

Paradoxical Relationships Between Cultural Norms of Particularism and Attitudes Toward Relational Favoritism: A Cultural Reflectivity Perspective

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Abstract We examined how the cultural dimension of universalism–particularism influences managers’ attitudes toward relational favoritism (such as favoring friends or relatives in HR decisions). Paradoxically, we found in a survey study that Brazilian and Chinese managers perceived more negative consequences of relational favoritism than did American managers—even though the Brazilians and the Chinese perceived stronger particularistic cultural norms in their countries than Americans did in the United States. We attribute this pattern of results to “cultural reflexivity”—the ability of people from transforming economies to be culturally self-critical during a period of dramatic societal change. This pattern of results also emerged in a scenario study in which we asked these same Brazilian, Chinese, and American participants to assess managerial succession decisions made by a General

Manager. We varied the scenarios so that the promoted manager was either a colleague with no pre-existing relation with the GM or a colleague who was a relative, a close friend, from the same town, or from the same school. Consistent with the results of the survey study, we found that perceived cultural norms of particularism were negatively related to perceptions of fairness. In other words, Brazilians and Chinese, even while living in more particularistic cultures, were more harsh in judging relational favoritism. We conclude with a discussion on the implications of these paradoxical relationships.

Keywords Culture · Cultural reflectivity · Ethical judgment · Guanxi · Jeitinho · Universalism–particularism · Procedural justice · Relational favoritism

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Paradoxical Influence of Cultural Particularism on Attitudes toward Relational Favoritism

A Cultural Reflective Perspective

The cultural dimension of universalism–particularism describes individuals' preferences for universal rules and procedures versus relationship considerations when making decisions (Parsons and Shils 1951; Trompenaars 1994). This and related cultural dimensions are important in a more globalized business environment (e.g., Sims and Gegez 2004), as particularism is related to such relationship-based practices as *guanxi* in China (e.g., Chen and Tjosvold 2007; Chen et al. 2011; Xin and Pearce 1996), *jeitinho* in Brazil (Amado and Brasil 1991; Duarte 2006), and nepotism and cronyism in the West (Khatri et al. 2006; Padgett and Morris 2005; Pearce et al. 1994). This dimension is also particularly challenging, as managers of multinational corporations must adapt to (often) contradictory expectations of universally and locally applicable policies and rules (Wines and Napier 1992; Tavakoli et al. 2003).

Surprisingly, the cultural dimension of universalism–particularism has been largely overlooked in management and business ethics research (for exception, see Trompenaars 1994; Pearce et al. 1994). Indeed, this research has been so focused on individualism–collectivism (e.g., Armstrong 1996; Christie et al. 2003; Husted and Allen 2008; Smith and Hume 2005) that there have been repeated callings for empirical research that examines other important cultural dimensions (e.g., Kirkman et al. 2006; Taras et al. 2010a, b) and compares cultures and nations on these dimensions (e.g., McDonald 2000). For this reason, in this study, we assess the particularistic orientations of organizational members (primarily managers) from Brazil, China, and the United States. In addition, we examine how particularism relates to perceptions toward relational favoritism (making decisions in favor of those with whom the decision maker has a special relation) in the respective countries. Finally, through an experimental scenario study, we explore how particularistic cultural norms influence fairness perceptions of promotion decisions when those promoted have a special relation with the decision maker (e.g., relative, friend).

This paper contributes to research in business ethics and management in several ways. First, this study attempts to update Trompenaars' (1994) seminal research to reflect the breadth and depth of two decades of business globalization and to overcome some of the limitations of Trompenaars' original study. For example, Trompenaars' original conception of universalism–particularism was categorical, implying that societies had to choose one versus the other. We, however, conceived it as a continuum ranging from universalism to particularism. The three countries in the

present study vary greatly on this cultural dimension with Brazil and China more particularistic and the U.S. more universalistic. The current levels of cultural particularism in these countries should be of great interest to management and cross-cultural researchers.

Second, the current study addresses an overlooked question: To what extent is cultural universalism–particularism related to the ethical challenges of relational favoritism that can occur in the current business world? In exploring cross-country differences, we take into account both the cultural traditions and the drastic institutional changes that have been unfolding for decades in Brazil and China. In addition, we include an experimental study, which allows us to assess the more nuanced differences in how particularistic orientations influence perceptions of fairness in the context of a common managerial activity: HR decisions.

Lastly, prior cross-cultural research in organizational behavior (e.g., Chen et al. 1998; Earley 1989; Triandis 1995) and business ethics (Armstrong 1996; Chen et al. 2002; Christie et al. 2003; Husted and Allen 2008; Smith and Hume 2005) has followed a cultural consistency perspective. This perspective assumes that people act consistently with the cultural values and norm of their societies. However, we contend that the significant socioeconomic transformation that is now occurring in the emerging economies of Brazil and China may provide opportunities for people in these countries to reflect on their cultural beliefs and values. Further, we expect that this reflection will lead to inconsistency between the cultural norms in Brazil and China and the related decisions of Brazilians and Chinese. We conceptualize this as a *cultural reflectivity perspective* and explore how universalistic–particularistic cultural norms may influence perceptions of relational favoritism differently in Brazil and China than in the U.S. Through this perspective, we hope to open up new venues of cultural learning and change in the context of the globalization of business.

Universalism–Particularism in Brazil, China, and the U.S.

Universalism–particularism has been conceptualized as cultural norms regarding the appropriateness of social and interpersonal interactions (Morris et al. 2008; Parsons and Shils 1951; Trompenaars 1994). In particular, it describes the extent to which others are treated consistently according to some general rules or differently depending on the nature of interpersonal relationships. For example, should a salesperson give a greater discount to his or her relatives and friends than to ordinary customers? Past research has conceived this tension as a major dilemma with cultures

tending to choose one or the other (Parsons and Shils 1951; Trompenaars 1994) or as a continuum with universalism on one end and particularism on the other end. In the latter conceptualizations, universalism and particularism are negatively interchangeable; that is, high particularism suggests low universalism, and low particularism suggests high universalism. In this study, we conceive universalism and particularism as opposite ends of a single continuum rather than a categorical construct.

When faced with a dilemma between adhering to general rules and giving special consideration to related others, people from universalistic cultures tend to abide by general rules, whereas people from particularistic cultures tend to give more weight to particular relations. Trompenaars' (1994) describes some specific manifestations of universalism–particularism in business and management contexts. For instance, in more universalistic cultures, priorities are given to the development of and adherence to explicit contracts and rules; in contrast, in more particularistic cultures, priorities are given to the cultivation of relationships and willingness to modify—if not ignore—contracts. In more universalistic cultures, following legal, professional, and organizational rules thus outweighs consideration of relationship concerns; in particularistic cultures, it is the opposite. Manifestations of various particularistic practices can be found all over the world from different societies: e.g., *guanxi* in China (Xin and Pearce 1996), *jeitinho* in Brazil (Amado and Brasil 1991), *blat* in Russia (Michailova and Worm 2003), *wasta* in the Arab world (Hutchings and Weir 2006), and finally *in-group favoritism* the West (Tajfel and Turner 1979; Tajfel 1982).

The seminal research on universalism–particularism by Trompenaars provides preliminary empirical evidence of cultural differences in universalism–particularism and underscores the practical importance of this cultural dimension. This paper builds upon and extends this previous work in a number of ways. First, Trompenaars' research (1994) served as a foundation for us to derive baseline hypotheses about cross-cultural differences in particularism across three countries. Second, whereas Trompenaars emphasized coherence and consistency in universalistic–particularistic cultural norms and cultural members' attitudes, and behaviors, we explore the prospective tension between cultural norms and attitudes toward relational practices in the context of economic reform and globalization in the countries of Brazil and China. Third, conceptualizing universalism–particularism as a continuous construct (as opposed to Trompenaars' categorical conceptualization) allows us to compare countries on their relative position on this cultural dimension and to examine its effect on organizational and material attitudes and behaviors.

Particularism: Guanxi and Jeitinho

The prevalence of these two terms indicates the salience and importance of personal relationships in China and Brazil. The most straightforward reference of *guanxi* is personal connections, described as those pre-existing relationships that a person builds on and uses for accomplishing life and work objectives. In making decisions, particularistic ties (e.g., family, friends, neighbors, classmates) often carry strong obligations, while general social obligations toward abstract rules and impersonal institutions are deemphasized. This particularistic orientation is rooted in the Chinese culture of familism and relationalism, and its importance has been documented in Chinese organizations. *Guanxi*, for example, can be used as a substitute for institutional trust (Xin and Pearce 1996) and influences leader–member relationships (Tsui and Farh 1997; Chen and Tjosvold 2007), and *guanxi*–based HRM practices influence people's trust in management (Chen et al. 2004).

Though particularism (or *guanxi*) has a long cultural tradition in China, it does not preclude adaptation and change. Privatization of ownership and market-oriented reforms in hiring and rewards systems increasingly force managers to balance personal relationships with newly established merit-based HR systems and pressure from open market competition (Guthrie 1998). Therefore, though particularism (or *guanxi*) remains prevalent and strong, it has often been supplemented by alternative criteria such as merit and performance. For example, recent research has shown that Chinese managers and employees recognize the downsides of *guanxi* practices at the group and organizational level (Warren et al. 2004) and perceive them as unfair (Chen et al. 2004, 2011).

The Brazilian term of *jeitinho* (Amado and Brasil 1991) is conceptually similar to Chinese *guanxi* in that it also refers to the importance of personal relationships (e.g., family, friends, neighbors, classmates) as reflected in the Brazilian maxim “for friends, everything; for enemies, the law” (DaMatta 1991). One primary reason for relying on *jeitinho* is to avoid bureaucracy and ‘get things done’ more efficiently (see Smith et al. 2012, for a comparison of *jeitinho* to *guanxi*) because official rules are seen as confusing, contradictory, and (therefore) dysfunctional (Duarte 2006). Yet, despite the prevalence of *jeitinho* practices, there is a certain lack of legitimacy in public discourse on *jeitinho*. This may reflect the prevailing association of *jeitinho* with bribery (Dennis and Stroh 1997) and corruption (Barbosa 2006). Yet, in some specific contexts, *jeitinho* is perceived positively (Barbosa 2006; Smith et al. 2012). For example, Smith et al. (2012) found that Brazilians rated *jeitinho* less positively than respondents from any of the other countries in the study. In all,

Brazilians demonstrate ambivalence toward *jeitinho*, regarding it as (perhaps) a necessary evil to be applied within the boundaries of the law and kept private.

The practice and prevalence of *jeitinho* in Brazil has evolved to reflect changes in the Brazilian economy. In recent years, globalization has led to an increase in foreign direct investment and rapid economic growth in Brazil. Concurrently, the business culture of Brazil has also dramatically changed (Fleury and Fleury 2011), particularly in regard to Brazilians' dealings with foreign executives of multinational corporations (MNC). For example, Brazilians are now more conscious of time, more prone to hire lawyers and to draft formal contracts, and more likely to curb *jeitinho* practices. Yet interestingly, as Brazilians rely less on *jeitinho* in dealings with foreign companies, they rely more on *jeitinho* in developing and maintaining relationships with domestic companies. Sometimes, one can observe a universalistic international division observing well-established norms and regulations, as well as a particularistic domestic division (of the same company) relying on traditional *jeitinho* to do business.

In all, despite the subtle differences in the degree of legitimacy of *guanxi* and *jeitinho* (discussed further in subsequent sections) and the economic reforms unfolding in both countries, it is reasonable to expect Chinese and Brazilian managers to be more similar than different in their views of particularistic orientations in comparison to managers in the U.S., the focus of this next discussion.

Universalism: The Rule of Law and the Influence of Rationality

The U.S. is widely idealized as the land of individualism, equal opportunity, and the rule of law. Pre-existing relational bonds and particularistic obligations are secondary and useful only to the extent that they are instrumental to the pursuit of individual or group interests and happiness (Morris et al. 2008). Arguably, universalism is a prerequisite for individualism and equal opportunity because without it, society would degenerate to lawless anarchy (Cass 2001). Indeed, Americans score the highest in the world on individualism (Hofstede 1980) and universalism (Trompenaars 1994; Parsons and Shils 1951). Importantly, pragmatism may lead Americans to display less respect toward and support for rules than their professed universalism suggests. For instance, French et al. (2001) found that although Americans began with universalistic arguments, they changed these arguments when challenged, shifting from a focus on individual responsibility to "an acknowledgment of communitarian obligations" (p. 158). These anomalies aside, Americans' desire for individual achievement generally takes precedence over their concern

for community, creating striking contrasts with the Chinese and Brazilians.

Hypotheses Universalism–Particularism: China/Brazil Versus the U.S.

The above analyses of the three countries suggest that China and Brazil will be similar to each other but different from the U.S. in their levels of particularistic orientation. This prediction is by and large consistent with a dilemma question reported in Trompenaars' study (1994) of 38 countries. In that study, U.S. scored among the highest on universalism (95), China scored among the lowest (48), and Brazil (72) scored higher than China but lower than the U.S. Considering the methodological limitations of Trompenaars' previous study and our theoretical analyses in the above, we expect China and Brazil to be similar to each other and both to be different from the U.S. on universalism and particularism. We therefore hypothesize:

Hypothesis 1 Respondents from both China and Brazil will perceive a stronger particularistic cultural norm in their respective societies than respondents from the U.S.

Attitudes toward Practices of Relational Favoritism

Relational favoritism refers to managerial decisions in which those who share pre-existing relations (such as relatives, alma mater, or friendship) with the manager receive more positive outcomes than those who do not share such relations. We assess attitudes toward practices of relational favoritism in two ways: (1) the perception of positive consequences of relational favoritism, and (2) the judgment that relational favoritism is fair or unfair. Do Brazilians and Chinese, given their relatively stronger particularistic cultural norms, perceive relational favoritism more critically or more favorably? Furthermore, how do perceived cultural norms influence perceptions of relational favoritism? Do the more particularistic Brazilians and Chinese hold more positive or more negative attitudes toward relational favoritism practices?

Issues of how values and practices are related in a society are the subject of tense debate among cross-cultural scholars following the counterintuitive findings in the GLOBE study that cultural values and practices are negatively related (House et al. 2004). Researchers have offered many substantive and methodological explanations for such negative relationships (Brewer and Venaik 2010; Maseland and van Hoorn 2010; Taras et al. 2010a, b). In this study, we do not intend to address the broad value–

practice relationship issue. Rather, we have a modest purpose with a specific focus: to understand how employees and managers from transitional and emerging versus well-established economies perceive and evaluate practices of relational favoritism in business organizations, and how such evaluations are influenced by the perceived cultural norm of particularism. Through this examination, we hope to shed light on the dynamics of cultural reflection in transitional economies. In the following, we present two very different perspectives that lead to contradictory answers to the research questions. We call the first *the cultural consistency perspective* and the second *the cultural reflectivity perspective*.

The cultural consistency perspective is a traditional perspective that proposes (1) congruence of a society's cultural norms with cultural members' values, attitudes, and behaviors (Geertz 1983; Triandis 1995) and (2) congruence of cultural members' values with their attitudes and behaviors (Rokeach 1973; Festinger 1957). In contrast, the cultural reflectivity perspective proposes that under certain circumstances—for instance, in periods of dramatic societal changes—the members of a culture may be critical of the culture's prevalent practices and their own values and behaviors. This kind of reflection may create tension and incongruence between cultural norms and individuals' values, attitudes, and behaviors. In the following, we present each type of perspectives and develop respective hypotheses.

The Cultural Consistency Perspective

The traditional perspective of culture holds that people's attitudes and behaviors are influenced by culture through the enforcement of social norms and internalization of cultural values by various institutions (Geertz 1983; Hofstede 1980; Kurman and Ronen-Eilon 2004; Triandis 1995). Through reinforcement and socialization, individual members learn to endorse and adopt cultural values and norms in their attitudes and behaviors. The endorsement of one's cultural values and norms may be biased for self-serving purposes in intergroup relationships (e.g., Hewstone et al. 2002), even to the extent of displaying ethnocentrism (e.g., Hewstone and Ward 1985; Levine and Campbell 1972). In research on universalism–particularism, Trompenaars (1994, p. 34) described vividly how universalistic and particularistic groups each spoke positively of their own cultural practices but suspiciously of others' practices.

Past cross-cultural management theory and practice has largely followed the cultural self-consistency perspective in predicting organizational behavior (e.g., Chen et al. 1998; Earley 1989). The same cultural self-consistency perspective is also assumed in the extant cross-cultural

research in business ethics. For example, theory and research on individualism–collectivism argues that members from collectivist cultures (e.g., China, India, Mexico, Singapore, and Venezuela), relative to those from individualist cultures (e.g., Australia, the Netherlands, New Zealand, and the United States), are more likely to agree with or accept nepotism and pro-organizational unethical behaviors (e.g., lying and cheating for the interest of the organization) (Armstrong 1996; Christie et al. 2003; Husted and Allen 2008; Smith and Hume 2005).

Following the logic of cultural consistency, we propose that attitudes toward relational favoritism will be aligned with the cultural norms of particularism. Because Brazil and China have a more particularistic cultural norm, they should be more accustomed to and less critical of relational favoritism practices; in contrast, because the Americans are more universalistic, they should be less accustomed to and more critical of relational favoritism. Extant research on culture and business ethics largely supports this perspective. In summary, we propose:

Hypothesis 2a Respondents from both Brazil and China will perceive more positive consequences of relational favoritism than respondents from the U.S.

The Cultural Reflectivity Perspective

Though research has focused on the cultural consistency perspective to understand perceptions and decisions of members of a culture, we recognize an alternate perspective that we call “cultural reflectivity,” a perspective that captures the potential influence of socioeconomic development on the perceptions and decisions of members of a culture. Through this perspective, we propose predictions opposite to the above hypotheses.

Although the self-reflectivity perspective has guided some research in organizational theory, team dynamics, and individual learning, it thus far has not been applied in cross-cultural contexts. In research on organizational theory, Adler (2001) argued that in an innovation-oriented era, people may adopt a reflective perspective. In this reflective perspective, people do not blindly follow or passively accept tradition, but rather critically reflect on their own cultural practices and the merits of other cultural practices. Similarly, research on team dynamics emphasizes the importance of team reflectivity, a process that allows teams and members to review accomplishments, to identify problems and errors, and to become more effective in the future (De Jong and Elfring 2010; West 2000). Last, research on counterfactual thinking and individual learning (e.g., Morris and Moore 2000) demonstrates that the comparisons of outcomes to better alternatives lead people to be more self-critical and self-implicating, an essential

process for learning. Importantly, it is reasonable to argue that the reflectivity perspective is more influential when societies and cultures are in flux; that is, when societies are experiencing competing paradigms, views, and practices that challenge the prevalent values and norms (Swidler 1986; Taras et al. 2010a, b). In this respect, universalistic–particularistic cultural norms are more in flux in Brazil and China than in the U.S. Further, though the literature on individual, group, and organizational learning does not have cross-cultural research in mind, the reflectivity perspective nevertheless provides insights on how people might react to given cultural practices such as relational favoritism. Specifically, the institutional reforms in China and Brazil that have largely focused on marketization and internationalization, as well as the consequential global status of these countries, may have greatly influenced the stance of the Chinese and Brazilian toward relational favoritism. Instead of feeling obligated to uphold certain particularistic practices, they may have developed the capacity to reflect on the downsides of these practices.

Relational favoritism practices in organizations give preference to those with whom one has relationships. Such preferential treatment benefits those with relationships, but disadvantages those without, often leading to accusations of discrimination and bias by disadvantaged parties (Brockner and Wiesenfeld 1996). Furthermore, relation-based preferential treatment may violate a professed principle of equity (e.g., merit and performance based; Adams 1963) in distributing organizational rewards in contemporary organizations (Belcher 1974; Black et al. 1999; Pearce et al. 1994). Indeed, performance-based rewards allocation has been a central component of economic and enterprise reform in China and Brazil and has received broad support from employees (Chen 1995; Fleury and Fleury 2011). For these reasons, Brazilians and Chinese may attribute negative rather than positive consequences of relational favoritism to the cultural norm of particularism. This suggests a negative relationship between the perceived cultural norm of particularism and the perceived consequences of relational favoritism.

As a result of being culturally self-critical and self-reflective, Brazilian and Chinese managers may be more keenly aware of the downsides of particularism and open to experiments with more universalistic practices pioneered by reform-oriented domestic firms or reputable foreign MNCs (Guthrie 1998). This prediction is consistent with cross-national research by Pearce and colleagues (Pearce et al. 1994), who found that in post-communist (reformed) Hungary, employees from companies with particularistic reward systems perceived more nepotism and the use of non-merit criteria and held less positive evaluations of relational favoritism practices than those from companies with universalistic, merit-based reward systems. Similarly,

research on Chinese employees shows that guanxi-based HRM practices are perceived as procedurally unfair and result in lower trust in top management (Chen et al. 2004; Chen et al. 2011). The cultural reflectivity perspective and prior empirical research lead to a hypothesis that contradicts Hypotheses 2a:

Hypothesis 2b Respondents from both Brazil and China will perceive less positive consequences of relational favoritism than those from the U.S.

The cultural consistency versus reflectivity perspectives provide the foundation for the opposing hypotheses (2a and 2b) regarding the relationship between nationality and attitudes toward relational favoritism. The same contrasting perspectives also lead to contrasting predictions regarding the effect of particularistic cultural norm on perceived consequences of relational favoritism.

Effect of Perceived Cultural Norm on Perceived Consequences of Relational Favoritism

The Cultural Consistency Perspective

Following the logic of cultural consistency perspective, those Brazilians and Chinese who perceive greater prevalence of particularistic cultural norms in their respective societies should have a more positive evaluation of the impact of relational favoritism than those who perceive less prevalence of particularistic cultural norms. In contrast, in a society where universalism is the norm, the Americans who perceive a greater prevalence of particularistic cultural norms would react negatively, expressing more negative evaluation of relational favoritism practices. We therefore expect different patterns between perceived particularistic cultural norms and perceived positive consequences of relational favoritism depending on nationality. Specifically, we hypothesize a moderating effect of nationality such that:

Hypothesis 3a Perceived particularistic cultural norm and perceived positive consequences of relational favoritism will be positively related in both Brazil and China but negatively related in the U.S.

The Cultural Reflectivity Perspective

In the earlier discussion, we argued that the cultural reflectivity perspective is more applicable to cultures in flux. On the grounds (as we argued earlier) that the cultural norms of universalism have been relatively stable in the U.S. but that the cultural norms of particularism have been facing challenges in Brazil and China, we expect Brazilians

and Chinese to be more culturally reflective and critical when they evaluate the impact of relational favoritism practices. We therefore expect a negative relationship between the perception of particularistic cultural norm and the perception of positive impact of favoritism practices in Brazil and China, where reflexivity can be expected to occur. That is, those Brazilians and Chinese who see greater prevalence of a particularistic cultural norm in their respective societies may express a less positive (or even a negative) evaluation of relational favoritism compared with those who see less prevalence of a particularistic cultural norm. Such a divergence would be less likely to occur within the stable cultures like the U.S. In summary, due to cultural reflectivity in Brazil and China, the patterns of relationships between perceived cultural norms and evaluation of positive consequences of relational favoritism may become similar across Brazil, China, and the U.S. We therefore hypothesize:

Hypothesis 3b Perceived particularistic cultural norm and perceived positive consequences of relational favoritism will be negatively related in the U.S. as well as in Brazil and China.

Combining Hypothesis 3b with Hypothesis 1—that Brazilians and Chinese perceive stronger cultural norms of particularism than the U.S. Americans—and Hypothesis 2b—that Brazilians and Chinese perceive less positive consequences of relational favoritism—we arrive at a mediation hypothesis. Specifically, we contend that the reason why Brazilians and Chinese see less positive consequences of relational favoritism is that they perceive stronger particularistic cultural norms in their societies than their American counterparts. We therefore hypothesize:

Hypothesis 3c Perceived particularistic cultural norm will mediate the negative relationship between nationality and perceived positive consequences of relational favoritism.

The above hypotheses focus on the paradoxical effects of particularistic cultural norm and negative consequences of relational favoritism practices across both developed and transitional countries. These ideas contribute depth and complexity to our understanding of the perceived ethics of particularism, advancing the classical work on particularism from Parsons and Shils (1951) and Trompenaars (1994). In the next section, we seek to advance work on the ethics of particularism by taking a different approach. Although we expect a negative relationship between perceived cultural norms of particularism and perceived justice of relation-based HR decisions, what types of relational favoritism is deemed (in)appropriate may vary considerably across countries. In the following section, we look at four types of relations: relatives, people from same

hometown, alumni, and personal friends. We describe why favoring relatives is likely to be similar across countries, why favoring hometown person and alumnus are more ethically inappropriate in Brazil and China, and why favoring friends is more ethically inappropriate in the U.S.

Judgment of Justice in Relation-Based Human Resources Management Decision Making

To explore the effects of type of relation on ethical judgments of particularistic practices, we look at favoritism in human resources decision making. We place relational favoritism in the context of promotion decisions in which a General Manager selected one of three mid-level managers to succeed a retired president. In the scenarios, relational favoritism is put in relatively subtle terms. The three candidates for promotion are described as equally qualified, and there is no apparent rule violation. Further, there is only suggestive evidence that the promotee has a personal relationship with the decision maker.

In the scenario, the GM promoted a mid-level manager who had a pre-existing relation with the GM instead of others who did not have such a relation. In contrast to the relation neutral condition (i.e., the condition with a regular colleague with no special personal relationship), we selected four types of pre-existing relations to examine their effect on the judgment of justice: the GM's relative, a person from the GM's hometown, an alumnus of the GM's college, and the GM's close friend. These four types of relations exist in all countries although, as we discuss in the following, their salience and significance in management decision making may vary across different countries. Across the different relations, we test the effects of relation types on perceived procedural justice within and across nations.

Effect of Relation Types on Perceived procedural justice of Relation-based HR Decisions

The willingness to grant relational favoritism depends to a great extent on the nature of the relationship. The closer the relationship, the more likely the decision maker is swayed toward favoring the related person at the expense of the unrelated person (Ingram and Zou 2008). Research on social networks (Coleman 1990), leader–member exchange (Graen and Uhl-Bien 1995), and social identity (Mehra et al. 1998; Creed and Scully 2011) has documented consistent evidence that people are more positively inclined toward those they have stronger and closer relationships with. To the recipient of unfavorable outcomes or third-party observers, a decision in favor of a more closely

related person is therefore perceived to have been influenced more by relation-based than merit-based considerations. In the following paragraphs, we hypothesize how managers from the three countries judge promotion decisions that result in favoring those with different relation types: relative, hometown person, alumnus, close friend, and a mere colleague with no pre-existing relation (which we call a neutral condition).

As developed above, relational closeness is fundamental to fairness perceptions. The reasoning is as follows: The closer the decision maker–recipient relation is, the more likely the decision maker is to deviate from procedural neutrality in the direction of favoring the close relation and, therefore, the more unfair the decision will be perceived by third-party observers. Interestingly, the degree of closeness of a given relation (e.g., hometown person) and its presumed influence on the decision maker may be different across different countries. In developing hypotheses about the effects of relation types, we first analyze how the relations may have some inherent differences and then consider the national and culture contexts of the respective countries.

The first distinction in the five relations is between the mere colleague and the other four relations. Relative to the other four relations, a mere colleague suggests a professional, non-personal relation; the other relations suggest additional bonds, which themselves vary in degrees of closeness. The colleague relation therefore serves as the base level of perceived procedural justice to compare cross-relation and cross-country differences. Second, of the four special (other than a colleague) relations, close friend stands apart from the other three because it is highly personalized; nephew, hometown person, and alumnus, in contrast, are all based on social categories that carry social obligations that may or may not involve personal closeness. Third, of the three category-based relations, nephew stands apart because it is familial and carries the strongest social and personal obligation (Hwang 1987). The social meanings of these so-called inherent characteristics, however, make more sense in the cultural and institutional contexts of the three countries. We take into account each of these contexts in hypothesizing the effects of relations on justice perceptions of the promotion decisions.

Relative

Although the employment of family members and relatives has been found to have positive effects on firm performance (e.g., Anderson and Reeb 2003; Zahra 2003), their preferential treatment in non-family-owned, large corporations has not been received well by employees and managers in all of the countries we studied. The term nepotism—and its negative connotations—is well known

in capitalist and communist economies for describing business and government corruptive behaviors (Khatri et al. 2006; Padgett and Morris 2005; Pearce et al. 1994). We contend that it lacks legitimacy not only in the U.S., but also in China and Brazil, as long-term economic and institutional reforms in the latter two countries have yielded a consensus on the basic level of separation between the private familial relationship and the public employment relationship. In an earlier study (Chen et al. 2004), it was found that Chinese managers viewed the promotion of a relative as the least fair. Given that Brazilians have an especially strong suspicion of such a relation in non-family businesses, we expect Brazilian and Chinese managers to be equally unfavorable in their justice perceptions of hiring a family member. Such changes in Brazilian and Chinese organizations could be viewed as evidence of cultural self-reflectivity and self-correction over the years of market-oriented reform. We do not, therefore, expect significant differences in the justice perceptions of an HR decision in favor of a relative between managers from Brazil, China, and the U.S.

Hometown Person and Alumnus

The strength of a hometown person relation in business organizations ultimately depends on the nature of social exchanges between the parties. However, all else equal, we expect social-category-based relations such as birth place and alma mater to carry stronger reciprocal obligations in more traditional societies such as Brazil and China than in the U.S. To the extent that modernization increases labor and demographic mobility, regional origin is more likely to be bases of relationship building in developing than in developed nations. For example, research on *guanxi* in China demonstrates that hometown is an important connection that farm workers use to find jobs in cities and for recently urbanized city employees to gain cooperation and assistance (Zhang 2006). With regard to alumnus, alma mater is a powerful mechanism used by educational institutions to mobilize social identification and by employing institutions to screen and select employees. Formal and informal alma mater associations and alumni reunions further cement bonds and relations. Although there is no research evidence for significant cross-country differences in the assumption of the strength and bond of alumnus relations, we contend that its effect on HR decisions will be stronger in more particularistic cultures than in more universalistic cultures. Hence, we hypothesize:

Hypothesis 4 Favoring categorical social relations as opposed to a neutral relation will lower perceived procedural justice in both Brazil and China than in the U.S.

Close Friend

Of the special relations we examine, close friend is the only relation that is individualized. All else equal, we expect that relative to impersonal categories and group-based relations, individualized close friendships carry stronger reciprocal obligations in more developed societies because of higher individualism and universalism (Triandis 1995). We therefore hypothesize:

Hypothesis 5 Favoring a close friend as opposed to a neutral relation will lower perceived procedural justice more in the U.S. than in both Brazil and China.

Our hypotheses are depicted in Fig. 1. The theoretical model focuses on the country differences in particularistic cultural norms (Hypothesis 1), perceived positive consequences of relational favoritism (Hypotheses 2a and Hypothesis 2b), and perceived procedural justice in relation-based human resources management decision making (Hypotheses 4 and 5), and the relationship between particularistic cultural norm and perceived positive consequences of relational favoritism (Hypotheses 3a–3c).

Methods

Samples and Procedure

We collected data using procedures that were most effective in each country for recruiting the necessary number (20–30) of participants for each of the five relations. In China, we collected data from managers enrolled in an executive MBA program from a prestigious business school in Shanghai. The response rate was 100 %. In Brazil, we randomly sampled 500 alumni of an executive MBA program from a prestigious business school of the country. In this process, we sent an e-mail to the selected alumni and solicited their participation in the survey. A total of 112 questionnaires were returned for a response rate of 22.4 %, and 97 of these were usable. We also collected the U.S. data through an e-mail list comprised of 1050 executive MBA alumni from a business school of a prestigious university in the U.S. Approximately 40 % of the emails were bounced back due to outdated or inaccurate e-mail accounts. From the usable e-mail accounts, 169 completed questionnaires were returned for an approximate response rate of 40 %.

Table 1 presents the sample characteristics of the executive MBAs from Brazil, China, and the United States who participated in the study. In each country, we randomly assigned participants to read one of five variants of a scenario that described a promotion decision by the general manager (GM) of a large corporation. In each scenario, the

GM promoted a mid-level manager to a vice president position, and the pre-existing relation between the GM, and the mid-level manager was manipulated across the different conditions. In the control condition, no pre-existing relation was mentioned; in the other four conditions, the mid-level manager was identified as the GM's nephew, close friend, hometown person, or alumnus. After reading the scenario, participants responded to measures of procedural justice of the promotion decision, universalism–particularism, collectivism, perceived positive consequences of relational favoritism, and demographics. We translated the scenario and measures into Chinese and Portuguese and then validated such through the back-translation method (Brislin 1970).

Measures

Particularistic Cultural Norms

We presented participants with six interpersonal dilemmas adapted from Trompenaars and Hampden-Turner (1998). The scenarios describe choices between helping out a closely related person and adhering to some legal, professional, or organizational obligations. We asked participants to indicate the likelihood (1 = “very unlikely” to 7 = “very likely”) with which most people would help their relation. We used the items to assess particularistic cultural norm ($\alpha = 0.63$). The coefficient alpha for particularistic cultural norm is relatively low, just meeting the minimum level of 0.60 for acceptable reliability according to Nunnally (1967). However, the alpha is similar to that reported in prior research (Stouffer and Toby 1951), and the average inter-item correlation of the scale reached an acceptable level of 0.22.

Perceived Positive Consequences

Five statements measured participants' perceptions of the consequences of relational favoritism. Sample items include (1) “Favoritism is a serious problem,” and (2) “Favoritism has undermined performance-based recruiting system.” All items were captured with a Likert-style scale ranging from 1 (“strongly disagree”) to 7 (“strongly agree”). The scale demonstrated very high reliability ($\alpha = 0.94$). For ease of interpretation, this measure was reverse-scored so that higher scores reflect the perception of more positive consequences.

Perceived Procedural Justice

Four items assessed participants' perceptions of procedural justice of the GM's promotion decision. Items included (1)

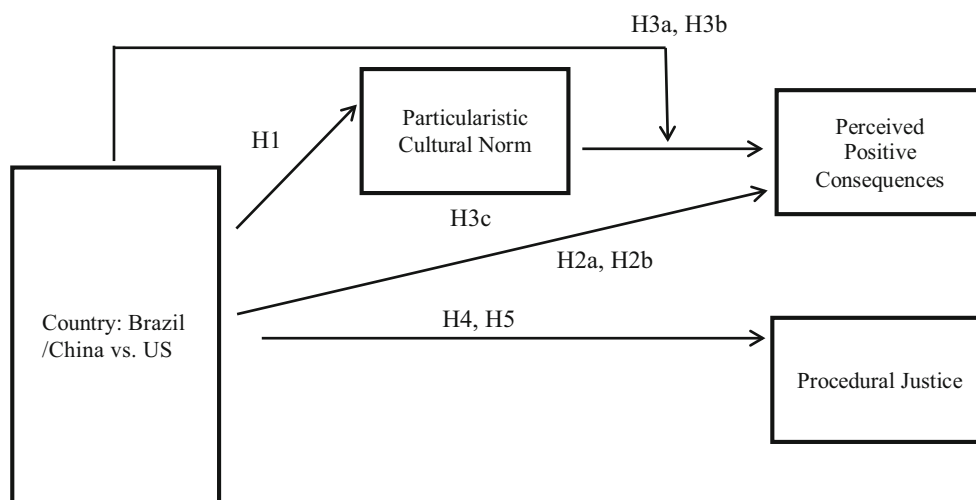


Fig. 1 Theoretical model

Table 1 Sample characteristics

Country	Sample size	Male (%)	Full-time years of work experience	Age 20–29 (%)	Age 30–39 (%)	Age 40–49 (%)	Age \geq 50 (%)	Managerial level (%)
Brazil	97	56	12	58	20	11	11	63
China	169	81	16	0	61	37	1	99
U.S.	139	76	23	0	22	43	35	99

“All of the three candidates were treated fairly regardless of their personal relationship to the GM,” (2) “All of the three candidates were given equal consideration regardless of their personal relationships to the GM,” and (3) “No favoritism was given to the candidate that has been promoted.” All items were captured with a Likert-scale ranging from 1 (“strongly disagree”) to 7 (“strongly agree”). The scale demonstrated acceptable reliability ($\alpha = 0.81$).

Control Variables

Previous research has found that those in Brazil and China are more collectivistic and that those in the U.S. are more individualistic (Hofstede 1980; Bontempo et al. 1990). Further, research shows that those in collectivistic cultures tend to be more particularistic (Trompenaars 1994). For this reason, we controlled for collectivism to more clearly isolate and examine the effect of particularism. We measured collectivism with the eight-item measure developed by Triandis and Gelfand (1998). We asked participants to identify the extent to which they agreed (Likert-style: 1 = “strongly disagree” to 7 = “strongly agree”) with statements such as (1) “If a coworker gets a prize, I would feel proud,” and (2) “It is my duty to take care of my family, even when I have to sacrifice what I want.” The

scale demonstrated acceptable reliability ($\alpha = 0.71$). We also included measures for age, gender, full-time years of work experience, and level in the organization.

Measurement Model

We first performed confirmatory factor analyses (CFA) and a multiple-sample (mean and covariance structure) CFA (Tsui et al. 2007). Following prior cross-cultural research on relational favoritism (e.g., Chua et al. 2009), we report the (normed) χ^2 and RMSEA fit indices across samples. A particular advantage of RMSEA is that a confidence interval can be calculated around its value to more precisely test the null hypothesis of poor fit (MacCallum et al. 1996). Further, the RMSEA is more appropriate and less problematic in confirmatory contexts with complex models than such indices as the CFI (see Cheung and Rensvold 2002; Rigdon 1996). Normed χ^2 values less than 2.0 (e.g., Tabachnick and Fidell 2007) or 3.0 (e.g., Carmines and McIver 1981) and RMSEA values less than or equal to 0.09 (e.g., Chua et al. 2009), 0.10 (e.g., Browne and Cudeck, 1993; MacCallum et al. 1996; Tabachnick and Fidell 2007) or 0.11 (e.g., Durvasula et al. 2006) indicate acceptable model fit. For robustness, 90 % confidence intervals for the RMSEA values are also reported.

The within-country CFAs supported the four-factor structure (i.e., particularistic cultural norm, perceived positive consequences of relational favoritism, perceived procedural justice, and collectivism) across the Brazil sample (normed $\chi^2 = 1.88$, RMSEA = 0.10, 90 % CI 0.08–0.11), the China sample (normed $\chi^2 = 2.17$, RMSEA = 0.09, 90 % CI 0.08–0.09), and the U.S. sample (normed $\chi^2 = 2.14$, RMSEA = 0.09, 90 % CI 0.08–0.10). The variables loaded on the expected factors, and the loadings were similar across countries. Further, 90 % confidence intervals for the RMSEAs revealed that such were constant across countries.

A further mean and covariance structure analysis (multi-sample CFA) confirmed the assumption of factorial invariance across countries (Cheung and Rensvold 2002; Little 1997; Meredith 1993; Steenkamp and Baumgartner 1998; Vandenberg and Lance 2000). In this analysis, the factor loadings and intercepts were constrained across countries. The results of this analysis (model approach; normed $\chi^2 = 2.65$, RMSEA = 0.11, 90 % CI 0.11–0.12) established strict factorial invariance, as the failure to reject the null hypothesis that the population covariance matrices are equal implies the equality of parameters of the structure model (Bagozzi and Edwards 1998; Cheung and Rensvold 2002; Little 1997; Meredith 1993; Steenkamp and Baumgartner 1998; Vandenberg and Lance 2000). The demonstration of invariance reinforces that the cross-cultural comparisons are conducted with comparable constructs and that the means of these constructs can be meaningfully compared across countries (Little 1997; Meredith 1993; Steenkamp and Baumgartner 1998; Vandenberg and Lance 2000).

We also assessed the presence of common method biases, as though the experimental component of our study included conditions and manipulations, the non-experimental component included data (i.e., cultural orientation, perceived positive consequences of relational favoritism) collected from the same source (Chang et al. 2010). Our analyses reflect the two dominant approaches to assessing common method biases: (1) the unmeasured latent method construct approach and (2) the correlational marker approach (Richardson et al. 2009). First, we performed a series of Harman's single-factor tests. As described in Podsakoff and Organ (1986), common method bias is a concern only if (1) one factor emerges in an exploratory factor analysis or (2) one factor in an exploratory factor analysis captures the majority of the covariance among measures. A series of factor analyses revealed that multiple factors accounted for significant variance in Brazil, China, and the U.S. Second, we explored the within-country and pooled correlation coefficients between the variables in the study. The correlations for many variables were small and non-significant. The minimal shared variance between

many of the variables further suggests that common method bias is not a concern, as it is the shared variance that is representative of common method bias (Lindell and Whitney 2001; Richardson et al. 2009).

Analyses

We tested the hypotheses using ANCOVA and hierarchical multiple regression. In these models, we included collectivism, age, gender, level in the organization, and full-time years of work experience as control variables. In the ANCOVA analyses, we used pairwise comparisons to compare countries and conditions. In the moderated regression analyses, we entered the control variables first, the independent variables second, and any hypothesized interactions third. In the mediated regression analyses, we followed the three-step procedure recommended by Baron and Kenny (1986). In this process, we regressed the dependent variable on the independent variable (Step 1), the mediator on the independent variable (Step 2), and the dependent variable on the independent and mediator variables (Step 3). To assess the significance of the mediation effect, we then compared the significance of the coefficients for the independent variable in Step 2 and Step 3.

Results

Particularistic Cultural Norms and Perceived Positive Consequences

Table 2 includes the means, standard deviations, and correlations for the full sample.

The results of our first analysis provided support for Hypothesis 1. In this analysis, we conducted an ANCOVA with country as the independent factor, the control variables as covariates, and particularistic cultural norm as the dependent factor. The results of this analysis demonstrated a main effect for country ($F [2, 381] = 12.34, p < 0.001$), such that participants from Brazil (mean = 4.75) and participants from China (mean = 4.53) perceived higher particularistic cultural norms than those from the U.S. (mean = 4.08; $p < 0.001$ and $p < 0.001$, respectively).

The results of our second analysis provided support for Hypothesis 2b. In this analysis, we conducted an ANCOVA with country as the independent factor, the control variables as covariates, and perceived positive consequences as the dependent factor. The results of this analysis demonstrated a main effect for country ($F [2, 380] = 4.61, p = 0.01$), such that participants from Brazil (mean = 2.27) and participants from China (mean = 2.19) perceived less positive consequences of particularism than

those from the U.S. (mean = 2.68; $p = 0.05$ and $p < 0.01$, respectively). The results support Hypothesis 2b and the cultural reflectivity perspective and therefore contradict Hypothesis 2a and the cultural consistency perspective.

The results of our third analysis provided support for Hypothesis 3b. In this analysis, we conducted a series of regressions analyses to explore the relationship between particularistic cultural norm and perceived consequences of relational favoritism. The results of the first set of regression analyses indicate that particularistic cultural norm had a negative effect on perceived positive consequences (Model 3 in Table 3: $b = -0.30$, $p < 0.001$) and that the interaction between particularistic cultural norm and country was not significant (Model 4 in Table 3: $b = 0.27$, $p = \text{n.s.}$, and $b = 0.24$, $p = \text{n.s.}$). The results indicated that those who perceived stronger particularistic cultural norms in their respective societies also perceived less positive consequences of relational favoritism—regardless of whether they were American, Brazilian, or Chinese. These results support Hypothesis 3b and the cultural reflectivity perspective and therefore contradict Hypothesis 3a and the cultural consistency perspective.

To assess the mediation effect proposed in Hypothesis 3c, we followed the three-step procedure recommended by Baron and Kenny (1986). The first regression analysis indicated that country predicted perceived positive consequences (Step 1: $b = -0.41$, $p = 0.05$, and $b = -0.49$, $p < 0.01$). The second regression analysis indicated that country predicted particularistic cultural norm (Step 2: $b = 0.68$, $p < 0.001$, and $b = 0.45$, $p < 0.001$). The third regression analysis indicated that particularistic cultural norm partially mediates the relationship between country and perceived positive consequences, as particularistic cultural norm predicted perceived positive consequences (Step 3: $b = -0.30$, $p < 0.001$), and the coefficients for country decreased in the presence of particularistic cultural norm (Step 3: $b = -0.20$, $p = \text{n.s.}$, and $b = -0.36$,

$p < 0.05$). The results of this analysis provided support for Hypothesis 3c.

Relation Types and Perceived Procedural Justice of HR Decisions

Before testing the effects of each specific relation, we conducted regression analyses on the general effect of perceived cultural norms on the average perceived justice of HR decisions in favor of people with four special relations to the general manager: relative, hometown person, alumnus, and close friend. After controlling for the background variables, collectivism, and country, we found that perceived cultural norms of particularism were negatively related to perceived fairness ($b = -0.20$, $p < 0.05$). Further, in a second model, we found that there was no interaction effect between country and perceived cultural norms ($b = 0.13$, $p = \text{n.s.}$; $b = 0.06$, $p = \text{n.s.}$). These results provide further support for the cultural reflective perspective; namely, that Brazilians and Chinese, despite stronger cultural norms of particularism, were as critical of relational practices as their U.S. Americans' counterparts.

We now proceeded to test the effects of specific relations on perceived procedural justice of HR decisions. Specifically, we tested our predictions (1) that nepotism (favoring a nephew) is seen as less fair than the neutral relation in all countries, (2) that favoring a hometown person and alumnus are seen as less fair than the neutral relation in Brazil and China but not in the U.S., and (3) that an individualized relation (close friend) is seen as less fair in the U.S. but not in Brazil and China.

We conducted an ANCOVA with country, relation types and the interaction between country and relation types as independent factors, all control variables as covariates, and perceived procedural justice as the dependent factor. The results of the analysis demonstrated a main effect for relation type ($F [4, 369] = 17.63$, $p < 0.001$) and an

Table 2 Means, standard deviations, and correlations across countries

	Mean	SD	1	2	3	4	5	6	7
Age	2.49	0.92							
Gender	0.73	0.45	0.05						
Years of work experience	17.62	10.19	0.74***	0.04					
Level in the organization	1.68	0.95	-0.29***	-0.24***	-0.29***				
Particularistic cultural norm	4.45	0.93	-0.31***	0.04	-0.30***	0.05			
Perceived positive consequences	2.47	1.28	0.22***	0.14**	0.19**	-0.02	-0.30***		
Collectivism	5.69	0.72	-0.00	0.05	-0.05	-0.12*	0.12*	-0.17***	
Perceived procedural justice	4.45	1.27	-0.04	0.04	0.04	-0.08	-0.12*	0.05	0.09

n 390–403, Age 1 20–29, 2 30–39, 3 = 40–49, 4 = 50 or greater, Gender 1 male, 0 female, Level 1 top managerial level, 2 mid managerial level, 3 lower managerial level, 4 worker/clerk level; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 3 Results of regression analyses for perceived positive consequences

Predictors	Model 1	Model 2	Model 3	Model 4
Intercept	2.88***	3.19***	4.45***	5.19***
Age	0.29**	0.18	0.16	0.17
Gender	0.42**	0.41**	0.44**	0.43**
Years of work experience	0.00	0.00	-0.00	-0.00
Level in organization	0.09	0.05	0.03	0.03
Collectivism	-0.29***	-0.22*	-0.21*	-0.22*
China		-0.41*	-0.36*	-1.34
Brazil		-0.49**	-0.20	-1.38
Particularistic cultural norm			-0.30***	-0.47***
Particularistic cultural norm × China				0.24
Particularistic cultural norm × Brazil				0.27
<i>F</i>	8.32***	7.37***	9.03***	7.55***
<i>R</i> ²	0.1	0.12	0.16	0.17
<i>n</i>	388	388	388	388

Age 1 20–29, 2 30–39, 3 40–49, 4 50 or greater, Gender 1 male, 0 female, Level 1 top managerial level, 2 mid managerial level, 3 lower managerial level, 4 work/clerk level, Brazil and China are dummy variables (US is reference); * $p \leq 0.05$, ** $p < 0.01$, *** $p < 0.001$

interaction effect for country by relation type ($F [8, 369] = 3.62, p < 0.001$). The results are consistent with our prediction: perceived procedural justice is a function of relation types, and the effect of relation type on perceived procedural justice depends on country. The means for relation type by country and the p -values for differences between countries for relation types are reported in Table 4.

The main effect for relation type indicated that across countries, relation-based decisions (nephew, hometown person, alumnus, and close friend) are perceived as less fair than the neutral relation decision ($p < 0.001, 0.001, 0.001$, and 0.01 , respectively). Furthermore, favoring nephew (nepotism) is judged as less fair than favoring hometown person, alumnus, or close friend ($p < 0.001$ for all comparisons). There is no significant difference in fairness perception for favoring hometown person, alumnus, or close friend ($p = n.s.$ for all comparisons).

The results of the mean comparisons for relation type by country provided partial support for Hypotheses 4 and 5, as well as our expectation that nepotism will be viewed as unfair in all countries. First, perceived procedural justice of favoring nephew was significantly lower than the neutral condition in Brazil ($p < 0.001$), China ($p < 0.01$), and the U.S. ($p < 0.001$). These results confirmed our null expectation. Second, perceived procedural justice of favoring a hometown person was lower than that of the neutral condition in Brazil ($p < 0.001$) but not in China ($p = ns$) or the U.S. ($p = ns$); perceived procedural justice of favoring alumnus was lower than that of the neutral condition in Brazil ($p < 0.001$) and in China ($p < 0.05$), but not in the U.S. ($p = ns$). These results partially support Hypothesis 4

about the effect of categorical social relations. Third, perceived procedural justice of favoring a close friend is significantly lower than that of the neutral condition in the U.S. ($p < 0.01$) and in Brazil ($p < 0.01$) but not in China ($p = ns$). These results partially support Hypotheses 5.

Discussion

This multinational comparative study generates some interesting findings. First, China and Brazil, despite their different geo-political differences, share remarkable similarities with each other but great differences with the U.S. in terms of particularistic orientations and perceptions of and attitudes toward relational favoritism. Second, we found support for the counterintuitive hypotheses that, relative to their counterparts in the U.S., employees from China and Brazil perceive less positive consequences and less justice in relation-based HR decisions. More importantly, such negative attitudes are associated with the perception of particularistic cultural norms. In other words, Brazilians and Chinese who perceive stronger particularistic cultural norms are more likely to see the limits and downsides of relational favoritism. These findings are expected from people from universalistic countries (such as the United States) from a cultural consistency perspective, which dominates past cross-cultural research on business ethics. But, this traditional perspective cannot explain the attitudes of Brazilians and Chinese. The results, however, make sense from a cultural reflectivity perspective, which proposes that members of a culture have the capacity to reflect upon cultural practices based on their

Table 4 Means and *p* values for perceived procedural justice

Relation	Brazil	China	U.S.	Brazil–China	Brazil–U.S.	China–U.S.
Nephew	3.36	4.01	3.44	*	ns	ns
Hometown	4.01	4.52	5.00	ns	**	ns
Alumnus	4.07	4.26	4.93	ns	*	*
Close friend	4.45	4.95	4.16	ns	ns	*
Neutral	5.57	4.48	5.03	ns	ns	ns

ns not significant, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

efficaciousness in facilitating the achievement of societal and organizational goals. Third, while there is a clear pattern of differences in the perception of cultural norms of particularism and in the general attitudes toward relational favoritism, the impact on HR decision making is more complex. The scenario study found that when decisions are in favor of someone with special relations, perceived fairness of a particular relation seems to be an inverse function of the presumed bias of the decision maker toward the beneficiary. Across the countries, decisions favoring relatives (nepotism) are seen as unfair in all countries we studied. For other types of relations, Brazilians showed a clear and consistent preference of relation neutrality over either group-based or individualized social relations. The Chinese however perceived less justice in group-based social relations, whereas the U.S. Americans perceived less justice in individualized relations.

This study has several limitations. First, due to the uneven access to business executives in different countries, the cross-national samples are not as equivalent as we would like them to be. Though we controlled for background characteristics and demonstrated cross-country scale equivalence, the non-equivalence of the sample makes it less ideal for cross-cultural comparisons. Second, the small sample size of each scenario condition does not give us enough statistical power to statistically assess potential interaction effects between the independent variables. Third, though the manipulation of scenarios allows us to assess the effect of relation type, the survey of general orientations and attitudes should ideally be separated from the scenarios to reduce their reciprocal confounding effects through a two-wave data collection procedure. Related to this is the potential issue of the common source of data in our study; however, we do not believe this is a serious problem. To the extent self-reports of one's values and behaviors suffer from social desirability, reporting one's perceptions of cultural norms (i.e., how most others as opposed oneself would behave) may reduce such social desirability. Further, our findings regarding justice judgment clearly showed diverse effects of different relations across countries, and tests for common method bias (reported in the earlier section) indicated that common method bias is not a concern.

Despite these limitations, the current study has important research implications. First, this study makes explicit the connection between universalism–particularism and ethical issues of favoritism and fairness. It represents a starting point to take normative and justice perspectives to the study of relational values, perceptions, and attitudes. Second, the study takes a cultural reflectivity perspective by considering dynamic interactions of relatively stable cultural dimensions and the more pressing institutional and organizational reformist objectives. The findings of this study not only provide supportive evidence for the role of self-reflective and self-critical perspective as proposed by organization and management researchers (Adler 2001; Morris and Moore 2000), but also extend these literatures by revealing incongruence and tension between the traditional and the reflective perspective. Such tension and inconsistency may serve as an impetus for changing current practices and for exploring and adopting new practices. This phenomenon may not be unique to the countries we studied, but rather exist in other emerging economies such as India and Russia, which face similar challenges of globalization. To further explore cultural reflectivity, future research should measure or manipulate contextual factors to observe how cultural orientations are triggered, adapted, or applied to accommodate for pressing realities. More specifically, cultural reflectivity could be conceived as an important construct that exerts influence on how individuals and groups respond to business and economic globalization. For instance, cultural reflectivity may be triggered by intercultural comparisons and have significant influence on cross-cultural learning; that is, emulating and adopting progressive practices from other cultures. The functioning of cultural reflectivity could be more complex and dependent on intercultural relations, status differentiation, and intercultural complementarity. Lastly, while using it as a control, we nevertheless found collectivism to be negatively related to positive consequences of relational favoritism ($p < 0.01$). Such pro-reform effects of collectivism are consistent with prior research in China that found that collectivists, especially those who emphasize the priority of group interests over individual interests, support organizational reform to enlarge reward differentiation on the basis of performance contribution (Chen et al. 1997; He

et al. 2004). Future research could explore how collectivism and particularism independently or jointly affect HR decision making.

The current study bears two major practical implications. First, it appears that while employees from transitional economies were more critical of relational favoritism, their counterparts from Western economies were more tolerant. This seems to suggest that managers from transitional and Western economies are somewhat converging on the issue of relation-based decision making. On the other hand, Western managers need to be aware that although relational favoritism is prevalent in the emerging economies, to the extent that local employees hold a negative attitude toward such practices, Western managers are expected to champion changes of such local practices seen as negative and unfair. MNCs and internationally oriented businesses thus need to find balance between universalistic impersonal rules and particularistic relationship considerations. Second, the perception of procedural justice regarding relational favoritism hinges on the perceived influence that the “special other” potentially has on the decision maker. Managers need to be highly aware that, in the eye of the disadvantaged and the third-party observer of a decision, outcomes that favor special relations are likely to be viewed as biased, possibly leading to challenges and grievances. Fair-minded managers must be especially sensitive to how their decisions affect people who have different relationships with them.

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