

**ORGANIZATIONAL JUSTICE AND WELL-BEING: MODERATING EFFECTS
OF POWER DISTANCE AND COLLECTIVISM**

by

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Research report in partial fulfillment of the requirements for the degree of Master

Business Administration

MAY 2005

DEDICATION

This dissertation is specially dedicated to my love, my very supportive, and understanding husband, Rajdev Singh Randhawa, who is my continuous inspiration to excel in life in every possible way and who has helped me make this dream of mine come true.

ACKNOWLEDGEMENTS

This dissertation could not have been made possible without the help of Professor Mahfooz A. Ansari and Dr Rehana Aafaqi. I would like to thank them for their continuous help, support, patience, encouragement, and feedback throughout this journey. I am very fortunate to have been able to work with both of them, as they have provided valuable advice in my academic studies. It is really an honor to have them as my supervisor and co-supervisor, respectively.

I am also very thankful to all my coursemates especially Lee Jia Shean, Melissa Khor, and Evelyn Cheah for their assistance, support and co-operation and also to all my friends especially on the distribution of questionnaires.

My special thanks and my deepest appreciation to my husband Rajdev Singh, my parents-in-law Hari Singh and Sruan Kaur, my parents Balbeer Singh and Harbans Kaur, my sister, Harmeet Kaur, and my brother-in-law, Harnil Singh, for their unconditional love, patience and endless support throughout my life.

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ABSTRAK

Kebajikan pekerja (employee's well being) merupakan satu isu yang hangat di kalangan organisasi oleh kerana ia boleh mempengaruhi kepuasan bekerja dan boleh memberi kesan negatif kepada kesihatan fizikal dan mental pekerja sekiranya ia tidak dikawal. Kebajikan pekerja adalah penting kerana ia boleh memberi impak kepada kualiti kehidupan individu serta kesihatan mental dan fizikalnya. Keupayaan untuk menjaga kebajikan dan kesihatan pekerja akan memberi manfaat bukan sahaja kepada pekerja tersebut malah kepada majikan tersebut. Kesan langsung ke atas perhubungan keadilan organisasi ke atas kebajikan pekerja juga dikaji. Selain daripada itu, interaksi di antara konsep bekerja secara individu atau berkelompok ('individualism-collectivism') dan konsep jarak kuasa juga dikaji sama ada berupaya menjadi moderator. Kesan langsung dan kesan interaksi ini dapat dibuktikan dengan mengumpul data daripada 197 orang individu yang bekerja di sektor pengilangan di kawasan Bayan Baru, Pulau Pinang, Malaysia. Hasil analisis ke atas perhubungan pembolehubah bebas dan pembolehubah bersandar menunjukkan bahawa hanya keadilan organisasi menunjukkan perhubungan positif dengan kebajikan pekerja.

ABSTRACT

The employees well-being has been a growing concern amongst organizations as it would affect the employees satisfaction towards his or her jobs, and would affect an individual's psychological and physical well being. The well-being of an employee is important as it affects the quality of an individual's life and his or her physical and psychological well-being. The ability to promote a feeling of well-being is of considerable benefit not only to employees in the community but also to the employer's bottom line. The psychological and physical well-being of employees and their satisfaction with their work and workplace would affect the organizational citizenship at work, and turnover rates. The relationship between organizational justice (procedural justice, distributive justice, informational justice, and interpersonal justice) and well being was studied to investigate the effect it has on the well-being of employees. The impact of individualism-collectivism and power distance on the above relationship were also examined. Direct and interactive effects on well being were predicted by using data collected from 197 respondents who work in manufacturing firms in Bayan Baru, Penang. Findings revealed that only distributive justice and interactional justice (which consists of informational justice and interpersonal justice) were positively related to the employee's well-being.

Chapter 1

INTRODUCTION

1.1 Background

Over the last decades, many changes have taken place in the working environment (Marmot, Siegrist, Theorell, & Feeney, 1999). However, the most fundamental development is the increased psychological work load (work stress) (Van Vegchel, Jonge, Meijer, & Hamers, 2001). Attempts have been made to gain more information in respect of the psychological work load and job satisfaction. A growing number of research demonstrates that the employees perception of fairness predicts their work attitude and behaviors (Irving, 2004). For example, perceptions of justice have been linked to outcomes such as organizational commitment, job satisfaction, organizational citizenship behavior and in trust management (Cropanzano, Byrne, Bobocel, & Rupp, 2001). The results from various studies indicate that the higher the perception of fairness in the workplace, the more likely employees are to be satisfied with their jobs (Masterson, Lewis, Goldman, & Taylor, 2000) and thus the better their well-being will be.

Despite the fact that evidence has shown that there is an impact of procedural injustice on job dissatisfaction and psychosomatic well-being (Schmitt & Dorfel, 1999), research also supports the notion that dispositional factors may influence the employee's well-being.

Hofstede suggested that there is a variance in acceptance of power distance among different cultures. Cultures categorized as high in power distance (such as

countries in South-East Asia) accept that power is distributed unequally, whereas cultures categorized as low in power distance (such as countries in Europe) are against power inequality. As such, it would be interesting to find out as to whether the findings would be the same if it is conducted at individual level within the high level power distance culture.

This research will also study and understand the role of power distance and collectivism as moderators in the relationship between organizational justice and well-being. This will help organizations to initiate strategic changes that may provide significant benefits to the organization.

1.2 Problem Statement

Lately, there have been many cases of work related stress among employees. As such, organizations today place great importance on well-being of employees as employees who are satisfied will be more committed, tend to exert more effort and make more contributions to the company. Since well-being plays an important role in today's organizations as it enhances the effectiveness and the success of the company, it is important for organizations to investigate the reason as to why the well-being of employees differs from one another or is higher than the others despite the organizational interventions designed to increase the job satisfaction, psychological well-being and physical well-being among all the employees. Of particular interest, the relationship between the four dimensions of organizational justice and well-being has received relatively little attention. This research will study the relationship of organizational justice and well-being and explore the role of the cultural dimension of power distance and collectivism at individual level.

Pursuant to previous literature, studies have been conducted on the direct relationship between organizational justice and job satisfaction, procedural injustice on job satisfaction and psychosomatic well-being, work locus of control and well-being. However, to our knowledge, very few studies have looked at the perspective of organizational justice and employee's well-being and the interacting effect of power distance and collectivism, particularly in the Malaysian context.

1.3 Research Objectives

The main objectives of this research are as follows:

- (1) To investigate the relationship between organizational justice and three aspects of well-being at work: job satisfaction, psychological well-being, and physical well-being;
- (2) To determine whether the strength of this relationship is moderated by the cultural dimensions of power distance and collectivism at the individual level;
- (3) Finally, to examine the proposed model in the Malaysian context.

1.4 Research Questions

This study, attempts to answer the following questions:

- (1) Is organizational justice positively related to job satisfaction?
- (2) Is organizational justice positively related psychological well-being?
- (3) Is organizational justice positively related to physical well-being?
- (4) Does the cultural dimension of power distance influence the relationship between organizational justice and job satisfaction?

- (5) Does the cultural dimension of power distance influence the relationship between organizational justice and physical well-being?
- (6) Does the cultural dimension of power distance influence the relationship between organizational justice and psychological well-being?
- (7) Does the cultural dimension of collectivism influence the relationship between organizational justice and job satisfaction?
- (8) Does the cultural dimension of collectivism influence the relationship between organizational justice and physical well-being?
- (9) Does the cultural dimension of collectivism influence the relationship between organizational justice and psychological well-being?

1.5 Significance of the Study

There have been a number of researches focusing on the role of power distance as moderating variables between procedural justice and job satisfaction. However, no study or research has been conducted to study the impact of both the moderating variables of power distance and collectivism simultaneously on the relationship of organizational justice (procedural, distributive and interactional justice) and well-being (physical well-being, and psychological well-being). Empirical studies in this area within Malaysia are very few. Theoretically, this study would add to the limited literature in comprehending the moderators of well-being, namely, the influence of power distance and collectivism on the perception of justice.

Besides, this study would be a great contribution to the organizations as it helps us to understand why organizational justice is seen differently in respect of the cultural

well-being dimension of power distance and collectivism and the effect it has on the employees.

1.6 Definition of Key Terms

Well-Being—the presence of positive feelings in the worker that should result in happier and more productive workers (Harter, Schmidt, & Keyes, 2002)

Job Satisfaction - pleasurable emotional state resulting from the appraisal of one's job or job experience (Locke, 1976)

Psychological well-being - the evaluation of one's happiness and satisfaction with life, as well as the ration of the number of symptoms of positive affect to those of negative affect. (Keyes, Hysom, & Lupo, 2000)

Physical well-being - one's feeling regarding one's physical ability, including the ability to exert physical energy

Organizational Justice - perceptions of people with regards to fairness in organizational settings (Greenberg, 1990).

Procedural Justice - fairness of the procedures used to determine the outcome distribution (Colquitt, Conlon, Wesson, Porter, & Ng, 2001).

Distributive Justice - fairness of the outcome distribution (Colquitt, et al,2001).

Interactional Justice - the interpersonal treatment people receive as procedures are enacted (Bies & Moag, 1986).

Informational Justice - the extent to which decision makers provide information and explanations during the enactment of procedures (Greenberg, 1993).

Interpersonal Justice - the extent to which decision makers showed concern and sensitivity to others for the outcome received as a result of the allocation procedures (Greenberg, 1993).

Collectivism - reflects the degree to which people prefer to act as members of a group rather than as individuals (Duehr & Ones, 2004).

Power Distance - the extent to which the individual accepts the notion that inequality in power between different people is a natural aspect of a social system (Hofstede, 1980).

High power distance - acceptance that power is distributed unequally (Hofstede, 1980).

Low power distance - resentful to power inequality (Hofstede, 1980).

1.7 Organization of the Dissertation

Chapter 1 gave a bird's eye view of the need for this research and the background of the study. The problem statement, objectives and significance of the study were discussed. Previous researches are studied and reviewed in Chapter 2. Theoretical framework and hypotheses are developed based on literature review. Chapter 3 discusses the research methodology used during the study. Questionnaires are also developed based on the methodology discussed. The result section in Chapter 4 will argue the empirical analysis of the sample and will test the hypotheses. Finally, Chapter 5 illustrates the discussions of the findings, the implication and the limitation of the study.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents an overview of the employee's well-being and how organizational justice plays an important role in the relationship with the employee's well-being. In this respect, the cultural dimension of power distance and collectivism are studied at individual level to study the influence they have on this relationship and as to whether it would affect the three dimensions of well-being on an employee, which are job satisfaction, physical well-being and psychological well-being. This chapter will first review the relationship between the four dimensions of organizational justice and the three dimensions of employee well-being and thereafter the influence that the cultural dimension of power distance and collectivism has on the relationship. Based on the literature review, the theoretical framework and hypotheses are developed at the end of this chapter.

2.2 Employee's Well-being

The term employee well-being refers to the physical and mental health of the workforce. This means that employees should be working in a stress-free and physically safe environment (Currie, 2001). Well-being is a broad term used that actually covers or encompasses a number of workplace factors. Based on the study conducted by Harter, Schmidt, and Keyes (2002), well-being was discussed using a hypothesized model that employee engagement (a combination of cognitive and emotional antecedent variables in

the workplace) increases the positive affect (job satisfaction, commitment, joy, fulfillment, interest, caring) which ultimately increases the efficiency of work.

According to Bradburn (1969), well-being is the balance of positive and negative affect. The well-being of an employee acts in the best interest of the organization. It was said that employee's well-being refers to the physical and mental health of the workers, but the term 'well-being' can encompass many issues. It includes benefits that an employee should get to ensure his well-being. Among the benefits are: a pension scheme, access to medical care, a healthy and safe working environment, assistance with family matters such as bereavement, paternal leave for fathers, and the formulation of policies such as no smoking in the workplace (Currie, 2001). As such the workplace plays a significant part on the individual's life that affects his or her life and the well-being of the community. From the perspective of well-being, a healthy workforce means the presence of positive feeling in a worker that should eventually result in happier and more productive workers (Harther, Schmidt, & Keyes, 2002).

The well-being of employees is in the best interest of the organization. This is because the workplace is a significant part of an individual's life and affects his life. An average adult spends much of his or her life working. According to Campbell, Converse, and Rodgers (1976), a quarter of the adult life satisfaction can be accounted for by satisfaction at work. Studies have shown that the well-being of employees acts in the best interest of the employer. Meta analysis has revealed that there is positive relationship between job satisfaction and the individual's performance. It has been suggested by Spector (1997), that more satisfied employees are more cooperative, more helpful to their colleagues, more punctual in their attendance to work, show up for more days at work

and stay much longer than dissatisfied employees. The more happy and productive worker clearly links emotional well-being with work performance (Harter, Schmidt, & Keyes, 2002). In short, work affects the quality of an individual's life and his or her mental health, and thereby affecting the productivity. As such the ability to promote employee's well-being and increase the physical and psychological well-being (emotional) is of considerable benefit not only to employees themselves but also to the employer's bottom line. The emotional well-being of the employees and their satisfaction with their work and workplace ultimately affects the organizational citizenship behavior, turnover rates and their performance rating (Harter, Schmidt, & Keyes, 2002).

Spector, Cooper, and Bernin (2002) conducted a study on 24 nations in respect of the relationship between work locus of control and well-being and studied the cultural dimension of collectivism as a moderator. In this study, it was found that collectivism did not moderate the magnitude of work locus of control with measures of well-being at all. Following that, Deuhr and Ones (2004) conducted a research to examine the relationship between locus of control and well-being at work: job satisfaction, psychological well-being and physical well-being. The main goal in Deuhr and Ones' study was to determine whether the relationship between locus of control and well-being generalizes beyond Western culture and whether the strength of this relationship is moderated by collectivism. Here, it was found that the relationship between locus of control and all three measures of well-being generalizes across cultures, and that the cultural dimension of individualism-collectivism was not significant on all the three measures of well-being.

In this study the three main aspects of well-being at work as was researched by Spector et al. (2002) will be studied: job satisfaction, psychological well-being and physical well-being (Spector et al., 2002). If a person likes his or her job, it would lead to the person agreeing strongly with the favorably worded items on the job satisfaction scale. Workload is related to psychological well-being as a high workload would cause some level of uncertainty for the employee as to whether he or she would be able to get all the work done (Spector & Jex, 1998). Such uncertainty, would lead to feelings such as anxiety and frustration which would eventually affect the physical well-being of employee due to the linkage with emotional responses.

Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job or job experiences (Locke, 1976). It can also be considered as a person's reflection of his value judgment regarding work-related rewards. An individual's satisfaction in a job can be seen from the individual's affective response resulting from an evaluation of the total job satisfaction (Mottaz, 1987 as cited in Nasurdin & Ramayah, 2003).

There are intrinsic and extrinsic benefits that workers can receive from their jobs which can be categorized as task rewards and organizational rewards (Kallenberg, 1977). Task rewards are rewards that are directly related in doing the job such as challenge, interest, responsibility and the usage of one's skill and ability. Organizational rewards, on the other hand, include rewards that are given by the organization to motivate task performance and maintain membership in the organization. O'Reilly and Caldwell (1980) provide that both the forms of rewards lead to job satisfaction. Job satisfaction consists of five facets which are pay, promotion, supervision, coworkers, and work itself.

There are three factors that are essential to ensure job satisfaction among employees, which are role clarity, the work environment, and employees' evaluations of managers' performance. Therefore, employers should try to ensure that their employees have a clear understanding of their job responsibilities and the actions that are expected out of them as employees would more likely be satisfied with their jobs. Employees would also be satisfied with their job if they believe that they have a good working environment (Arnett, Laverie, & McLane, 2002) thus leading to a healthier, physical and psychological well-being.

Job satisfaction plays a vital role in organizations as it has been linked to a increase in customer orientation by the employee, an increase in perceived service quality and an increase in customer's satisfaction. In short, job satisfaction leads to the employees's intentions to keep performing better in their required field. It is a crucial pre-requisite to service excellence (Arnett, Laverie, & McLane, 2002).

Psychological well-being consists of six elements that in combination or in total it indicates whether an individual and to what extent or degree an individual is dealing well with the existing challenges of life (Ryff & Keyes, 1995). The dimensions of psychological well-being are personal acceptance, personal growth, purpose in life, environmental growth, environmental mastery, positive relations with others and autonomy (Keyes, Hysom, & Lupo, 2000). Each element represents a symptom of mental health.

Psychological well-being can be enhanced by treating individual stress as a serious issue, regardless of where it is induced. As such offering counseling services, communicating openly with employees and showing them that their work is valued by

the organization and implementing an equal opportunities policy helps employees to feel happy and comfortable working. As a consequence, employee performance will improve and their commitment level to the firm would increase (Currie, 2001).

Physical well-being can be ensured by attending to health and safety matters, such as ensuring that risks of injury or accidents at the workplace are reduced as far as possible and practicable, providing reasonable working hours to avoid employees from undergoing physical strain such as a severe backache, headache, eye strain as a result of long working hours, and also by providing the employees paid holiday time (Currie, 2001). In countries like Europe, there are legislated Working Time Regulations whereby a particular group of employees are only permitted to work a limited number of hours a week. Similarly in Malaysia, labor laws are enacted to protect the welfare of the employees.

Many organizations provide physical recreational facilities such as a fully equipped gymnasium, a swimming pool and playing fields. In addition, some of the organizations also form sports clubs and organize sport teams to represent their organization in formal leagues. Researches have shown that when individuals feel that the decision making process is fair and that they have been treated fairly, they demonstrate a higher level of job performance, increased job and pay satisfaction and a higher level of organizational citizenship behavior (Byrne & Cropanzano, 2000). As such, organizational justice plays an important role in the employee's well-being.

2.3 Organizational Justice

The precursor of organizational justice was laid down by Adams (1963). Recent studies view justice to cover a broader context. However the concept of justice is believed to be in its “adolescent” stage (Miller & Daus, 2004). There are still many debates and inconsistencies in the literature as to how many dimensions organizational justice has (Colquitt, Conlon, Ng, Porter, & Wesson, 2001). Traditionally, organizational justice has focused on two types of dimensions: (a) fairness of the outcome distribution (distributive justice); and (b) the fairness of the procedures used to determine the outcome distributions (procedural justice), (Colquitt et al., 2001). More recently, the study of organizational justice has lead to the recognition of interactional justice. Bies and Moag (1986) first introduced interactional justice as a third component of organizational justice. However, others studies have defined it as a component of procedural justice.

Whereas the difference between the concepts of procedural justice and interactional justice is still debated (Bies, 2001; Bobocel & Holmvall, 2001 as cited in Irving, Bobocel, & Montes, 2004), the difference between distributive justice and procedural justice is longer standing. Based on previous researches, it is said that both distributive justice and procedural justice are important antecedents of work related attitude (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Cropanzano et al., 2001)

Procedural justice is generally defined as the perceived fairness of the process used in order to determine the outcome (Cropanzano, Goldman, & Benson, 2004). Employees tend to respond more favorably even though they feel the outcome was unfair so long as they believe the procedures that resulted in the outcome were fair (Tyler & Lind, 1992).

Leventhal and colleagues (Leventhal, 1980; Leventhal, Karuza, & Fry, 1980), identified that there are six rules which related to procedural justice which are consistencies, bias suppression, accuracy of information, rule of correctibility, rule of representativeness and rule of ethicality. Consistencies require that the procedures and step taken by the organization should remain consistent. Bias suppression refers to those who develop and implement the procedures. Rule of accuracy and correctibility are to ensure that the information obtained is accurate and to allow room for correction. Representativeness refers to the procedures that are adopted should be representative of all those persons who are affected. Finally, the procedures adopted should follow the ethical and moral standards (Miller & Daus, 2004)

Distributive justice on the other hand focuses on an individual's subjective assessment of the fairness of the outcome distribution (Cropanzano, Goldman, & Benson, 2004). As such, distributive justice emphasizes on the perceived fairness of an outcome. Bies and Moag (1986) identified a third type of justice, which they called interactional justice. Interactional justice is described by them as feelings of fairness regarding how one is treated in an organization when procedures are enacted, comprised of the dimensions of justification, priority, truthfulness, and respect.

Greenberg (2003) proposed that interactional justice can be further divided into two independent types of justice: interpersonal and informational justice. Interpersonal justice is described by Colquitt as the extent to which employees are treated with dignity and respect, and informational justice is described as the extent to which employees received adequate information regarding procedures and outcomes. Interactional justice has only recently gained acceptance as an independent type of justice (Bies, 2001). For

many years, after its introduction by Bies and Moag (1986), interactional justice was considered to be one of the aspects of procedural justice or both distributive and procedural justice (Greenberg, 1993).

According to Schmitt and Dorfel (1999), procedural justice is positively correlated with job satisfaction and psychosomatic well-being. Evidence has been compiled to show that procedural justice in the workplace is important for the effective and efficient functioning of organizational structures, for the mental health of employees, for their attitudes toward superiors and the company, for organizational citizenship behavior and for the economic health of a business (e.g. Bies, 1993; Greenberg, 1996). It has been suggested by Duehr and Ones (2004), that cultural variable such as power distance should be looked at to examine whether it affects the well-being of the employee.

2.4 Power Distance

Hofstede's (1983) cultural dimensions are those commonly used measurements of national culture. He postulated that the cultural difference between nations could be to some extent using five bipolar dimensions: power distance, individualism-collectivism, masculinity/femininity, uncertainty avoidance, and long term/short term orientation.

Hofstede's survey of IBM (a multinational firm) employees which was conducted in 1980, found that countries high in power distance are Malaysia, Indonesia, and Singapore. Individualism was found to be very high in the Anglo cluster countries. Malaysia ranked first in terms of power distance, and thirty sixth in terms of

individualism. This should be compared to the United States which ranked thirty eighth in power distance and first in individualism.

Power Distance can be defined as the dimension that indicates the extent to which members of a society can and do accept that power in institutions and organizations is distributed unequally (Hofstede, 1997). As an individual difference variable, power distance seems likely to influence relationships with authorities (Begley, Lee, Fang, & Li, 2002). Power distance indicates a tendency to view the hierarchical gap between authorities and subordinates as substantial but also legitimate and acceptable (Hofstede, 1980). Power distance may influence the individual's perceived fairness (Brockner, Ackerman, Greenberg, Gelfand, Francesco, & Chen, 2001). Individuals in low power distance cultures would feel deprived and consider it unfair if they are not entitled in participating in the decision making process. On the other hand, for individuals high in power distance, such inequality is considered legitimate (Brockner et al., 2001). Individuals in countries high in power distance, prefer superiors who exercise autocratic leadership and do not expect to participate in decision making (Hofstede, 1980). Instead they believe that the superiors have the prerogative to make decisions without consulting them. On the other hand, individuals low in power distance, expects their superiors to consult them and approach them with their views in relation to certain matters that are important or that affects them. Thus they have a better opportunity to develop closer relationship with their superior.

Begley (2002) posited that power distance will interact with procedural and distributive justice to explain justice outcome. As such, individuals high in power distance find it more difficult to build close relationship with the superiors or bosses.

Without this relationship, they cannot take procedural fairness for granted. For those individuals from cultures low in power distance, distributive justice is more relevant as it is contingent on factors beyond their control. This should be compared to those high in power distance wherein distributive justice will be less relevant as their expectations are modest. The culture dimension of power distance also addresses the issue of conformity versus independence. In low power distance cultures, people are less likely to behave in a conforming way. Instead, they tend to do whatever they wish to do as they like (Hofstede, 1997). Conversely, in high power distance cultures, conformity remains.

2.5 Collectivism

The cultural dimension of collectivism reflects the degree to which people in a country prefer to act as members of a group rather than as individuals (Deuhr & Ones, 2004). In individualist countries, people tend to act rationally according to their own interest, and work is viewed as a method to serve individual's needs and self-interests (Hofstede, 2001).

On the other hand, in a collectivist culture, the work is designed around in groups, which most of the time does not mirror the interest of the individual. The needs of the group are put before the needs of the individual, and the individual does not have independent control of the group (Hofstede, 2001).

Triandis (1994) has suggested that individualism occurs in society that are both complex and loose, whereas collectivism occurs in societies that are both simple and tight. For example, Hollywood stars lives in a culture that is both complex and loose. Tightness refers to a culture that has many rules, norms, and ideas about what is correct

behavior in various kind of situations; loose cultures have fewer rules and norms. In the former culture also, people tend to be more upset when others do not follow the norms of the society and do not behave as expected, while in the latter culture, people are more tolerant to most deviations from normative behaviors. Deuhr and Ones (2004) provides that these differences in culture suggest that employee control may not always relate to job satisfaction and positive well-being.

Triandis (1994) stated that although the ecological factors as used by Hofstede (1980) tend to provide bipolar factors suggesting that individualism and collectivism are opposite polls of one dimension, individual level factors suggest that the two can co-exist and the only difference is that one can be simply emphasized more or less in each culture depending on the situation. Each individual carries both individualism and collectivism tendencies. The only difference is that, in some cultures, the probability that individualist selves, attitudes, norms, values will be sampled is higher than the others.

Triandis (1994) explains that individualism can be described as a tendency for individuals to view themselves as independent entities who are only motivated mainly by their own goals and preferences. Collectivism on the other hand refers to the tendency of the individuals to see themselves as part of one or more social groups with motivation based on the goals and norms of the group.

2.6 Summary of Literature Review

Perception of organizational justice in an organization plays an important role to predict the three aspects of well-being: job satisfaction, physical well-being and psychological well-being. Well-being is important as it enhance the effectiveness and increases

productivity in an organization. Nevertheless, studies have shown that the steps or measures taken by the organization in order to increase job satisfaction might have less impact on employees in a collectivist culture compared to the others. Other studies have also shown that power distance also influences the relationship between organizational justice and job satisfaction. The moderating impact of collectivism seems to have no impact on the measures of well-being.

2.7 Theoretical Framework

2.7.1 Gap in the Previous Literature

Previous literature has helped to develop the foundation of this study. The literature suggests that organizational justice predicts job satisfaction, locus of control predicts well-being and is not influenced by collectivism. In addition, other literature provides that the relationship between procedural justice and job satisfaction is influenced by negative affectivity and power distance, and procedural justice is positively correlated to job satisfaction and psychosomatic well-being.

However, these studies were all done separately and independently. There has been no previously reported study of the relationship among organizational justice (which includes procedural, distributive, interpersonal and informational justice), well-being (job satisfaction, physical well-being and psychological well-being), power distance and collectivism. Therefore, the main objective of the study is to bridge this gap and understand the impact of the cultural dimension of collectivism and power distance in the relationship between organizational justice and well-being.

2.7.2 Justification of the Framework

After studying previous researchers' work, it is of interest to further the study the impact of power distance and individualism-collectivism on the relationship between organizational justice towards job satisfaction, physical well-being and psychological well-being. According to Tyler, Lind, and Huo, (1995), power distance predicts one's attitude towards the higher authority. For example, individuals low in power distance will be closer to the superiors compared to those who are high in power distance. In a study conducted in China by Aryee and Chen (2000) (as cited in Begley et al., 2002), it was found that procedural justice relate positively to leader member exchange. As such, it could be argued that power distance has an influence on the leader – member exchange theory as lower power distance enables employees to build closer relationship with the authorities. On the other hand, those high in power distance find it difficult to build close relationship and thus cannot take procedural fairness for granted.

There are also other theories that can be associated with organizational justice and employee's well-being. One of the theory is the social exchange theory that provides that the social exchange relationship between the organization and the employees develops through a series of mutual exchanges that calls for a reciprocal obligation in each party. An employee that provides a service to the organization, would do so on the expectation that he would receive a return in the future. While the other party, having received something of value, develops a sense of obligation to reciprocate (Masterson, 2001). Building upon social exchange theory, it can be rationalized that fairness in the working environment would eventually result in better physical and psychological well-being as employees will be satisfied with their job, and there will be less strain on the employee

that otherwise would be caused by organizational injustice. As a consequence of which, the employee will show more commitment to the organization which would eventually reduce the turnover rates.

On the other hand, the injustice-stress theory is an integration of work stress and organizational justice which was developed by Vermunt and Steensma (2001). This theory implies that each individual have certain things that they are looking forward to in their lives. Failure to meet these demands would cause individuals to experience dissatisfaction, reduced life satisfaction, and strain. Gaps between what is desired and what is received is deleterious to a healthy psychological and physical well-being (Vermunt & Steensma, 2001).

Previous studies have shown that collectivism was not found to moderate the relationship between locus of control and well-being. In fact the moderator analysis was found not to be significant for all measures of well-being (Deuhr & Ones, 2004). However here, the data was collected at country level. This present study will analyse the relationship at individual level.

In addition, this research will study the influence of individualism-collectivism on well-being. Simultaneously, it will assist the organizations to consider individual differences when developing organizational interventions. Studies have shown that developing fair procedures at work may work less well for collectivist culture than for individualist culture in terms of enhancing positive outcome.

This study is illustrated and expanded by constructs shown in Figure 2.1 below. The relationship in this model can be categorized into two types—the direct effect and the moderating effect. The independent variable for this study is organizational justice,

the dependent variable is well-being and the moderators for this relationship are power distance and collectivism.

2.7.3 Development of Hypotheses

As shown above, the theoretical framework that has been used in this study has been formulated based on various literatures. This will examine the relationship between the independent variable (organizational justice) and the dependent variable (well-being) and whether power distance and collectivism moderates the relationship between the independent and dependent variable.

Schmitt and Dorfel (1999) provides that procedural justice is positively related to job satisfaction and psychosomatic well-being. Hence, by using logic, it may be hypothesized that organizational justice would have the same effect on job satisfaction.

Based on the findings on previous research, the following hypotheses are suggested:

H1: Organizational justice is positively related with job satisfaction.

H1a: Procedural justice is positively related with job satisfaction.

H1b: Distributive justice is positively related with job satisfaction.

H1c: Interpersonal justice is positively related with job satisfaction.

H1d: Informational justice is positively related with job satisfaction.

There has not been any study conducted in respect of the direct relationship between the four aspects of organizational justice and physical well-being. However, Deuhr and Ones (2004) studied the relationship between locus of control and the three

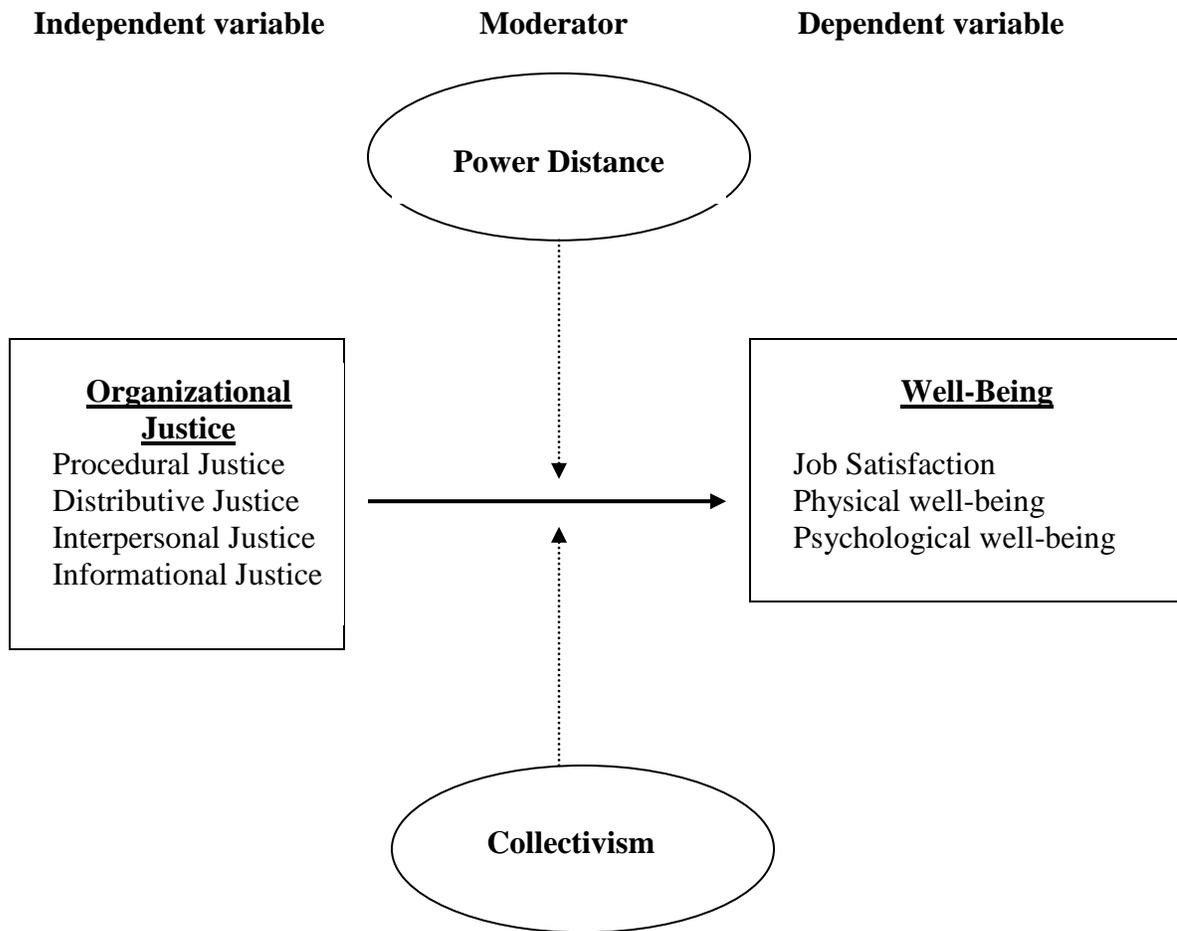


Figure 2.1. Theoretical framework.

Note. Bold solid line indicates direct effect; broken lines indicate moderating effect.

aspects of well-being, which includes job satisfaction, physical well-being and psychological well-being, and the results indicated that there was only a slight correlation between locus of control and well-being.

As such, it would be interesting to find out whether organizational justice would have an impact on physical well-being. In order to gain empirical evidence, the following hypothesis are framed:

H2: Organizational justice is positively related with physical well-being.

H2a: Procedural justice is positively related with physical well-being.

H2b: Distributive justice is positively related with physical well-being.

H2c: Interpersonal justice is positively related with physical well-being.

H2d: Informational justice is positively related with physical well-being.

Considerable empirical evidence have shown that procedural justice in the workplace is important for the efficient running of the organization and more importantly to the mental health or the psychological well-being of the employees (e.g. Bies, 1993; Greenberg, 1996). In Schmitt and Dorfel (1999), it was found that procedural justice is positively related to psychological well-being. The more the employees feel they have been treated fairly at work, the more they feel healthy working.

As such, it would be interesting to find out as to whether all the four dimensions of organizational justice would have the same impact on the mental health of the employee. Hence, it is hypothesized:

H3: Organizational justice is positively related to psychological well-being.

H3a: Procedural justice is positively related to psychological well-being.

H3b: Distributive justice is positively related to psychological well-being.

H3c: Interpersonal justice is positively related to psychological well-being.

H3d: Informational justice is positively related to psychological well-being.

Of particular interest to the present study is the moderating effect of power distance between organizational justice and job satisfaction. For those higher in power