

Chinese Employees' Perceptions of Distributive Fairness

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Fairness or justice, as an indicator of social ethics and values, has long been pursued by people as a lofty ideal. People everywhere have traditionally been interested in the fair distribution of social and organizational resources and wealth—the product of collective efforts. Fairness, in essence, relates to the issue of entitlement—that is, who ought to be allocated how much? Justice in general is a core value holding together societies and organizations. It has attracted much attention in various fields, including political economics, ethics, law, religion, sociology, and psychology. Organizational behavior, as an applied science, focuses on the rules that govern the forming, generation, and functioning of employees' perceptions of fair distribution of rewards in business administration.

The negative impact of perceived unfairness on employees' motivation has been widely recognized, but the pursuit of fairness has not been considered a very powerful motive in the West. That may be why the equity theory has been less basic in Western social and behavioral science than have need and expectancy theories.

In China, however, things are different. Fairness may be one of the most influential and sensitive sociopolitical issues in Chinese society that relates not only to employees' morale in industries but also to the stability of the society. Perceptions of unfairness have, in the past, triggered several peasant uprisings, and the matter remains significant today. This can be attributed to two kinds of facts: First, objectively, there is a considerable amount of unfair distribution in China, especially the corruption of officials; and second, subjectively, Chinese people are said to have high sensitivity and low tolerance toward income differentiation. As a result, fairness has been a major focus of people's attention in China. Many Chinese scholars in recent years have tried to specify the traditional, cultural, ideological, and situational factors that affect the formation of distinctive Chinese concepts of fairness. They have also identified some of its social psychological implications.

This is, however, a very difficult and complicated task. The first reason is that the formation of one's perception of fairness is a subjective process that includes

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judgments against certain criteria or norms. No objective criteria or norms have been universally recognized and accepted. People tend to have different reference and selection criteria and norms when making their judgments while the pattern of selection per se is very complicated. For example, a person may select and apply different norms to judge fairness when different types of rewards are distributed (Foa and Foa 1974, 1980). Even when the same types of rewards are allocated, a person may apply multiple norms simultaneously but assign a different weight to each to form an intricate combination and sequence of fairness norms (Yu, Bunker, and Wilderom 1989; Yu, Wilderom, and Hunt 1989).

The second reason lies in the relativity that exists in people's fairness judgment. This means that people often make this judgment through social comparison. As a result, one's perception of fairness relies heavily on which targeted individual or group he or she selects as the reference in the comparison (Adams 1965). In addition, it also relies on the person's feeling about the referent target. For example, research has found that Chinese people, who are supposed to be more collective-oriented than Westerners, are more tolerant of the "in group" when reward allocation deviates from accepted fairness norms (Yang and Hui 1986; Chiu 1988). This implies that social contracts play a significant role in one's fairness judgment (Resoher 1986). Bles and Moag (1986) point out that one's perception of fairness is affected by the nature of the interactional relation between the reward distributor and its receiver. They suggested a new term for this concept, *interactional justice*, to distinguish it from the conventional concept of fairness that mainly focuses on resource distribution. The study of fairness has thus become more complicated.

The third factor concerning the difficulty and complexity of studying fairness is the asymmetry of fairness perception, another derivative of the first factor, the subjectivity of the perception. This means that people tend to be much more sensitive to unfair distribution when they feel that they are underpaid than overpaid. Yu (1991) found, when identifying people's unfairness sensitivity thresholds, that the sensitivity threshold for the underpaid situation is much lower than that for the overpaid situation. Wu (1991) refers to these characteristics as "being hygienical," borrowing from Herzberg's Motivation-Hygiene Theory (Herzberg, Mausner, and Snyderman 1959). This can be readily explained by the fact that, although some people form their perception of fairness on the basis of a certain ideal or moral value, that of many others is on the grounds of protecting or securing their self interests. Therefore, it is quite easy for them to readjust their perceptions to reduce the sense of feeling guilty when they believe they are overpaid, given that the judgment is purely subjective.

Despite the difficulty and complexity of fairness studies, the issues can be approached by narrowing the scope of interest to a specific aspect. In this paper, I focus on the basic norms that Chinese people tend to use in judging fairness of reward allocation and the cultural and ideological sources of those references.

BASIC FAIR DISTRIBUTIVE NORMS

Deutsch (1975) identifies a series of internal values or norms concerning distribution fairness: (1) outcome should be gained proportional to each one's input; (2) treat everyone equally; (3) to each according to one's need; (4) to each according to one's ability; (5) to each according to one's effort; (6) to each according to one's achievements; (7) to give each one equal opportunities for completion, free of

any bias or discrimination; (8) based on market supply and demand; (9) based on common interests; (10) based on the principle of mutual interests; and (11) to make one's gain lower than a preset bottom line.

Deutsch believes that there has never been an absolutely objective sequence of these norms that inherently fits human nature in terms of its significance. This is understandable when the subjectivity and complexity of the formation of fairness perceptions are considered. He pointed out that only the top three norms in the list are the most basic and ones that people of any society could follow. Each of them has a certain specific function and thus would be perceived as being fair in a corresponding situation. They are:

1. *Equity norm*: One's gain (outcome) is proportional to his or her contribution (input). This is variously labeled as the norm of contribution, performance, merit, or proportion. It is best manifested by Adam's formulation (1965): $O_p/I_p = O_a/I_a$; that is, one's perception of fairness or equity is not determined by a comparison of the absolute amount of his or her gain with that of a referent target, but rather by the comparison of outcomes to inputs.
2. *Equality norm*: Everyone should be allocated an equal amount of resources without considering any other factors, so the corresponding formulation should be $O_p = O_a$.
3. *Need norm*: The share of resources one gains should be based on his or her need, and the formulation now becomes $O_p/N_p = O_a/N_a$.

As far as the specific function of each basic norm is concerned, the *equity norm* is supposed to produce high average group productivity, because the distribution based on this norm is most beneficial to high performers who have been motivated to perform even better. This results in the maximization of the productivity of the whole group. The *equality norm* is expected to lead to the best group harmony and stability: Now it is the poor performers who benefit the most and are happiest, though they are the minority. Average performers, who tend to be the majority, could live with the norm with few complaints because they are distributed equally anyway, either in the equity or the equality norm. Better performers, though angry and dissatisfied, have little voice in the distribution decisions because they are the minority. The *need norm* is said to be the most humanistic and most helpful to individual well-being and personal development. On the other hand, each basic norm tends to have certain negative effects: The *equity norm* tends to produce conflicts, especially when income differences are large and people's equality orientation is serious. The *equality norm* tends to turn out low group productivity. As for the *need norm*, it sounds perfect and ideal but is not realistic to operate under current conditions.

Each of the three basic formulations mentioned previously covers only one norm. The following general formulation is supposed to consider the three basic norms: $O_p/I_p N_p = O_a/I_a N_a$.

When the equity norm is preferred, it implies that differences in needs make no sense and could be neglected; thus, in fact, $N_p = N_a$. So the formulation returns to Adam's formulation $O_p/I_p = O_a/I_a$. With the same logic, the formulation returns to $O_p/N_p = O_a/N_a$ when the need norm comes into operation and the input gap is neglected, and it returns to O_p/O_a when the equality norm dominates the situation while both the input and need gaps are ignored.

THE MARXIAN PERSPECTIVE ON SOCIAL FAIRNESS

A full appreciation of the unprecedented changes in the perceptions of distributive fairness of Chinese employees in current-day China requires an accurate understanding of the Marxian perspective on social fairness.

There is, however, a popular bias in the West that because the Communist Party always claims that the Party, on behalf of the laboring classes, has been striving for the goal of social equality, the norm that naturally fits socialism is equality. In this view, because the norm of equity tends to encourage a gap between the rich and the poor, it must fit only capitalism. Even many people who live in socialist countries but have never been exposed to the classical works of Marxism may have this kind of naive understanding. It clearly is a misunderstanding of Marxist doctrine. In classical Marxism, egalitarianism has never been advocated; instead, its extreme form—absolute egalitarianism—is customarily criticized in socialist politics as being “reactionary” because it does not promote but hinders the growth of productivity in society. This is an important criterion to test the appropriateness of concepts and theories.

In Marxism the need norm is regarded as an ideal. It is an ultimate goal that the distributive norm should be promoted and pursued because of its humanistic nature. It is also recognized as unrealistic to implement in the current situation because there are several preconditions it requires, including a tremendous abundance of material wealth in the society, which is almost impossible in the near future, let alone at present. In fact, the key tenet of Marxism, the principle of distribution appropriate to the “primary phase of communism”—that is, socialism (China is now so underdeveloped that the Chinese Communist party (CCP) claims that China is now still in the “primary phase of socialism”)—is “from each according to his ability, to each according to his work,” the latter part of which is a statement of the equity norm. For a country as poor and backward as China, the implementation of the norm is likely the only way to promote the growth of productivity, a basic objective of the socialist revolution.

As for the need norm, Marx (1875) had a famous remark in his “Critique of the Gotha Program”:

In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and therewith also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but life's prime want, after the productive forces [have] also increased with the all-round development of the individual, and all the springs of cooperative wealth flow more abundantly—only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banner: From each according to his ability; to each according to his need!

Two points in the quotation need further analysis; first, the former part of the principle of distribution, “from each according to his ability”; second, the preconditions Marx has set up for the implementation of it and the phrase “the narrow horizon of bourgeois right.”

When an individual contributes all he can to society, but his performance, given the same working conditions and training, is still poorer than that of others because of poorer ability, why should this person, as an individual of equal status with all the others, be given less “cooperative wealth”? He really needs more, because he should not be responsible for his poorer ability or physical and mental defects that are given endowed by nature. It is clearly unfair! The equal right—of

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receiving a distribution according to one's work—as Marx argues, is really equal when one accepts the fact that unequal talent and hence unequal abilities are natural rights. Therefore, that equal right, in terms of its content, is not equal. Marx labeled it a “bourgeois right.” In this sense, only fairness based on the need norm is authentic.

However, Marx is a historical materialist who knows quite well that the development of society cannot get rid of the constraints of historical conditions. An underdeveloped socialist country—current-day China—has inevitably brought up vestiges of the old society from the womb, and its wealth is far from being abundant, so the contribution norm is probably the only option to be chosen.

THE EGALITARIANISM ORIENTATION IN CHINA AND ITS CULTURAL SOURCES

Since Deng Xiaoping initiated reforms in the late 1970s, Chinese leaders began to call for the elimination of egalitarianism and reestablishment of the socialist principle of distribution—that is, from each according to his ability, to each according to his work. They also claim the necessity of breaking down the “Three Iron Systems”—the Iron Rice Bowl, the Iron Chair, and the Iron Salary (lifelong employment, stable position, and rigid compensation)—and to enlarge reasonable income gaps between people by allowing part of the people to become wealthier first. Some Western observers believe that this is evidence that the CCP is going to give up socialist revolutionary principles and to implement some capitalist ones. This is a misunderstanding based on the wrong assumption that the equity norm is appropriate to capitalism only.

As a matter of fact, Chinese leaders have never advocated or supported egalitarian distribution. Instead, they have consistently and clearly held the opposite position. For example, Mao (1963) criticized this principle, as early as 1929, when he was leading his Red Army to carry on a life-and-death military struggle with Chiang Kai-shek, by pointing out that “absolute egalitarianism beyond reason must be opposed because it is not required by the struggle; on the contrary, it hinders the struggle.”

Nobody, however, could deny the fact that the most noteworthy characteristic of the Chinese perspective on distributive fairness is one of egalitarianism. Chinese people are said to be very sensitive and of low tolerance toward income gaps between people that are regarded as potentially disruptive in collective social systems that put group harmony and social integration as the top priority. The egalitarian orientation is variously labeled by Chinese people as “Red Eye Disease,” “Comparison Disease,” or “Oriental Jealousy.” When diagnosing the pathology of the “disease,” the collective effects of a series of historical, cultural, ideological, and situational factors would be found, two of which are likely the major causes.

First, the traditional feudalistic culture, especially the mentality of peasants could be a cause. Mao (1929) has sharply pointed out that egalitarianism is “the product of a handicraft and small peasant economy” and is “a mere illusion of peasants and small proprietors.”

Being “temperate, kind, courteous, restrained, and magnanimous” have traditionally been regarded as the “Five Basic Virtues” in China. The danger of unequal distribution has long been the focus of attention of scholars and politicians. As early as around 2,500 years ago, Confucius in his well-known quotation claimed that “no worry about scarcity but unevenness; no worry about poverty but instability.” In the past, perceptions of unfairness have triggered hundreds of peasants’ uprisings. As early as the 10th century, Li Shun and Wang Xiaobo, the two peasant leaders of a

well-known uprising during the North Song Dynasty, wrote a slogan of “to equalize the poor and rich; to even the noble and humble” on their banners, probably the first time in history for Chinese peasants to express their ideals in such a clear-cut and bold manner. The major characters in the great Chinese classical novel *Shui Hu* were Robin Hood style heroes who equally allocated what they gained among themselves, also reflecting the same naive ideals of the peasants. Peasants, linking closely to the primitive and individual laboring pattern with very small production capacity, could not imagine the huge production capacity of contemporary societies. When the wealth and resources of a society available to people are so little, one has no choice but to be very calculative. Under such a condition, equal distribution seems to be the only feasible or even desirable option.

Unfortunately, and almost without exception, leaders of all the previous peasant uprisings, having overthrown the old and corrupt feudal dynasty, would soon establish their own on the same basis as the old one. They themselves soon became the new emperors, enjoying enormous prerogatives and large fortunes. That is why when Mao (1929) points out that egalitarianism is but “a mere illusion of peasants and small proprietors,” he also asserted that “even under socialism there can be no absolute equality, for material things will then be distributed on the principle of ‘from each according to his ability, to each according to his work,’ as well as on that of meeting needs of the workers.” In addition, the notion that peasants have no independent ideology but must attach themselves to that of their opposite class—landlords and their representatives, the emperors—has also been implied.

The second major cause of egalitarianism lies in the distribution practices implemented in the military and administrative system of the CCP since the Red Army was formed in 1927 until the early 1950s, the beginning days of the People’s Republic: the “Supply System,” a system of payment in kind providing working personnel and their dependents with equal amounts of the primary necessities of life. Mao (1964) gives a specific description about that:

So far the Red Army has no system of regular pay, but issues grain, money for cooking oil, salt, firewood and vegetables, and a little pocket money. . . . In addition to grain, each man receives only five cents a day for cooking oil, salt, firewood and vegetables, and even this is hard to keep up. . . . Fortunately, we are inured to hardships. What is more, all of us share the same hardships, from the commander of the army to the cook, everyone lives on the daily allowance of five cents, apart from grain. As for pocket money, everybody gets the same amount, either it is twenty cents or forty cents. Consequently, the soldiers have no complaints against anyone.

Mao was certainly aware that the system was not an ideal but rather a temporary measure about which he had little choice; it was determined by the extreme scarcity of materials as well as by what was required by the circumstances of the struggle they were facing. The policy of unity and equality between cadres and soldiers was an important distinction between the Red and White army; this made the Red Army able to endure the extreme hardship and fight bravely, although many of them were captured from the White Army but were from poor peasant families.

The Supply System, at first glance, looks like one based on the equality norm. In essence, however, it is based on the need norm but at a very low supply level that can only maintain people’s survival while taking a form of equal distribution. This is understandable and justified, because it fits the basic assumptions of historical materialism: that there is not any innate value of fairness that is naturally universal to any person in any society at any time. Instead, the prevailing value of fairness in a society is always determined by the physical living conditions of the society, and it consistently changes both in terms of its content and form with the change of the

society's economic relationships (Li 1984). For example, in the diary of his round-the-world tour on the *Beagle*, Charles R. Darwin observed and recorded an interesting event: When the most senior man of a primitive tribe on Tierra del Fuego of Argentina was given a blanket by a visitor, he looked very pleased. But then he gathered all the members of his tribe, old and young, male and female, and tore the gift into strips of equal width and allocated to each member a strip without considering for what it could be used (Lin and Zhao 1986). This story also serves evidence that proves that "it is man's social being that determines his thinking" (Mao 1963). In a society with such a low level of productivity and scarcity of material supply one could not imagine any deviation from the distribution practice based on the need norm. In the final analysis, the value of fairness as a part of the societal superstructure, like all the other values, is determined by its economic basis—the level of production capability of the productive force.

Since the People's Republic was founded in 1949, the country's economy has continuously improved. Leaders began to give up the supply system and gradually substitute a regular pay system, first in the governmental system and enterprises in 1952 and then in the military system in 1955. Various incentive systems, including the piece rate, were introduced into industries in the mid-1950s as well. The socialist principle of distribution was advocated and officially recognized.

The CCP, however, does not exist in a vacuum; it inherits a heavy load of tradition and a huge population, of which peasants constitute 80%. Since the revolution, China took peasants as its principal force, so peasants have made up a majority of the Party's cadre team. This team's belief that the major objective of revolution is to equalize all members of society, both in terms of their status and wealth, was strengthened by the egalitarian distribution practiced for decades in the revolutionary team, a fact that then formed a basis for the ultra-left ideology. In 1958, Zhang Chunqiao, a careerist and middle-rank cadre and later the chief theorist among the Gang of Four, began to whip up the ultra-left ideology by publishing a notorious article, "Do away with the Bourgeois Right Ideology" (Zhang 1958). He attacked the then-prevailing compensation system by asserting that the system had corroded the minds of cadres and workers, made them think of nothing but their personal interests and caused them to be preoccupied with their personal gains and losses. He insisted that the abandonment of the supply system was a serious regression.

During the Cultural Revolution, the ultra-left ideology was heatedly debated. This time, the ultra-leftists attacked even more fiercely, insisting that any kind of material incentive was poison for all working people (Zhang 1975). They deliberately depreciated the value of mental labor and sent hundreds of thousands of intellectuals to do physical labor. They took the average of the total fund for bonuses as a fixed additional component of compensation and labeled it as "additional salary." Everyone was then given fixed pay unrelated to performance, and thus any material incentive was eliminated. The masses satirically called the fixed pay system, which was not adjusted for 13 years, plus the lifelong employment the "Iron Bowl System" and "Eating meals from a shared pot." This system led the country to the verge of economic collapse.

When Deng Xiaoping took control in the 1970s, he brought order out of chaos by issuing a series of right-oriented policies. He soon rehabilitated the socialist principle of distribution and called for smashing the "Iron Bowl" and the "Big Pot." He also increased interactions with the outside world, which has changed the values of Chinese people accordingly. The norm of contribution has struck root in the heart of the people, including managers, to such an extent that a comparative empirical study found the preference of Chinese managers for highly differentiated distribu-

tive patterns consistent with an equity-based logic to be even stronger than that of their U.S. counterparts (Meindl, Yu, and Lu 1989).

A document recently issued by the Central Committee (CC) of the CCP titled "A Resolution of the CC of the CCP about a Number of Issues in Establishing the Socialist Market Economy" proclaims that it is necessary "to insist the system of taking 'to each according to his work' in individual income distribution as the main body, while coexisting with multiple distribution patterns to reflect the principle of giving priority to efficiency and at the same time giving consideration to justice" (CC of the CCP 1993). The statement does not give a clear-cut definition for the term *justice* but implies that justice is the opposite of efficiency and virtually implies that *equality* is the only synonym of justice without awareness that efficiency, or its basis equity, is also another kind of justice.

What is the distribution practice in China today? In recent years, a so-called Structural Pay System has become popular in many administrative and public institutions as well as business organizations. In this system, one's pay is composed of three major components: First, the *basic pay* is universally the same for every working person with a function of maintaining and assuring one's basic level of living, similar to that of the supply system. Second, the *position pay* is a reward for fulfilling the major responsibilities of a job as required by the job description. This component is relatively stable, so a distinction should be made between it and the bonus that is contingent on current performance in a recent period of time—for example, a month, six months, or a year. Third, the *seniority pay* increases a definite amount with the completion of another work year counted from whenever the person began working. This component, at first glance, seems to be based on the equality norm, because everyone enjoys the same amount of increase for the same period of work, no matter what job he holds. But that is not the case, for the equality norm requires that everyone receive the same amount of pay; here the pay for those with more seniority is higher than that for those with less seniority. On further analysis, the seniority component, in essence, is pay for the additional work experience accumulated in the past work year. It is still based on the contribution norm, because work experience, like one's education, reflects one's potential to make more contribution and thus should be rewarded. Now, however, with more joint ventures and subsidiaries of international corporations established in China, the structural pay system has been fading out, and the concept of a contemporary compensation system has been introduced into China.

EMPLOYEES' SPECIAL CONCERNS IN PERCEPTIONS OF FAIRNESS IN MAINLAND CHINA

Although the norm of contribution has become the prevailing and dominant one in China, the impact of traditional culture and practices in the minds of Chinese employees should by no means be undervalued. Chinese social scientists began to study the unique perception of distributive fairness in the mid-1980s (Han 1987; Jin 1986; Lan 1987; Xin 1988; Xu and Sun 1987; Zhou and Lu 1985), but few studies were empirical. I began to try this in the field in cooperation with a few Western colleagues (Yu, Bunker, and Wilderom 1989; Yu, Wilderom, and Hunt 1989), some findings from which are enlightening to the understanding of Chinese employees' perceptions of fairness.

The relationship between relevant variables in the norm of contribution or equity is clearly depicted by Adams' (1965) formulation: $Op/Ip = Oa/Ia$. However, be-

cause one's perception of distributive fairness is formed in a purely subjective judgment process, different people would have different understanding and cognitions about the variables concerned, which can lead to quite different conclusions and consequences.

Let us first look at the variable *O*—that is, the outcome or reward one gains from a distribution. Because Adams' (1965) theory is based on the concept of social exchange in a business organization setting, *reward* can be defined as resources allocated to employees by an organization in exchange for certain contributions made by them. Traditionally, people tended to focus on merely economic rewards that were known as *hygiene factors*, such things as physical work conditions, relations with superiors and peers, and others that satisfy mainly lower order needs and are mediated externally (Herzberg, Mausner and Snyderman 1959). Then scholars of the humanistic school of thought began to emphasize rewards that satisfy higher-order needs by providing nonfinancial rewards (Likert 1967; McGregor 1960), or by mediating these rewards through employees themselves (Deci 1972). With this expansive view of rewards, a variety of resources can be identified and added to the reward inventory—from those hard, economic, and tangible ones (e.g., pay, bonus, fringe benefits,) to those intangible and symbolic ones (e.g., raise recognition, honorable titles, trust, respect, as well as enriched job characteristics such as skill variety, task significance and identity, access to feedback, participation in decision making, opportunities to be trained and to self actualize). Resources have now been so broadly defined as “anything that can be transmitted from one person to another,” a definition “broad enough to include things as different as a smile, a check, a haircut, a newspaper, a reproachful glance, and a loaf of bread” (Foa and Foa 1980).

Increasingly, it has been recognized that distributive norms vary in accordance with types of resources to be distributed (Deutsch 1985). Therefore, people became more interested in figuring out reasonable, meaningful, and systematic classifications of resource and reward types. As a result, a variety of ways of differentiating rewards has been created, but one factor that underlies these various classifications is the material/socioemotional dimension. The previously mentioned lower-order need satisfiers are material in nature, providing for the physiological well-being of employees, whereas the higher order need satisfiers are socio-emotional resources that mainly enhance the psychological well-being of employees. In fact, there is certain overlapping between the two types of rewards. For example, a promotion that enhances one's status and prestige should be regarded as a socio-emotional and nonfinancial reward, but it also tends to bring a simultaneous pay rise; though, in essence, the former is the cause whereas the latter is an effect.

According to Maslow's Need Hierarchy Theory (1943), a higher-order need begins to function only when its adjacent lower need is satisfied; therefore, material rewards are effective in motivating employees in China because the country is still poor and underdeveloped. For example, housing is universally a basic necessity for people's survival. In the West, what sort of housing a person prefers is merely his personal business; in China, however, housing has traditionally been a significant benefit provided by one's organization, and employees only pay a symbolic amount of rent. This kind of housing policy is probably due to the Supply System, and to the fact that Chinese employees have been paid with a particularly low compensation and cannot afford their own houses. The system consumes a huge portion of the government budget annually; people are now striving to reform it, but it is a very tough and complicated job and will take time. Hence, providing adequate housing is the number one concern in the reward package of organizations and is crucial to employees' morale and commitment.

Another interesting aspect of housing as a reward is that, as a practice, the average area occupied by a household member of an employee's house is generally taken into account in the decision of housing distribution. The data, in essence, represents the degree of crowding in one's house, so it implies that the need norm is widely recognized as an important or even top consideration for housing distribution that does not occur in the distribution of any other type of resources (Yu,ilderom, and Hunt 1989). This again proves the notion that a resource, when in serious scarcity and involving the basic living condition, tends to be distributed on the basis of the need norm. In this case, it means every employee's area per member is given the same consideration no matter what status and seniority he has.

Noneconomic rewards should also be given attention in China. Respect, trust, opportunities to be trained abroad, and conditions for self-actualization, among others, are of particular significance, especially for white-collar workers and managers.

As far as the input or contribution—the variable I in Adams' (1965) formulation—is concerned, from the view of a Western employee, his contribution to the organization (which is also the justification or “capital” with which he can ask for a reward from the organization as a requital) is very simple: work performance—that is, the quantity and quality of work and the value created for the organization. However, from the view of Chinese employees, the contribution one makes to his organization has multiple components. They can be roughly categorized into two groups: personal, such as one's job performance and the merit one wins; and environmental, including work conditions, responsibilities, risks, and level of work required. In fact, the judgment is very subjective, so whatever one regards as a reward is a reward indeed. The same is true of the significance assigned to a reward. In this respect, Chinese employees brought up in the same cultural settings tend to have some common features, discussed subsequently.

First, there is a very popular saying in China that “if I have no merits, I do have hardship; or at least I have exhaustion.” This implies that Chinese employees tend to assign a big weight to one's work attitude and the effort one has made in his work—no matter what the results. This, which I call an *effort norm*, can be attributed to two sources: the impact of the egalitarian orientation and the traditional virtue and practice that a steady and dependable work attitude, being content with an ordinary status, and not being concerned about rewards (usually labeled as the spirit of An Old Yellow Ox”) has been traditionally regarded as a virtue and encouraged vigorously.

The second input, assigned a bigger weight, is a distinctive feature in China—morality, which is a concept of multiple components including one's political integrity, consisting of patriotism and loyalty to socialist ideals and the reform policy; honesty; dependability; justice; and diligence in both one's work and social life. In China, one's morality not only plays a key role in the promotion decision but is also significant in the distribution of other kinds of rewards, such as pay, prestige, housing, and even opportunities for training, because the policies of the CCP have traditionally been to put a priority on morality. It means that one would be placed at the end of the waiting list for distribution of many kind of rewards after he commits a certain misdeed in terms of morality, no matter how good his job performance is.

Third, seniority is an input that must be seriously considered in reward distribution. In other countries, organizations also pay attention to seniority in reward distribution, but in China morality, ability, and seniority have traditionally been juxtaposed as the three key determinants, especially for promotion consideration. This policy reflects not only an acknowledgment of one's past contributions and respect

and recognition of accumulated work experiences (which are supposed to be helpful to future work), but also the influence of the egalitarian tradition.

Some unique factors in current China regarding reward allocation are situational in nature. For example, the CCP began to reform its cadre system in the mid-1980s through a Four “-ize” policy—that is, to make the cadre force revolutionized (in political harmony with the Party), intellectualized (better educated), professionalized (qualified to act as leaders and managers in the new economic system), and “youngerized” (if a few candidates for promotion are almost equal in aspects other than their ages, the younger would be given more priority). This “youth norm” on the surface looks contradictory to the seniority norm, but in fact each of them governs different aspects of the promotion decision.

Because China is now in a period of transition, it has not completely gotten rid of the rigidity of its original centrally planned economic system, and its newborn market economy is still far from being mature and perfect, especially its labor market. The so-called system of organizational ownership of employees has just begun to unfreeze. Workers’ mobility is limited; this creates a special problem concerning fairness: that of equal outcomes versus equal opportunities. Some Chinese scholars question the validity of Adams’ (1965) theory in current China by arguing that it is in fact unfair to emphasize equal ratios of employees’ outcomes to their inputs while equal opportunities are not available to all of them, just like a race with different starting points (Bi 1988). Maybe it is useful to introduce a new variable C (chance) into Adams’ (1965) equation to revise it to: $OpCp/Ip = OaCa/Ia$, so fairness is realized only when those with a bigger chance (favorable opportunities) are allocated less rewards to balance those of the referent person. When equal opportunities are available to everyone in the society—that is, $Cp = Ca$ —the equation would return to its normal form.

I describe my understanding of the distinctive features of employees’ perceptions of distributive fairness. One can see the basic conflict between the traditionally egalitarian values and the value of performance-contingent rewards that exists between the classical Marxism and the practices recently introduced from abroad. Obviously, the basic issues of fairness are closely related to the struggle between those who would like to preserve the status quo and those who seek to change it. Even under the most stable social conditions, flaws in the basic values of fairness are revealed by unfairness, which remains unsolved, and at least part of the traditional values that have served in the past require revision and reinterpretation so as to redress new needs and newly aroused consciousness. The issues of fairness are even more complicated by the broad, profound, and radical reform currently happening in China. Fortunately, it seems that the major trends for changes in values concerning distributive fairness are moving towards the acceptance of international values, and we expect an acceleration of the changes.

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