the measures are shown in Tables 1 and 2 for the SOE and JV samples respectively. For the sample of SOE, a preliminary examination of the correlations in Table 1 indicates that trust in organization and trust in supervisor are strongly correlated with their antecedents. For example, distributive justice and procedural justice are positively related to trust in organization ($r = 0.603$ and 0.438 respectively, $p < 0.01$), and interactional justice is also positively related to trust in supervisor ($r = 0.67$, $p < 0.01$).

For the sample of JV, the correlation matrix in Table 2 indicates that trust in organization and trust in supervisor are also strongly correlated with their antecedents. As expected, distributive justice and procedural justice are positively correlated with trust in organization ($r = 0.313$ and 0.378 respectively, $p < 0.01$), and interactional justice is positively related to trust in supervisor ($r = 0.580$, $p < 0.01$). Both trust in organization and trust in supervisor have a positive and significant correlation with
Figures 1 and 2 summarize the results of LISREL analysis for the SOE and JV samples respectively. All of the path coefficients (in standardized estimates) are reported. In brief, our proposed model is supported by the data. The specific findings are discussed below.

First, we consider the effect of distributive justice on trust in organization. Its effect is stronger in SOE ($\beta = 0.40, p < 0.01$) than in JV ($\beta = 0.14, p < 0.05$), though in both cases the coefficients are positive and significant. Turning to the effect of procedural justice on trust in organization, we find reverse result. Its effect is stronger in JV ($\beta = 0.28, p < 0.01$) than in SOE ($\beta = 0.13, p < 0.05$). Given these findings, H1 and H2 are supported.

As expected, interactional justice is found to have a significant and positive effect on trust in supervisor in both SOE ($\beta = 0.74, p < 0.01$) and JV ($\beta = 0.75, p < 0.01$). No significant difference in the effect of interactional justice is detected for these two types of organization. We also find a similarly positive effect of procedural justice on interactional justice in both SOE ($\beta = 0.49, p < 0.01$) and JV ($\beta = 0.55, p < 0.01$). Hence, H3 and H4 are supported.

Additionally, trust in supervisor is significantly and positively related to trust in organization in both SOE ($\beta = 0.39, p < 0.01$) and JV ($\beta = 0.44, p < 0.01$). H5 thus gains empirical support. H6 states that the employees’ trust in organization will have a positive effect on their OCB. Our results show that trust in organization is positively related to OCB for the SOE sample ($\beta = 0.16, p < 0.05$) and JV sample ($\beta = 0.17, p < 0.01$). These findings confirm H6.

Lastly, H7 states that the employees’ trust in their supervisors will be
positively related to their OCB, and such relationship will be stronger in JV than in SOE. As shown in Figure 1, trust in supervisor has a strong and positive effect on OCB in JV ($\beta = 0.48, p < 0.01$). Moreover, as shown in Figure 2, the effect of trust in supervisor on OCB is insignificant in SOE ($\beta = 0.076, \text{ns}$). These findings provide evidence for H7. To summarize, our proposed model fits well with the data, and all of the hypotheses are accepted.

**DISCUSSION AND CONCLUSION**

This study endeavors to make both theoretical and practical contributions, and it also contains several implications for future research. First of all, it enhances our understanding of the roles of organizational justice and trust in the Chinese workplace. To our best knowledge, it is the first study that examines the relationships among employees’ perceived justice, trust, and OCB in JVs and SOEs and thus fills a research niche. Our results show that distributive justice affects employees’ trust in organization, and such effect is stronger in SOEs than in JVs. Besides, we find that the effect of procedural justice on trust in organization is stronger in JVs than in SOEs. Additionally, the effect of interactional justice on trust in supervisor is similar in both types of organization. These results reveal the differential impacts of various aspects of organizational justice in different organizational contexts. Moreover, we also find that employees’ OCB is affected by their trust in organization. The effect of trust in supervisor on OCB, however, is significant only in JVs but not in SOEs. In view of these findings, more studies should explore the role of trust on employees’ attitudes and behavior in different organizational settings.

Practically speaking, knowing how perceived distributive justice and procedural justice affect trust in the organization and how interactional justice affects trust in supervisor, management can take appropriate actions to improve employees’
trust level and interpersonal relations at work. Given that the effects of distributive and procedural on trust in organization are different in SOEs and in JVs, different policies should be adopted to enhance employees’ trust in these two types of organization. For instance, in SOEs, more attention should be paid to the distribution of outcomes and rewards. In JVs, consistent and fair procedures regarding employment are particularly important. As subordinates will have a higher level of trust in their supervisor when they perceived more interactional justice, organizations should foster the development of close relationship between supervisor and their subordinates. With a high quality of interpersonal interaction and interpersonal trust in the workplace, JVs are able to elicit the extra-role behavior of Chinese employees.

There are several limitations of our study that may restrict its generalizability. First, most of the scales we used were developed in the West, and they may not be able to capture their full meanings in China. Although their coefficient alphas were acceptable (i.e., all above .70) in this study, the measures need to be further refined and validated, particularly using larger samples in other organizational settings. Second, this study uses cross-sectional data. A longitudinal design should be employed in future works in order to clarify the direction of causality among variables. Third, we consider OCB as the only outcome variable in this study. Future studies may investigate other employee outcomes, such as job satisfaction, organizational commitment, and job performance.
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