ORGANIZATIONAL JUSTICE
AND VOLUNTARY LABELLING OF GENETICALLY ENGINEERED FOOD.
DOES JUSTICE SELL?

By

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A DISSERTATION

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

Information and Media—Doctor of Philosophy

2017

ABSTRACT

ORGANIZATIONAL JUSTICE AND VOLUNTARY LABELLING OF GENETICALLY
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The study draws on existing marketing and organizational justice research to examine the underlying mechanisms by which justice perceptions may influence consumers' purchasing decisions of genetically engineered (GE) food. Using an online between subject experiment whereby the four social-psychological dimensions of justice were used to depict GE voluntary labelling initiative, I explored the differential effect of justice dimensions on affective reactions, perceived risks and perceived benefits of GE food, evaluation of company's reputation, and purchasing intentions. Latent multi-group structural equation models were used to analyze data collected from a sample of 1,074 participants who were randomly assigned to five conditions. There were three main findings. First, labels that emphasized fair process led to relatively positive affective reactions compared to labels that did not address justice or only addressed distributive (outcome) justice. Second and third, positive affective reactions had direct and indirect relationships with purchase intentions through perceived benefits and perceived reputation for fair process. Implications are discussed.

This thesis is dedicated to the spirit of my mother
who always thought that the best thing that a girl can get is a good education, not a diamond.

ACKNOWLEDGEMENTS

First and foremost, I would like to express my deepest appreciation to my committee chair Dr. John C. Besley for his continuous support, guidance, and for providing me with an excellent atmosphere for conducting research. Dr. Besley has continually and convincingly conveyed a spirit of adventure in regard to research and scholarship. Four years ago, he told me a story about the difference between a sailor and a captain, to encourage me to take responsibility for my own research and to think independently (instead of not just sailing along), which I've never forgotten. As my advisor and mentor, he has taught me more than I could ever give him credit for here. He has shown, by his example, what a good scientist (and a person) should be.

I would also like to thank my committee members Dr. Elizabeth Quilliam, Dr. Laura Bix, and Dr. Bruno Takahashi for their helpful suggestions, encouragement, and support in my comprehensive exam and my dissertation. I am very grateful that I had them on my committee.

I would like to express my gratitude to Dr. Philip Smith and his adorable wife, Nancy for their encouragement and great advices, which helped me survive my PhD program. Also, I'd also to thank my friend Doreen Starner wholeheartedly for her tremendous and sincere support that helped me to start my life at Michigan State University. A special acknowledgment goes to my dear friend Graham L. Pierce for adding joy to my life. Graham has been there for me in hard times and good times, helping and teaching me a lot about the U.S and about myself. Sometimes, I wonder what I did right in life to have him there when I badly need a sincere, thoughtful friend.

Last, but by no means least, I want to thank my family for letting me pursue my Ph.D. and explore who I am and what I want to do with my life.

Oh, and I would also like to thank the Ghirardelli company for producing the best Intense Dark chocolate (with bits of crunchy shelled cocoa beans!), which kept me working long hours after midnight on my dissertation. The bitterness and sweetness of Ghirardelli chocolate will always remind me of my PhD journey.

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INTRODUCTION

Genetically engineered (GE) food is a controversial issue among American consumers who question a number of unknowns about the long-term health and environmental effects of GE food. One key area of the controversy is whether GE food should be labelled (Scipioni, 2016). Studies have examined consumers' attitudes towards GE food from different lenses including, but not limited to, risk/benefit perception (e.g., Siegrist, 2000), affective reactions (Townsend & Campbell, 2004), purchase decision (Colson & Huffman, 2011), and trust in authorities that manage the application of GE technology in food production (e.g., Frewer, Scholderer, & Bredahl, 2003). Consumers' affective reactions were found to influence their purchasing decision of GE products. That is, consumers who reported negative emotions toward GE food (e.g., dread and disgust) were unlikely to buy products that included GE ingredients (Townsend & Campbell, 2004). Relatedly, 92% of American consumers indicated that they would prefer labelling of GE food in order to make better informed food choices (The Mellman Group Inc., 2015).

Consumer demand for GE labelling represents 'a national movement', peppered by public protests against food companies that refuse to disclose the ingredients of their products (Stark, 2016). GE labelling proponents posit that if companies are sure of the safety of their GE ingredients, they wouldn't oppose mandatory labelling (Stockman, 2014). Thus, public and consumer organizations advocate for legislation that compels food companies to label products containing GE ingredients.

A major challenge for food companies is to decide how, if at all, they want to address consumers' demands for GE labelling. Challenged by consumers' growing demand for mandatory GE labelling, food companies have lobbied to block any legislation that requires GE

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food labelling. For instance, food companies spent $45 million to defeat California Proposition 37, a mandatory GE labelling initiative (Goldenberg, 2012). Furthermore, companies' lobbying expenditures to avert GE labelling skyrocketed to $101.4 million in 2015 compared to $47.9 million in 2013 (Coleman, 2016).

Companies' resistance to provide consumers with food-related information might jeopardize their reputations (Henson & Reardon, 2005). For example, one reason behind Monsanto's ranking as the fourth most hated company in the US is its continuous attempts to block mandatory GE labelling laws (Barnett, 2015). Companies' positions about issues of concern to consumers is fundamental to their reputations. Because reputation implies consumers' "ability to recognize and correctly interpret what a firm stands for" (Walsh, Mitchell, Jackson, & Beatty, 2009, p. 189), companies that fight against GE labelling are irresponsive to consumers' needs and show a lack of transparency that can negatively affect their reputation. Furthermore, studies have shown that company reputation involves consumers' perceptions about whether a company is fair to its consumers. In this regard, consumer perceived justice reflects the extent to which a company behaves fairly towards its consumers and their families, treats them with respect, communicates openly with them, and provides them with high quality products (Page & Fearn, 2005).

Marketing research shows that food labels can serve as a transparency platform, enabling companies to provide consumers with information about products' characteristics, including ingredients and methods of production. Through labelling, companies not only comply with consumers' demands for transparency, but also emphasize their ethical positions towards social and environmental issues that concern their consumers. For instance, some companies use organic, eco label, and fair trade to highlight their commitment to environmental

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sustainability and social justice practices. Providing this information on food labels enables companies to communicate their ethical behaviors, thereby potentially boosting their reputation as transparent, ethical entities (Loureiro & Lotade, 2005).

Organizational justice research examines companies' behaviors by focusing on four dimensions of justice, namely: distributive justice (i.e., fair distribution of outcomes), procedural justice (i.e., use of policies and procedures to reach an outcome), interactional justice (i.e., respectful treatment of consumers during the enactment of outcomes), and informational justice (i.e., provision of accurate and timely information about outcomes) (Greenberg, 2007). These dimensions were found to influence people's cognition, affect, and behavior towards organizations. For example, perceptions of procedural justice influence support for authorities (Van den Bos, Wilke, & Lind, 1998), compliance with authorities (Lind & Tyler, 1988), and behaviors within organizations (e.g., helping coworkers) (Barclay & Kiefer, 2014). Therefore, these dimensions are thought to cultivate "a corporate image of justice" that can boost a company's reputation (Geenberg, 1998, p.157).

In the context of GE labelling, one example of unprecedented company behavior is the initiative of five food companies to voluntarily label their GE products (Scipioni, 2016). For instance, Campbell's soup attributes its pro-labelling initiative to consumers' growing demands to label foods that contain GE ingredients (Campbell Team, 2016). Similarly, Kellogg's emphasizes that its pro-labelling initiative aims to support consumers' right-to-know what they consume (Kellogg's, 2016). As part of the pro-labelling initiative, participating companies have

created new content on their websites to provide consumers with detailed information about GE ingredients in their products (e.g., http://www.whatsinmyfood.com/, http://www.openforbreakfast.com/en_US/home.html).

While previous studies have examined consumer preference for GE labelling (Hemphill & Banerjee, 2015; Vecchione, Feldman, & Wunderlich, 2015) and consumers' attitudes towards companies that oppose GE labelling (Schurman & Munro, 2009), little is known about consumers' cognitive, affective, and behavioral responses towards companies that voluntarily label GE products. It is therefore important to fill this gap by integrating two distinct bodies of literature from the marketing and organizational justice fields, to investigate the effect of GE voluntary labelling initiatives on consumers' affective reactions towards companies, risk/benefit perceptions of the application of GE in food production, evaluation of company reputation, and purchase decision of GE labelled products.

This study includes an online experiment, whereby the four social-psychological dimensions of justice are used to depict GE voluntary labelling initiatives. Four models that are based on the justice dimensions will be examined to better understand consumers'purchasing decisions of GE food. Specifically, this analysis will explore the underlying mechanisms by which justice perceptions influence consumers' purchasing decision of GE products. Each model will explore the relationship between justice perceptions, affective reactions, perceived risk and perceived benefit of GE, evaluation of company's reputation, and purchasing decision using structural equation modelling. In other words, the differential effect of the four justice models will be compared to identify the justice dimension that underpins consumer purchase decision of GE labelled products. Conceptual model is presented in Figure 1.

Figure 1. Conceptual model
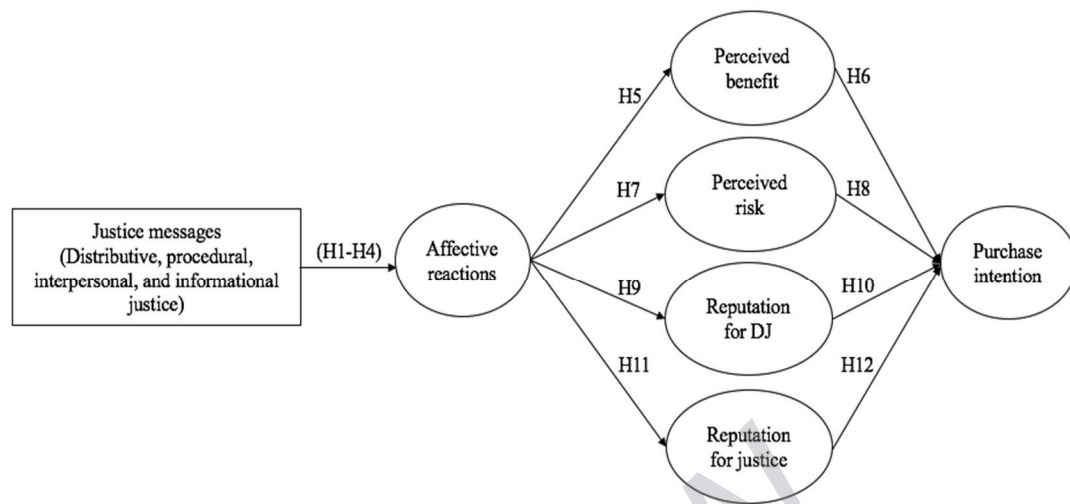
Note. DJ= Distributive justice

This study draws on existing marketing and organizational justice research to provide four distinct contributions to organizational justice and marketing literatures. First, the marketing field had not incorporated justice research to date. However, this analysis will argue that its use would help companies label their products, thereby communicating product-related information to consumers. Drawing on Besley & McComas's proposition (2005, 2014) that justice literature can inform framing research, this study adapts the dimensions of organizational justice to frame companies' decisions about GE labelling.

Second, this study responds to scholarly calls (Greenberg, 2009) for an examination of organizational justice in a new area, namely company reputation. Although having a good reputation plays a significant role in determining the competitiveness of a company in the market (Hall, 1993), there is a paucity of research that has examined the relationship between organizational justice and reputation.

Therefore, this study helps fill this gap by investigating the effects of organizational justice dimensions on company reputation. By better understanding the effects of organizational

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justice dimensions, companies can become better informed in areas such as reputation-building communications and future strategic communications with consumers.

Third, most previous research on organizational justice has focused on internal stakeholders' attitudes and behaviors (i.e., employees, managers) (e.g., Lind, 2001; Greenberg, 2007; Sweeney & McFarlin, 1993; Weiss & Cropanzano, 1996). In contrast, scant studies exist on the impact of justice on external stakeholders (i.e., consumers). Given that consumer purchase behavior is a major source of companies' revenues, it is important to examine the effect of companies' decisions to label GE food on consumer purchase decision. While it is worthwhile for food companies to provide information about GE products, it is important to investigate consumers' reactions in terms of purchasing behavior. Importantly, previous studies have examined the effect of justice dimensions on consumers' evaluation of complaint handling (Blodgett, Hill, & Tax, 1997; Clemmer & Schneider, 1996; Goodwin & Ross, 1992), and consumer satisfaction with services in hotels/restaurants (Martinez-Tur et al., 2006). However, prior studies have not examined the justice dimensions, in the context of consumers' purchase decision of GE food. This study aims to investigate the direction and strength of the relationship between justice dimensions that portray a justice event (i.e., GE voluntary labelling initiative) and consumer purchase behavior.

Fourth, organizational justice studies have researched negative emotions as a consequence of a violation of justice, but only a few have examined positive emotions in the context of justice events.

This study contributes to the relatively few studies that have examined positive (e.g., De Cremer, Stinglhamber, & Eisenberger, 2005; Barclay & Kiefer, 2014) rather than negative emotions (e.g., Barclay, Skarlicki, & Pugh, 2005; Barky & Kaplan 2007), as outcomes of justice

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events by examining the differential effect of justice dimensions (distributive, procedural, interactional, and informational) on consumers' affective reactions. A particular emphasis is placed on the role of affective reactions on consumers' risk/benefit perceptions, evaluation of company reputation, and subsequent purchase decision. This study therefore extends research on the role of affect in risk communication by providing a richer account of the relationship between justice and consumers' affective reactions in the context of GE food.

Using organizational justice literature to situate the constructs under investigation, this study is organized into four chapters. In the first chapter, I discuss why justice matters by laying out the theoretical basis, development, and conceptualization of justice dimensions. This is followed by reviewing the relationship between justice and affect. I then focus on company reputation, with a special emphasis on the relationship between reputation and organizational justice. In the second chapter, I detail the methods and measures. The third chapter describes the data, data analysis, and discussion of findings. In the fourth chapter, I summarize the contributions, implications, and limitations of the study, in addition to suggestions for future research.

CHAPTER ONE: LITERATURE REVIEW

Justice in Organizational Settings

Perceptions of justice, or justice (used synonymously with "justice" in the literature and in the current research) are extensively examined in organizational settings, whereby authorities enact (un)fair procedures/outcomes that influence people's attitudes and behaviors. In this regard, justice perceptions reflect an evaluation of processes and outcomes to determine whether outcomes are fairly distributed, fair procedures are used to reach outcomes, implementation of outcomes are based on respect, and whether timely, accurate information is provided (Cohen-Charash & Spector, 2001; Colquitt, Greenberg, & Zapata-Phelan, 2005).

The term 'organizational justice' reflects the degree to which individuals perceive events/decisions implemented by organizations as fair (Greenberg, 1987). Given this definition, the notion of justice may imply conscious efforts by companies to create an image of justice among the public. As Cahn (1949) argued, justice is "not a state, but a process; not a condition, but an action. 'Justice', as we shall use the term, means the active process of remedying or preventing that which would arouse the sense of injustice" (p. 13).

Perceptions of justice can be inferred from the distributive, procedural, interactional, and informational aspects of the decision making process. That is, people's perceived justice is based on the four dimensions of justice namely, (a) distributive justice (i.e., whether outcomes are allocated fairly based on equity or equality); (b) procedural justice (i.e., they have a voice in the decision making process); (c) interpersonal justice (i.e., authorities are trustworthy and respectful of people's opinions; and (d) informational justice (i.e., whether authorities provide them with accurate and honest explanations) (Cohen-Charash & Spector, 2001).

Studies have shown the differential predictive power of each justice dimension (e.g., Colquitt, 2001). For example, prior research found that informational justice was strongly related to trust and evaluation of authority and moderately related to outcome satisfaction, whereas interpersonal justice was strongly related to supervisor evaluation and weakly related to outcome satisfaction (Colquitt, 2001b). By the same token, Clemmer and Schneider (1996) found that distributive justice was the main predictor of customer satisfaction, followed by procedural justice and interactional justice, in the context of four types services (e.g., banks, physicians, fast-food, and restaurants). Conversely, Martinez-Tur, Peiro, Ramos, & Moliner (2006) found that distributive justice was the most important determinant of customer satisfaction, followed by interactional justice and, finally, by procedural justice.

Previous research on organizational justice has focused on the context of workplaces and involve the relationship between employees and managers. However, contemporary organizational research has focused on applying organizational justice dimensions in fields such as public engagement (Besley, 2010; Besley, Kramer, Yao, & Toruney, 2008), and science and risk communication (Besley, 2009; 2012). Overall, prior research has found that justice perceptions influence employees' attitudes and behaviors about organizations' outcomes and practices (McFarlin & Sweeney, 1992). For instance, when employees think they are treated fairly, they are more likely to be satisfied with their jobs and committed to their organizations (McFarlin & Sweeney, 1992). Furthermore, when treated fairly, employees tend to favorably evaluate their organizations (Goodwin & Ross, 1992; Lind & Tyler, 1988), and develop positive emotions towards them (Barclay & Kiefer, 2014).

The underlying motives for people's attention to justice can be explained using three theoretical models, namely the instrumental, relational, and denotic models. The instrumental

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model posits that people care about justice to ensure they have control over desired outcomes and thus increase their potential economic benefits (Thibaut & Walker, 1975). In addition to tangible economic outcomes, people's interest in justice can be justified as a desire for psychological control given that justice can be a mean to protect one' self-interest by ensuring fair distribution of tangible outcomes in the short and long term (Byrne & Cropanzano, 2001).

The relational model holds that justice is best defined as 'symbols of group values' that enhances people's sense of belonging to social groups through the fostering of feelings of self-worth and acceptance (Tyler & Lind, 1992, p. 140). Thus, justice ensures the allocation of psychological outcomes, such as pride and respect. As Tyler explained:

> People do not have to get favorable outcomes, or feel they have control over decisions, before they will comply with group rules or do things on behalf of the group. Instead, relationally fair treatment can promote feelings of pride and respect that in turn encourage group-serving behavior (Tyler & Degoey,1996, p. 925).

Lastly, the denotic model posits that justice is an end to itself that improves the quality of people's lives (Cropanzano, Goldman, & Folger, 2003). Unlike the instrumental and relational models, the denotic model emphasizes justice as a moral principle derived from ethical standards (Folger & Skarlicki, 2008). In this regard, justice ensures that people are treated "as they should or deserve to be treated by adhering to standards of right and wrong" (Cropanzano et al., 2003, p.1019). Given the denotic model's definition, people attend to justice as a 'social organizing principle' rather than a means to pursue economic interests or group identity (Van den Bos & Lind, 2002, p. 38).

In general, these theoretical models of justice suggest that people attend to justice for its favorable outcomes at the individual and collective levels ☐ whether these outcomes are related to tangible self-interests, intangible psychological needs, or moral standards.

Another reason that increases people's interest in justice is uncertainty. See (2000) showed that people use justice when they have insufficient knowledge about life events or issues of concern, such as public policies. See's experiment (2000) showed that individuals who had a low level of knowledge about an environmental regulation policy used justice information about the policy-making agency to decide whether to accept the policy. In contrast, individuals with a high level of knowledge about the environmental policy were not influenced by justice information. By the same token, justice influences people's uncertainty about companies' practices and policies. For instance, the use of fair procedures has been found to decrease uncertainty about company's decisions to use new information systems (Eddy, Stone, & Stone-Romero, 1999).

Furthermore, studies have shown that when people lack information about what others have received (i.e., an outcome reference point), they seek other information to judge whether their own outcome was fair. According to the justice heuristic theory's substitutability proposition, people use justice information as a heuristic substitute, not only to judge their own outcome when they lack an outcome reference point, but also to judge whether an outcome is better or worse compared to what they expected (Van den Bos & Lind, 2002).

Of great relevance to this research is two justice theories that can aptly explain why people are attentive to justice in their interactions with authorities. The justice heuristic theory and its successor ☐the uncertainty management theory (Van den Bos, Wilke, & Lind, 1998; Van den Bos & Miedema, 2000) posit that people use justice-relevant information as 'heuristics' or

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'cognitive shortcuts' to form justice judgments that influence their subsequent understanding and reactions to different situations (Lind, 2001, p. 56). According to the justice heuristic theory, justice serves as a heuristic substitute for trust judgments when people deal with authorities, because ceding to authority may put them at risk of being exploited (Lind, 2001). Therefore, people dealing with authorities seek information to decide whether they can trust the authorities not to exploit them. When this information is unavailable, individuals will search for justice-relevant information (e.g., whether authority uses fair procedures to reach a decision) to decide whether an authority is trustworthy.

The uncertainty management theory extends the proposition of justice as 'heuristic' by suggesting that people attend to justice, not only when they assess the trustworthiness of an authority, but also in different situations that arise in their lives. As such, people are attentive to justice-related information when either positive or negative changes occur (Van den Bos & Lind, 2002). In this context, justice helps people to judge outcomes, which in turn, influences their behaviors. For example, irrespective of a company's labelling decision (for or against), prior research has found that consumers were more likely to accept and support a company's decision if they were provided information about whether the company used fair procedures to reach its labelling decision (Dixon, McComas, Besley, & Steindhart, 2016).

In light of the justice heuristic and uncertainty management theories, Lind (2001) suggested that "fair treatment can be as much a management heuristic as a compliance heuristic" (p.83). That is, authorities use fair treatment to generate positive responses, which can lead people who receive this fair treatment to view authorities as 'fair' and become more inclined to comply with authorities' demands. Notably, many organizational justice studies use the term 'authorities' as referring to 'justice agents', or those who are the source of (in)justice through

decisions or outcomes that trigger people's justice judgments (Fortin, Blader, Wisenfeld, & Wheeler–smith, p. 419). Hence, justice agents include supervisors, top management, or managers who may cause (in)justice or redress injustice when it happens. Recent research extends the use of the term 'justice agents/authorities' to include local scientists (Besley, McComas, & Waks, 2006), health authorities (Besley, McComas, & Trumbo, 2008), and political leaders (Besley & McComas, 2007).

Drawing on the theories of justice heuristic and uncertainty management, I use distributive, procedural, interactional, and informational justice dimensions to develop messages (i.e., justice-based messages) that will be displayed on cereal packages to depict a justice event □ that is a GE voluntary labelling initiative. For the purpose of this research, authority refers to food companies that agree to voluntarily label GE products. I hypothesize that justice-based messages will influence consumers' affective reactions, risk and benefit perceptions of the application of GE in food production, evaluation of company reputation, and purchase decision of GE products.

Justice: Development, Conceptualization, and Measurements

This section reviews the development of justice dimensions while discussing their conceptualizations, differences, and measurements.

Distributive justice. Initially, the notion of justice focused primarily on the fair allocation of outcomes, termed distributive justice. Using the equity rule, Adams (1965) defined distributive justice as the allocation of outcomes based on the ratio of an individual' inputs compared to others' inputs. In this regard, perceived distributive justice denotes whether an individual receives equitable outcomes compared to a social referent standard. According to the

equity rule, social comparison information determines the evaluation of outcomes, as individuals compare their outcomes relative to the outcomes of others (Adams, 1965).

Leventhal (1976) and Deutsch (1975) extended the conceptualization of distributive justice using two rules: (a) the equality rule that defines justice in terms of the equal distribution of outcomes, and (b) the need rule that frames distributive justice as the allocation of resources to satisfy individuals' needs. An outcome is considered fair if the allocation rule serves the realization of favorable goals (e.g., productivity, welfare). Distributive justice therefore refers to the principles that people use to distribute rights/duties and ensure proper distribution of benefits and burdens (Rawls, 1971). Distributive justice, as the first dimension of justice, focuses on whether outcomes are equitable or needed.

Distributive justice fosters people' sense of control because justice ensures that they will get the outcomes to which they are entitled (Reis, 1988). Distributive justice is an outcome-focused dimension that helps individuals to assess the fair allocation of benefits. Distributive justice refers to the extent to which an outcome conforms to a normative standard, such as a merit (Lerner, 1974) or a referent standard, such as what others received (Kulik & Ambrose, 1992).

Research has conceptualized and operationalized distributive justice differently. Some scholars (e.g., Skitka, Winquist, & Hutchinson, 2003) have conceptualized distributive justice as outcome favorability, denoting whether outcomes are positive/negative or favorable/unfavorable. Others (e.g., Besley et al., 2006) have suggested that the distribution of risks and benefits could substitute for the distribution of financial outcomes. Thus, distributive justice can be conceptualized as the fair sharing of benefits and risks.