Organizational Justice, Behavioral Ethics, and Corporate Social Responsibility: Finally the Three Shall Merge

Deborah E. Rupp,1 Patrick M. Wright,2 Samuel Aryee,3 and Yadong Luo4
1Purdue University, USA, 2University of South Carolina, USA, 3King’s College London, UK, and 4University of Miami, USA

INTRODUCTION

Issues of ethics, justice, and social responsibility are as fundamental to organizational behavior as they are to society at large. As contracts are forged, individuals employed, and power differentials created, opportunities for exploitation, oppression, and victimization emerge. In contrast, as social structures evolve, coordinated opportunities arise for imparting positive social change at the community, environmental, and societal levels. Inherent to all of these phenomena is the application of norms surrounding moral behavior. Norms about what is considered fair and ethical underlie how individuals perceive and evaluate the behaviors and decisions of others; how groups and societies define acceptable behavior; and how individuals, groups, and societies evaluate the decisions and actions of organizations. In addition to defining standards, these norms also drive the reactions (or sanctions) against those who violate them.

In developing the theme for this special issue, we looked across the management domain for literatures touching on the intersection of morality and organizational behavior. This search led us to three rich literatures, which, while at times intersecting, have never been brought together or showcased together in a systematic way.

THREE LITERATURES IN NEED OF FURTHER INTEGRATION

Justice

Organizational justice deals with how fairly employees feel various stakeholders treat them. Studies on organizational justice analyze perception formation, the
cognitive and emotional processing of events, attitudinal and behavioral reactions to perceived mistreatment, and the formation of justice climates within workgroups and organizations (Rupp, 2011). We have accumulated a deep knowledge on these issues from the last 50 years of research in this area. We know that justice and fairness matter to employees. Multiple meta-analytic investigations have shown employee justice perceptions to predict a wide array of organizational- and employee-relevant attitudes and behaviors (Colquitt et al., 2013; Rupp, Shao, Jones, & Liao, 2014). When employees feel they have been treated fairly, they respond with citizenship, heightened performance, and commitment, and show higher levels of well-being. In contrast, when they perceive unfairness in the workplace, they show signs of stress and withdrawal, and display more counterproductive work behaviors.

Research has also provided explanations for employees’ reactions to perceived justice or injustice. It seems that perceptions of fairness are important to employees in assessing the fulfillment of a number of universal needs (Cropanzano, Rupp, Mohler, & Schminke, 2001; Cropanzano, Byrne, Bobocel, & Rupp, 2001). That is, employees care about fairness out of self-interest (i.e., to maximize their outcomes and fulfill needs for control; Gillespie & Greenberg, 2005); they care about fairness out of relational concerns (i.e., to solidify trust-based exchange relationships, especially with those with authority over them, fulfilling their need for belongingness; Tyler & Lind, 1992); and they care about fairness due to what seems to be an evolutionarily based, universally held moral norm of justice (i.e., to fulfill needs for meaningful existence; Cropanzano, Goldman, & Folger, 2003; Folger, 1998). The last set of findings about moral norms is particularly relevant to our understanding of justice in the workplace in that it suggests that employees not only respond to the fairness of their own treatment, but they can also have reactions to injustice targeted at others, even when these other victims are dissimilar or unconnected interpersonally to the observer-employee (Kahneman, Knetsch, & Thaler, 1986; Turillo, Folger, Lavelle, Umphress, & Gee, 2002). Finally, although employees may have the capacity to report on their general, overall sense of workplace fairness (Ambrose & Schminke, 2009), as well as their general, overall evaluation of particular facets of justice (e.g., distributive, procedural, interpersonal justice; Colquitt, 2001), research suggests that justice perceptions reflect a complex aggregation of events and judgments about individual parties (e.g., supervisors, clients, coworkers) that we are just beginning to understand (Lavelle, Rupp, Manegold, & Thornton, in press).

This special issue offers a number of insights on how the normative rules influencing what is considered fair treatment within organizations may vary across cultures. Guo and Miller (2015) explore how employees in Chinese vs. Western contexts apply differential norms in assessing what is fair. Whereas research has demonstrated universality regarding expectations of fair treatment across cultures (Leung, 2005; Shao, Rupp, Skarlicki, & Jones, 2013), this paper is unique in that it explores the relative importance of different justice dimensions across cultures. Although Guo and Miller found many justice dimensions to be common to both

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Chinese and Western contexts, two emic (culture-specific) dimensions also emerged (propriety and respect in the West and the principle of ren in the Chinese context). We also learn from this study that justice may be interpreted with a higher level of subjectivity in the Chinese context.

Liu, Keller, and Hong (2015) further contextualize these ideas through a comparative analysis of the extent to which the practice of hiring individuals with varying levels of qualifications and varying degrees of personal ties (with the employer, its business associates, or government officials) is considered fair and effective in China and the United States. This study not only reveals the complexity with which individuals apply norms, beliefs, and cultural values in assessing the actions of a firm, it also challenges common beliefs surrounding attitudes toward favoritism in Chinese society—with important implications for research on Confucian relationalism.

Behavioral Ethics

Behavioral ethics considers those interactions between individual behavior and social contexts that involve morality-based social prescriptions and moral norms (Cropanzano & Stein, 2009; Trevino, Weaver, & Reynolds, 2006). Whereas the justice literature has certainly begun to consider behavioral norms and morality more recently, behavioral ethics research has long been squarely focused on prescriptive treatments of behavior (i.e., the application of beliefs about how individuals ‘should’ behave; Crawshaw, Cropanzano, Bell, & Nadisic, 2013). As such, behavioral ethics is particularly concerned with the study of moral standards and convictions (Skitka, Bauman, & Sargis, 2005), the role of moral reasoning (Rest, Navarez, Bebeau, & Thoma, 1999), and moral identity (Aquino & Reed, 2002; Smith, Aquino, Koleva, & Graham, 2014). Rest’s model of morality is often applied as an organizing framework within this field, with myriad research questions centering around the four components of moral awareness, moral judgment, moral motivation, and moral action (Rest, 1986).

Many important insights have emerged from this rich literature. For example, we know that morality-related individual differences and characteristics of the immediate context interact in shaping moral awareness (Reynolds, 2006). In addition, evidence suggests that, on average, individuals reason at a less mature moral level in response to work-related (as compared to nonwork or general) issues (Weber, 1990; Weber & Wasileski, 2001). This literature has also uncovered a number of limitations on moral cognition, including moral disengagement—one’s role in the situation, or focusing on the unfavorable acts of the target (Bandura, 1999); moral licensing—when individuals take part in morally questionable behaviors after previously engaging in socially desirable behaviors (Ormiston & Wong, 2013); and moral exclusion—when individuals consider themselves to be beyond the
boundaries within which moral values and norms apply (Opotow, 1990). Although managers and executives may gradually become morally compromised over time, research has shown that ethical decision making can be developed through training on such biases (Banaji, Bazerman, & Chugh, 2003; Moore, Tetlock, Tanlu, & Bazerman, 2006). Individual differences such as moral identity (Aquino & Reed, 2002) and locus of control (Ashkanasy, Windsor, & Treviño, 2006) are often considered relevant to ethical decision making in organizations, as are the ethical climates that exist within organizations (Mayer, 2014; Schminke, Ambrose, & Neubaum, 2005).

Within this special issue, Zhang, Liu, and Liu (2015) explore issues of trust and culture in negotiation settings. Specifically, they explore how different forms of trust serve to reduce the probability that deception will be used as a tactic within negotiations. They argue that both institutional and cultural differences surrounding harmony, detectability, and consequentialism lead to such cross-cultural (China vs. U.S.) differences. Macklin, Martin, and Mathison (2015) then broaden our treatment of ethics (and raise it to a higher level of analysis) by proposing a model of moral climate, which integrates the literature on justice climate with that on ethical climate. Justice climate, or a work group’s shared perception of how fairly they are treated, and ethical climate – a work group’s shared perceptions surrounding norms of what is considered ‘good’ and ‘bad’ behavior (Li & Cropanzano, 2009) – jointly influence moral climate. These authors further explore how cultural diversity influences moral climates.

Corporate Social Responsibility

Corporate social responsibility (CSR) refers to firm activities focused on serving the social good that are beyond both the interest of the firm and what the law requires (Aguilera et al., 2007; Aguinis & Glavis, 2012; Carroll, 1999; Jones & Rupp, in press; Rupp & Mallory, in press; Waddock, 2004; Wood, 1991, 2010). CSR is studied by a number of disciplines (law, strategy, psychology) and at a number of levels of analysis. Research at the institutional level of analysis has shown CSR to be driven by differential stakeholder expectations, pressures, and actions (e.g., Sharma & Henriques, 2005; Stevens, Steensma, Harrison, & Cochran, 2005), which drive action via their ability to impact firm revenue and reputation (Brammer & Pavelin, 2006; Orlitzky, Schmidt, & Rynes, 2003). Institutional forces such as regulations, standards, and voluntary codes of conduct can influence the amount and type of CSR practices carried out by organizations, as well as the extent to which CSR has a strategic advantage for firms (Chatterji & Toffel, 2010). Further, the strictness of regulatory pressures may also influence the authenticity of such practices (Conley & Williams, 2011). Consistent with both justice and behavioral ethics research, this approach is normative in nature. That is, stakeholders impose on firms strong
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expectations about how the latter should be engaging with society. It might be argued that this is an institutional application of both justice and moral norms.

At the organizational level of analysis, research has analyzed why organizations engage in CSR activities. Consistent with the literatures reviewed above, this line of research considers the instrumental, relational, and moral motives for firm-level social responsibility and environmental sustainability. For example, Bansal and Roth (2000) offer evidence of a tripartite motivational structure underlying why organizations ‘go green’, which includes competitiveness, legitimacy, and authentic social responsibility motives (see also Davis, Schoorman, & Donaldson’s work on organizational stewardship, 1997). Considerable research has been devoted to uncovering the link between corporate social and financial performance (see Margolis, Elfenbein, & Walsh, 2007; Orlitzky et al., 2003), although other organizational consequences of CSR activities have been uncovered, such as improved management practices (Waddock & Graves, 1997), product quality (Agle, Mitchell, & Sonnenfeld, 1999), and diversity (Johnson & Greening, 1999). These various organizational-level CSR effects have been shown to depend on a number of factors related both to the organization’s slack resources (e.g., Bansal, 2003) and characteristics of the firm’s CSR engagement with the public (e.g., Jiang & Bansal, 2003).

Individual-level CSR research considers the impact of CSR on individuals belonging to various stakeholder groups (e.g., employees, consumers). For example, it seems that when individuals perceive an employer (or potential employer) as socially responsible, they respond with enhanced performance, citizenship, engagement, organizational attraction, and positive job attitudes (Carmeli, Gilat, & Waldman, 2007; Dhanesh, 2014; Glavas & Piderit, 2009; Jones, 2010). The mediating mechanisms underlying these effects follow a similar tripartite structure as described above (instrumental, relational, and ethics-based motives), although thus far, the most common mediators to be empirically investigated have been relational in nature (e.g., trust and identity; e.g., Farooq, Payaud, Merunka, & Valette-Florence., 2013; DeRoek, Marique, Stinglhamber, & Swaen, 2014). Collectively, this body of work has yet to provide systematic evidence on the effect of CSR on the intended beneficiaries of CSR initiatives (beyond employees) – and the true efficacy of CSR programs in reducing human misery, creating positive social change, and influencing environmental sustainability (Margolis & Walsh, 2003; Rupp & Mallory, in press).

This special issue contains two papers addressing issues relevant to social responsibility. First, Cui, Liang, and Lu (2015) apply cross-cultural theory to challenge common assumptions regarding the (assumed) positive effect of CSR efforts on firm financial performance. They show empirically that this effect can actually be reversed for smaller firms in weak institutional environments. These findings open the door for continued discourse surrounding the motives for engaging in CSR and the potential barriers for smaller firms in emerging economies in actively contributing to positive social change.

Pierce and Aguinis (2015) propose a model of detrimental citizenship behavior, or actions that are carried out in order to advance organizational goals but do

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so at the expense of stakeholder interests. This study not only encourages us to think about social irresponsibility (as opposed to responsibility), it also challenges the notion of citizenship as a unidimensional and largely positive construct. Identifying the harm that may come to stakeholders in the name of organizational citizenship encourages us to view organizational behavior through the lens of multistakeholder consequentialism. Further, this study provides an important example of how CSR research (which largely focuses on organizational initiatives focused on creating social good), along with behavioral ethics studies (which focus on individuals), may provide valuable insights for understanding normative (un)ethical behavior.

INTEGRATION – HOW THE THREE SHALL MERGE

The topics of organizational justice, behavioral ethics, and CSR differ in terms of perspective and level of analysis (i.e., justice often deals with the self; behavioral ethics often deals with the context for justice and ethical decision making, and CSR involves the actions of firms). What can bring these three topics together is a focus on fairness, individual rights, and morality-based (as opposed to strictly profit-based) decisions. Research that integrates these themes requires collaborations among micro- and macro-OB, psychology, sociology, political science, law, behavioral economics, business ethics, and philosophy. This allows for topics such as morality, social norms, decision making, social influence, motivation, whistleblowing, deviance, governance, and business ethics to be studied in new ways and through new lenses (Crawshaw et al., 2013; Cropanzano & Stein, 2009; Jones & Rupp, in press; Trevino et al. 2006).

The interplay of the above three topics is consistent with structuration (Giddens, 1984, 1995), which focuses on the social and ethical ‘practical consciousness’ motivating organizations or their agents to enhance organizational legitimacy and sustainability. This perspective provides a microlevel conception of ‘which institutions act where and how’, acknowledging the mutual constitution of structure (e.g., governmental policies and social images) and actors (e.g., organizations managers, or employees). Such changeable structural properties of political or social systems are thought to be both the medium and the outcome of the practices that they recursively organize. At the same time, unintended conditions also arise (e.g., corruption) and act as structural constraints that organizations often cannot fundamentally change but to which they must react. Consequently, organizations must reflexively monitor their ethics and CSR actions to deal with the existing political and social systems wherein they can economically and ethically thrive. Fairness within an organization supports sustained practical consciousness such as business ethics and CSR. As such, we view organizational justice as an important organizational platform that augments the commitment to ethics and CSR performed by organizations and their members.

The movement of ethics and CSR to the forefront of global business practice signals fundamental changes in the way businesses interact with their stakeholders.
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(e.g., employees, customers, local communities, and the larger society). Despite the global nature of this trend, many of these business practices have been driven by theories and research stemming from a Western context. Because responses to justice, behavioral ethics, and social responsibility cannot be meaningfully understood without reference to social, cultural, and institutional contexts, this special issue showcases current and integrative research that highlights varying cultural perspectives within the justice, ethics, and CSR domains, as well as the role of context on these issues.

CONCLUSION

Individually, each of the six papers included in this special issue makes a unique contribution. Collectively, they take an important step forward, not only in building bridges between the justice, behavioral ethics, and social responsibility literatures, but also in articulating the role of culture as an influence on the complex phenomena inherent to this domain. We hope that, through bringing together research spanning these three areas, this special issue might provide the foundation from which a number of future integrative studies sensitive to the emic-etic distinction in management research might be pursued.

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Deborah E. Rupp (ruppd@purdue.edu; Ph.D. from Colorado State University) is Professor and William C. Byham Chair in I/O Psychology, and an affiliate faculty in the Krannert School of Management, at Purdue University. She conducts research on organizational justice, behavioral ethics, corporate social responsibility, and humanitarian work psychology, as well as issues surrounding behavioral assessment, technology, bias, and the law.

Patrick Wright (Patrick.Wright@moore.sc.edu; Ph.D. from Michigan State University) is Thomas C. Vandiver Bicentennial Chair in the Darla Moore School of Business at the University of South Carolina. He teaches, conducts research, and consults in the area of strategic human resource management (SHRM), particularly focusing on how firms use people as a source of competitive advantage and the changing nature of the chief HR officer role.

Samuel Aryee (samuel.aryee@kcl.ac.uk; Ph.D. from McMaster University) is a Professor of Organizational Behavior and Human Resource Management in the Department of Management at King’s College London. His research interests include organizational justice, strategic human resource management, work-family interface, and service management.

Yadong Luo (yadong@miami.edu; Ph.D. from Temple University) is Emery Findley Distinguished Chair and Professor of Management at the University of Miami. His research interests include global business strategy, international management, and emerging economy business development.

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