

Ethics Trumps Culture? A Cross-National Study of Business Leader Responsibility for Downsizing and CSR Perceptions

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Abstract Downsizing remains a topic of great interest to both academics and practitioners. Yet, the impact of layoff decisions on perceptions of corporate social responsibility (CSR) has hardly been studied. We examine the impact of responsibility of business leaders making these layoff decisions, and characteristics of the downsizing implementation on convergence and divergence in (1) CSR perceptions, (2) victims' perceptions of fairness, and (3) survivor commitment, in four countries. Using an experimental design, sixteen scenarios were distributed to (1) 163 managers in Estonia, (2) 152 MBA students in India and 125 MBA students in France, and (3) 186 (non-traditional) undergraduate students in the USA. Results suggest that when top managers are attributed with the responsibility

for downsizing, the resulting perceptions of CSR are negative. A similar pattern of results is obtained for victims' perceptions of fairness and survivor commitment. In addition, although there are differences in effect-size based on differences in power distance, these results hold good (are similar) across the four countries, from four different society clusters. We discuss implications, limitations, and future research directions.

Keywords Ethics · CSR · Responsibility attributions · Justice · Culture

Introduction

Downsizing (conscious, purposeful, and planned effort to reduce the number of employees to achieve specific objectives) has been used as a strategic tool since the 1980s to cope with the tough demands of an economy that is rapidly globalizing and advancing in technology (e.g., Datta et al. 2010). Based on a comprehensive review of 91 studies conducted over the last three decades, Datta et al. (2010) use an integrative framework in classifying the studies into four broad streams, two of which have focused on environmental and organizational antecedents of downsizing, and the other two on individual and organizational consequences of this practice (see also Iverson and Zatzick 2011). While much of the downsizing research has examined individual consequences such as victims' and survivors' reactions and justice perceptions (e.g., Spreitzer & Mishra 2002), few studies, if any, have examined perceptions of social responsibility on the part of the organizations in question. Consistent with the literature, we view the ethical dimension of a company's actions as a key component of social responsibility (e.g., Cacioppe et al.

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2007), in which companies go beyond compliance and engage in actions that can further social causes (e.g., McWilliams and Siegel 2001).

Global corporate social responsibility (CSR) (Matten and Moon 2008), especially in the context of downsizing, has come to be widely discussed in recent times. While convergence in human resource practices and managerial values has been examined (e.g., Pudelko 2005), little research exists on cross-cultural convergence and divergence in perceptions of ethics and CSR (Bailey and Spicer 2007) in the context of downsizing (Datta et al. 2010). Convergence focuses on cultural universals, whereas divergence focuses on contextual contingencies (Sparrow et al. 1994). In calling for more cross-national investigations of downsizing, Datta et al. (2010) also identified a number of directions for future research, including top management responsibility, governance mechanisms, and the convergence-divergence of such practices and outcomes across countries. Most downsizing contexts are fraught with uncertainty making it difficult to determine who or what is responsible for the downsizing. On the one hand, there could be several motivating factors leading top managers to make the downsizing decision. Brookman et al. (2007) found a positive relationship between equity portfolio incentives of CEOs and their layoff decisions, thereby empirically identifying a motivational mechanism for such decisions to be made. Moreover, other researchers point to the commonly held beliefs among top executives that downsizing announcements are associated with positive stock returns (e.g., Beaver 1995; De Meuse et al. 2004), whereby firms mimic the downsizing practices of other firms (see Datta et al. 2010). On the other hand, however, CEOs' prestige, power, and influence are damaged by layoffs, in addition to decline in accounting performance-linked bonuses, and loss of firm-specific human capital (Iverson and Zatzick 2011) that are diminished by layoffs (see Brookman et al. 2007). In this complex context, it is therefore difficult to determine the responsibility of leaders for the downsizing decision, given that there are several motivational and inhibiting factors.

Using a cross-cultural sample, we examine consequences of these responsibility attributions on ethics and CSR perceptions, as well as victim fairness and survivor commitment in the context of downsizing. We also empirically test the impact of organizational justice variables (in the implementation of downsizing) on the dependent variables across countries. Consistent with past research, we consider procedural justice as the fairness of organizational processes used in arriving at resource allocation decisions, and distributive justice as the fairness of distribution of outcomes to individuals (Greenberg and Folger 1983). Since all of these issues have escaped attention in the relevant literatures in North America,

Europe, and Asia, this study makes theoretical and empirical contributions in the following ways.

First, we examine an issue hitherto unaddressed—victims' and survivors' perceptions of ethics and CSR surrounding downsizing decisions. We also examine the convergence or divergence of these CSR perceptions across four contrasting cultures. Specifically, we compare the USA sample to samples from countries relatively unaddressed by such research, viz., Estonia, France, and India (Bruton and Lau 2008; Datta et al. 2010; de Saint-Julien 2007). Importantly, these countries belong to different societal clusters in the Global Leadership and Organizational Behavior Effectiveness study (GLOBE) and are thus diverse in terms of cultural values (House et al. 2004), making them interesting contexts to compare. Indeed, as Bailey and Spicer suggest, "more attention is needed to understand whether individual attitudes and perceptions converge because the emphasis on similarity is as important as the emphasis on difference, since members of different societies need to build on common morality and beliefs when working together to meet common goals" (2007: 1462).

Past research notes the importance of procedural justice and trust perceptions during downsizing (e.g., Brockner et al. 1994; Gopinath and Becker 2000; Hopkins and Weathington 2006). Although the cross-cultural literature on the impact of organizational justice on crucial outcomes (e.g., job satisfaction, organizational citizenship behavior (OCB), etc.) is growing (e.g., Li and Cropanzano 2009; Ritter and Venkatraman 2008), it has yet to address the impact of justice on CSR perceptions. This motivated us to further probe the role of justice variables in CSR perceptions surrounding downsizing in four different cultures.

Next, although the relevant literature acknowledges the critical role of leaders in such contexts (Basu and Palazzo 2008), very little of the downsizing research, globally speaking, empirically examines the responsibility of business leaders for downsizing. The corporate scandals of recent times have made the labor force suspicious of the true intentions behind downsizing efforts and increasingly skeptical of top managers in such organizations (Cascio and Wynn 2004; Lange and Washburn 2012; Mitra 2012; Van Buren 1996). Interestingly, the GLOBE study (House et al. 2004) suggests that, across 62 countries, respondents wanted their leaders to be trustworthy, just, honest, a confidence builder, dependable, and a win-win problem solver—characteristics relevant to establishing distributive and procedural justice as well as a sense of ethics and CSR in organizations. We examine specific characteristics of the executive decision to downsize by considering the impact of attributions of responsibility on perceptions of ethics and CSR in these four countries.

Also, the comparison of these four countries presents interesting possibilities because of their positions on

cultural dimensions (e.g., Hofstede 1980; House et al. 2004). While many cultural values are potentially interesting, in this study, we focus on the role of power distance, given its relevance to hierarchical organizational relationships and decisions, especially in relation to attributions of responsibility, organizational justice and evaluations of authority figures and organizational processes (e.g., Lee et al. 2000). Power distance reflects the extent to which a society expects and accepts authority structures and unequal distribution of power (Hofstede 1980). Furthermore, by examining the potential role of power distance orientation (individual level), we also take into account intra-cultural variation associated with a culture (Tung and Verbeke 2010).

Methodologically, we examine simultaneously all the above factors (attributions for poor company performance leading to downsizing, procedural justice, distributive justice, and role–victim/survivor) using an experimental design. This complements as well as overcomes inherent limitations of extant research that has predominantly used research designs that limit the ability to infer causality, as has been identified in a comprehensive review of this literature (Datta et al. 2010).

Institutional Contexts in the USA, France, India, and Estonia

Issues of globalization and divergence in national systems, cultures, and strategic decision styles are important in the context of increasing cross-continental co-operation (Carr 2005). We chose Estonia, France, India, and the USA for this study as they belong to different society clusters and thus represent different cultural profiles (House et al. 2004). Using a linear function of nine cultural dimensions (i.e., discriminant analysis) GLOBE researchers found support for ten different societal clusters that differed on these cultural dimensions. Thus, the USA was classified into the Anglo cluster, France into the Latin Europe cluster, and India into the Southern Asia cluster (see House et al. 2004). Estonia was not part of the 62 societies studied by GLOBE but it could arguably fit into either the Nordic Europe or the Eastern Europe cluster (see Alas 2006), thus being part of yet another distinct culture in the context of this study.

Downsizing is perhaps most common in the USA where it is systematically used as a strategy to turn around organizational performance. Here, more so than in the other countries, the economic perspective on downsizing is dominant (e.g., Datta et al. 2010) and CSR communications focus more on the financial justifications than on other reasons (e.g., Freeman and Hasnaoui 2010). Although downsizing is legal in France, as evidenced by the increasing number of social plan filings with the Labor

ministry (de Saint-Julien 2007), the labor laws and associated procedures are quite complicated (Mohan and Chen 2010). Compared to the USA, the level of job security is much higher in France, as also in the rest of continental Europe, and social attitudes deeply favor job security measures for employees over strategic options for businesses (Mohan and Chen 2010). In a study of stock market reactions, Mohan and Chen (2010) found that the markets responded positively to the announcement of a new law allowing companies the right to fire new employees under the age of 26, during their first 2 years of employment, and then responded negatively after the law was repealed later that year, following massive protests.

India's culture, economy, and markets are very different from those of Japan and China, which have received much attention in Asian research (Bruton and Lau 2008). India is one of the strongest emerging economies of the world as a result of a move from the insular command oriented economy of the past 50 years to a more liberalized, open, and market-oriented economy (Luo and Peng 1999). While studies show significant positive changes in the economic environment, with increased munificence, improved infrastructure and institutional support, and lower regulatory barriers (Manimala 1996) the incidence of downsizing is also on the increase (e.g., Varadarajan 2008). Although downsizing is legal and its incidence is increasing in India, both by multinationals and by companies of Indian origin (Ramesh 2008; Varadarajan 2008), there are very few studies that examine issues surrounding downsizing in India. Hence, an examination of ethics and CSR in India, especially in the context of downsizing, can add value to the relevant literatures.

Likewise, not much of downsizing or CSR research has focused on the former socialist block in general or former Soviet Union republics in particular. Estonia as a former Soviet republic has been through economic stagnation during the Soviet period (1940–1991). Due to the fact that during the Soviet period the state was responsible for guaranteeing work for everyone, enterprises were internally overstaffed and passive, work places were over-secured and attitudes to work were far from ideal (Liuhto 1999). In 1990 an important change occurred in the strategic aim of the reforms in Estonia: economic autonomy was replaced by independent statehood and the restoration of a market economy (Taalder 1995). Estonia became independent in 1991 and entered the European Union in 2004. The changes at the societal level during economic transformation have resulted in the collapse of structures, systems, rules, and principles that had made human behavior and social life understandable for over 50 years, and have left a vacuum of meaning (see Alas 2008). This deinstitutionalization has caused changes in both organizations as well as in the attitudes held by members of the population (Alas and Rees

2006). Comparing data from such culturally (and institutionally) contrasting countries would help us gain insights into where and for whom perceptions and attributions of downsizing are similar or different, thereby aiding in creating more cross-nationally inclusive models of downsizing and CSR.

Theory and Hypotheses

Downsizing

The strategic activity of downsizing (e.g., Cascio and Wynn 2004) is typically designed to improve organizational efficiency, productivity, and/or competitiveness. Several studies have identified the negative impact of downsizing on individual outcome variables such as job involvement and organizational commitment (e.g., Iverson and Zatzick 2011). Such a negative impact on these outcomes has been found to be moderated by factors such as supervisory support, management trustworthiness, and coping strategies of survivors, among others. It is to be noted, however, that downsizing has a negative effect on some of these potential moderators such as supervisory support (Amabile and Conti 1999; Luthans and Sommer 1999), thereby worsening the negative impact of downsizing on job involvement and organizational commitment. Greenberg and Folger (1983) found that the workers who were given *voice* (an opportunity to express their view) felt more satisfied than those who were *mute*. Brockner et al. (1992) found that survivors' attitudes were adversely affected if they perceived unfairness on the part of management in deciding who would be laid off and who would survive. In addition, Brockner et al. (1990) found that survivors perceived the layoff of co-workers positively if their managers explained the reasons for the layoff.

Although a significant amount of research has been devoted to examining the causes and consequences of downsizing, there has been no effort to examine the impact of perceived causes of downsizing on its consequences (Datta et al. 2010). The large volume of literature that has examined survivors' and victims' reactions to downsizing suggests that layoffs evoke a variety of psychological states in survivors, including job insecurity, anger, and relief (Brockner et al. 1992). Such psychological states are manifested in work-related domains such as performance, motivation, satisfaction, commitment, and OCBs (Mishra and Spreitzer 1998). What is surprising, however, is that some survivors respond by feeling more insecure, whereas others feel increased security (Cascio and Wynn 2004). While some survivors feel distressed, others feel energized (Emshoff 1994). While some increase their efforts after the downsizing, others decrease or show no change in their

efforts (Brockner et al. 1992). Some survivors increase their OCBs while others show reduction in their citizenship (Naumann et al. 1998). In fact, one of the words that Datta et al. (2010) use quite often to characterize the findings of research studies on downsizing is "equivocal" (11 occurrences), as a result of numerous moderators, among other factors. Although moderators (e.g., justice, job insecurity, supervisory support, management trustworthiness, and uncertainty) may result in these varied responses, the effect of attributions of top management's responsibility for the downsizing on survivor or victim responses has remained unaddressed. A variety of employee attitudes and emotions are affected by the nature of attributions they make for explaining the events happening around them (Lindsley et al. 1995). A focus on the cause of the downsizing, and whether the cause is internal or external, stable or unstable is likely to lead to varied responses as identified in the literature above. Knowledge of such factors and their impact on survivor and victim reactions are likely to enhance research on CSR perceptions of downsizing by providing this greater understanding.

CSR and Downsizing

We define CSR as the commitment of businesses to contribute to sustainable economic development, while acting as a good corporate citizen by balancing the interests of multiple stakeholders such as employees, the local community, and society at large (see Cacioppe et al. 2007; Carroll 2004). Although the terms ethics and CSR have different meanings, CSR is a broader construct, and the ethical dimension is common to both concepts (Cacioppe et al. 2007). It is necessary for a downsizing decision to be ethical for it to be also seen as socially responsible. However, being ethical (micro focus) is not sufficient for the downsizing to be rated high on CSR (macro focus; see Cacioppe et al. 2007). Other issues such as balancing the needs of multiple stakeholders, minimizing the negative impact on the natural environment or the local communities, and so forth, are key concerns in the social responsibility realm (Cacioppe et al. 2007; McWilliams and Siegel 2001). Researchers have begun to investigate, albeit in an exploratory mode, the ethics of downsizing decisions (Lamsa and Takala 2000; Stjernberg and Tillberg 1998). The bulk of the largely USA centric downsizing literature examines and analyzes the phenomenon from economic, strategic, institutional, ideological, and rational perspectives, with the economic perspective being dominant (e.g., Datta et al. 2010). Although the economic perspective considers downsizing to be necessary for a firm's survival and performance improvement and therefore ethical (Gopinath and Becker 2000), research on the impact of downsizing on organizational turnaround is inconclusive

(Datta et al. 2010; Lewin and Johnston 2000; Nixon et al. 2004). The negative impact of downsizing on surviving employees is one of the major contributing factors to the failure of downsizing as a strategy for turnaround (Datta et al. 2010; Nixon et al. 2004). Organizational justice factors and participatory involvement of such survivors and implementers of downsizing are critical for downsizing initiatives to succeed (Brockner et al. 1990; de Saint-Julien 2007). The dominant theme in these studies is that survivors' attitudes following downsizing negatively affect their performance (Datta et al. 2010).

Although the issue of whether a decision is ethical or not depends on the eye of the beholder, certain universal criteria such as utilitarianism, human rights, and justice have been utilized to evaluate the ethicality of decisions (Cropanzano et al. 2003). Factors such as time and timing of the downsizing communiqué, the method of such communication, and the content of such communication, have been identified as being relevant for such an assessment of ethicality of the downsizing decision (Hopkins and Hopkins 1999; Lamsa and Takala 2000). Individual and cultural value systems drive the processes of evaluation of issues of equity and rights in the context of downsizing (e.g., Tyler and Blader 2000). We use individual values as control variables here, rather than investigating their impact on ethics and CSR perceptions directly.

Distributive and Procedural Justice

Distributive justice in the implementation of downsizing decisions is crucial to the beliefs of employees about the extent to which the downsizing is ethical. Employees might consider the downsizing decision to be ethical if the downsizing is implemented equitably (distributive justice) (i.e., each individual employee is treated on the merit he/she deserves and the criteria adopted for downsizing is considered fair) (Brockner et al. 1994). Similarly, equitable treatment of employees in the decision of which employees to layoff (distributive justice) is likely to have a positive and direct effect on perceptions of CSR. Organizations that do not utilize clearly specified criteria to decide which employees to layoff are not seen by them as being socially responsible. On the contrary, organizations that do treat employees based on the merit they deserve are likely to be seen as socially responsible. In addition to employees, observers are also likely to look at the distribution of outcomes to other stakeholder groups such as shareholders, managers, and the local community and to use corresponding criteria for evaluating and forming their perceptions of CSR. In instances where employees feel that top managers do not pay for their mistakes but allocate more of the negative outcomes to employees, they are likely to feel that the firm is not socially responsible.

In the same vein, procedural justice and employee involvement in the organizational processes positively influence employee attitudes including the perception of ethics (Lamsa and Takala 2000). Violations of procedural justice and utilization of improper procedures in the implementation of downsizing leave decision makers open to the possibility of being seen (by all concerned) as unethical (Hopkins and Hopkins 1999). Based on justice research that has identified informational justice as a key component of procedural justice (see Lau and Wong 2009), we suggest that when employees are kept in the dark (no communication or sketchy communications lacking details) and are imposed on by the downsizing process, they are likely to find the downsizing decision unethical (Hopkins and Hopkins 1999). Procedural justice vis-à-vis employees, as a key stakeholder group, and the necessity to manage the needs of this stakeholder, against those of other groups, are important areas of evaluation for CSR (Beaver 1995). Firms that involve those concerned in the decision making process, communicate the criteria used, and support the victims and the survivors as required are perceived by most employees to be socially responsible (Lamsa and Takala 2000). On the contrary, firms that do not involve those affected, do not communicate fully, and do not provide adequate support to both the victims and survivors, are perceived as not so socially responsible or perhaps even irresponsible.

Hypothesis 1a Distributive justice in the implementation of downsizing is positively associated with perceptions of CSR.

Hypothesis 1b Procedural justice in the implementation of downsizing is positively associated with perceptions of CSR.

Attributions of Leader Responsibility

Aside from utilitarianism, justice, and rights, people are also likely to think about who is responsible for the plight of many who are downsized or are subject to insecurity and uncertainty. The CEO decision to downsize is thus a critical variable influencing people's reactions. Therefore, one's attribution of responsibility for the downsizing has a key impact on one's perceptions of whether or not the action is socially responsible (Lange and Washburn 2012). Although justice variables have been examined in such research, none of these studies have examined the impact of attributions of responsibility for downsizing on the attitudes of employees. Most downsizing contexts are fraught with uncertainty making it difficult to determine who or what is responsible for the downsizing (Demacarty 2009). First, there could be several motivating factors leading top managers to make the downsizing decision. As

noted earlier, researchers have empirically identified a motivational mechanism for such decisions to be made (Brookman et al. 2007). Also as noted earlier, there is an institutionalized belief among top executives that downsizing announcements are associated with positive stock returns (e.g., Beaver 1995; De Meuse et al. 2004), leading to mimetic effects (see Datta et al. 2010). Empirical evidence suggests that although the price of a company's stock goes up immediately after the announcement of a downsizing initiative (e.g., Brookman et al. 2007; Chalos and Chen 2002), it eventually declines in subsequent periods, accompanied by a loss in profitability or productivity (e.g., Cascio and Wynn 2004; De Meuse et al. 2004; Nixon et al. 2004). More specifically, recent reviews suggest that the stock price usually goes up following a downsizing announcement in non-recession years, with a negative effect only in recession years (see Brookman et al. 2007; Chalos and Chen 2002; Datta et al. 2010; Mohan and Chen 2010).

On the contrary, however, CEOs' prestige, power, and influence are damaged by layoffs, in addition to decline in accounting performance-linked bonuses, and loss of firm-specific human capital (Brookman et al. 2007; Iverson and Zatzick 2011). Although senior managers could be under serious pressure from stockholders to improve performance through downsizing (e.g., Nixon et al. 2004), the layoff decision could be difficult for CEOs with relatively longer tenure who are entrenched, making them less willing to make such difficult decisions (Brookman et al. 2007). Therefore, new CEOs are sometimes hired to implement downsizing (Weisbach 1995) and these new CEOs are more likely to announce layoffs (Brookman et al. 2007). In the presence of this confusing mix of motivational and inhibiting factors, it is therefore difficult to determine the responsibility of leaders for the downsizing decision. We examine whether there is a difference between survivors and victims of downsizing in arriving at these responsibility attributions, especially in terms of the consequences of these responsibility attributions on ethics and CSR perceptions.

The spate of downsizing has sparked debates about the language games being employed by corporations to mask the real causes and intentions for downsizing initiatives (Lange and Washburn 2012; Mitra 2012; Van Buren 1996), and about the "death of the good corporation" (Reich and Moskowitz 1993). The arguments range from finding fault with external forces of globalization and technological change on the one hand to taking issue with top managers for perhaps resorting to less than ethical means to raise profits (Carmeli and Sheaffer 2009). Lange and Washburn (2012), for instance, suggest that negative outcomes (poor performance) could be the result of incompetent management rather than socially irresponsible management, thereby reminding us to not confuse bad managerial

decisions with irresponsible actions. Following these arguments we believe that attributions are critical in forming and shaping such attitudes that can impact productivity and performance.

In the Indian context, for instance, Monippally (2004) provides a case example where the union leaders believed that any amount of effort by top management could not have averted the downsizing. Such beliefs seemed to have had an effect on the acceptability of the downsizing decision on the part of the union leaders and hence their efforts at convincing the rank and file in their units. Thus, relatively speaking, when the downsizing is due to decline caused by unanticipated external events (external attribution), both victims and survivors would consider downsizing socially responsible because of the business necessity and the adverse economic consequences of the alternative. In contrast, when the downsizing is due to management failures (internal attribution), it is not likely that employees would consider it socially responsible, especially if they feel that it was within the control of the management to have pursued alternative courses of action. Also, in most instances, employees are likely to feel that top managers do not pay for their mistakes (i.e., inequity). Therefore, when downsizing is perceived to be due to management failure, employees are likely to consider the downsizing decision to be socially irresponsible.

Hypothesis 1c Internal attribution of responsibility to top management is negatively associated with perceptions of CSR.

Convergence Versus Divergence in the Effect of Justice and Attributions on CSR Perceptions

Although a number of researchers believe in the role culture plays in the formation of CSR perceptions, there is a growing number of studies pointing to the convergence of CSR perceptions, while still pointing to some minor divergences (Beekun, Westerman, and Barghouti 2005; Hartman et al. 2007; Jamali et al. 2009; Kashima et al. 1988). First, although Hartman et al. (2007) expected to see a difference in the way in which CSR activities are communicated by USA and European companies, they found both similarities and differences. Broadly, although they did not expect European companies to use financial justifications for their CSR activities as much as they expected the USA companies to, they found that European companies do use financial justifications in addition to social responsibility reasons. This is largely consistent with the relatively worldwide shift from implicit CSR to explicit CSR identified by Matten and Moon (2008). Beekun et al. (2005) found support for a convergence hypothesis between USA and Russian managers in the use of criteria

for ethical judgments, with both countries emphasizing relativism, although it was a stronger tendency in Russia (see also Bailey and Spicer 2007). In addition, there was also some divergence in the use of justice criteria in the USA as opposed to utilitarianism criteria in Russia. Two other studies found more convergence in CSR orientations and some divergence across cultures, between Japan and Australia (Kashima et al. 1988) on the one hand and among Lebanon, Syria, and Jordan (Jamali et al. 2009) on the other. These and other studies point to increasing evidence of convergence in ethics and social responsibility judgments, with some divergence effects as well.

In addition to the literature discussed above on CSR perceptions, we also examined the cross-cultural literature on organizational justice. Although this literature generally suggests that culture, broadly speaking, can influence procedural justice and distributive justice perceptions (Chen et al. 1998; Ritter and Venkatraman 2008; Tata et al. 2003), different cultural value dimensions have different types of effects on these perceptions (Primeaux et al. 2003). For instance, feminine cultures prefer and value interactive justice perceptions, high power distance cultures value distributive justice, high uncertainty avoidance cultures prefer procedural justice, and individualistic and masculine cultures value distributive justice more than other forms of justice (see Primeaux et al. 2003 for rationale). This suggests that in any given country, how different values on these cultural dimensions add up, in terms of their impact on justice variables and their utilization is likely to be difficult to predict on a general level. However, there is evidence that justice and morality are universally valued along with universally desirable leadership characteristics such as integrity and responsibility (House et al. 2004). Thus, overall there are indications that although justice criteria may be universal, the relative strengths of the different components may be different across cultures. More recently, results of Li and Cropanzano's (2009) meta-analysis indicate that both distributive and procedural justice are related significantly to important outcomes such as job satisfaction, organizational commitment, trust, and turnover intention in North America and in East Asia, although the effect sizes indicated stronger effects in North America. Thus, we expect and hypothesize a convergence effect with respect to CSR perceptions as impacted by procedural justice and distributive justice, while expecting minimal divergence only in magnitude and not in direction, among the four countries.

Next, as mentioned earlier, the effect of expert attributions on perceptions of ethics and social responsibility is likely to be similar across cultures. Integrity and responsibility as leader characteristics are universally desired (see House et al. 2004). Attributional patterns may differ across cultures (e.g., Maddux and Yuki 2006; Morris and Peng 1994), however, the impact of experts' attributions on the

consequent perceptions and behaviors of observers/co-participants, which is the focus in this study, is a different issue altogether. Compared to external factors, when the downsizing is due to management failures (internal attribution), it is not likely that employees in any culture would consider it socially responsible, especially if they feel that it was within the control of the management to have pursued alternative courses of action. Employees around the world are also likely to feel that top managers do not pay for their mistakes (i.e., inequity). People around the world are likely to think along these lines, perhaps with varying degrees of intensity (Lange and Washburn 2012). Of the four initial cultural value dimensions identified by Hofstede (1980) and later refined and extended by the GLOBE studies (House et al. 2004), we believe that power distance is the major variable of interest that could potentially bring about differences (see Lee et al. 2000) (We also tested for the effect of other cultural dimensions such as individualism/collectivism, uncertainty avoidance, and humane orientation; consistent with our theoretical reasoning, we did not find significant effects for these variables; although we do not report these results, they are available from the authors). Power distance is relevant because it defines the nature of relationships and hierarchical authority structures in cultures (Hofstede 1980) that could also influence employee perceptions of senior management decisions. This cultural value dimension can therefore interfere in the transparency of processes, the value of timing of downsizing announcements, and the participation and involvement of employees, all of which are known to affect employee attitudes and feelings during the process of downsizing.

In high power distance cultures, managers and employees more willingly accept lower levels of transparency, participation, involvement, and information about procedures, in the context of downsizing. Although we expect expert attributions to affect perceptions of CSR across cultures, we do think that power distance could be the variable that leads to some divergence effects across cultures. Thus, based on the above discussion, we propose the following hypothesis:

Hypothesis 1d The associations of the independent variables in this study (viz., distributive justice, procedural justice, and attributions) with the dependent variable (viz., perceptions of CSR) will be in the same direction in all four countries, although the magnitude of the effect sizes would be different due to differences in power distance.

Survivor Commitment

The impact of organizational justice on survivor attitudes has been well documented (see Datta et al. 2010).

However, the attributions of leader responsibility that employees are likely to make are also crucial for survivor attitudes and could distinguish between the subsequent positive versus negative consequences, as earlier suggested. These responsibility attributions have never been examined in any culture, not to mention in a cross-national context such as in this study. We begin by focusing this discussion on survivor attitudes with the well-known effect of justice variables (in single country contexts) and move on to the crucial test of responsibility attributions, once we have controlled for these.

The effect of distributive and procedural justice in downsizing implementation on survivor attitudes has been documented in single country studies, with most of these coming from the USA (see Datta et al. 2010). However, these studies of survivor attitudes have not covered three of the four countries examined here, viz., France, India, and Estonia. Of all the groups involved in downsizing, survivors are probably the single most important group in terms of making a difference between success and failure in the downsizing strategy. This is because their attitudes and feelings have a significant impact on future productivity (Brockner et al. 1992). Both distributive and procedural justice factors have been shown to impact survivor attitudes and feelings in general, and OCBs in particular (Naumann et al. 1998). Violations of organizational justice lead to survivor dissatisfaction and reduced levels of OCBs. Such justice violations are also related to increases in perceptions of uncertainty about the firm's future and their own future within the firm. This is manifested in lower levels of commitment to the organization. This is essentially because they are not sure how they will be treated by the organization in the future.

Hypothesis 2a Distributive justice in the implementation of downsizing is positively associated with survivor commitment.

Equitable treatment of employees could bolster survivor commitment and trust in the organization and its managers. Inequitable treatment on the contrary is not likely to help the cause of survivor commitment and trust. Procedural justice in particular is very critical to fostering trust among survivors in the organization. By being open and by allowing participation of all parties, management increases the confidence survivors have in them. The more the confidence in management, the less is the perceived uncertainty and hence higher commitment. Failure to properly implement downsizing is likely to result in lower levels of both confidence and trust in management.

Hypothesis 2b Procedural justice in the implementation of downsizing is positively associated with survivor commitment.

Earlier studies have found that while some survivors are energized, feel more security, increase efforts, and have higher commitment, other survivors have the exact opposite feelings and attitudes (e.g., Cascio and Wynn 2004; Emshoff 1994). Attributions of top management responsibility for the company's poor performance may play a key role in distinguishing between these two sets of survivors. Thus, we examine the role of responsibility attributions, after controlling for the effects of justice variables in our experimental design, where other moderators have not been identified for these findings (see Datta et al. 2010). When survivors see the top management as being responsible for the downsizing they are likely to feel less energized, increased insecurity, reduce efforts, and have lower commitment, especially when the top management is stable and has not been restructured. On the other hand, when survivors attribute the company's performance to external factors, they continue to trust top management and hence feel relatively more energized, more secure, lower uncertainty, and higher commitment.

Hypothesis 2c Internal attribution of responsibility to top management is negatively associated with survivor commitment.

As in the case of CSR perceptions, we expect convergence effects across these four cultures, while not ruling out minor divergences as a result of the value dimension of power distance.

Hypothesis 2d The associations of the independent variables in this study (viz., distributive justice, procedural justice, and attributions) with the dependent variable (viz., survivor commitment) will be in the same direction in all four countries, although the magnitude of the effect sizes would be different due to differences in power distance.

Victim Perceptions of Fairness

Similar to the case of survivor commitment, victim perceptions have been well studied vis-à-vis organizational justice variables in single country contexts. We contribute to this literature by adding responsibility attributions in a cross-national context. It is difficult to imagine a situation where victims of downsizing ever perceive it as fair. However, justice researchers have observed that although victims have been dealt negative outcomes, they still perceive the downsizing positively if it is inevitable, and is implemented with a high level of procedural justice. Although this logic may apply to CSR perceptions, we doubt that victims of downsizing will ever perceive the downsizing decision itself as fair, unless there is a high level of distributive justice (such that outcomes have been distributed in a fair manner). If the downsizing was

inevitable and the decision to layoff specific individuals was made based on appropriate criteria of performance and seniority, even victims are likely to see the downsizing decision as fair. That is, distributive justice would be positively related to victims' perception of fairness.

Hypothesis 3a Distributive justice in downsizing implementation is positively associated with victim perceptions of fairness.

Procedural justice may independently be positively related to fairness perceptions. When management does not treat employees equitably, victims would be more dissatisfied than in the opposite case. Alternatively, if the downsizing is implemented well, victims would perceive it as fair. On the other hand, if management were not transparent or would not support victims in their transition, then victims would feel more unfairly treated. Therefore, procedural justice will be positively associated with victims' perceptions of fairness. Therefore:

Hypothesis 3b Procedural justice in downsizing implementation is positively associated with victim perceptions of fairness.

Attribution of responsibility to top management for the downsizing has been argued to be a critical factor for survivors. At the end of the downsizing process attributions of individual and organizational performance are likely to be interconnected for survivors but are likely to be independent for victims. Still, victims are likely to perceive the downsizing more unfavorably when they believe that it is a result of top management failure than when it is a result of external forces. Thus, unlike for survivors, even though the role of attribution of responsibility may not be crucial for victims, they may perceive downsizing as a result of management failure to be more unfavorable than otherwise. Thus when victims believe that the downsizing is a direct result of poor management, they are likely to have unfavorable fairness perceptions as opposed to the situation where they believe that it was outside the control of top managers.

Hypothesis 3c Internal attribution of responsibility is negatively associated with victim perceptions of fairness.

Similar to the previous two cases we expect more convergence than divergence in the relationships between justice and attributions and victims' perceptions

Hypothesis 3d The associations of the independent variables in this study (viz., distributive justice, procedural justice, and attributions) with the dependent variable (viz., victim perceptions of fairness) will be in the same direction in all four countries, although the magnitude of the effect sizes would be different due to differences in power distance.

Method

Study Design and Sample

The hypotheses were tested using a $2 \times 2 \times 2 \times 2$, between subjects experimental design. The factors that were crossed in this experimental design were (1) distributive justice associated with the downsizing (fair/unfair), (2) procedural justice associated with the downsizing (fair/unfair), (3) attribution made for the company's crisis situation (internal/external), and (4) whether the respondent was in the victim or in the survivor condition. Scenarios were developed to cross each of the above factors, which were then randomly distributed to 163 working managers participating in a management development program in Estonia, to 152 MBA students in one of the premier business schools in India, to 125 Masters of Science in Management students in a top business school in France, and 186 senior level (non-traditional) undergraduate students at a Mid-Atlantic university in the USA. We insured the participation of a variety of subjects in the study for validity generalization. Approximately fifty-nine percent (59.13 %) of the respondents were male and had an average work experience of 6.28 years ($SD = 7.57$). Table 1 presents more details of sample characteristics. After reading one scenario each, the subjects responded to a number of manipulation checks and questions pertaining to their perceptions of commitment (or fairness), ethics, and social responsibility of the company involved in the downsizing.

Scenarios and Manipulations

A total of 16 scenarios were used in the study. Each scenario represented one of the unique conditions in this orthogonal experimental design. We describe the scenarios here rather than reproducing them to keep within word limit constraints. English versions of the scenarios were used in all countries, with the exception of Estonia. The scenario was translated into Estonian and back translated to verify equivalence with the English version. English was the medium of instruction in the MBA programs in France and India. For France, even though we used the English version as a result of the high level of facility with the language among students at this top business school, we still went through the translate–retranslate procedure to insure that these versions were in fact similar. This, in fact, was the case with the translated versions. As is common in such research designs (e.g., Cho et al. 2011), we took a number of steps to insure the “reality” of the experimental conditions, and hence the external validity of the study. First, as is evident from our literature review, our scenarios were developed carefully and based on real-life situations.

Table 1 Sample characteristics

S. No.	Country	N	Years of experience		Category	Gender		Power distance	
			Mean	SD		Male	Female	Mean	SD
1	USA	184	5.46	3.07	Undergraduate students	91	94	na	na
2	France	125	1.51	0.63	MBA students	56	69	1.98	0.55
3	India	152	0.70	0.93	MBA students	137	14	2.44	0.54
4	Estonia	163	15.67	8.41	Managers	85	77	2.36	0.67
		624	6.28	7.57	All	369	254	2.28	0.63

Next, to insure that the respondents perceived them as real and typical in the current business environment, we used two questions that addressed this issue. To the first question addressing the issue of how common it would be for a company to find itself in a situation as described in the scenario, the responses were either at 3 or higher in exactly 87.3 % of the cases, with a median response of 4 (on a five point scale). To the next question asking the respondents how typical events in the scenario were in the current business environment, the responses were again at 3 or higher in exactly 90 % of the cases, with a median response of 4. Thus, our scenarios were quite high in believability and realism both by design and as perceived by the subjects in the study, while also giving us excellent control for internal validity. In addition, the validity of our specific manipulations is based on similarity of our manipulations to those used in earlier studies (e.g., Cropanzano et al. 2005; Gilliland 1994; Greenberg 1987). In all of these cases, the manipulation consists of a written statement (sometimes followed by a verbal reinforcement (e.g., Gilliland 1994) capturing the main components of the construct in question as explained below.

Distributive Justice Manipulation

The manipulation for the (distributive) fair condition used two statements. First, subjects were informed that the decision about whom to layoff was based on an appropriate combination of performance and seniority (criteria). An additional statement noted that it seemed fair to the subject. In the (distributive) unfair condition, the subjects were informed that the decision about whom to layoff had been made, without any indication of what criteria were used. An additional statement noted that the subject knew of some good performers being laid off. The operationalization of distributive justice in this fashion is valid and similar to that of Gilliland (1994). It relies on the basic premise in equity theory, that of comparing inputs and outcomes with a referent other. In the fair condition, the ratio of inputs to outcomes is comparable, whereas in the unfair condition, it is not.

Procedural Justice Manipulation

In the (procedurally) fair condition, the subjects were informed that their manager called those that were laid off to the office and explained to them the procedures that were being followed in the implementation of the downsizing. In addition, subjects were also told that the manager was offering them assistance in finding a new job. In the (procedurally) unfair condition, the subjects were informed that their manager did not bother to call anyone that was being laid off to the office for a consultation. The next statement indicated that people had to find out who was laid off by looking at a list of names posted on a bulletin board. Subjects in this unfair condition were also informed that although the company has on occasion provided job transition assistance, no notification to that effect was forthcoming this time. This manipulation is also valid in that it is similar to that of earlier studies (e.g., Gilliland 1994; Greenberg 1987) and captures the three distinct components of procedural justice, viz., formal characteristics of procedures, explanation of procedures and decisions, and interpersonal treatment (see also Cropanzano et al. 2005).

Attribution Manipulation

The scenario informed the subjects of the expert opinion of analysts on the company's crisis situation leading to the downsizing. The analysts either attributed the poor performance of the company to uncontrollable, external factors (external), or to poor management (internal). This manipulation is also similar to those in many attribution studies (e.g., Brown and Cai 2010; Jorgensen 1994), where written statements are used to inform subjects, and therefore valid.

Role Manipulation

The scenario described the subject as either one of the employees being laid off (victim) or one of those that were not part of the layoff (survivor). This manipulation is

similar to that in Gilliland's (1994) study, among others, distinguishing between subjects that were selected (for layoff in this case) and those that were not selected.

Measures

The subjects first responded to a series of manipulation check questions, followed by questions pertaining to the dependent variables. They were asked whether or not they were being laid off, with a yes/no option, to check the role manipulation. For the distributive justice manipulation, subjects were asked two questions to indicate the degree to which appropriate criteria were used in deciding who to layoff, and the degree to which the criteria were fair. For the procedural justice manipulation, subjects were asked three questions to indicate the degree to which appropriate procedures were used in the layoff process, the fairness of the process in general, and the fairness of the procedure to the respondent in particular. To check the attribution manipulation, subjects were asked to indicate the degree to which they thought top management at the firm was responsible for the company's poor position.

Dependent Variables

CSR perceptions ($\alpha = 0.72$) were measured with a six-item scale (where 1 = strongly disagree and 5 = strongly agree) that assessed the degree to which subjects thought the firm's actions were favorable, ethical, legitimate, socially responsible, etc. Some items were reverse scored. *Victims* responded to three questions assessing their *perceptions of fairness* ($\alpha = 0.79$) of the treatment meted out to them. Using a Likert scale (where 1 = strongly disagree and 5 = strongly agree), they indicated the degree to which the decision to lay them off was ethical, appropriate, and fair. For *survivor commitment* ($\alpha = 0.74$), survivors indicated also on a Likert scale (where 1 = strongly disagree and 5 = strongly agree) the degree to which they were satisfied with their treatment during the downsizing, the degree to which they would be comfortable continuing to work for the firm, the degree to which they would start looking for other jobs, and the degree to which they would be motivated to contribute their best.

Moderators

Power distance ($\alpha = 0.67$) was measured with a five-item scale by combining items from Brockner et al. (2001) and Baird et al. (1990), rated on a Likert scale (where 1 = strongly disagree and 5 = strongly agree). All these questions were about the values of individual respondents and hence appropriate to use in the test of our hypotheses.

Power distance was used as a covariate in the analysis of variance.

Control Variables

We included several control variables (as covariates in the analysis) in our study, such as the individual difference of attributional complexity ($\alpha = 0.84$) using a 28-item measure to assess the degree to which respondents infer complex external and internal attributions for events (see Fletcher et al. 1986), and hence relevant to control for in this context. Respondents rated the items on a Likert scale (where 1 = strongly disagree and 5 = strongly agree). Respondent values pertaining to "bottom line" results orientation, and employee well-being were the other control variables (e.g., Tyler and Blader 2000). Respondent values were measured in two different ways in order to assess reliability. First, the respondents were asked to rank seven different values that varied in importance to them, with the most important to be ranked 1 and the least 7. Second, they rated each of the seven values on a Likert scale (where 1 = strongly disagree and 5 = strongly agree) indicating the degree to which these values were important to the respondent. We compared the means of the continuous measures of the two values (second from above) with the ranks (first from above) to establish the reliability of this approach. We found that respondents who ranked "bottom line results orientation" as the most important (Rank 1) indicated to a higher degree ($M = 4.27$) that this value was important to them than those that ranked it least important ($M = 3.26$ for rank 7; $F = 9.19$, $p < 0.000$). Similarly, respondents who ranked "employee well-being" as the most important indicated to a higher degree ($M = 4.01$) that this value was important to them than those that ranked it lowest ($M = 3.31$ for rank 7; $F = 3.18$, $p < 0.004$). Thus, our approach to measuring these two values is reliable and fit for use in further analysis.

Analysis

We conducted manipulation checks for all four treatment variables. All the manipulation checks were significant, indicating that the experimental treatment had held. Respondents in the distributive fair condition perceived a higher level of distributive justice in making the layoff decision ($M = 3.13$) compared to those in the distributive unfair condition ($M = 1.98$, $F = 281.46$, $p < 0.001$). Respondents in the procedurally fair condition had higher levels ($M = 2.75$) of procedural justice perceptions (on the three item scale) in comparison to those in the procedurally unfair condition ($M = 1.87$, $F = 148.8$, $p < 0.001$). Respondents in the internal attribution condition attributed

significantly more responsibility ($M = 3.99$) to the top managers of the firm for its situation compared to those in the external attribution condition ($M = 3.17$, $F = 151.68$, $p < 0.001$). Finally, the role manipulation was also effective in that a great majority of the subjects in the victim condition identified themselves as victims in the manipulation check question (300 out of 304) and a great majority of the survivors identified themselves as such (314 out of 318; $\chi^2 = 590.4$, $p < 0.000$). Thus, all the manipulations were effective and the data were ready for analysis. Furthermore, since we used multiple perceptual, questionnaire-based measures of the dependent variables, we wanted to insure measurement invariance as well as rule out any common-method variance in the dataset. Results of confirmatory factor analyses in AMOS 18 and Harman's single factor test (Podsakoff and Organ 1986) revealed that the constructs were invariant across the four samples, and that common-method variance did not pose as a problem (see Table 2).

Table 2 CFA for Measurement Invariance across the four country samples fit indices: Chi-Sq. 332.11, df 120, CFI = 0.87, IFI = 0.88, NFI = 0.82, RMSEA = 0.04

Model	NPAR	CMIN	DF	p	CMIN/DF
Unconstrained	150	332.11	120	0.00	2.77
Measurement weights	130	395.05	140	0.00	2.82
Measurement intercepts	106	539.35	164	0.00	3.29
Structural means	94	614.59	176	0.00	3.49
Structural covariances	54	752.30	216	0.00	3.48
Measurement residuals	30	801.11	240	0.00	3.34
Saturated model	270	0.00	0		
Independence model	45	1823.41	225	0.00	8.10

We entered value-results orientation, value-employee well-being, and attribution complexity as observed exogenous variables. To these exogenous variables, we added CSR perceptions (represented by six observed items) as an unobserved endogenous variable in a confirmatory factor analysis in AMOS 18. The fit indices shown above suggest that the model provides a reasonable fit with the data. In addition, as shown in the CMIN table above, there appears to be no significant evidence that the measurement model differs across the four countries examined in the study. At each step up the hierarchy from the "unconstrained" model to the "measurement residuals" model, the increase in Chi square is never significantly larger than the increase in degrees of freedom. Furthermore, each of the preceding models in the table provides a better fit to the data than the saturated model. Together, these results suggest that the measurement of these constructs is invariant across the four countries studied (i.e., United States, France, India, and Estonia). Additional analysis reveals that Harman's single factor test does not yield a single dominant factor, neither in the combined sample nor in any of the individual country samples, as is to be expected from the results of the CFA above. The scale reliability of these variables is also above the acceptable threshold of 0.7 in the combined sample as well as the individual samples

Results

Table 3 presents the means, standard deviations, correlations, and reliability indices for the variables in the study (correlations and scale alphas for separate samples are available from the authors). Cronbach's alpha for the various scales is presented along the diagonal. We tested the hypotheses outlined earlier with analyses of covariance, including the control variables as covariates.

In Table 4, we present the ANCOVA results of the tests conducted to examine the three sets of hypotheses, pertaining to all dependent variables. As can be seen from Table 4, we modeled for the between subjects factors, the three interactions shown, and the control variables as covariates. We present these results sequentially in the following section.

CSR Perceptions

The results of Hypotheses 1a through 1d are presented in the *Panel A* of Table 4. Hypotheses 1a to 1c are supported as can be seen from the F statistic of the corresponding variables. First, subjects in the fair distributive justice condition perceived a higher level of CSR ($M = 2.93$) on the part of the firm than subjects in the unfair distributive condition ($M = 2.76$; $F = 12.83$, $p < 0.000$). Next, subjects in the fair procedural justice condition perceived a higher level of CSR ($M = 2.97$) on the part of the firm than subjects in the unfair procedural justice condition ($M = 2.71$; $F = 29.52$, $p < 0.000$). Subjects in the Internal attribution of responsibility to top management condition perceived a lower level of CSR ($M = 2.73$) on the part of the firm than subjects in the external attribution condition ($M = 2.96$; $F = 22.93$, $p < 0.000$), in support of Hypothesis 1c. Thus, as expected, attributions are critical for CSR perceptions of downsizing, even after controlling for both distributive and procedural justice and the control variables. In terms of control variables, most notably, respondents who valued "bottom line results orientation" were more likely to have higher perceptions of CSR.

Convergence Versus Divergence in CSR Perceptions

As can be seen in *Panel A* of Table 4, none of the three interactions included in the ANCOVA model is significant. Therefore, there is no evidence to suggest that the main effects of attribution, distributive justice, and procedural justice, respectively, are different from one country to the next in our sample of four countries, each representing a different cultural cluster. This is in strong support of Hypothesis 1d.

Table 3 Means, standard deviations, scale reliabilities (along diagonal), and correlations of the variables

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1 Power distance	2.28	0.63	0.67										
2 Attributional complexity	3.57	0.45	-0.35***	0.84									
3 Value results orientation	3.85	1.1	0.05	0.07									
4 Value employee well being	3.75	1.0	-0.09	0.07	-0.13**								
5 Distributive Justice	2.78	1.1	0.05	-0.05	0.05	0.01							
6 Procedural justice	2.42	1.2	0.15**	-0.11**	0.02	0.03	0.35***						
7 Attribution	3.59	0.93	0.01	0.01	-0.02	0.02	-0.11**	-0.07					
8 Laidoff	1.51	0.5	0.08	-0.01	0.02	0.07	0.03	-0.01	-0.07				
9 CSR perceptions	2.85	0.65	0.14**	-0.17***	0.14***	-0.06	0.37***	0.41***	-0.24***	-0.02	0.72		
10 Victims' fairness perceptions	2.43	0.86	0.11	-0.07	0.05	-0.06	0.48***	0.47***	-0.19***	-0.09	0.57***	0.79	
11 Survivor commitment	2.21	0.94	0.16***	-0.18***	0.11**	-0.03	0.34***	0.40***	-0.22***	0.25***	0.47***	0.61***	0.74

The items in bold are along the diagonal and are 'scale reliabilities' instead of correlations

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Survivor Commitment

The results for Hypotheses 2a through 2d are shown in *Panel B* of Table 4. Survivors in the fair Distributive justice condition showed higher commitment ($M = 2.39$) than those in the unfair distributive justice condition ($M = 2.01$; $F = 30.48$, $p < 0.000$) in support of Hypothesis 2a. Survivors in the fair procedural justice condition showed higher commitment ($M = 2.41$) than those in the unfair procedural justice condition ($M = 1.98$; $F = 37.87$, $p < 0.001$), in strong support of Hypotheses 2b. Survivors in the internal attribution of responsibility to top managers condition had a lower level of commitment ($M = 2.12$) than those in the external attribution condition ($M = 2.27$; $F = 4.01$, $p < 0.05$), in strong support of Hypothesis 2c. Thus, these top manager responsibility attributions are significant even after controlling for the justice and control variables. Again, survivors who valued results orientation were more likely to perceive higher levels of satisfaction and commitment with the downsizing.

Convergence Versus Divergence in Survivor Commitment

As can be seen in *Panel B* of Table 4, none of the country interactions is significant. These results provide strong support for our convergence Hypothesis 2d, suggesting that the role of justice and top manager responsibility attributions are critical in all four of the cultures examined in this study.

Victim Perceptions of Fairness

The results of the tests for victims' perceptions of fairness are shown in *Panel C* of Table 4. Victims in the unfair distributive justice condition had lower levels of perceived fairness ($M = 2.17$) than those in the fair distributive justice condition ($M = 2.66$; $F = 28.57$, $p < 0.00$), in support of Hypothesis 3a. Victims in the unfair procedural justice condition had lower levels of perceived fairness ($M = 2.25$) than those in the fair procedural justice condition ($M = 2.58$; $F = 12.42$, $p < 0.00$), supporting hypothesis 3b. Next, although victims in the internal attribution of responsibility to top managers condition perceived lower levels of fairness ($M = 2.40$) than those in the external attribution condition ($M = 2.43$; $F = 0.1^{ns}$), this difference is not significant and therefore does not support hypothesis 3c.

Convergence Versus Divergence for Victim Perceptions of Fairness

We again find relatively strong support for the convergence hypothesis 3d as only one of the three interactions in *Panel*

Table 4 ANCOVA test of hypotheses for corporate social responsibility, survivor commitment, and victims’ perceptions of fairness

Source	Panel A corporate social responsibility			Panel B survivor commitment			Panel C victims’ perceptions of fairness		
	Mean square	F	Sig.	Mean square	F	Sig.	Mean Square	F	Sig.
Model	253.48	736.58	0.00	163.89	223.10	0.00	97.01	162.36	0.00
Country	5.95	17.30	0.00	9.64	13.12	0.00	7.27	12.17	0.00
Attributional complexity	3.11	9.05	0.00	10.54	14.35	0.00	0.53	0.89	0.35
Value-results orientation	1.90	5.52	0.02	3.08	4.19	0.04	0.08	0.13	0.72
Value-employee well being	0.02	0.05	0.82	0.50	0.68	0.41	0.03	0.05	0.83
Attribution	7.89	22.93	0.00	2.95	4.01	0.05	0.06	0.10	0.76
Distributive justice	4.42	12.83	0.00	22.39	30.48	0.00	17.07	28.57	0.00
Procedural justice	10.16	29.52	0.00	27.82	37.87	0.00	7.42	12.42	0.00
Role	0.12	0.35	0.55	–	–	–	–	–	–
Country × attribution	0.24	0.70	0.55	0.12	0.17	0.92	0.21	0.21	0.78
Country × distributive justice	0.19	0.56	0.64	0.26	0.36	0.78	1.78	2.97	0.03
Country × procedural justice	0.55	1.60	0.19	0.76	1.03	0.38	0.14	0.23	0.87
Error	0.34			0.74			0.60		

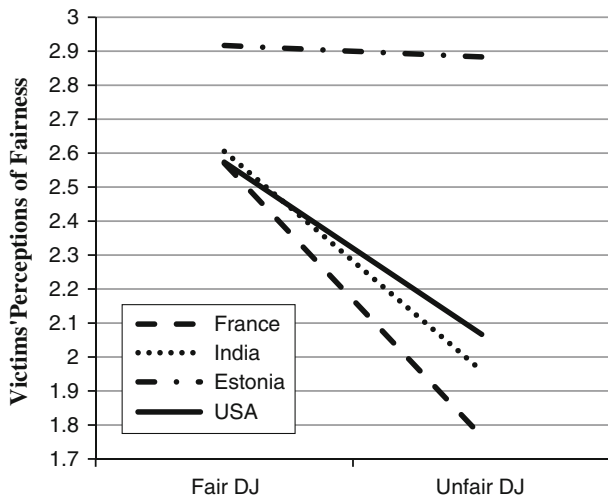


Fig. 1 Interaction effect of distributive justice × country on victims’ perceptions of fairness

B is significant. The *country x distributive justice* interaction is significantly related to victims’ perceptions of fairness ($F = 2.97, p < 0.03$). We plot the post hoc comparison of the means in Fig. 1. As can be seen from Fig. 1, distributive justice is positively related to victims’ perceptions of fairness in all four countries, in support of our convergence hypothesis (3d). In addition, however, there are also differences across these countries in terms of the strength of the relationship, also as hypothesized in 3d. The effect of distributive justice on victims’ perceptions of fairness is the weakest in Estonia. The relationship is in the same direction in the other three countries with only minor differences in effect size. Thus, although equally important in terms of significance, across the board, the effect size for

distributive justice varies across these four countries. Thus, for these three variables put together, there seems to be convergence in direction of the relationships, despite divergence in effect sizes in terms of how people view downsizing and form their CSR perceptions.

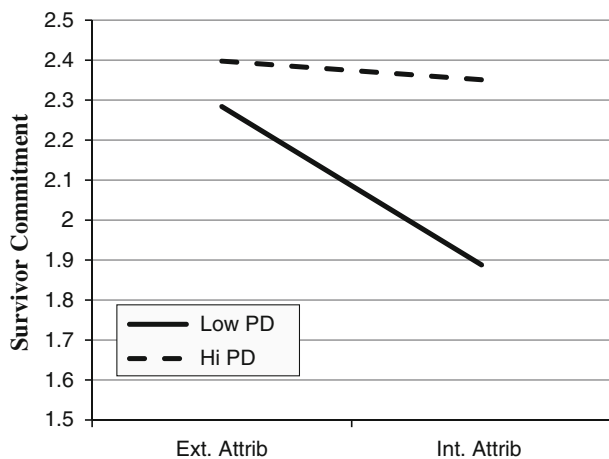
The Role of Power Distance and Divergence

We hypothesized that power distance could potentially impact these relationships and create cross-cultural differences, thereby contributing to divergence. We tested for the interaction effects of power distance with each of our model’s predictor variables and present these results in Table 5. Since we did not collect data on power distance from our respondents in the USA, these results represent only the other three countries in our data set.

The results in Table 5 add confidence to the convergence hypotheses, while still pointing to some measure of divergence across these countries. First, the *country x power distance* interaction term is only marginally significant ($F = 2.41, p < 0.09$) in predicting CSR perceptions. Of the nine total interaction terms in the three ANCOVAs shown in Table 5, the only interaction that is significant is *power distance x attribution* on survivor commitment ($F = 5.22, p < 0.02$). We plotted this interaction (see Fig. 2) by splitting the data set at the median into high power distance and low power distance halves, and comparing means for survivor commitment in each half of the data set. We found that attribution of responsibility to top managers had a strong and negative effect on survivor commitment in the low power distance group ($F = 8.15, p < 0.01$), but this relationship was non-significant in the

Table 5 ANCOVA test for effect of power distance on dependent variables (excluding USA sample)

Source	Panel A corporate social responsibility			Panel B survivor commitment			Panel C victims' perceptions of fairness		
	Mean square	<i>F</i>	Sig.	Mean square	<i>F</i>	Sig.	Mean square	<i>F</i>	Sig.
Model	228.58	638.34	0.00	151.57	244.84	0.00	90.83	164.78	0.00
Country	0.26	0.74	0.48	1.40	2.26	0.11	1.52	2.75	0.07
Attributional complexity	2.38	6.65	0.01	2.28	3.69	0.05	0.52	0.94	0.33
Value-results orientation	0.08	0.23	0.63	0.00	0.00	0.97	0.03	0.06	0.81
Value-employee well being	0.00	0.01	0.93	0.02	0.02	0.88	0.92	1.67	0.20
Power distance	0.09	0.26	0.61	3.67	5.92	0.02	1.13	2.05	0.15
Attribution	1.23	3.43	0.06	4.66	7.52	0.01	0.74	1.34	0.25
Distributive justice	4.32	12.06	0.00	18.83	30.42	0.00	10.07	18.27	0.00
Procedural justice	7.75	21.63	0.00	25.30	40.86	0.00	4.67	8.47	0.00
Role	0.39	1.10	0.30	–	–	–	–	–	–
Country × attribution	0.23	0.63	0.53	0.55	0.88	0.42	0.73	1.32	0.27
Attribution × power distance	0.22	0.60	0.44	3.23	5.22	0.02	0.89	1.61	0.21
Country × power distance	0.86	2.41	0.09	1.25	2.02	0.13	0.79	1.42	0.24
Error	0.36			0.62			0.55		

**Fig. 2** Interaction of power distance and attribution on survivor commitment

high power distance group ($F = .00^{ns}$). As depicted in Fig. 2, the interaction suggests that survivors with low power distance orientations respond negatively to internal attributions of responsibility (poor top management) by being less committed than their counterparts with high power distance. These results for the cultural differences need to be interpreted cautiously, as only one of the nine interactions is significant in this model. In addition, attribution of responsibility to top managers is still significantly related to survivor commitment, independent of the interaction effect. Thus, this is a case of both a main effect of attribution and an interaction effect of attribution and power distance being significant. Overall, there seems to be more directional convergence in attitudes and attitude

formation in the context of downsizing in these four countries than divergence. However, it is equally interesting to note that power distance could make a difference to survivors' commitment. We discuss these findings and put them in perspective in the next section.

Discussion

We have examined the simultaneous impact of justice variables, attributions of responsibility to top management, and the role (victim/survivor) one has in a downsizing situation, among samples from Estonia, France, India, and the USA. These four countries vary in the level of job security legally provided and the social attitudes favoring job security versus strategic options for businesses. Liberalization in India and deinstitutionalization in Estonia have caused changes in attitudes held by members of the population in a manner different from the other two countries in this study. However, consistent with our focus on the critical role of leaders in downsizing, our findings suggest that attribution of responsibility to top managers for downsizing is significantly negatively related to CSR perceptions among subjects across all four countries examined. This is the first instance in this study where cultural differences are outweighed by criteria used to evaluate ethics and social responsibility. Therefore, it is critical to note that attributions of responsibility are universal and used by all four cultures in this study to evaluate ethics and form CSR perceptions in the context of downsizing, even after controlling for the effects of procedural and distributive justice. This

convergence effect of the importance of responsibility attributions (see Lakshman 2013) is our primary contribution to the downsizing, CSR, and cross-cultural management literatures.

In addition to the above impact on CSR perceptions, responsibility attributions are also negatively related to survivors' reactions to the downsizing in a fairly convergent manner across the four cultures in the study. Such an impact of leader responsibility attributions on reactions holds good after controlling for justice variables. We find a mild divergence effect with respect to power distance and attributions on survivor commitment. Independent of a direct effect of responsibility attributions on survivor commitment, survivors in low power distance cultures seem to react more negatively than those in high power distance cultures to the downsizing when the downsizing was due to poor management. Thus, although responsibility attributions are critical across countries, top managers in low power distance cultures need to be more wary of being seen as the cause of events leading to negative outcomes by survivors. With respect to the direct effect of attributions, we noted earlier that differences among survivors in their reactions to downsizing, with one set of them feeling positively (more secure, energized, increased efforts, increased OCB) and another set feeling negatively (more insecure, distress, reduced efforts, reduced OCB, etc.) were identified in the literature with no specific moderator variable associated with these. Our study argued and found evidence for the moderating role of responsibility attributions in determining survivor commitment, thus contributing to the downsizing and CSR literatures in a cross-culturally inclusive context.

We also found that both distributive and procedural justice variables significantly (positively) impact CSR perceptions, again across all four cultures. Furthermore, although there is a positive effect of distributive justice in all four countries, there are differences in effect sizes across these four countries representing four distinct society clusters. This is another instance in our study where ethics trumps culture, with there being very little difference (only in effect sizes for distributive justice) between societies from clearly different society clusters. Although some researchers and their theoretical arguments propose differential impacts of cultural dimension variables on the importance and utilization of justice factors in evaluative contexts (e.g., Lee et al. 2000; Primeaux et al. 2003), others suggest that procedural justice, for instance, is conceived and utilized similarly across cultures (Lind, Tyler and Huo 1997). This and other evidence suggesting a "similar but different" effect across cultures (e.g., Li and Cropanzano 2009) of organizational justice variables resonates with the evidence from our study of four cultures. We did not find any interaction effects with other cultural dimensions

(including those not reported here such as individualism/collectivism, and uncertainty avoidance) and thus, our study strongly exhibits a convergence effect across cultures with respect to CSR perceptions and participant attitudes of commitment and fairness. Thus, although organizational justice variables are critical for various outcomes such as job satisfaction, perceived organizational support, and OCB (see Lau and Wong 2009) and the effects in these cases may be stronger or weaker across countries (see Li and Cropanzano 2009), it seems that the impact of justice variables on CSR perceptions, at least in a downsizing context is fairly universal. For procedural justice, both the direction of the relationships and the effect sizes are similar across these four cultures, whereas for distributive justice there are differences in effect sizes but not in the direction of the relationships. We therefore contribute to the cross-cultural literature on CSR and organizational justice by showing that the justice variables are critical across all four countries examined in our study given their impact on CSR perceptions, victims' perceptions of fairness, and survivor commitment.

Leader responsibility for the downsizing is consistently viewed across the four cultures adding weight to the "ethics trumping culture" interpretation. The role played by attributions of responsibility to top management in forming ethics and CSR perceptions suggests that top managers in all four countries need to be wary of such effects in downsizing implementation. They need to be careful in the use of language games and shape attributions of stakeholders responsibly (see Lange and Washburn 2012; Mitra 2012; Van Buren 1996). From a future research standpoint, one could further distinguish between motivation and ability among internal attributions, and tough environmental conditions or random chance factors among external attributions, and test their impact on ethics and CSR perceptions. Attributions of controllability may also be crucial for such perceptions and thus needs to be examined in multiple country samples.

Notwithstanding these similarities, there are some differences between the countries in question. First, the role of leader responsibility seems to be marginally more important in some countries than in others, relatively speaking, although it is important across the board in all four countries. Next, survivors in low power distance cultures may be less committed than those in high power distance cultures in the face of poor leadership, although poor leadership is likely to make all survivors less committed in an absolute sense. These results point to the importance of cultural context in managing survivors and shaping their attributions carefully and responsibly, if the downsizing initiative is to succeed and yield fruitful results from a strategic perspective. In such cases, focusing only on justice at the expense of attributions may not be adequate.

Thus, our study has important managerial implications for organizations faced with downsizing, especially as it relates to the quality of top management and leader responsibility.

This study has the limitations applicable to experimental designs using scenarios. However, we took all appropriate measures recommended in the literature (see Cho et al. 2011; Watson et al. 2009) such as using and testing for realism of scenarios, utilizing theoretical frameworks for the development and testing of hypotheses, among others. We also used managers and MBA students, in addition to (non-traditional) undergraduate students, to test the hypotheses, insuring both the match of the subjects to the experimental tasks, and diversity of experiences and backgrounds (see Cho et al. 2011). As is always the case in experimental designs, the true strength is in the internal validity of the findings relating to the relationships. We accomplished the major objectives of our research by examining the role of attributions in downsizing contexts and their impact on perceptions of CSR, in addition to survivors' and victims' reactions. We strongly confirmed the universal role played by such attributions in these countries, while also noting the subtler differences across country contexts. The value of bottom line results orientation is positively related to CSR perceptions and survivor commitment, suggesting that perhaps cultures with higher levels of performance orientation (see House et al. 2004) are more likely to view downsizing positively. Victims who valued "employee well-being" were more likely to perceive the downsizing as unfair, suggesting that perhaps cultures with higher levels of humane orientation (see House et al. 2004) are more likely to negatively evaluate downsizing. These remain to be investigated in future research. Broadly, while we acknowledge that there would be differences across cultures in the understanding, meaning, and practice of ethics and CSR (which would be true for all organizational constructs) (e.g., Matten and Moon 2008), our study results point toward convergence in the case of CSR perceptions in the downsizing context. Moreover, the results we obtained were similar for all three dependent variables (including victims' perceptions of fairness, and survivor commitment), and not just CSR/ethics perceptions. The factor structure invariance of the study scales across the four cultures adds some confidence in the fact that the constructs were interpreted similarly across the various samples.

Conclusion

In the context of a dearth of research examining the consequences of responsibility of business leaders for downsizing, we provide converging findings from four different

societal clusters pointing to crucial CSR implications. Our study also highlights the much ignored fact that despite its increasing use across countries, the practice of downsizing is not automatically seen as socially responsible. Thus, we emphasize the specific examination of the downsizing decision from a CSR perspective. Much of the downsizing research has been USA centric and our focus on CSR perceptions from a cross-national perspective provides this much needed attention in examining convergence and divergence in such practices and their consequences.

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