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Testing the Boundary Conditions of Justice Climate Effects: The Moderating Role of  
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TESTING THE BOUNDARY CONDITIONS OF JUSTICE CLIMATE EFFECTS:  
THE MODERATING ROLE OF MORAL IDENTITY AND CORPORATE SOCIAL  
RESPONSIBILITY

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of

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## ABSTRACT

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While the lion's share of organizational justice research focuses on individual perceptions, researchers have recognized the value of group perceptions in understanding justice phenomena. Justice climate (i.e., shared perceptions of fairness among workgroup members) has often been studied using facet-specific and source-specific justice climates (e.g. procedural justice climate, supervisor justice climate) demonstrating the predictive power of group level perceptions of fairness. However, little research has explored the boundary conditions of justice climate effects. In this study, I propose that *overall* justice climate has a significant impact on group prosocial and deviant behaviors. I also propose that group perceptions of corporate social responsibility (CSR) and group moral identity moderate these effects and that these three variables (justice climate perceptions, group CSR perceptions, and group differences in moral identity) interact to impact organizational citizenship behaviors (OCBs) and deviance. A laboratory study was carried out to test these hypotheses. Results showed a significant effect for overall justice climate and a near marginal three-way interaction effect for overall justice climate, group moral identity, and group CSR perceptions. The implications for justice research are also discussed.

## INTRODUCTION

The majority of justice research over the past few decades has focused on first-person, facet-specific perceptions of fairness among employees. Studies taking this perspective have assessed individual-level perceptions in relation to procedural, distributive, interactional, and/or informational justice, which represent different aspects of justice-related events. That is, an employee might evaluate the fairness of outcomes (distributive justice; Adams, 1965), procedures that lead to said outcomes (procedural justice; Thibaut & Walker, 1975; Leventhal, 1976), information provided in the carrying out of said procedures (informational justice; Colquitt, 2001), and interpersonal treatment bestowed on the perceiver over the course of the event (interpersonal justice; Greenberg, 1993).<sup>1</sup> Consideration of individual experiences with justice is of great value in predicting organizational outcomes, such as job performance and organizational commitment (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001), organizational citizenship behaviors (OCBs), counterproductive work behaviors (CWBs), and job performance (Colquitt, Scott, Rodell, Long, Zapata, Conlon, & Wesson, 2013). However, the first-person perspective, which considers an individual's experience as the recipient of justice or

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<sup>1</sup> Informational and interpersonal justice were once conceptualized as a single facet-interactional justice (Bies & Moag, 1986). Interactional justice was defined as the extent to which employees perceive themselves to be treated with dignity and respect.

injustice, ignores other salient experiences with fairness and influences on perceptions of and reactions to fairness. Employees observe various instances of fairness in the workplace in which they are not the direct target, such as group experiences of fairness and fairness directed at external stakeholders. This study moves beyond a first-person perspective by exploring not only group experiences of fairness, but also the boundary conditions on reactions to the unfair or fair treatment of groups.

Very few workers perform their jobs in isolation, as organizations have moved from individual-based to group-based tasks and organizational designs (Kozlowski & Ilgen, 2006). Employees often work in groups where they not only experience (in)justice as an individual, but also as a member of a group that can be the target of fair or unfair treatment. Further, as individuals rarely work alone, communication between group members provides valuable information to employees about the level of care and concern bestowed by ones employer toward both the workforce in general and the workgroup in particular. The communication among group members results in a collective sense or evaluation of fairness, known as justice climate (Naumann & Bennett, 2000).

While the body of justice climate research has grown in past years (e.g. Naumann & Bennett, 2000, 2002; Roberson, 2006a; 2006b; Whitman, Caleo, Carpenter, Horner, & Bernerth, 2012), it represents a very limited perspective on the different sources of justice information and how employees might respond to these sources. Group members share different experiences with fairness, including the known experiences of outgroup members. Third-party justice perceptions (e.g., perception of how *others* are treated; Skarlicki & Kulik, 2005), are a salient source of

information that group members consider in light of their own treatment by the organization. Similarly, as groups share information regarding experiences with fairness, they also provide cues for normative reactions and responses to fairness and unfairness. Through attraction-selection-attrition (ASA; Schneider, 1987) group members become more similar over time, as those who are similar to current group members are more likely to enter into and remain with the group, making groups more homogenous over time. When group members possess similar traits (e.g. highly extraverted, low justice orientation, etc.), their interpretations of and reactions to fairness should be also be similar. Thus, in order to more accurately and comprehensively assess justice climate effects, one must consider the character of the groups experiencing fair or unfair treatment. In this study, I explored how groups' third-party perceptions of fairness and their collective moral identity moderated the effect of justice climate on the citizenship and deviant behaviors of groups (see Figure 1).

### **Justice Climate**

When evaluating fairness, employees consider multiple experiences. As Rupp (2011) noted, employees consider how “I” have been treated, as well as how “we” have been treated. The former of these represents classical approaches to justice research that considers how an employee feels he or she has been treated. The latter represents justice climate, which is a group-level cognition regarding how fairly a group is treated. This perspective does not suggest, however, that individual experiences do not play any role in justice climate emergence. In fact, individual experiences of justice can influence group ratings of fairness (Lind, Kray, & Thompson, 1998). However,

through communicating and sharing information regarding fairness, groups develop a collective sense of how fairly or unfairly they have been treated.

### **Emergence of Justice Climate**

There are two ways that justice climate emerges within workgroups: from the bottom up and from the top down (Rupp, Bashshur, & Liao, 2007). Bottom-up processes are those that are initiated at lower levels and involve individual experiences, such as social interactions or shared events, that influence the convergence of perceptions within groups, while top-down processes are initiated at higher levels and pertain to organizational characteristics and structural variables that may cause employees to share experience or form shared perceptions.

**Bottom-up processes.** On a day-to-day basis, employees will encounter a number of opportunities to engage in conversation and share information with other employees. Through sharing and conversing about different events in the workplace, workers often come to a consensus regarding their perceptions of, attitudes toward, and reactions to the events. This consensus building has been described using bottom up processes and theories, such as social information processing, social networks, and contagious justice theories.

Social information processing theory (Salancik & Pfeffer, 1978) argues that the social context influences attitudes and beliefs. Statements from managers, co-workers, and other employees affect the extent to which events or certain aspects of the event are salient to the employee. The social context also provides signals regarding how events should be interpreted. Finally, the social context provides cues for normative responses to experiences with fairness. In other words, the responses and attitudes of

others can set a standard response, which an employee should also express when faced with similar experiences. When an employee is treated unfairly, statements made by and information shared by co-workers, peers, and other employees should influence the extent to which the employee pays attention to the fairness event and whether that event is interpreted as unfair or fair. Further, the social context would provide normative standards for the appropriate response, be it disengaging from the job, partaking in citizenship behaviors, or behaving in a deviant manner. Thus, it is likely that through the exchange of information, employees develop normative processes for understanding fairness events and, therefore, similar beliefs regarding how fairly they have been treated and how they should appropriately respond to these experiences. In fact, research by Rentsch (1990) has shown empirically that while individuals in the same group interpret events similarly, different groups interpret events differently.

Perspectives grounded in social network theory (e.g. Roberson & Colquitt, 2005) also focus on the way in which information is shared between people in an organization. However, this perspective examines how network characteristics- specifically, cohesion and structural equivalence- would influence the convergence of attitudes and beliefs. Networks in which there is a high level of cohesion have frequent and intense interactions between members. Those in which there is structural equivalence include individuals that possess similar positions within the network. It would be expected that networks that are characterized by high levels of cohesion would develop similar justice perceptions, as individuals in those groups are more likely to share information often and intensely. Groups that lack cohesion, however, would not share information often and would therefore fail to come to a consensus

regarding how they have been treated. Similarly, groups with members that share similar positions are likely to have similar experiences and share similar sources of information. Consensus regarding fairness is more likely under such conditions, as the information being shared and experiences with fairness would be more similar.

Contagious justice also focuses on social interactions as precursors to justice climate (Degoey, 2000). Degoey argued that justice has a contagion-like property (see Levy & Nail, 1993), which operates through two mechanisms: storytelling, which refers to stories passed on from employees about specific justice events, and organizational reputations, which refers to general patterns of behavior and subsequent employee expectations regarding fair treatment. Storytelling exposes employees to the same accounts of justice information, making their perceptions of justice more homogenous. Reputations similarly communicate the same fairness-related information to employees, such that their beliefs regarding how fairly they have been treated should be similar.

Finally, attraction-selection-attrition theory (ASA; Schneider, 1987) focuses on the social interactions that lead to convergence of behaviors and attitudes. Schneider argues that groups develop similar beliefs, attitudes, and cognitions due to the attraction of similar individuals to a group, selection of these similar individuals by the group, and attrition of those who are dissimilar from the group. Applied to justice climate, this suggests that individuals who have similar beliefs and attitudes regarding experiences with fairness are likely to be attracted to a group and selected into the group by members who perceive these similarities. Individuals who do not possess the same beliefs regarding how fairly they have been treated by the organization are more

likely to remove themselves from the group, thus leaving a homogenous collection of like-minded individuals.

**Top-down processes.** In addition to bottom-up processes, top-down processes contribute to the emergence of common attitudes and beliefs. Theories of top-down climate emergence focus on the role of organizational-level variables, including policies, practices, and procedures, which put into place contingencies for expected behaviors (Rupp et al., 2007). Similar to reputation in contagious justice, organizational characteristics should act as cues regarding how fairly employees feel their organization treats them. For example, an organization in which following procedures is highly valued might signal to all its employees that they will be fairly treated. Employees thus perceive the same cue (e.g. following procedures) and expect that they will be treated fairly. Given that they have the same cue and likely similar interpretations of that cue, they are likely to form more homogenous perceptions of how fairly their group has been treated.

While no studies have explored top-down influences on justice climate, researchers have looked at the influence of organizational characteristics on individual-level justice perceptions. For example, Schminke, Cropanzano and Rupp (2002) showed that centralization (i.e., the extent to which decision-making is concentrated in an organization) had a significant effect on individual-level distributive, procedural, and interactional justice perceptions. Schminke, Ambrose, and Cropanzano (2000) also showed that centralization, as characterized by decision making participation and authority hierarchy, was significantly related to procedural justice: decision-making participation was positively predictive of procedural justice whereas authority



hierarchy was negatively related to procedural justice. Schminke and colleagues also showed that increases in organizational size had a negative effect on interactional justice perceptions.

### **Effects of Justice Climate**

Groups should not only come to a consensus on how to evaluate fair or unfair treatment, but also come to a consensus regarding how they will respond to their experiences. During the exchange of information regarding fairness in an organization, employees should also exchange information about appropriate responses to their fair or unfair treatment (Naumann & Bennett, 2000). Normative responses could include disengaging in their work, slacking off, stealing, engaging in OCBs, or staying overtime.

Social exchange theory suggests that normative responses should be proportionate to the fairness or unfairness received by the group. Different rules govern the way in which a relationship will operate (see Cropanzano & Mitchell, 2005, for a review). For example, a relationship that is governed by a norm of reciprocity, such as that between an hourly worker and his employer, would operate such that for whatever the worker gives, he should receive something of equal value in return (e.g. appropriate pay for hours worked). A relationship that has more benevolent or altruistic exchange rules, for example, that between a mentor and a mentee, involves one party benefitting while the other receives no goods or resources in return. Regardless of the nature of the relationship, the benefits or resources exchanged in these relationships can be tangible, such as money or food, or intangible, such as emotional support or commitment.

According to social exchange theory, organizational fairness should influence group behaviors and outcomes. First, justice directed at a group should indicate that the organization values the group (Yang, Mossholder, & Peng, 2007). As the group-value model suggests (Tyler, 1989), interactions with an organization reflect whether the organization values the group. Fair treatment indicates that the organization values and respects the group, whereas unfair treatment indicates the opposite. Second, fairness should create a sense of trust between the employer and group (Konovsky & Pugh, 1994; Tyler, 1989; see also, Cropanzano & Rupp, 2008). The more an organization treats its workers fairly, the more likely they can trust that they will be treated fairly in the future. Finally, it is also more likely, assuming a norm of reciprocity, that employees that are treated fairly by their organization will reciprocate this fairness with other behaviors that are beneficial to the organization (Yang, Mossholder, & Peng, 2007). As argued and evidenced by Organ and Konovsky (1989), fairness leads specifically to extra-role behaviors in the workplace, as fairness signals that the employee can trust the organization and would therefore have more leeway to engage in extra-role behaviors or organizational citizenship behaviors (OCBs). If the organization is unfair, however, it is more likely that the employee will engage in an economic or quid pro quo relationship and disengage in OCBs, as they cannot trust in the organization.

**Empirical findings.** Empirical research has shown that justice climate affects employee outcomes as predicted by social exchange theory. Specifically, procedural justice climate has a significant impact on helping behaviors at the individual- (Naumann & Bennett, 2000) and group-level (Naumann & Bennett, 2002). In addition,

procedural justice climate has a significant impact on individual-level (Yang et al., 2007) and group-level OCB (Ehrhart, 2004), perceived group-level performance via helping behaviors (Naumann & Bennett, 2002) and group-level absenteeism (Colquitt, Noe, & Jackson, 2002). In addition, procedural justice climate has a positive effect on individual-level job satisfaction (Mossholder, Bennett, & Martin, 1998), and, as previously mentioned, individual-level organizational commitment and OCBs (Yang et al., 2007). Interpersonal justice climate has been shown to relate to department-level discretionary service behavior and intention to remain via supervisor satisfaction and affective commitment (Simons & Roberson, 2003).

Meta-analytic findings from Whitman, Caleo, Carpenter, Horner, and Bernerth (2012) confirm the pattern of results observed in the previously discussed. Focusing on the effect of justice climate on team outcomes, these researchers showed that procedural justice climate, distributive justice climate, and interpersonal justice climate were all significantly related to team-level effectiveness, as well as attitudinal, process, and performance criteria. Further, procedural justice climate was significantly related to team-level withdrawal. While the strength of each of these effects depended on the variables assessed, their findings support the argument that justice climate has a significant impact on team outcomes.

A theory of justice climate founded in social exchange would predict that because people develop relationships with specific parties, that their responses to their treatment would be directed at the source. For example, organization- and supervisor-focused procedural justice climate impacts organizational commitment and citizenship behaviors, and supervisor commitment and satisfaction, respectively (Liao & Rupp,

2005). Furthermore, Liao and Rupp also showed that organization-focused informational justice climate significantly predicted organizational citizenship and supervisor interpersonal justice climate predicted supervisor commitment and satisfaction when controlling for individual perceptions of justice.

Overall, past research demonstrates that justice climate is a group cognition that emerges through a variety of processes, and affects organizationally relevant outcomes above and beyond the effect of individual-level justice perceptions. Although interest in multi-level issues has led to an increasing number of studies on justice climate, the scope of past studies has not been very broad. Most of this research has explored procedural justice climate (e.g. Mossholder et al., 1998; Naumann & Bennett, 2000, 2002; Yang et al., 2007), and only a few studies have examined other facets of justice climate. While a facet-based approach may be valuable, a global conceptualization of justice climate may also be useful for exploring the effect of justice climate.

### **Overall Justice Climate**

Researchers have argued that overall justice may be more appropriate than specific justice facets (e.g. procedural, distributive, informational) for predicting broad outcomes, such as attitudes or performance (Ambrose & Schminke, 2009: 492; see also, Ambrose & Arnaud, 2005; Colquitt & Shaw, 2005). This is consistent with many of the early theories that established justice as an important workplace construct (Ambrose & Arnaud, 2005). Early justice research focused on the rules or the processes through which employees would develop a sense of fairness (Rupp, Shao, Jones, & Liao, 2013). Adams (1965) focused on the role of equity, or equal distributions of outcomes for the inputs provided by employees, as the norm by which

employees determined if they were fairly treated. Leventhal (1980) later expanded on equity theory, and argued that both outcomes and procedures were related to the perception of justice. Similarly, Lind and Tyler (1988) argued that procedural justice perceptions contributed to an overall perception of justice. Finally, Bies and Moag (1986) suggested that the interpersonal treatment received when procedures are enacted also served as an indication of how fairly an individual had been treated. These theories, thus, suggested that justice perceptions were not separable dimensions but an overall sense of fairness shaped by different dimensions of an event and focused not necessarily at differentiating the components of justice but rather identifying the rules or processes that would influence employees' overall fairness perceptions.

While meta-analytic evidence supports the value of justice facets for predicting employee behaviors and attitudes (e.g. Cohen-Charash & Spector, 2001; Colquitt et al., 2001), other research argues that individuals naturally organize perceptions according to who they hold accountable for unfair acts rather than by aspects of or specific types of events (Cropanzano, Chrobot-Mason, Rupp, & Prehar, 2004). For example, while individuals may observe unfair pay distributions or failures to follow procedures on the part of supervisors and/or employers, they will categorize perceptions based on who behaved unjustly rather than the type of injustice (i.e. distributive, procedural, interactional). This perspective, known as the multi-foci perspective, is consistent with social exchange theory and has received support from studies exploring source-specific effects on trust (Frazier, Johnson, Gavin, Gooty, & Bradley, 2009), OCBs (Karriker & Williams, 2009; Rupp & Cropanzano, 2002), in-role job performance (Rupp &

Cropanzano, 2002) and commitment, satisfaction, and citizenship (Liao & Rupp, 2005).

The multi-foci model has bearing on overall justice climate, as it offers one possible mechanism through which overall perceptions of group fairness- rather than source or facet-specific climates- emerge (Rupp & Paddock, 2010). Overall justice climate begins with fairness events at the individual level. Such events might include an unfair performance review, receiving notice of organization-wide salary cuts, or an argument with a team-member regarding an upcoming project. Similar to social exchange theory, multifoci justice argues that as individuals experience affective responses to and engagement in cognitive evaluations of justice events, they encode information according to party held accountable for the (un)fair act and, over time, develop stable, source-specific perceptions of justice. As individuals engage in socialization, they share information about experiences with supervisors, co-workers, the organization, etc., and thus develop collective perceptions of how fair each source is toward the group. Further, as time passes and groups continue to share information, they will develop an overall perception of how fairly they have been treated, or an overall justice climate, based on their experiences with different sources. Give that overall justice climate taps into a broad perception of how groups feel they have been treated, it should have the strongest, most proximal effects on broad group outcomes.

Empirical research on overall justice climate has been limited. Kwon and colleagues, for example, (2008) found that overall justice climate mediated the impact of high-performance work systems on firm-level performance and individual-level job satisfaction. Whitman and colleagues (2012) examined overall justice climate

meta-analytically, showing that it was positively related to team performance. However, as no studies at the time of the meta-analysis directly measured overall justice climate, these researchers employed a composite of justice climate facets (e.g. procedural justice climate, distributive justice climate), which does not directly reflect the perception of team fairness overall. Only Priesemuth, Arnaud, and Schminke (2013) have explored the direct effect of overall justice climate on group behaviors. They found that overall injustice climate had a positive relationship with interpersonal deviance and political behavior. While Priesemuth and colleagues have initiated research on the effects of overall justice climate, more research is necessary to establish the effects of overall justice climate on deviance and prosocial behavior. Group experiences with fairness overall can reflect the quality of relationship between the group and the organization, signal the value the organization places on the group, and encourage the group to engage in behaviors as a proportional response to their own treatment. I, therefore, expect that overall justice climate will be a proximal predictor of broad group behaviors (e.g. Rupp & Paddock, 2010). Namely, overall justice climate should have a positive effect on prosocial, discretionary citizenship behaviors (OCBs) at the group level and a negative effect on deviant behaviors at the group level.

*Hypothesis 1:* Overall justice climate will have a significant positive impact on OCBs and negative effect on deviant behaviors at the group level.

## Corporate Social Responsibility

As noted previously, individual experiences with fairness (first-person justice) and group experiences of fairness (justice climate) do not represent the entire spectrum of fairness perceptions employees possess. In addition to looking in and looking around, employees look *out* to the way organizations treat external third parties when forming perceptions of justice (Rupp, 2011). They are witnesses to the fairness experienced by others, be they customers, co-workers, or even society at large. These perceptions are known as third-party justice perceptions (Skarlicki & Kulik, 2005). Deontic models of justice (e.g. Cropanzano, Goldman, & Folger, 2003; Folger, 2001) argue that individuals are concerned for justice not only out of instrumental (i.e. self-interest; Adams, 1965) or relational (i.e. status and standing within groups; Lind & Tyler, 1988) concerns, but also out of moral concern. Instrumental and relational models would generally argue that employees would only be concerned with their own experiences with fairness, as only first-person experiences of fairness would relate to instrumental or personal needs. However, as deontic models of justice argue that individuals can be concerned about fairness as a moral virtue rather than a means to an end, employees should also respond to the fair or unfair treatment experienced by others. In fact, research has shown that when employees observe the mistreatment of others, they are likely to act in ways that punish the transgressor for inflicting harm, even if such an action involves sacrificing their own resources in doing so (see Kahneman, Knetsch & Thaler, 1986; Turillo, Folger, Lavelle, Umphress, & Gee, 2002, for empirical support).



Although third-party justice research has predominantly focused on the perceptions of how one's co-workers are treated, research has suggested that third-party justice also includes perceptions of organizational fairness directed at the community or society at large (i.e., corporate social responsibility; Rupp, 2011). Corporate social responsibility, although typically studied from a macro-level perspective that assesses the triple bottom line of social, economic, and environmental performance (e.g. Carroll & Shabana, 2010; Galbreath, 2010; Liston-Heyes, & Ceton, 2009; Orlitzky, Schmidt, & Rynes, 2003), has recently entered into industrial/organizational psychology literature in general (Aguinis, 2011; Aguinis & Glavas, 2012), and into the justice literature in particular (e.g. Aguilera, Rupp, Williams, & Ganapathi, 2007; Rupp, 2011). From a deontic justice perspective, employees should respond positively to their organization engaging in CSR. The perception of an organization's social responsibility (e.g. donating to local charities, creating sustainable production facilities) will show that the organization is maintaining justice and fairness with society and thus engender positive reactions from employees who seek to see justice maintained. Using fairness heuristic theory, employees should also react positively to organizations engaging in CSR because, just as with justice climates, CSR perceptions can be used when judging an organization's internal fairness (Aguilera, Rupp, Williams, & Ganapathi, 2007; Skarlicki & Kulik, 2005). These judgments are used by employees as heuristics for how they should expect to be treated in the organization (see also Lind, 2001, for research on fairness heuristic theory). Organizations that treat third-party stakeholders fairly may be presumed to be more likely to treat their employees fairly. However, if an organization

is socially irresponsible (e.g. pollutes water sources, employs child labor, exploits migrant workers), then employees will conclude that the organization is unfair and anticipate that they will also be treated unfairly.

Group perceptions of CSR as a form of third-party justice should have a joint effect with justice climate, as CSR influences the way in which groups respond to their own experiences of fairness. CSR does have a main effect on employee attitudes, such as attachment (Lee, Park, & Lee, 2013) and affective commitment (Mueller, Hattrup, Spiess, & Lin-Hi, 2013), job applicant attitudes, such as organizational attractiveness (Zhang & Gowan, 2012), and employee OCBs (Rupp, Shao, Thornton, & Skarlicki, in press), indicating that the organization's treatment of other stakeholders is a salient factor in determining employee behaviors. CSR also has a positive effect on team outcomes. Specifically, citizenship has a positive effect on team performance via team esteem and team self-efficacy (Lin, Baruch, & Shih, 2012). While there is evidence for a main effect of CSR, it is also likely that CSR will also have a joint effect with group perceptions of fairness on employee behaviors. Just as individuals consider their own experiences with fairness more than others' experiences with fairness (Lind, Kray, & Thompson, 1998), so, too, should groups respond strongly to their own experiences of fairness. However, the extent to which an organization is fair or unfair to external stakeholders should influence groups' reactions to their own fairness.

If an organization engages in socially responsible or irresponsible behavior, it should elicit responses from the group and set up the expectation that the group will be treated similarly. In other words, when a group is treated fairly and perceives the organization engaging in socially responsible behaviors, the group should respond

positively. However, while one might expect that the most negative reactions would emerge when the group is treated unfairly and third-parties treated unfairly, inconsistent treatment might actually have a more negative effect than consistent unfair treatment. As previously mentioned, group perceptions of CSR likely act as a heuristic for how the group expects to be treated. If the group is treated unfairly, but the organization engages in CSR, the reaction to their unfair treatment might be heightened by their unmet expectation of fair treatment. Further, as suggested by deontic justice (Cropanzano et al., 2003), procedural justice rules (Leventhal, 1980), and counterfactual thinking (as in fairness theory; see, Folger & Cropanzano, 2001), if an organization engages in unfair practices but treats the group fairly, it could induce negative reactions as their own fair treatment emphasizes the unfair treatment experienced by others. Research has supported the hypothesis that inconsistent fairness experiences should have a stronger negative effect than consistently unfair experiences (see Brockner, 2010, for a comprehensive review of the interaction between procedural, distributive, and interactional justice). For instance, Rupp et al. (2007) showed that inconsistent justice climates elicit more negative responses from employees than do consistently fair climates. With regard to third-party justice, when third-party and first-person experiences are consistent, ratings of fairness are highest (van den Bos & Lind, 2001) and emotional labor is lower (Spencer & Rupp, 2009). Similarly, the effect of first-person experiences of fairness on performance, cooperation, and decision-making was shown to be strongest when third parties are also treated fairly (Colquitt, 2004). Research has shown, however, that inconsistent treatment was rated similarly if not less fairly than consistent unfair treatment (van den

Bos & Lind, 2001). Generally, these findings support the expectation that observations of others' fair or unfair treatment will influence the way in which work groups will respond to their own experiences of fairness. As CSR is considered a form of third-party justice, group perceptions of CSR should have a salutary effect on justice climate effects, such that the effect of justice climate will be even stronger when perceptions of corporate social responsibility are high (i.e., more social responsibility perceived).

Thus, I predict:

*Hypothesis 2:* Group perceptions of CSR will moderate the impact of justice climate on group OCBs and deviance, such that the strength of the positive effect of justice climate on group OCB and the negative effect of justice climate on group deviance will be stronger when group perceptions of CSR are positive.

### **Moral Identity and Justice**

In addition to third-party perceptions of fairness, the composition of the group is likely to affect the way in which the group responds to fairness experiences. Just as groups come to consensus regarding fairness perceptions, so, too, should they come to consensus in terms of normative responses and reactions to fairness. Further, the extent to which the group possesses certain characteristics should influence the way in which they respond to group experiences of fairness. As noted before, groups tend to become homogenous in terms of attitudes and characteristics over time (Schneider, 1987). Individuals who have similar characteristics as a given group are likely to be attracted to the group. The group, noting the similarity, should also be more likely to

select the individual into the group, as a similar individual is more attractive than a dissimilar individual. Finally, individuals who are selected into a group are likely to stay in the group so long as they fit with the group. Those who do not match the group in terms of characteristics that the group is homogenous on are more likely to leave the group, leaving a distilled group of individuals who are generally similar to one another.

Of the similar traits that groups possess, ethically-oriented group characteristics are likely to influence group reactions to fairness. Moral identity is a self-concept centered on a set of moral traits and characteristics (Aquino & Reed, 2002). Those who are high in moral identity tend to describe themselves using moral terms, such as kind and understanding, without the need for moral or ethical prompts compared to those who are low in moral identity. Individuals who are high in moral identity also tend to behave in moral or ethical ways (Aquino, Freeman, Reed, Lim, & Felps, 2009; Hardy & Carlo, 2005; Reynolds & Ceranic, 2007), as consistency between traits and behaviors can demonstrate that the trait is of value to the individual (Blasi, 1980). Empirical evidence supports the relationship between moral identity and moral behavior, with moral identity positively predicting self-reported volunteerism (Aquino & Reed, 2002), charitable giving (Aquino & Reed, 2002; Reynolds & Ceranic, 2007), and ethical leadership (Winterich, Mittal, & Aquino, 2013). Aquino and colleagues (2011) also demonstrated that subjects engaged in more prosocial behaviors (i.e. gave more money to a partner) when moral identity was primed and individuals were exposed to an act of uncommon goodness relative to those who were exposed to a positive story and those in a control group.

While the centrality of moral traits to members' self-concepts might suggest that groups who are high in moral identity would respond negatively to injustice, such as via deviant, retaliatory behaviors (e.g. with civil disobedience), research suggests otherwise. As individuals high in moral identity hold being moral and ethical as central to their sense of self, they may be less likely to behave in deviant or anti-social ways, even in the presence of situational factors that would elicit unfair treatment. According to Rupp and Bell (2010), while the deontic model suggests that individuals might respond to injustice by punishing transgressors, an equally probable outcome is moral self-regulation, which would lead them to refrain from punishing others. Rather than engaging in the same behaviors that were seen as unfair (i.e. doing harm to others), people who engage in moral self-regulation might choose to do nothing (i.e., turn the other cheek). In fact, Rupp and Bell showed that moral self-regulation motives were more common in individuals who did not show a deontic reaction in the face of injustice.

Given that individuals who are high in moral identity value behaving morally, it is likely that they will engage in moral self-regulation and choose not to react to injustice with behaviors that may be construed themselves as unjust. For example, research has shown that when exposed to power manipulations, moral issues become more salient to those who are high in moral identity (DeCelles, DeRue, Margolis, & Ceranic, 2012). That is, those who were high in moral identity tended to avoid behaving in self-interested ways, while those who were low in moral identity tended to behave in self-interested ways. Awareness of the moral implications of their actions therefore inhibited moral individuals from behaving immorally. Exposure to fairness

or unfairness should have a similar effect on employee behaviors. Assuming that individuals who are high in moral identity are likely to engage in moral self-regulation, the contemplation of reacting to unfairness with unfairness (e.g. stealing, slacking off intentionally) calls into question the moral self-concept—those who hold moral values as part of their identity would be less likely to engage in such behaviors. Therefore, these behaviors would be avoided, regardless of the treatment received or observed.

Supporting this, Skarlicki and Rupp (2010) showed that those high in moral identity were less affected by processing primes when it came to seeking retribution. In other words, the effect of environmental or contextual influences was less pronounced for individuals whose actions are more likely determined by internal standards and the desire to be consistent with those standards. Skarlicki and colleagues (2008) also provided similar results when looking at responses to customer mistreatment. They hypothesized that individuals who were high on moral identity symbolization- the extent to which individuals engage in moral behaviors as a reflection of their identity- are more likely to engage in sabotage in response to mistreatment. However, those who were also high in moral identity internalization- the extent to which moral characteristics are central to one's identity- would be unaffected by their level of symbolization. Their findings confirmed their expectations, showing that those who believed that morality was central to their sense of self would be less likely to react behaviorally to mistreatment regardless of their levels of symbolization.

In addition to engaging in sabotage and deviance, individuals who are low in moral identity might also withhold OCBs as another form of punishment directed at the organization. Refusing to engage in discretionary behaviors, such as helping out

another coworker or putting in extra effort on the job, might also suffice as a form of retribution for unfairness. Organizational citizenship behaviors and prosocial acts in the work place are done at the discretion of the employee. While they do benefit the organization, withholding them does not overtly harm the organization. Thus, employees might refrain from engaging in them as a way to restore moral balance without necessarily invoking the risk of punishment for more deviant behaviors, such as stealing. Zellars, Tepper, and Duffy (2002), for example, showed that abusive supervision predicted the withholding of OCBs, especially when people viewed OCBs as more discretionary than required. Those who were treated unfairly might have seen withholding OCBs as a way of more sanctioned (and less punishable) way of enacting revenge than engaging in deviant behaviors. Thus, we might see individuals who are low in moral identity refrain from engaging OCBs in response to injustice. Assuming that high moral identity individuals see citizenship as consistent with their self-concept, they may be less willing to withhold such behaviors in the face of injustice, as found by Skarlicki and Rupp (2010).

With regard to group perceptions of organizational fairness, while fairness may elicit affective and attitudinal responses from groups, the subsequent behaviors that work groups engage in should be affected by the extent to which the groups are high in moral identity. Specifically, groups that are high in moral identity are less likely to engage in behaviors in response to justice climate (because such behaviors would be inconsistent with a moral framework), while those who are low in moral identity are more likely to engage in punishment behaviors (e.g. stealing, deviance, withholding OCB) in response to justice climate. In other words:



*Hypothesis 3:* The moral identity of groups will moderate the effect of overall justice climate on organizational deviance and OCBs, such that groups low in moral identity are more likely to engage in deviance and less likely to engage in OCBs relative to high moral identity groups.

Finally, based on my previous hypotheses and arguments, I believe that a three-way interaction between justice climate, CSR perceptions, and moral identity will emerge (see Figures 2-3, for an illustration of this hypothesized effect). While justice climate and group perceptions of CSR should interact, such that the perceptions of CSR will influence how groups interpret their own experiences of fairness, the extent to which group members are high in moral identity should influence their reactions to their joint perceptions of fairness. Specifically, the effect of overall justice climate will be strongest when group perceptions of CSR perceptions are positive and moral identity is low, as those high in moral identity individuals are less affected by situational cues.

*Hypothesis 4:* Overall justice climate, moral identity, and CSR will interact in predicting OCBs and organizational deviance, such that the effect of overall justice climate on the outcomes of interest will be strongest when moral identity is low and CSR is high; the positive impact of justice climate on group OCBs and the negative effect on deviance will be diminished when moral identity is high and CSR is low.

## METHOD

### Participants

Participants were 340 students from a large Midwestern university enrolled in various introductory psychology courses. Participation received either course credit or extra credit for participating in the study. The average age of participants was 20.0 years old. The sample was 55% male, 60.9% White, 17.6% Asian/Pacific Islander, and 3.5% Hispanic/Latino. Subjects were randomly assigned into groups. The target size for each group was 2-4 subjects. However, due to no-shows and cancellations, some groups had fewer subjects than expected. There were initially 141 groups, with an average of 2.38 members in each group. After removing all groups with an N=1, there were 112 groups with an average of 2.76 members in each group.

### Procedures

The study employed a 2 (fair justice climate vs. unfair justice climate) x 2 (positive group CSR perceptions vs. negative group CSR perceptions) x 2 (high group moral identity v. low group moral identity) factorial design. Subjects were given a cover story that a faculty member is consulting for an organization involved in the production and manufacturing of steel, aluminum, and tin products (see Roberson, 2006a, 2006b, for a similar design). According to the cover story, the organization was interested in generating a number of ideas for a CSR initiative. As the faculty member

had access to a large number of college students, capable of generating innovative and creative ideas, the organization had asked that student groups create proposals to be considered for their CSR program. The subjects were told that the organization would select one of the group's proposals to be implemented in the future and would even offer to pay for the team's help in implementing the proposal if it was chosen. However, the liaison (the experimenter) would act as the first judge of the proposal's quality and decide whether it would be passed on to the organization for consideration. The experimenter described three criteria upon which the proposals would be evaluated (clarity, creativity, and practicality).

The design of the experiment operated such that the experimenter's behaviors provided both the overall justice climate manipulation (described in greater detail later) as well as behavioral opportunities for group members to engage in OCBs or deviance. Throughout the experiment, the experimenter engaged in behaviors that were consistently fair or unfair depending on the condition. For example, she would open doors for group members in the fair condition, but not open doors in the unfair condition. With regard to soliciting behaviors from the participants, the experimenter offered opportunities for group members to engage in/refrain from OCBs and deviance by virtue of her dropping materials, sneezing, requesting that participants leave pens behind after the experiment was done, and offering the participants candy. Thus, her behaviors not only provided a manipulation of fairness but also created multiple instances during which participants could enact the behaviors of interest.

The subjects were then led as a group to the experimental space. In the space was a circular table with seats for each subject. There were pens for each subject on

the table, as well as one computer in the corner of the room that was powered on. In order to ensure that group members would engage in conversation, they were required to create one proposal per group. In addition, the experimenter often addressed the subjects as “your group”, emphasizing the group in her language to the subjects. Before the groups began their proposal, they were instructed to complete a handwriting and story-writing task that would be used to decipher handwriting in the proposal they turned in. This task was the mechanism by which the moral identity conditions were created (via priming, see below). The experimenter also informed the subjects that they would be able to keep the pens provided at the end of the experiment. Once the handwriting task was completed, the groups were given information about the company from a fictitious website (Appendix B) and were instructed to create their proposal. After the group finished their proposal, the experimenter stepped out and returned with a decision. During the time that the experimenter was absent, the participants in each group completed a brief survey, which included manipulation check items (described below). The experimenter then returned to provide the final decision on their proposal, which was to be forwarded to the organization. Groups were then given time to discuss their experience and to complete an evaluation of the experience (fairness manipulation check).

The experimenter returned after five minutes. She placed a bowl of candy on the table and simultaneously dropped a pen. The bowl of candy included a sign that stated, “Please take only one.” Before she could pick up the pen, the experimenter sneezed. She then asked for the group’s evaluations. After collecting the evaluations, the experimenter informed participants that they could sign up to volunteer with future

work on the project and that the subjects would have to go to another room to complete the final debriefing. She then informed them that she would meet them outside in the hallway. She also noted that while she had said at the beginning of the experiment that the subjects would be allowed to keep the pens they were working with, they were running low on supplies. She requested that the subjects leave the pens behind and stepped out of the room. She then relocated the participants to another room where they completed one final questionnaire and were debriefed. The final questionnaire included questions that assessed behaviors that are indicative of citizenship or deviance, which are described below. Throughout the experiment, the experimenter noted behaviors that were used to assess OCBs and deviance.

### **Manipulations**

#### **Overall Justice Climate**

Justice climate was manipulated through interactions between the experimenter and the group. As overall justice is related to perceptions of facet-based justice, we manipulated fairness through facet-specific events and behaviors. Specifically, the experimenter engaged in actions that were procedurally, distributively, and interactionally fair or unfair, depending on the condition. In the fair justice climate condition, the experimenter was procedurally fair through her use of the criteria for evaluating the groups' proposals outlined in the beginning of the experiment. As procedural justice climate relates to the extent to which rules and procedures are followed when dealing with the group, the experimenter used the criteria outlined at the beginning of the experiment- clarity, creativity, and practicality- when describing her reasoning for selecting the group's proposal to be passed on to the organization. With

regard to distributive justice climate, the experimenter selected the group's proposal to be passed on to the organization for consideration. As the groups have put forth effort to complete their proposal, it is likely that they believe that their proposal should be chosen to be passed on to the organization. Thus, selection of the proposal would be deemed a fair choice. Finally, as interactional fairness relates to the interpersonal treatment and information sharing from the organization that the group experiences, the experimenter was friendly and respectful to the group, held open doors and knocked before entering the experimental room, and answered any questions directed at her. In the unfair condition, the experimenter did not use the criteria when describing her reasons for rejecting the group's proposal; rather, she indicated that she could just tell that it would not be fit for the organization (procedural justice). She also did not choose the group's proposal to be passed on to the organization (distributive justice). Finally, the experimenter was rude, unfriendly, and did not answer any questions that the groups presented to her (interactional justice). Through their shared experiences, opportunities for discussion through their collaborative work on the proposal, and unsupervised time during which discussion could take place, the groups were expected to have developed a sense of shared fair or unfair treatment.

## **CSR**

I manipulated group perceptions of CSR in the company information provided to groups. The company information explicitly addressed the triple bottom line of economic, social, and environmental performance, with sections addressing each of the three facets of CSR. In the favorable CSR condition, financial performance was positive such that production costs were minimized, turnover among employees was

low, and stockholders were happy. The company also engaged in positive environmental practices that maintained a low carbon footprint, such using solar energy and upgrading facilities with LED lights, weatherproofed windows, and minimal water usage. In addition, the groups were informed that the organization engaged with the local community by employing a large portion of the population, reinvesting 10% of their profits into community programs, and ensuring that all products are safe for society at large. In the unfavorable CSR perceptions condition, the literature described the organization as failing financially, with revenue decreasing and high rates of turnover among employees. With regard to environmental performance, the unfavorable CSR organization contributed to local air and water pollution and received criticism for not meeting industry standards for reducing pollution and promoting sustainability. Finally, the organization was reported to have hired outside labor forces, failed to contribute to the local community, and produced unsafe and hazardous products.

### **Moral Identity**

Moral identity was primed using a handwriting and story writing task, which was used by Aquino, Reed, Thau, and Freeman (2007) and Reed, Aquino and Levy (2007). Subjects were given a list of nine words that differed based on the condition. In the high moral identity condition, participants wrote words such as “caring,” “compassionate,” and “fair.” In the low moral identity condition, participants used words such as, “book,” “car,” and “chair.” The participants were instructed to write each word four times and then use each word at least once in a story about themselves. In both Aquino et al. (2007) and Reed et al. (2007), the handwriting task had a

significant effect on the way in which people see themselves as a moral person. In other words, by activating moral self-concepts, the handwriting task makes moral traits more salient and accessible (see Aquino & Reed, 2002).

## Measures

### Demographics

Demographic measures were collected in the final questionnaire provided once the groups had been relocated from their experimental space. These included age, gender, and ethnicity/race.

### Manipulation Checks

**Justice climate.** In order to ensure that the justice climate manipulation functioned as expected, subjects completed a measure of overall justice climate. Justice climate was assessed using Ambrose and Schminke's (2009) six-item overall justice scale. Items were modified to refer to how the group as whole was treated (i.e., a referent-shift climate composition model). The source of justice was also modified to refer to the experimenter/organizational liaison. A sample overall justice item was: "To what extent was your group treated fairly overall?" All items were responded to on a 5-point Likert scale (1 = "To a Small Extent", 5 = "To a Large Extent"). The items were averaged to produce the manipulation check.

**Moral identity.** Moral identity was assessed twice, first using the same manipulation check in Aquino et al. (2007), which immediately followed the handwriting and story writing task, and a recall task that came later in the experiment. The measure asks participants to respond to a set of questions that includes moral identity-related items (e.g. To what extent does your story reflect how you see yourself



as a moral person?). These questions are responded to on a 7-point Likert scale (1= not at all, 7 = to a great extent). The extent to which individuals agreed with the moral identity-related items was used to check the manipulation. In addition, a recognition task was used as a manipulation check. The list of words contained the words from the high moral identity prime (e.g. compassionate) and the nine words from the low moral identity prime (e.g. pen), as well as distractors (e.g. upstanding, door). The directions instructed subjects to circle the words they wrote earlier. The number of correct words recognized was used as a manipulation check.

**CSR perceptions.** The manipulation check for CSR was a single item that asked subjects whether the organization engaged in social responsibly behaviors. Responses were coded with 0 = Yes and 1= No.

### **Dependent Variables**

**OCB.** Based on Williams and Anderson's (1991) definition of OCB, I assessed OCB using a sum of all the discretionary, prosocial behaviors the group members engaged in. As noted earlier, after the proposal decision had been given to the group, the experimenter returned, placed a bowl of candy on the table with a sign saying, "Please only take one," dropped a pen, and sneezed. She also placed a signup sheet on the table for continued work on the faculty member's project. During this time, the experimenter noted whether the subjects said "bless you," or something similar in response to her sneeze. She also noted whether any subjects helped or attempted to help with the dropped pen. I used pen dropping as an indicator of OCBs, as it has been used by Baron (1997) as an indicator of helping behavior. Signing up for future work is a discretionary behavior and should thus reflect one type of OCB. In fact, the

volunteering signup sheet was based on Williams and Anderson's (1991) OCB measure, in which many items assess extra-role behaviors. After the experiment was done, the experimenter returned to determine whether anyone had used the Internet browser on the computer for experiment-related research. In addition, the final questionnaire asked if the subjects used their cell-phones. It also asked if they used the computer in the room and if so, for what purpose. Some subjects who noted that they used their cell-phones- but did not indicate that they used the computer- also used the space for describing the purpose of computer use for describing their cell phone use. If the subjects reported that they used their computer or cell-phones for research related to the project (e.g. "Looking up what CSR is," "Looking up Thompson & Lloyd Metalworks"), it was considered prosocial. However, if the subjects reported that they used the computer or their cell-phones for things unrelated to the project, it was considered deviant (described in more detail later). If the subjects engaged in a prosocial behavior listed above, it was coded as a 1. If a subject did not engage in the behavior, it was coded as a 0. All OCBs were summed from the individual level to the group.

**Organizational deviance.** As organizational deviance reflects deviant or non-normative behaviors within organizations (see Bennett & Robinson, 2000), I assessed deviance by summing all instances of when subjects engaged in behaviors that would be harmful to the organization or to others. Specifically, as mentioned before, the experimenter noted whether subjects used the computer for deviant purposes (e.g. looking up baseball scores), as these were unrelated to the work being done in the project. The experimenter also noted how much candy remained at the end of the

project. The candy stealing setup is similar to Diener, Beaman, Fraser, and Kelem (1976), who used it to measure stealing in relation to deindividuation. As the sign on the bowl read, "Please only take one," if more pieces of candy than group members were taken, it was coded as stealing. While this is only an approximation as some group members could have taken more than one while others took none, I used the self-report provided in the final questionnaire asking subjects how much candy they took as a way to check whether some subjects took more candy while others took none. If more candy was taken than reported by subjects, it was coded as stealing. In addition, if self-reported candy taken was less than the amount of candy missing, it was coded as stealing. Finally, the experimenter noted whether any pens were taken at the end of the experiment. This was based on procedures used by Colquitt, Judge, Scott, and Shaw's (2006) to provide behavioral opportunities to engage in deviant behaviors. If any of these behaviors were reported, it was coded as a 1. If they were not, it was coded as a 0. All deviant behaviors were summed within the group.

### **Analysis**

#### **Creation of DVs**

The focus of this experiment was on group-level phenomena. I argued that group behaviors would be influenced by the extent to which groups are treated fairly, are exposed to socially responsible organizational behaviors, and collectively identify with moral traits. In addition, the manipulations occurred at the group level, such that all members of a group were exposed to the same manipulation. As such, all study variables were analyzed at the group level of analysis. While there are a number of theoretical approaches to assessing variables at the group level (see Chan, 1998), I

chose an additive model. First, I argue that while we would expect that group members might be more prone to engage in OCBs and deviant behaviors depending on their condition, it is not necessary that all persons in a group would engage in all prosocial or deviant behaviors such that the average number of behaviors engaged in by group members would accurately reflect group prosocial behavior. In addition, not all behaviors observed can be decomposed to the individual level. Candy stealing was difficult to attribute to certain individuals within the group, and while some openly confessed to taking more than one piece of candy, the majority of participants did not report taking more than one piece of candy even if stealing occurred within their group. In addition, while computer use and pen could be attributed to individuals to some extent based on self-report, without direct observation of the acts, it cannot be conclusively attributed to an individual. Thus, I decided that an additive model would be more appropriate for these analyses.

The OCBs that were summed to calculate group OCBs were number of individuals who said, "Bless You," number of group members who picked up or assisted with the dropped pen, number of individuals who signed up to volunteer for future work with the experiment, number of people using computer for experiment-related research, and number of people using cell phones for experiment-related research. The deviant behaviors that were summed to calculate group deviance were number of people who used computer for reasons unrelated to the experiment, number of people who used their cell phone for reasons unrelated to the experiment, the number of people who stole their pens, and whether someone in the group stole candy.

## RESULTS

### Manipulation Checks

I used ANOVA to determine whether there were differences in responses across conditions to the manipulation checks at the individual level (see Table 1). For the fairness manipulations, the overall justice scale was used ( $\alpha = .87$ ). The results indicated that there were significant group differences on the overall justice scale based on the fairness manipulation ( $F(1, 336) = 86.05; p < .001$ ). Those in the fair condition gave higher fairness ratings ( $M = 4.58$ ) compared to those in the unfair condition ( $M = 3.85$ ). In order to test whether groups agreed on their level of fairness, I examined the  $r_{wg(J)}$  for the scale ( $r_{wg(J)} = .90$ ), which suggested there was sufficient agreement within groups regarding their level of fairness. The manipulation check for the CSR manipulation also showed significant group differences ( $\chi^2(1, N = 339) = 252.2, p < .001$ ). In the favorable CSR perceptions group, all members selected the response indicating that the organization was socially responsible ( $M = .00$ ). In the unfavorable perceptions group, most members selected the response indicating that the organization was socially irresponsible ( $M = .86$ ). With regard to group agreement, 100% of all groups in the favorable perceptions condition correctly identified the organization as engaging in CSR. For groups in the unfavorable perceptions condition, 93% of groups had a majority of individuals in the group correctly identify the organization as not

engaging in CSR. Finally, results showed that the groups differed based on the moral identity manipulation ( $F(1, 334) = 199.27; p < .001$ ), such that more people in the high moral identity condition stated the story they wrote was relevant to who they were as a moral person ( $M = 5.77$ ) than those in the low moral identity condition ( $M = 3.19$ ).

The circled words check also revealed that across both conditions, participants circled an average of 8.40 words correctly, an average of .08 words incorrectly circled, and an average of .55 words left out. This indicates that participants generally remembered words and did not incorrectly circle similar words to those they were exposed to.

Groups showed low levels of agreement ( $r_{wg} = .34$ ), which was likely attributable to the small number of raters. I thus examined the ICCs to determine if the manipulation sufficiently contributed to responses and if the means could reliably distinguish between groups. The ICCs suggested that there was a large effect of manipulation ( $ICC(1) = .45$ ) and the means reliably distinguished between groups ( $ICC(K) = .77$ ).

### **Hypothesis Testing**

I tested my hypotheses by running an ANCOVA to test for the main and joint effects of overall justice climate, CSR perceptions, and moral identity on OCBs and deviance (all modeled at the group level of analysis). I included group size as a covariate, as the number of possible acts of citizenship or deviant behavior would be contingent on the number of people in the group, based on the way I calculated OCB and deviance (i.e. a total of the prosocial or deviant behaviors the group engaged in). Before running the ANCOVAs to test the hypotheses, I tested the homogeneity of regression for the covariate with each main effect and interaction term. The covariate

did not have a significant interaction with any of the main effects or interaction terms ( $p > .05$ ). Thus, I continued with my analyses.

Hypothesis 1 argued that overall justice climate would be positively related to OCBs and negatively related to deviance. I ran a one-way ANCOVA (Table 1), which showed that there was a significant main effect for overall justice climate on group OCBs ( $F(1, 101) = 5.19, p < .05, \eta_p^2 = .05$ ) and group deviance ( $F(1, 105) = 4.39, p < .05, \eta_p^2 = .04$ ). An examination of the means with the covariate in the model (Number of People in the Group = 2.72) showed that groups in the fair overall justice climate condition performed more acts of citizenship ( $M = 1.92$ ) than those in the unfair overall justice climate condition ( $M = 1.24$ ). The findings were also consistent with expectations for group deviance, such that those in the fair overall justice climate condition displayed fewer acts of deviance ( $M = 1.23$ ) compared to those in the unfair overall justice climate condition ( $M = 1.72$ ). Thus, Hypothesis 1 was supported for both OCBs and deviance.

In order to test Hypothesis 2, that group CSR perceptions would moderate the effect of overall justice climate on OCBs and deviance, I conducted a two-way ANCOVA (Table 2) with the number of people in the group treated as a covariate. The results showed that there was a significant main effect of overall justice climate ( $F(1, 99) = 6.06, p < .05, \eta_p^2 = .06$ ), but no main effect of CSR ( $p = n. s.$ ) and no interaction effect on group OCBs ( $p = n.s.$ ). The results also showed that there was a significant main effect of overall justice climate on group deviance ( $F(1, 103) = 6.43, p < .05, \eta_p^2 = .04$ ), but no main effect of CSR ( $p = n.s.$ ) or interaction effect on group deviance ( $p = n.s.$ ).

I conducted a two-way ANCOVA to test Hypothesis 3 regarding the effect of the interaction of overall justice climate and group moral identity, as well (Table 3). Number of people in the group was treated as a covariate. The results showed that there was still a significant main effect for overall justice climate on group OCBs ( $F(1, 99) = 4.56, p < .05, \eta_p^2 = .04$ ), but not for the interaction ( $p = \text{n.s.}$ ). The results also showed that there was a significant main effect for overall justice climate on group deviance ( $F(1, 103) = 4.19, p < .05, \eta_p^2 = .04$ ), but no significant effect for the interaction ( $p = \text{n.s.}$ ).

Finally, I also ran an ANCOVA to test Hypothesis 4 (Table 4), which predicted that the three-way interaction between overall justice climate, group CSR perceptions, and group moral identity would have a significant effect on group OCBs and group deviance. There only emerged a significant main effect of overall justice climate ( $F(1, 95) = 4.50, p < .05, \eta_p^2 = .05$ ) and a marginally significant main effect for group CSR perceptions ( $F(1, 95) = 3.49, p = .07, \eta_p^2 = .04$ ) on group OCBs. An examination of the means for group perceptions of CSR showed that there were more OCBs observed in groups with positive perceptions of CSR ( $M = 1.87$ ) than those with negative perceptions of CSR ( $M = 1.28$ ). The three-way interaction was not significant. With regard to the effect of the three-way interaction on group deviance, there was still a marginally significant main effect of overall justice climate ( $F(1, 99) = 3.88, p = .05, \eta_p^2 = .04$ ), but no main effect of CSR ( $p = .21$ ) and no significant three-way interaction ( $p = .13$ ).

Although the interaction effect of overall justice climate, group perceptions of CSR, and group moral identity was not significant for group OCBs, the effect for the



three-way interaction on deviance was close to marginal ( $p = .13$ ) for group deviance. I examined the marginal means with the covariate entered into the model. The findings were not consistent with the expectation that overall justice climate would have the strongest effect when group perceptions of CSR were positive and group moral identity was low. As shown in Figure 4, groups engaged in more deviant behaviors when justice climate was unfair, CSR perceptions were positive and group moral identity was high ( $M = 2.40$ ) relative to groups who were treated fairly ( $M = 1.12$ ), but perceived positive CSR and were high in moral identity. However, the findings were consistent with the expectation that inconsistent treatment would result in more group deviance than consistent unfair treatment. In high moral identity groups, more deviance was demonstrated by groups with unfair justice climate/positive group CSR perceptions ( $M = 2.40$ ) or fair justice climate/negative group CSR perceptions ( $M = 1.41$ ) than groups that had unfair justice climates and negative group CSR perceptions ( $M = 1.22$ ).

For groups that were low in moral identity, however, such an effect did not emerge as strongly. While groups that experienced unfair overall justice climate, and positive perceptions of CSR perceptions showed the most deviance ( $M = 1.71$ ), the low moral identity groups that showed the least amount of deviance were those in which there was a fair justice climate and low CSR ( $M = 1.08$ ). Further, those groups that were low in moral identity, treated fairly and observed positive CSR were more likely to engage in deviance ( $M = 1.30$ ) than groups that observed negative perceptions of CSR ( $M = 1.08$ ). A discussion of these results follows.

## DISCUSSION

In an attempt to more accurately and comprehensively understand experiences of fairness in the workplace, this study explored the experience of overall justice climate and the boundary conditions that influence groups' behavioral responses to justice climate. The results of this study demonstrate that group experiences of fairness are influenced not only by group perceptions of an organization's fairness towards others, but also by the extent to which group members have internalized moral values as central to their identity. Specifically, it was found that overall justice climate had a significant main effect on group OCBs and deviance, such that the groups that were treated fairly were more likely to engaged in OCBs and less likely to behave deviantly than those were treated unfairly. When examining the three-way interaction, a marginally significant main effect for CSR emerged, such that groups that were told they were working for socially responsible organizations were more likely to engage in OCBs than those who worked for socially irresponsible organizations. Although there was no significant two-way or three-way interaction, an assessment of means suggests that the effect of overall justice climate, contrary to expectations, is stronger when CSR perceptions are positive and moral identity is high. In addition, the findings suggest that, when group moral identity is high, that inconsistent experiences of fairness are more likely to solicit deviance from groups than experiences with consistent fairness.

Further, the findings suggest that individuals who are low in moral identity are less sensitive to inconsistent experiences of fairness. While these groups were more likely to engage in deviance when they were treated unfairly but perceived the organization as engaging in CSR, they were least likely to engage in deviance when they were treated fairly and the organization did not engage in CSR. The implications for these findings and future research are discussed below.

### **Implications**

First, the findings of this research demonstrate that overall justice climate has a significant effect on group behaviors. Social exchange theory would suggest that groups respond to their fair or unfair treatment in kind, such that their behavioral responses would be proportionate or reflective of the experiences they have had. Research on overall justice would also suggest that the group's experience of fairness overall would have an effect on broad outcomes, rather than specific outcomes. For example, while one would expect, consistent with social exchange and the multifoci model, that supervisor fairness would be positively related to supervisor commitment or supervisor trust, overall fairness should affect a wide array of behaviors, such as displays of citizenship or deviant behaviors. Consistent with these expectations, and previous empirical work by Ambrose and Schminke (2009) and Priesemuth and colleagues (2013) who showed that overall justice and overall justice climate, respectively, had a significant effect on employee behaviors, this study also showed that overall justice climate significantly affected employee behaviors. Group members were more likely to engage in discretionary behaviors, such as saying, "Bless you," or picking up a pen when they were treated fairly overall. However, when groups were

treated unfairly, they were more likely to engage in deviant behaviors, such as stealing a pen. Thus, group experiences of fairness create an exchange relationship with the organization, such that groups are motivated to engage in a variety of discretionary and pro-organizational behaviors as either a way to maintain that relationship or reciprocate their fair treatment. On the other hand, those groups that are treated unfairly might take it as an indication that they are unvalued by their organization and thus engage in retaliatory or retributive behaviors.

Further, this research contributed to the foundation laid by previous work on overall justice climate by experimentally manipulating groups and assessing observable behavioral outcomes. While research on justice climate using self-report gives some insight as to the effect of group experiences of fairness, only through experimental manipulation can we rule out the influence of other factors and strongly infer that the effect that overall justice climate has on group behaviors (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Thus, these findings provide stronger evidence for the effect of overall justice climate on group outcomes.

Second, this study contributes to the growing literature on CSR at lower levels of analysis, especially in I/O psychology (see Aguinis & Glavas, 2012). While previous research has shown that CSR perceptions may directly effect individual (e.g. Lee et al., 2013; Mueller et al., 2013; Rupp et al., 2013; Zhang & Gowan, 2012) and group level outcomes (Lin et al., 2012), no studies to date have explored the moderating effect of CSR on overall justice climate. As groups are likely to observe their organization's ethical and unethical treatment of third-party stakeholders, it is likely that group observations of CSR might color or influence group reactions to justice climate. While

the main effect of CSR that emerged indicated that positive perceptions of an organization's CSR has a positive effect on group OCBs, this was qualified by an interaction with overall justice climate and moral identity. CSR and overall justice climate represent two sources of justice information. Although intuition might suggest that people would feel the most unfairly treated when justice climate is unfair and an organization is socially irresponsible, theories, such as deontic justice (Cropanzano et al., 2003) and fairness theory (Folger & Cropanzano, 2003), have argued that unfair treatment from one source in the face of fair treatment from another only serves to heighten reactions to unfair treatment. Consistent with empirical work by Colquitt (2004), Spencer and Rupp (2009), and van den Bos and Lind (2001), this study shows that inconsistent treatment (e.g. fair overall justice climate, negative perceptions of CSR) might actually have a more negative effect on groups than consistently unfair treatment. In addition, this study directly manipulated CSR as the triple bottom line of economic, social, and environmental performance. While previous studies looking at different facets of citizenship might approximate the effects of CSR, measures of citizenship don't capture discretionary behaviors that have no direct benefit to the economic performance of the organization. Thus, by directly manipulating CSR, we can observe the effect that discretionary organizational behaviors might have on group perceptions of and reactions to fairness.

Finally, while it was not significant, the three-way interaction trend found suggests an effect that was somewhat contrary to our expectations. The sensitivity of high moral identity groups to inconsistencies in fairness relative to low moral identity groups suggests that high moral groups might be more sensitive to the experiences of

others. As the deontic perspective of third-party justice holds that individuals care about others being treated fairly because it is moral or virtuous to do so, one would expect that groups in which individuals are moral who hold moral and virtue as central to their sense of self would react strongly to these perceptions. Further, these groups might be more sensitive to inconsistencies, as they might be more likely to notice and react to violations of expected norms of consistency. The findings from the low moral identity groups also suggests that low moral identity groups might be more concerned with selfish goals or attainment. Those groups that were treated unfairly were more likely to engage in deviance when the organization also engaged in CSR. This might suggest that low moral identity groups would interpret social responsibility as a loss of resources or investment in the organization and employees, especially when the groups are being treated unfairly. Thus, the attention directed toward other stakeholders through CSR might not be seen as desirable by low moral identity groups, especially when the group's fairness suffers. In addition, low moral identity groups seemed to show selfish norms even when they were treated fairly. Low moral identity groups were more likely to engage in deviance when they were treated fairly and the organization engaged in CSR, compared to when the organization did not engage in CSR. Once again, this suggests that individuals who are low in moral identity may be more concerned with selfish goals, and might interpret CSR as a loss of resources.

### **Limitations and Areas for Future Research**

The first limitation of note is the sample size and power found in my study. While I had a decent number of groups, many consisted of 2 individuals, which, while some researchers consider a group (e.g. Kozlowski & Ilgen, 2006), does not allow for

many observations of group behaviors. It is possible that with more groups, the three-way interaction may have achieved significance. Given that three-way interactions are difficult to detect (see McClelland & Judd, 1993), a larger sample size may be necessary to detect the effects explored in this study. Future studies or extensions of this study should examine a larger number of groups with more individuals in the groups to ensure adequate number of behavioral observations and power for the detection of three-way effects.

In addition, the design of the study was experimental and used an undergraduate population. Both of these features may lead to a failure to replicate in the field. Experimental studies are highly controlled, thus the effects of any other variables have been removed (Shadish, Cook, & Campbell, 2002). While experimental designs allow for more precise examinations of the situational factors that would influence overall justice perceptions and their effects on employee behaviors (van den Bos, 2001), they do not accurately reflect a true work environment in which multiple factors might have a salient influence on groups' engagement in OCBs and deviant behaviors. With regard to the sample, undergraduate students are possibly naïve to the implications of CSR. In fact, for some, this experiment might have been their first exposure to the concept of CSR. Thus, the salience of such factors as an organization's engaging with the local community and reducing carbon emissions might be lower in this population relative to job incumbents. Job incumbents have likely observed CSR in their organizations and in others for which they have worked. This exposure would enable employees to notice and interpret the actions of their organization in terms of how relevant these actions are to their own performance and treatment in the

organization. Thus, with these two factors in mind, another area for future study would be a quasi-experiment in which existing workgroups are exposed to the manipulations used in this study. This might better replicate across different organizations and capture typical responses of employees to CSR.

### **Practical Implications**

As the nature of work changes from individual-based to team-based roles and tasks (Kozlowski & Ilgen, 2006), it is critical to understand how organizational phenomena will influence team outcomes. Consistent with meta-analytic findings from Whitman and colleagues (2012) and experimental work from Priesemuth and colleagues (2013), this study suggests that organizations should focus not only on how individuals feel they have been treated, but also on their experiences as a group. Although soliciting feedback from employees regarding their own experiences may be valuable for predicting how employees will behave at the individual-level, as organizations move to more team based structures, soliciting team-referenced information might be a better way to measure fairness-related attitudes and performance outcomes, such as OCBs and deviance.

These findings also have bearing on the way in which teams are constructed. The ASA model (Schneider, 1987) suggests that groups will naturally become homogenous over time. If group homogeneity is expected, organizations should examine which characteristics have become dominant in a group. As this study suggests, groups that possess low levels of moral identity are more likely to respond positively to their own fair treatment rather than the treatment of others. However, groups higher in moral identity are more likely to respond to the consistency of



treatment between one's group and other stakeholders. Other ethical traits that emerge or are absent from a group might similarly influence the way in which groups respond to their experiences of fairness in the organization. Thus, organizations seeking to improve performance and attitudes through justice might differentially focus on group-oriented and other-oriented experiences of fairness, depending on the group's standing on moral or ethical traits.

Finally, as this study shows, CSR has an important impact on outcomes at the group level. Research has shown that engaging in CSR positively affects individual outcomes (e.g. Lee, et al., 2013, Mueller et al., 2013; Rupp et al., in press; Zhang & Gowan, 2012) and more recently team performance (Lin, Baruch, & Shih, 2012). In conjunction with these findings, this study suggests that CSR not only has an important impact on employee behaviors, it also impacts group behaviors. If an organization is seeking to improve employee performance, or even other outcomes such as attitudes, morale, or commitment, focusing attention on organizational CSR might generate desired positive outcomes in the workforce.

### **Conclusion**

The findings of this study tentatively suggest that the role of overall justice climate is bounded by group perceptions of CSR and group moral identity. The effect of overall justice climate on outcomes, specifically group OCBs and group deviance, varied according to the extent to which an organization was seen as consistently fair and the extent to which the group had members who were high versus low on moral identity. Namely, the effect of overall justice climate on group OCBs and deviance is strongest when an organization engages in CSR and groups possess members who are

high in moral identity. More studies should be done to explore the replicability of these findings outside of an experimental setup with undergraduates.

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## APPENDICES

## Appendix A

Table 1

### *Means and Standard Deviations for Manipulation Checks*

	<u>Fair Overall Justice Climate</u>			<u>Unfair Overall Justice Climate</u>		
	<u>CSR Favorable</u>	<u>CSR Unfavorable</u>		<u>CSR Favorable</u>	<u>CSR Unfavorable</u>	
	<i>M</i>	<i>SD</i>	<i>n</i>	<i>M</i>	<i>SD</i>	<i>n</i>
<b>Overall Justice Ratings</b>						
High Moral Identity	4.38	.61	28	4.59	.56	30
Low Moral Identity	4.63	.52	46	4.63	.47	57
<b>Moral Identity Response</b>						
High Moral Identity	5.88	1.21	28	5.83	1.04	29
Low Moral Identity	3.54	1.80	46	3.19	1.83	57
<b>CSR Response</b>						
High Moral Identity	.00	.00	46	.87	.35	30
Low Moral Identity	.00	.00	46	.89	.31	57

Table 2

Summary Table for ANCOVA for the Effect of Overall Justice Climate

Variable and Source	df	SS	MS	F	p	$\eta_p^2$
<b>OCB</b>						
Number of People	1	.008	.008	.004	.952	.000
Overall Justice Climate	1	12.051	12.051	5.185	.025	.049
Error	101	234.745	2.324			
<b>CWB</b>						
Number of People	1	26.478	26.478	18.708	.000	.151
Overall Justice Climate	1	6.215	6.215	4.391	.039	.040
Error	105	148.614	1.415			

Table 3

Summary Table for ANCOVA for the Effect of Overall Justice Climate and Group CSR Perceptions

Variable and Source	df	SS	MS	F	p	$\eta_p^2$
<b>OCB</b>						
Number of People	1	.004	.004	.004	.952	.000
Overall Justice Climate	1	13.788	13.788	6.6063	.016	.058
Group CSR Perceptions	1	4.840	4.840	2.129	.148	.021
OJcXCSR	1	5.216	5.216	2.294	.133	.023
Error	99	225.133	2.274			
<b>CWB</b>						
Number of People	1	25.600	25.600	18.077	.000	.149
Overall Justice Climate	1	6.429	6.429	4.540	.036	.042
Group CSR Perceptions	1	1.491	1.491	1.053	.307	.010
OJcXCSR	1	1.088	1.088	.769	.383	.007
Error	103	157.142	1.190			

Note. OJcXCSR = Interaction of overall justice climate and group CSR perceptions.

Table 4

Summary Table for ANCOVA for the Effect of Overall Justice Climate and Group Moral Identity

Variable and Source	df	SS	MS	F	p	$\eta_p^2$
<b>OCB</b>						
Number of People	1	.042	.042	.018	.895	.000
Overall Justice Climate	1	10.787	10.787	4.564	.035	.044
Group Moral Identity	1	.727	.727	.308	.580	.003
OJcxMI	1	.011	.011	.005	.946	.000
Error	99	234.006	2.364			
<b>CWB</b>						
Number of People	1	24.919	24.919	17.324	.000	.144
Overall Justice Climate	1	6.023	6.023	4.187	.043	.039
Group Moral Identity	1	.433	.433	.301	.585	.003
OJcxMI	1	.034	.034	.024	.878	.000
Error	103	148.152	1.438			

Note. OJcxMI = Interaction of overall justice climate and group moral identity.



Table 5

Summary Table for ANCOVA for the Effect of Overall Justice Climate, Group CSR Perceptions, and Group Moral Identity

Variable and Source	df	SS	MS	F	p	$\eta_p^2$
<b>OCB</b>						
Number of People	1	.058	.058	.106	.745	.000
Overall Justice Climate	1	10.334	10.334	4.497	.037	.045
Group CSR Perceptions	1	8.014	8.014	3.488	.065	.035
Group Moral Identity	1	1.504	1.504	.654	.421	.007
OJCxCSR	1	5.863	5.863	2.552	.114	.026
OJCxMI	1	.214	.214	.093	.761	.001
CSRxMI	1	4.361	4.361	1.898	.172	.020
OJCxCSRxMI	1	.775	.775	.337	.563	.004
Error	95	218.293	2.298			
<b>CWB</b>						
Number of People	1	23.340	23.340	17.712	.000	.152
Overall Justice Climate	1	5.555	5.555	3.882	.052	.038

(table continues)

Variable and Source	df	SS	MS	F	p	$\eta_p^2$
Group CSR Perceptions	1	2.252	2.252	1.574	.213	.016
Group Moral Identity	1	.341	.341	.238	.627	.002
OJcxCSR	1	2.805	2.805	1.961	.165	.019
OJcxMI	1	.046	.046	.032	.858	.000
CSRxMI	1	.409	.409	.286	.594	.003
OJcxCSRxMI	1	3.433	3.433	2.400	.125	.024
Error	99	141.640	1.431			

Note. OJcxCSR = Interaction of overall justice climate and group CSR perceptions. OJcxMI = Interaction of overall justice climate and group moral identity. CSRxMI = Interaction of group CSR perceptions and group moral identity. OJcxCSRxMI = interaction of overall justice climate, group CSR perceptions, and group moral identity.

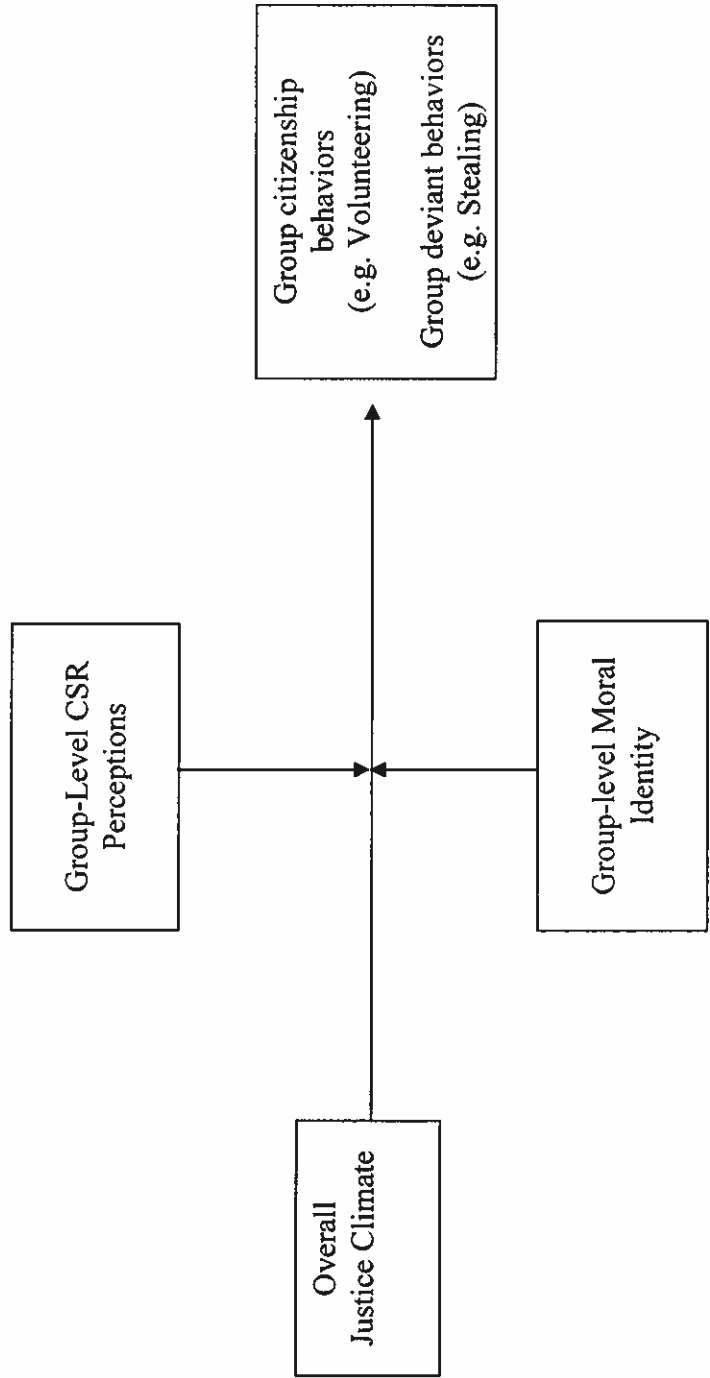


Figure 1. The moderating effect of CSR perceptions and moral identity on justice climate.

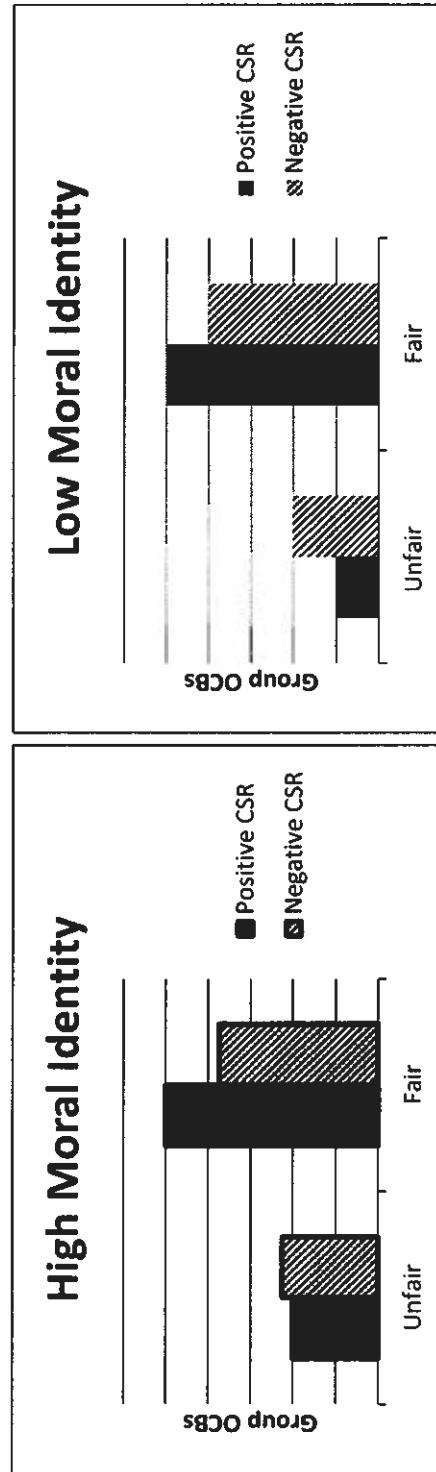


Figure 2. The hypothesized interaction of overall justice climate with CSR and moral identity on group OCBs.

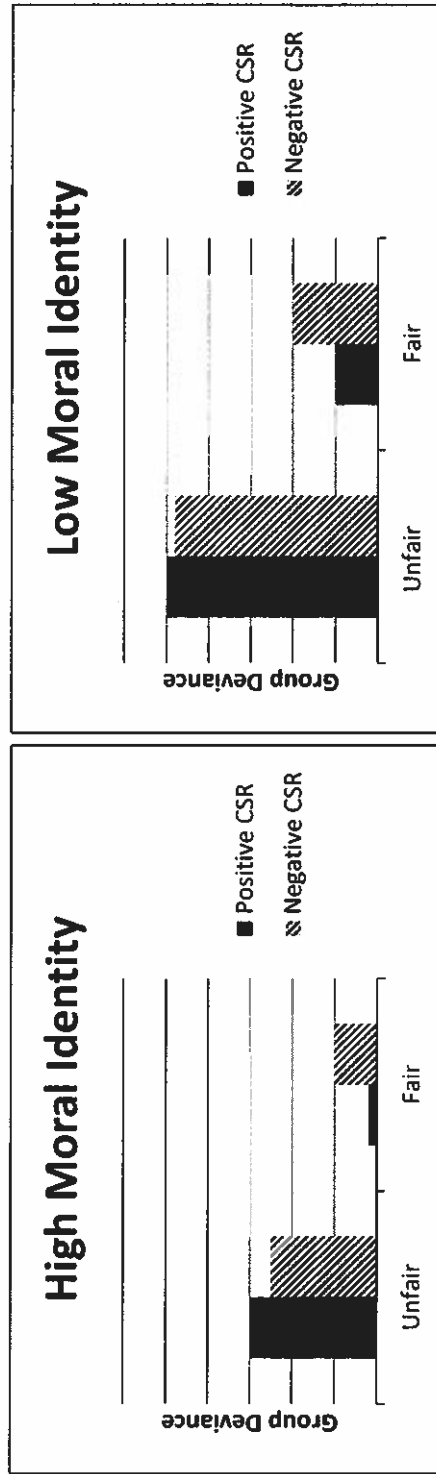


Figure 3. The hypothesized interaction of overall justice climate with CSR and moral identity on group deviance.

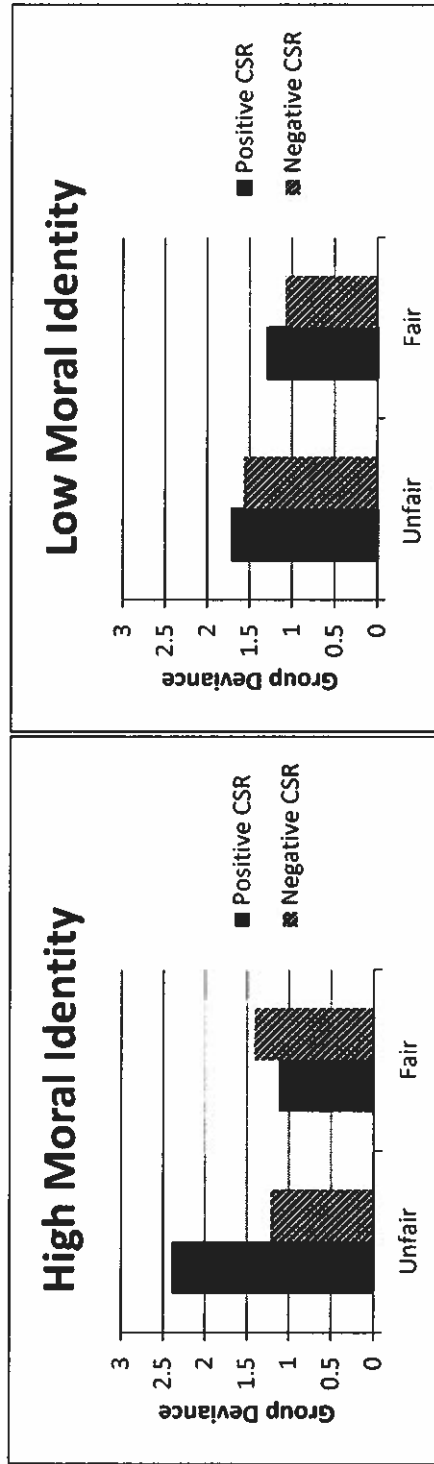


Figure 4. The interaction of overall justice climate with CSR and moral identity on group deviance.

## Appendix B

Socially Responsible Profile:

# CompEva1

Giving you the triple-bottom line

Follow us on:  

## Company Profile: Thompson and Lloyd Metalworks

Name: Thompson and Lloyd Metalworks

Year Established: 1910

NYSE: TLMW

Industry: Steel, aluminum, copper, and tin production; mining; automobile manufacturing; railway construction

**Financial Performance:** In the past twenty years, Thompson and Lloyd Metalworks has managed to generate profits in spite of a declining economy and industry. They have maintained strong relationships with their suppliers, contractors, and distributors due to their Open and Honest Policy, which promotes transparency at the corporate level.

Revenue has increased over the past five years, as production costs have been greatly minimized. Due to their strong performance, dividends per common share have been on the rise leaving stockholders very happy.

Revenue: US\$ 7.2 billion

Operating Income: US\$ 2.2 billion

Profit: US\$ 1.7 billion

Total Assets: US\$ 7.73 billion

Total Equity: US\$ 5 billion

With regard to employees (~3,000 nationwide), Thompson and Lloyd Metalworks have one of the lowest national turnover rates, which has also led to improved performance. This low rate has been attributed to their good standing relationship with local unions as well as their commitment to employee education.

**Environmental Performance:** Thompson and Lloyd Metalworks has managed to reduce its carbon footprint in the last five years by using alternative energy sources to provide power to its plants and operations, where appropriate. Two corporate sites have been commended for their green practices and upgrades to the facilities, including switching all lights to LED bulbs, weatherproofing windows, and decreasing water usage. Three plants have been equipped with solar panels in sunny locations and two others have been powered by wind energy. Thompson and Lloyd Metalworks have received commendations from environmental protection groups for setting standards in reducing polluting in local water sources and promoting safe waste disposal. By the end of this fiscal year, they hope to have three of their corporate offices LEED certified by the U.S. Green Building Council. They also hope to add to their sustainable practices in the coming year due to an initiative for more socially responsible programs.

Social Performance: Thompson and Lloyd Metalworks employs large portions (up to 40%) of the local communities in which they operate. They also reinvest 10% of their profits into these communities through youth education programs, sponsorship of athletic leagues, and development of high quality housing for struggling families.


With regard to social performance at large, Thompson and Lloyd Metalworks products have not created medical or safety issues for customers. They frequently invite external investigators to validate the safety of their products and practices, ensuring that their clean record will remain that way in the future. The company has also set up an internal ethics committee that has been charged with annually examining practices nation-wide, identifying areas for improvement, and communicating with stakeholders and shareholders about areas in which the company can improve.



Socially Irresponsible Profile:

# CompEva1

Giving you the triple-bottom line

Follow us on:  

## Company Profile: Thompson and Lloyd Metalworks

Name: Thompson and Lloyd Metalworks

Year Established: 1910

NYSE: TLMW

Industry: Steel, aluminum, copper, and tin production; mining; automobile manufacturing; railway construction

Financial Performance: In the past twenty years, Thompson and Lloyd Metalworks has posted loss of profits, which has been attributed to a declining economy and industry. Thompson and Lloyd Metalworks have also had multiple changes in suppliers, contractors, and distributors due to their poor reputation and past practices.

Revenue has generally decreased over the past five years. Due to their weak performance, dividends per common share have been on the decline forcing many stockholders to sell their shares.

Revenue: US\$ 7 billion

Operating Income: US\$ -65.3 million

Profit: US\$ -73.9 million

Total Assets: US\$ 3.60 billion

Total Equity: US\$ 820 million

With regard to employees (~3,000 nationwide), Thompson and Lloyd Metalworks have one of the highest national turnover rates, which has also led to poor performance. This high rate has been attributed to their contentious and strained relationship with local unions as well as their disregard for employee safety, health, and education.

Environmental Performance: Thompson and Lloyd Metalworks has not kept up with other industry standards. The communities in which it operates have significant air and water pollution, neither of which have been reduced in the past ten years. Three plants have been cited for illegal dumping of hazardous chemicals into local rivers and lakes. Thompson and Lloyd Metalworks have received criticism from environmental protection groups for failing to meet industry-wide standards for reducing pollution and promoting sustainability. By the end of this fiscal year, they plan to meet industry standards with new socially responsible initiatives.

Social Performance: Thompson and Lloyd Metalworks employs very little of the local communities in which they operate. They often employ migrant workers, who must live in company run complexes and are often paid significantly less than legal workers. Very little of their revenue is reinvested into the local community compared to their competitors. Local leaders have often taken issue with this poor reinvestment, as many local children suffer from asthma presumably because of high air pollution.

With regard to social performance at large, Thompson and Lloyd Metalworks products have been called into question because of medical or safety issues for customers. They have frequently been investigated by government officials, who have found on two separate occasions that their products were hazardous to customers. While Thompson and Lloyd Metalworks have publicly announced that they will address these issues in the coming years, many skeptics in the community and industry remain.