

Differentiated Leader–Member Exchanges: The Buffering Role of Justice Climate

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The leader–member exchange (LMX) literature has established that leaders differentiate among their followers. Yet little is known about the effects of LMX differentiation (within-group variation in LMX quality). In this study, we contend that the effects of LMX differentiation on the employee outcomes of work attitudes, coworker relations, and employee withdrawal behaviors will be contingent upon the level of procedural and distributive justice climate. Data from 276 employees working in 25 stores of a retail chain in Turkey supported our hypotheses such that LMX differentiation was related to more negative work attitudes and coworker relations, and higher levels of withdrawal behaviors only when justice climate was low.

Keywords: leader–member exchange, organizational justice, justice climate, job attitudes, turnover

According to leader–member exchange (LMX) theory (Gerstner & Day, 1997; Liden, Sparrowe, & Wayne, 1997), the relationships leaders forge with employees are the cornerstone of leadership. LMX theory refers to the idea that leaders form relationships based on trust, liking, and respect with some employees they work with, whereas with others the relationship does not go beyond the basic terms of the employment contract. Meta-analytic evidence suggests that the quality of the relationship with a leader is positively related to employee work attitudes and performance levels (Gerstner & Day, 1997). Moreover, a high-quality exchange can be highly advantageous for members, as it is related to faster advancement in the organization and salary progression (Scandura & Schriesheim, 1994), and wielding greater influence within the organization (Sparrowe & Liden, 2005). Although high-LMX members enjoy several positive outcomes, this means that low-LMX members may be at a disadvantage in terms of resource distribution and influence potential.

For the last 30 years, researchers of LMX theory have focused on studying how having a high- or low-quality relationship with the leader affects employees. Typically, these studies treated each dyadic relationship in isolation. Recently, research attention has shifted toward understanding the implications of high- and low-

quality exchanges that coexist within the same work group. This is known as *LMX differentiation* (Henderson, Liden, Glibkowski, & Chaudhry, 2009; Liden, Erdogan, Wayne, & Sparrowe, 2006). LMX differentiation refers to the degree of within-group variation that exists when a leader forms different quality relationships with different members. An important avenue for current LMX research is to understand the effects of the degree of LMX differentiation for individual attitudes and group effectiveness (e.g., Henderson, Wayne, Shore, Bommer, & Tetrick, 2008). LMX differentiation seems to be the norm rather than the exception within organizations (Liden & Graen, 1980), and research demonstrates that employees are aware of the differentiated relationships their leaders form (e.g., Duchon, Green, & Taber, 1986; van Breukelen, Schyns, & Le Blanc, 2006). Therefore, understanding how differentiation affects employees beyond their own relationship is a critical gap in the literature.

In an influential review of leadership theories, House and Aditya (1997) noted that a key limitation of LMX theory was the failure to specify the effects of LMX differentiation. Since then, a handful of studies have related LMX differentiation to group outcomes such as team performance (Liden et al., 2006; Stewart & Johnson, 2009) and team conflict (Boies & Howell, 2006). However, studies linking LMX differentiation to employee attitudes and behaviors have been more rare. Hooper and Martin (2008) revealed that an employee's perception that the leader differentiates is negatively related to job satisfaction and well-being and positively related to team conflict, but this study measured perceptions of differentiation as opposed to actual level of differentiation. In terms of individual behaviors, Liden et al. (2006) showed that LMX differentiation was positively related to performance for those with low-quality LMX. As evidenced, whether LMX differentiation is related to job attitudes and behaviors has received scant attention. Moreover, several researchers theorize that any potential effects of LMX differentiation will not be straightforward and instead will be contingent upon group member perceptions of justice (e.g., Erdogan & Liden, 2002; Henderson et al., 2009; Scandura, 1999; Sias & Jablin, 1995). Although justice experienced within the

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group has often been noted as a potential boundary condition of LMX differentiation, to date, no empirical study has tested this proposition.

In the present study, we draw on justice theory to examine group *justice climate* as a moderator of the relationship between LMX differentiation and outcomes. We propose that how employees respond to LMX variation should depend on group members' collective perceptions of justice, or justice climate. We focus on three potential outcomes of LMX differentiation: employee attitudes (job satisfaction and organizational commitment), relationships with coworkers (satisfaction with coworker relations and helping behavior targeting coworkers), and withdrawal behaviors. These three categories of variables have been theorized as important potential outcomes of LMX differentiation (Ford & Seers, 2006; Henderson et al., 2009; Hooper & Martin, 2008).

By examining justice climate as a moderator of LMX differentiation, we attempt to make three specific contributions to the literature. First, we add to the burgeoning literature that examines the attitudinal and behavioral outcomes of LMX differentiation. To our knowledge, ours is the first study examining how LMX differentiation relates to relationships among coworkers and the tendency to leave the group. Second, this study fills a gap in the literature by being the first to treat collective perceptions of justice as a boundary condition in relating LMX differentiation to employee outcomes. Although LMX researchers have frequently suggested that employee reactions to LMX differentiation will depend on the fairness of resource distribution and decision making (Bhal & Ansari, 2007; Henderson et al., 2009; Scandura, 1999; Scandura & Lankau, 1996; van Breukelen et al., 2006), this claim has not yet been empirically investigated. Third, we make a contribution to the justice literature by integrating two group-level concepts: justice climate and LMX differentiation. Research on justice climate has lagged behind the literature on individual perceptions of justice, as noted by Kozlowski and Klein (2000). Moreover, though justice climate has been studied as a main effect (Liao & Rupp, 2005; Naumann & Bennett, 2000), only one study to date has examined how justice climate interacts with other salient aspects of groups (in that case power distance) to influence member attitudes and behaviors (Yang, Mossholder, & Peng, 2007).

Theoretical Background and Hypotheses

LMX Differentiation

LMX differentiation is a fact of organizational life. Early LMX researchers contended that differentiation may be intentional on the part of leaders because it allows them to create role differentiation among members (Dienesch & Liden, 1986). At the same time, LMX differentiation may occur for less strategic reasons, resulting as a function of the amount of effort invested in developing the relationship (Ferris et al., 2009; Maslyn & Uhl-Bien, 2001) and the differential contributions members have (Bauer & Green, 1996; Nahrgang, Morgeson, & Ilies, 2009). Regardless of the reason, LMX differentiation seems to be prevalent (Liden & Graen, 1980).

Given the benefits of high LMX for individual employees, resources such as information, influence, and rewards will be unequally distributed in groups with high LMX differentiation. Moreover, the fact that some members have a better relationship

with the leader will likely affect both low-LMX individuals who are left out of the influence loop and high-LMX individuals who might feel empathy toward members experiencing a less positive work environment. As a result, LMX differentiation has the potential to influence employee attitudes, interactions among coworkers, and the level of attachment of an individual to one's group (Martin, Epitropaki, Thomas, & Topakas, 2010).

The available research evidence suggests that LMX differentiation may have negative implications for job attitudes and coworker relations. For example, McClane (1991) found that LMX differentiation negatively predicted group member task satisfaction. Ford and Seers (2006) found that LMX variability related to higher levels of within-group disagreement. Finally, Hooper and Martin (2008) showed that perceived variability in LMX was positively related to conflict among team members and negatively related to employee job satisfaction and well-being. Although we treat work attitudes, coworker relations, and withdrawal behaviors as potential outcomes of LMX differentiation, it is our contention that a contingency perspective should be adopted when examining the link between LMX differentiation and outcomes. LMX differentiation implies that members have unequal access to the leader and to the benefits of a high-quality exchange. However, it does not follow that members will necessarily find differentiation unacceptable. In fact, researchers have argued that the presence of differentiation may be acceptable and even expected, given that member contributions, loyalty, and interest in developing the relationship further will vary (e.g., Erdogan & Liden, 2002; Scandura, 1999; Scandura & Lankau, 1996; Stewart & Johnson, 2009). Instead, LMX differentiation should heighten the salience of the fairness with which members of a group are treated. Justice researchers have suggested that differential treatment will make justice concerns salient (Colquitt, Zapata-Phelan, & Roberson, 2005; Roberson, 2006a, 2006b). Similarly, several LMX theory researchers have suggested that the effects of differentiation should depend on the fairness accompanying differentiation (Bhal & Ansari, 2007; Henderson et al., 2009; Sias & Jablin, 1995; van Breukelen et al., 2006). Therefore, we conceptualize group-level justice perceptions, or justice climate, as a contingency variable influencing the effects of LMX differentiation.

Justice Climate

The organizational justice literature has shown that employees do not judge outcomes, resources, and benefits they receive in isolation (Lind & Tyler, 1988). Instead, they evaluate the perceived fairness of the resources and outcomes (distributive justice), decision-making procedures (procedural justice), and interpersonal treatment (interactional justice). All three forms of justice perceptions have been related to key job attitudes and behaviors (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). In this study, we focus on procedural and distributive justice climates. Given the high degree of overlap between interactional justice and LMX quality (e.g., Erdogan, Liden, & Kraimer, 2006; Wayne, Shore, Bommer, & Tetrick, 2002), employees are more likely to differentiate between procedural and distributive justice climate and their own relationships with the leader.

Justice scholars recognize that in addition to attending to individual justice cues, groups develop shared cognitions of justice (Roberson & Colquitt, 2005). As members of a group interact, they

learn about how each member of the group is treated and engage in collective sensemaking where incidents of injustice are discussed and interpreted (Roberson, 2006a). There are several explanations for the emergence of justice climate (Li & Cropanzano, 2009). According to the social information processing perspective (Salancik & Pfeffer, 1978), justice climate emerges as members discuss their experiences, affecting coworker perceptions of fairness. The attraction–selection–attrition perspective (Schneider, 1987) suggests that organizations tend toward homogeneity as members who are dissimilar quit, leaving those who interpret events similarly. DeGoey (2000) used cognitive contagion as the explanation, suggesting that individuals have a tendency to share emotionally charged events, leading to convergence of justice perceptions. Early on, researchers discovered that employees develop shared cognitions about procedural justice, labeled as procedural justice climate (Naumann & Bennett, 2000). More recently, justice researchers have suggested that the forces giving rise to the emergence of a procedural justice climate, such as sharing information and cognitive contagion, would apply to other justice types as well, making distributive justice climate a salient aspect of group climate (Li & Cropanzano, 2009; Spell & Arnold, 2007).

Studies have shown that the level of procedural justice climate (or the mean level of procedural justice within a group) is related to employee attitudes and behaviors. Specifically, procedural justice climate is related to helping one's coworkers (De Dreu & Nauta, 2009; Naumann & Bennett, 2000; Yang et al., 2007), work attitudes (Liao & Rupp, 2005; Mossholder, Bennett, & Martin, 1998; Yang et al., 2007), group performance, absenteeism (Colquitt, Noe, & Jackson, 2002), and turnover (Simons & Roberson, 2003). Although there are fewer studies examining the effects of distributive justice climate, the level of distributive justice climate has been linked to anxiety and depression (Spell & Arnold, 2007), burnout (Moliner, Martinez-Tur, Peiró, Ramos, & Cropanzano, 2005), and taking-charge behavior (Moon, Kamdar, Mayer, & Takeuchi, 2008).

Justice Climate as a Moderator of LMX Differentiation

Past research has suggested that although LMX differentiation may have beneficial effects on some group-level outcomes such as performance (Liden et al., 2006; Stewart & Johnson, 2009), the effects on work attitudes tend to be negative. Specifically, perceived LMX differentiation has been negatively related to job attitudes (Hooper & Martin, 2008), and at the group level, LMX differentiation has been negatively related to the average level of work attitudes (McClane, 1991; Schyns, 2006). LMX differentiation has the potential to influence work attitudes, because differentiation in LMX suggests that critical resources such as leader's attention, information, autonomy, help, and support will be unequally distributed.

We contend that high LMX differentiation in a group will make justice concerns salient. As a result, deleterious effects of LMX differentiation on work attitudes should emerge only when the group also has a low justice climate. Colquitt et al. (2002) noted that members care about procedural justice climate, because a high level of procedural justice climate will signal to members that all members in a group are valued, the playing field is level, and

member rights will be protected in the long term. In a group with a high procedural justice climate, decisions will be characterized by procedural justice principles such as consistency, accuracy, bias suppression, and representativeness (Leventhal, 1980). In these groups, even though the leader may be closer to some members, when it is time to make critical decisions, rules will be consistently applied to all. The leader's decision making will not be biased in favor of those closer to the leader. All parties who are affected by a decision (and not only those who are closer to the leader) will be considered. As a result, LMX differentiation should not erode member satisfaction and commitment to the organization, as high procedural justice climate will provide the assurance that even if treatment may be unequal, it will be fair. Similarly, a high distributive justice climate suggests that the majority of members feel that the reward distribution is fair. In a group in which there is an overarching sense of reward fairness, the fact that some members are closer to the leader should not be a salient influence over member work attitudes.

In contrast, in a group in which many members feel that procedural and distributive justice principles are violated, the presence of LMX differentiation may increase instances of favoritism. For example, Erdogan and Liden (2002) proposed that when procedural justice climate is low, leaders who differentiate are more likely to favor members who are closer to them when making decisions, resulting in favoritism. When low levels of procedural and distributive justice climates coexist with having a leader who is closer to some members, those further out of the leader's inner circle will likely experience resentment, thinking that those who are closer to the leader are receiving favored treatment. At the same time, as the recipients of favored treatment, those who are closer to the leader will feel backlash from their coworkers. In other words, in-group favoritism is more likely when high LMX differentiation is coupled with low levels of justice climate. As a result, LMX differentiation should be negatively related to member experiences at work, resulting in lower job satisfaction and organizational commitment when justice climate is low.

Hypothesis 1: (a) Procedural justice climate and (b) distributive justice climate will moderate the relationship between LMX differentiation and job satisfaction such that LMX differentiation should be negatively related to job satisfaction only when justice climate is low.

Hypothesis 2: (a) Procedural justice climate and (b) distributive justice climate will moderate the relationship between LMX differentiation and organizational commitment such that LMX differentiation should be negatively related to organizational commitment only when justice climate is low.

It has also been suggested that LMX differentiation has implications for coworker relations. Studying pairs of coworkers, Sherony and Green (2002) demonstrated that when two coworkers have dissimilar exchanges with their leader (i.e., one forming high- and another forming low-quality LMXs), the nature of the relationship between coworkers is also negatively affected. The implication of this triadic study is that in a group with a great deal of LMX differentiation, the relationships among members may be of poorer quality. Partially supporting this rationale, LMX differentiation has been linked to disagreements among coworkers (Ford &

Seers, 2006) and perceived conflict within groups (Hooper & Martin, 2008). However, Boies and Howell (2006) found that groups with high mean LMX and high differentiation had the lowest level of conflict, suggesting that whether LMX differentiation results in better or worse quality relations among coworkers is unclear.

We contend that LMX differentiation is more likely to lead to problems in relationships among coworkers when procedural justice and distributive justice climates are low. When LMX differentiation is coupled with low justice climate, employees are more likely to feel that the work context is political and those who are closer to the leader get better treatment. In other words, in these groups high LMX membership may bring undue advantages that are not acceptable to the rest of the group. In these instances, employees may resent coworkers who are benefiting from differential treatment. It has been suggested that in low procedural justice climates, the affective tone of the workplace will be one of anger, as low procedural justice climate may erode norms of civility (Dietz, Robinson, Folger, Baron, & Schulz, 2003). As a result, when LMX differentiation is coupled with low justice climate, low-LMX members may withhold support from higher LMX members, and higher LMX members may feel that they are not being supported by their coworkers, leading to lower satisfaction with coworker relations.

In groups with high LMX differentiation and low justice climate, we also expect coworker helping behaviors to suffer, because coworker helping is a way for employees to show their allegiance toward one another (Mossholder, Settoon, & Henagan, 2005). Such allegiance is less likely to occur when some members are closer to the leader while, at the same time, the decision-making procedures and reward distribution within a group are unfair and the rights of all members are not protected. In contrast, when LMX differentiation is coupled with high justice climate, employees will recognize that although the leader has differential relationships, decisions are made and rewards are distributed fairly, leading to lower chances of feeling resentment toward employees closer to the leader and more harmonious coworker relationships.

Hypothesis 3: (a) Procedural justice climate and (b) distributive justice climate will moderate the relationship between LMX differentiation and satisfaction with coworker relations such that LMX differentiation should be negatively related to satisfaction with coworker relations only when justice climate is low.

Hypothesis 4: (a) Procedural justice climate and (b) distributive justice climate will moderate the relationship between LMX differentiation and helping behaviors targeting coworkers such that LMX differentiation should be negatively related to helping behaviors targeting coworkers only when justice climate is low.

Finally, LMX differentiation may erode the commitment of an individual to the work group in the absence of a justice climate, leading to withdrawal behaviors. Withdrawal behaviors are behaviors that indicate an employee's disengagement from the group or the organization, and may take a number of different forms, including employee turnover from the organization, internal trans-

fers within the same organization, absenteeism, and sabotage (Lee & Mitchell, 1994). Henderson et al. (2009) suggested that the potentially negative effects of LMX differentiation on commitment would culminate in high turnover. Nishii and Mayer (2009) found that LMX differentiation strengthened the negative relationship between demographic diversity and departmental turnover rate but did not have a main effect on turnover rate.

When leaders differentiate, they will confer greater power and status on members who are closer to them. While high-LMX members receive these resources, low-LMX members may feel deprived (Bolino & Turnley, 2009). Past researchers proposed that if within-group variation in LMX is regarded as unfair, employee retention rates could suffer (Nishii & Mayer, 2009). When there is a low level of procedural and distributive justice climate in the group, the affective tone of the work atmosphere will be negatively affected (Dietz et al., 2003). There will be a sense that those who have a high-quality exchange are receiving favored treatment as a result of their closeness to the leader. Members with lower quality exchanges will become concerned about their own prospects, whereas high-LMX members may receive low support from their coworkers as they attract the envy of their coworkers. As these dynamics will not be sustainable over the long term, members may want to distance themselves from the leader as well as coworkers, leading to withdrawal from the group. As a result, higher levels of LMX differentiation may translate into a tendency to withdraw from the group. Past research showing that employees are more likely to want to leave contexts that are regarded as political is consistent with our rationale (Chang, Rosen, & Levy, 2009). In contrast, in the presence of high levels of justice climate, even when some members have higher LMXs, low-LMX members will still feel secure that they are getting what they deserve and that their rights will be protected when critical decisions are made. Thus, high LMX differentiation should not contribute to the tendency to engage in withdrawal behaviors when justice climate is high.

Hypothesis 5: (a) Procedural justice climate and (b) distributive justice climate will moderate the relationship between LMX differentiation and withdrawal behaviors from the group such that LMX differentiation should be positively related to withdrawal from the group only when justice climate is low.

Method

Sample and Procedures

Data were collected from a clothing retailer in Istanbul, Turkey, and were part of a larger study (Erdogan & Bauer, 2009). The company's human resource specialists visited 26 stores in Istanbul, and data were collected in scheduled meetings on company time. Employees were assured of confidentiality and then were given privacy during the actual data collection. Surveys were collected in sealed envelopes, which were then forwarded to our Turkish research affiliate.

Employees were sales associates and stockroom workers employed in each store. All employees reported to the store manager who was in charge of decisions such as evaluating employee performance and scheduling employees. Employees received a

survey assessing demographics, LMX quality, job satisfaction, organizational commitment, justice perceptions, and satisfaction with coworker relations. This survey was completed by 307 employees working in 26 stores. Store managers of 25 stores reported the helping behaviors each employee demonstrated toward coworkers. Withdrawal behavior information was obtained from company records. After removing employee surveys with no matching manager data or those with missing data from our sample, we had complete data for 276 employees and 25 managers working in 25 stores. The excluded respondents had the following missing information: Fifteen employees were excluded because they worked in the store whose manager did not participate in the study, eight employees were excluded because they did not report control variables of age and employment status, and eight other employees scattered through the organization were excluded because managers did not report their helping behaviors targeting coworkers. The total number of respondents from each of the 25 stores was between four and 27 (average = 12 respondents). Our final response rates within each store ranged from 50% to 100%, and our overall response rate was 78%.

Of the 276 employees included in our final sample, 52% were female and 87% were employed full time. On average, participants had been employed by this company for 1 year. Employees were on average 22 years old. Almost 92% of the employees were sales associates, and the remaining 8% were stockroom workers. The number of employees at each store ranged from 5 to 28, with an average of 15 employees. The 25 store managers were 60% male and had worked for the company for an average of 4 years.

Measures

Surveys were prepared in English and then translated into Turkish following Brislin, Lonner, and Thorndike's (1973) recommended back translation procedure. For all scales, a 7-point Likert scale was used (1 = *strongly disagree*, 7 = *strongly agree*).

LMX differentiation. We measured LMX quality using Scandura and Graen's (1984) seven-item scale. A sample item is "My supervisor understands my problems and needs" ($\alpha = .93$). We then calculated within-group variance in LMX to operationalize LMX differentiation.

Procedural justice climate. We measured procedural justice perceptions using Niehoff and Moorman's (1993) six-item scale. Respondents were asked to think about their store (rather than the overall organization) when answering the questions. A sample item is "In this store, all job decisions are applied consistently across all affected employees" ($\alpha = .84$). We aggregated responses from each person within the store to the store level to create the measure of procedural justice climate. In order to examine whether aggregation of individual responses to the group level was warranted, we first calculated within-group agreement using the r_{wg} statistic (James, Demaree, & Wolf, 1984). The median r_{wg} was .83, which is in line with George's (1990) suggested cutoff. We then calculated interrater reliability and the reliability of the group mean using intraclass correlations (ICCs; Bliese, 2000). Although no strict cutoffs exist regarding ICC scores, James (1982) reported that the median observed ICC(1) value in the organizational literature is .12, and Glick (1985) suggested the use of .60 as the ICC(2) cutoff. In our study, ICC(1)

was .14 and ICC(2) was .76, providing further evidence to justify aggregation to the group level.

Distributive justice climate. We measured distributive justice perceptions using Niehoff and Moorman's (1993) five-item scale. Respondents were asked to think about their store (rather than the overall organization) when answering the questions. A sample item is "Overall, the rewards I receive here are quite fair" ($\alpha = .84$). The median r_{wg} was .70, ICC(1) was .16, and ICC(2) was .69, providing evidence to justify aggregation to the group level.

Job satisfaction. We used a three-item measure developed by Cammann, Fichman, Jenkins, and Klesh (1983) to assess job satisfaction. A sample item is "All in all, I am satisfied with my job" ($\alpha = .81$).

Organizational commitment. We used Allen and Meyer's (1990) eight-item affective commitment scale to measure organizational commitment. A sample item is "I really feel as if this organization's problems are my own" ($\alpha = .88$).

Satisfaction with coworker relations. Spector's (1985) four-item scale was used to measure satisfaction with coworker relations. A sample item is "I like the people I work with" ($\alpha = .68$).

Helping behavior targeting coworkers. Store managers responded to seven items developed by Williams and Anderson (1991) for each employee. A sample item is "Helps others who have heavy work loads" ($\alpha = .88$).

Withdrawal behaviors. Employee-initiated lateral transfers obtained from company records were used as the indicator of withdrawal behaviors. Because we theorized that LMX differentiation in interaction with justice climate would erode attachment to one's immediate work environment and coworkers, we felt that withdrawal behaviors in the form of internal transfers was a proximal outcome of LMX differentiation. In the organization we studied, employees were allowed to request transfers to newly opening or existing stores in Istanbul. Because voluntary transfers were possible and employees could transfer to a different store with no change in their pay and benefits, we regarded voluntary transfers as opposed to voluntary turnovers as the proximal outcome of LMX differentiation. We contacted the organization in question and requested data regarding the current position of the individual and whether the person had voluntarily initiated a transfer to a different store. If the employee had transferred to a different store retaining one's current position (transfers to a different store as a stockroom employee or sales associate), we coded this variable as 1. If the employee was still working in the same store 1 year following our study, transferred to a different store after receiving a promotion, or left the organization, we coded this variable as 0. Within 1 year of the conclusion of the study, 31 employees (11.2% of the overall sample) had made a lateral transfer.

Control variables. We controlled for individual LMX quality in all analyses to account for one's own relationship quality. We also controlled for LMX mean, or the overall level of LMX quality within each team, because LMX differentiation and LMX mean were correlated and we wanted to ensure that any observed effects of LMX differentiation were not due to the relationship between group-level LMX and outcomes. Individual perceptions of procedural justice and distributive justice were controlled for in order to ensure that any effects observed for distributive justice climate are distinct from an employee's own perceptions of the fairness of

personal outcomes received. Group size was controlled for because of its correlation with some of the dependent variables and was operationalized with the number of employees working in each store. Employment status was whether the employee worked full time or part time for the company. Part-time employees were defined as those who worked fewer than 15 days or 120 hr per month. We controlled for employment status because employees who work part time may have different expectations regarding LMX and LMX differentiation. Finally, we controlled for the age of the employee because age may be an influence over the relationships one forms (Avery, McKay, & Wilson, 2007). We did not control for gender or position (sales associate or stockroom worker), as we did not find significant correlations between these variables and any of the dependent variables in our study. We also considered organizational tenure and tenure within a store in months as potential control variables because tenure is often controlled in studies of withdrawal (Cotton & Tuttle, 1986). However, because tenure in either form was not correlated with withdrawal behaviors, and because the addition of tenure did not change the significance level of any of the results, we report the results without controlling for tenure.

Results

Means, standard deviations, and intercorrelations among variables are presented in Table 1. Before we tested our hypotheses, we performed a confirmatory factor analysis of LMX and justice items to examine whether employees were able to distinguish between their own relationship quality with the leader and perceptions of procedural and distributive justice. The data had good fit with the model when we specified three factors for LMX, procedural justice, and distributive justice, $\chi^2(132) = 425.33, p < .01$, comparative fit index = .92, root-mean-square error of approxi-

mation = .09; and the alternative models where the factor correlation between LMX and procedural justice, $\Delta\chi^2(1) = 38.39, p < .01$, LMX and distributive justice, $\Delta\chi^2(1) = 46.26, p < .01$, and procedural and distributive justice, $\Delta\chi^2(1) = 54.58, p < .01$, was set to 1 performed significantly worse, suggesting that employees could differentiate between their own LMX and justice perceptions.

Tests of Hypotheses

Our hypotheses are based on the assumption that LMX differentiation will coexist with different levels of justice perceptions. In other words, our hypotheses are based on the assumption that LMX differentiation at the group level will not necessarily be uniformly perceived as unfair. Before testing our formal hypotheses, we verified this assumption by examining the relationship between LMX differentiation and individual perceptions of justice. Specifically, we conducted two intercepts-as-outcomes models in hierarchical linear modeling (Raudenbush & Bryk, 2002). We specified individual perceptions of procedural justice and distributive justice as outcomes of interest. LMX quality, employment status, and age were entered as Level 1 predictors, whereas LMX mean and LMX differentiation were entered as Level 2 predictors. Our analyses have shown that LMX differentiation was not related to either distributive justice perceptions ($\gamma = -.10, t = -0.80, p > .05$) or procedural justice perceptions ($\gamma = .06, t = 0.96, p > .05$). Individual perceptions of distributive justice and procedural justice were predicted only by individual LMX quality ($\gamma = .44, t = 6.37, p < .01$, and $\gamma = .58, t = 11.71, p < .01$, respectively). In other words, our assumption that LMX differentiation can coexist with different levels of perceived justice found support.

We hypothesized that LMX differentiation would interact with justice climate to predict individual-level outcomes. To test our

Table 1
Means, Standard Deviations, and Intercorrelations Among Variables

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9	10
Group level												
1. LMX differentiation	1.19	0.93	—									
2. Procedural justice climate	4.82	0.67	-.46*	—								
3. Distributive justice climate	4.44	0.73	-.48*	.75**	—							
4. LMX mean	5.44	0.75	-.59**	.83**	.64**	—						
5. Group size	15.15	6.06	.04	-.04	-.01	-.06	—					
Individual level												
1. Job satisfaction	5.80	0.89	—									
2. Organizational commitment	4.85	1.16	.51**	—								
3. Satisfaction with coworker relations	5.08	1.08	.29**	.20**	—							
4. Helping behavior targeting coworkers	5.20	0.98	.15*	.14*	.01	—						
5. Withdrawal behaviors ^a	0.11	0.31	.08	.04	.00	-.03	—					
6. LMX quality	5.35	1.29	.37**	.40**	.31**	.28**	.06	—				
7. Procedural justice	4.80	1.22	.40**	.45**	.33**	.17**	.04	.66**	—			
8. Distributive justice	4.40	1.40	.32**	.40**	.37**	.07	.07	.47**	.58**	—		
9. Employment status ^b	0.87	0.33	.00	.12*	-.05	.14*	.06	-.04	-.09	-.09	—	
10. Age	22.06	2.89	-.02	.01	-.16	.09	.04	-.04	-.07	-.08	.19**	—

Note. For group-level correlations, $n = 25$. For individual-level correlations, $n = 276$. LMX = leader-member exchange.

^a Refers to employee-initiated lateral transfers to a different store within a year after the completion of the study. Coded 1 = voluntarily left the store to work in a parallel position in a different store, 0 = others. ^b Coded 1 = full-time employee; 0 = part-time employee.

* $p < .05$. ** $p < .01$.

hypotheses, we conducted a series of two-level intercepts-as-outcomes models in hierarchical linear modeling. For each hypothesis, we specified two sets of intercepts-as-outcomes models for each dependent variable. In Model 1, we entered individual-level LMX quality, employee perceptions of procedural and distributive justice, employment status, and employee age as control variables in Level 1. In Level 2, we entered LMX mean, group size, justice climate, and LMX differentiation as predictors of the intercept. In Model 2, we entered the interaction term of the LMX differentiation and justice climate as a predictor of the intercept. All variables were grand mean centered before being entered into the equation, as recommended by Hofmann and Gavin (1998). For Hypothesis 5, our dependent variable was binary. Therefore, we tested this hypothesis by using multilevel logistic regression with hierarchical linear modeling (Snijders & Bosker, 2003), by specifying a hierarchical generalized linear model with a Bernoulli distribution. In this model, the predicted outcome variable is the natural log of the odds that withdrawal behavior will take the value of 1. The results from Model 2 are presented in Tables 2 and 3.

Model 1 results for each hypothesis can be used to examine the main effects of LMX differentiation on the outcome variables. Our results indicated that after all the control variables were accounted for, LMX differentiation was negatively related to job satisfaction ($\gamma = -.08, t = -2.15, p < .05$) but was not significantly related

to organizational commitment ($\gamma = -.02, t = -0.40, p > .05$), satisfaction with coworker relations ($\gamma = -.09, t = -1.84, p > .05$), or withdrawal from the group ($\gamma = .13, t = 0.57, p > .05$). Unexpectedly, LMX differentiation was positively related to helping behavior targeting coworkers ($\gamma = .27, t = 3.13, p < .01$).

The results of our analyses did not provide support for Hypotheses 1a and 1b. As presented in Table 2, the interaction term of procedural justice or distributive justice climate with LMX differentiation was not significantly related to job satisfaction. Hypotheses 2a and 2b predicted that justice climate would moderate the relationship between LMX differentiation and organizational commitment. The results presented in Table 2 are supportive of both Hypotheses 2a and 2b. To illustrate the nature of the procedural justice climate interaction, we plotted the equation at low (one standard deviation below the mean) and high (one standard deviation above the mean) levels of justice climate. Simple slope analyses show that as depicted in Figure 1A, LMX differentiation was negatively related to organizational commitment when procedural justice climate was low ($\gamma = -.20, t = -3.23, p < .01$), whereas there was no significant relationship between the two when procedural justice climate was high ($\gamma = .23, t = 1.59, p > .05$). Similarly, as presented in Figure 1B, LMX differentiation was not significantly related to organizational commitment when distributive justice climate was high ($\gamma = .20, t = 1.69, p > .05$).

Table 2
Intercepts-as-Outcomes Model Results Testing the Moderating Role of Procedural and Distributive Justice Climate on the Relationship Between Leader-Member Exchange (LMX) Differentiation, Work Attitudes, and Coworker Relations

Independent variable	Job satisfaction		Organizational commitment		Satisfaction with coworker relations		Helping behavior targeting coworkers	
	Hypothesis 1a	Hypothesis 1b	Hypothesis 2a	Hypothesis 2b	Hypothesis 3a	Hypothesis 3b	Hypothesis 4a	Hypothesis 4b
Intercept β_0								
Intercept γ_{00}	5.80**	5.81**	4.86**	4.86**	5.15**	5.15**	5.19**	6.63**
Group size γ_{01}	.01	.01	.00	.01	-.03**	-.02**	.01	.00
LMX mean γ_{02}	-.17	-.18	-.01	.01	.32*	.26	.60**	.60**
LMX differentiation γ_{03}	-.05	-.07	.03	.04	.07	-.12**	.31**	.34**
Procedural justice climate γ_{04}	.01	-.01	-.04	-.02	.09	.15	-.44	-.29
Distributive justice climate γ_{05}	.29	.29	.42**	.36**	-.20	-.28	.29	.11
LMX Differentiation \times Procedural Justice Climate γ_{06}	.12		.28*		.34**		.16	
LMX Differentiation \times Distributive Justice Climate γ_{07}		.04		.23*		.24**		.43**
LMX quality β_1								
Intercept γ_{10}	.11*	.10	.16*	.16*	.03	.03	.11*	.12*
Procedural justice β_2								
Intercept γ_{20}	.12	-.01	.15*	.14*	.06	.06	.08	.07
Distributive justice β_3								
Intercept γ_{30}	.01	.29	.05	.05	.14**	.15**	-.06	-.07
Employment status ^a β_4								
Intercept γ_{40}	.10	.10	.41*	.40*	-.04	-.04	.27	.29*
Age β_5								
Intercept γ_{50}	-.01	-.00	-.01	-.01	-.04*	-.04*	.02	.02
Model R^2	.36	.34	.50	.39	.57	.47	.02	.37
ΔR^2	.00	.00	.03	.00	.13	.03	.00	.31

Note. $n = 276$. R^2 is the ratio of intercept variance explained by the Level 2 model to the total intercept variance (see Hofmann, 1997). Reported coefficients are unstandardized. ΔR^2 is the difference between R^2 of a model containing the Level 2 interaction term of justice climate and LMX differentiation and the R^2 of a model that does not contain the interaction term.

^a Coded 1 = full-time employee; 0 = part-time employee.

* $p < .05$. ** $p < .01$.

Table 3
Multilevel Logistic Regression Analysis Testing the Moderating Role of Procedural and Distributive Justice Climate on the Relationship Between Leader-Member Exchange (LMX) Differentiation and Withdrawal Behaviors

Independent variable	Hypothesis 5a	Hypothesis 5b
Intercept β_0		
Intercept γ_{00}	-1.87**	0.94
Group size γ_{01}	.03*	.03*
LMX mean γ_{02}	.29	.31
LMX differentiation γ_{03}	.01	.04
Procedural justice climate γ_{04}	-.54	-.58
Distributive justice climate γ_{05}	.03	.08
LMX Differentiation \times Procedural Justice Climate γ_{06}	-.55*	
LMX Differentiation \times Distributive Justice Climate γ_{07}		-.32*
LMX quality β_1		
Intercept γ_{10}	.00	-.02
Procedural justice β_2		
Intercept γ_{20}	.01	.01
Distributive justice β_3		
Intercept γ_{30}	.12	.12
Employment status ^a β_4		
Intercept γ_{40}	.01	.01
Age β_5		
Intercept γ_{50}	.00	.01
Model R^2	.03	.03
ΔR^2	.01	.01

Note. $n = 276$. R^2 was calculated with a formula presented by Snijder and Bosker (2003, p. 226). Reported coefficients are unstandardized. ΔR^2 is the difference between R^2 of a model containing the Level 2 interaction term of justice climate and LMX differentiation and the R^2 of a model that does not contain the interaction term.

^a Coded 1 = full-time employee; 0 = part-time employee.

* $p < .05$. ** $p < .01$.

but was negatively related to organizational commitment when distributive justice climate was low ($\gamma = -.15$, $t = -3.17$, $p < .01$). These results provided support for Hypotheses 2a and 2b.

Hypothesis 3 predicted that justice climate would moderate the effects of LMX differentiation on satisfaction with coworker relations. The results of our intercepts-as-outcomes model for this hypothesis are presented in Table 2. This hypothesis was supported for both procedural and distributive justice climate. As presented in Figures 2A and 2B, as well as in simple slope analyses, LMX differentiation was not significantly related to satisfaction with coworker relations when procedural justice climate was high ($\gamma = .10$, $t = 0.86$, $p > .05$) and when distributive justice climate was high ($\gamma = -.01$, $t = -0.24$, $p > .05$) but was negatively related to satisfaction with coworker relations when procedural justice climate was low ($\gamma = -.28$, $t = -4.81$, $p < .01$) and when distributive justice climate was low ($\gamma = -.21$, $t = -4.15$, $p < .01$). These results supported Hypotheses 3a and 3b.

Hypothesis 4 predicted that justice climate would act as a moderator of LMX differentiation with respect to helping behavior targeting coworkers. As shown in Table 2, the interaction term of LMX differentiation and justice climate was significant only for distributive justice climate. The plot of the interaction term presented in Figure 3 and simple slope analyses suggest a slightly different pattern of interaction that is still consistent with our

rationale for this hypothesis. Specifically, LMX differentiation was not related to helping behaviors targeting coworkers when distributive justice climate was low ($\gamma = .17$, $t = 1.09$, $p > .05$) but was significantly and positively related to helping behaviors when distributive justice climate was high ($\gamma = 1.02$, $t = 6.24$, $p < .01$). These results, though consistent with our rationale, suggest that Hypothesis 4 was not supported.

Finally, multilevel logistic regression analysis presented in Table 3 provided support for Hypothesis 5. Because logistic regression equations predict the logit of the probability of withdrawal behavior (or voluntary internal transfers), before we plotted the interaction we transformed the predicted values of transfer behaviors to the probability of transfers by using a formula presented in Cohen, Cohen, West, and Aiken (2003, p. 491). As presented in Figures 4A and 4B, LMX differentiation was not significantly related to probability of voluntary transfers from the store when procedural justice climate was high ($\gamma = -.34$, $t = -1.76$, $p > .05$) and when distributive justice climate was high ($\gamma = -.19$, $t = -0.43$, $p > .05$) but was positively related to the probability of transfers from the store when procedural justice climate was low ($\gamma = .39$, $t = 3.76$, $p < .01$) and when distributive justice climate was low ($\gamma = .29$, $t = 3.83$, $p < .01$). These results provided support for Hypotheses 5a and 5b.

Supplemental Analyses

An alternative explanation for our findings is that interactions at lower levels may be responsible for the observed cross-level interaction of LMX differentiation and justice climate with respect to outcomes. To test for this possibility, we performed a series of supplemental analyses. First, we entered the interactions of individual LMX quality and individual perceptions of justice into our analyses as control variables. These two interaction terms were not significantly related to any of the outcomes. Moreover, the addition of these two interactions did not affect the significance of the LMX Differentiation \times Justice Climate interactions except for distributive justice climate as the moderator of LMX differentiation with respect to satisfaction with coworker relations. Because the Level 1 interactions were not significantly related to outcomes, and because Raudenbush and Bryk (2002) suggested that retaining too many Level 1 variables unless the sample size is very large would lead to unstable estimates, we felt that interpreting the results without these two Level 1 interactions was appropriate.

Second, we added the cross-level interaction of LMX differentiation and individual perceptions of justice by adding LMX differentiation as a predictor of the slopes of individual perceptions of justice. Even when these cross-level interactions were added, all our original results retained their significance, suggesting that none of the LMX Differentiation \times Justice Climate interactions we observed reflected an interaction of LMX differentiation and individual perceptions of justice.

Third, because of the significant correlation between LMX differentiation and LMX mean, we also tested whether the interactions of LMX mean and individual justice were responsible for the observed effects. Entering LMX mean as a predictor of individual justice slopes did not change the significance level or pattern of any of the LMX Differentiation \times Justice Climate interactions, suggesting that unmodeled cross-level or Level 1

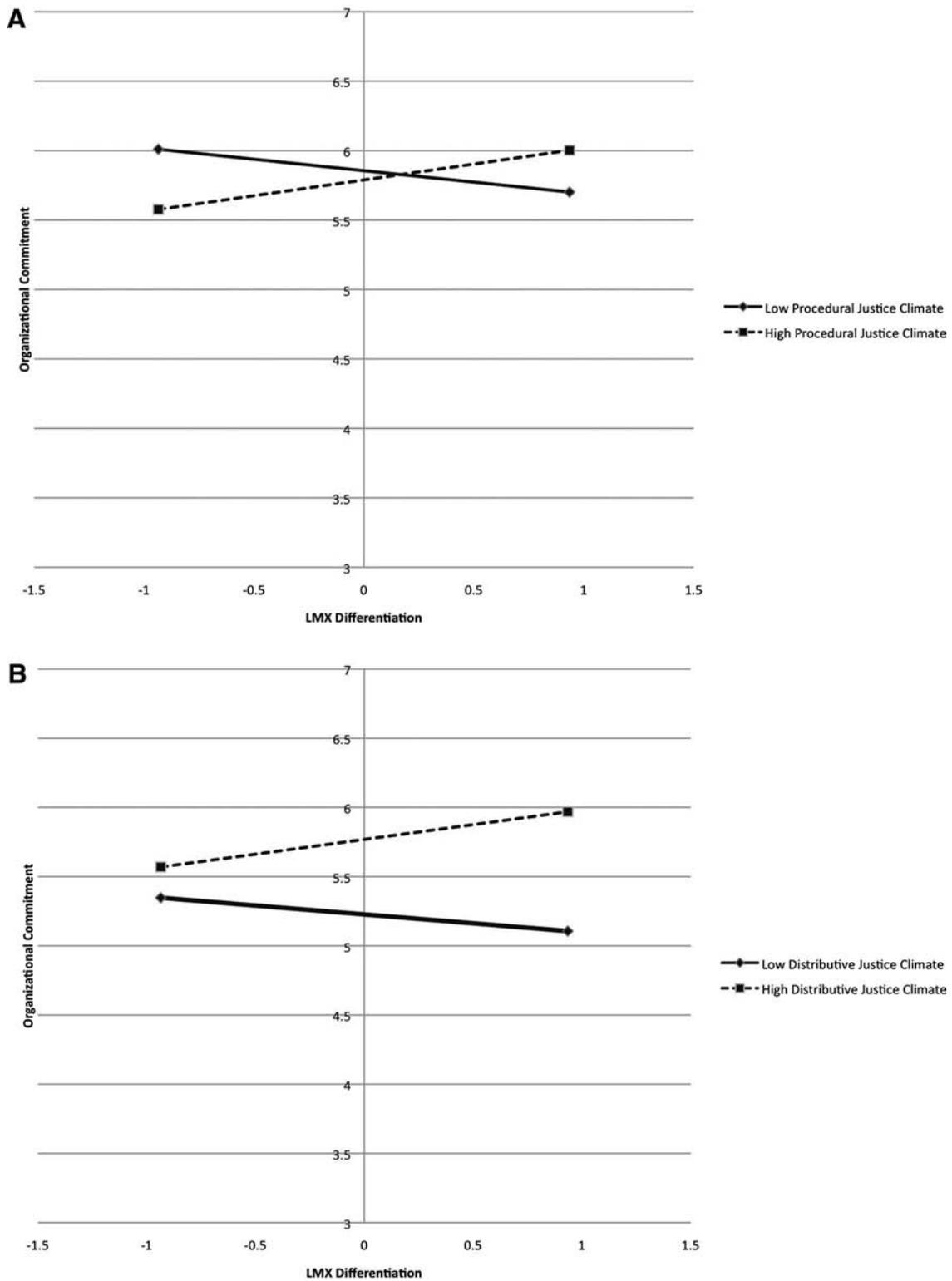


Figure 1. Procedural (A) and distributive (B) justice climate as a moderator of the relationship between leader-member exchange (LMX) differentiation and organizational commitment.

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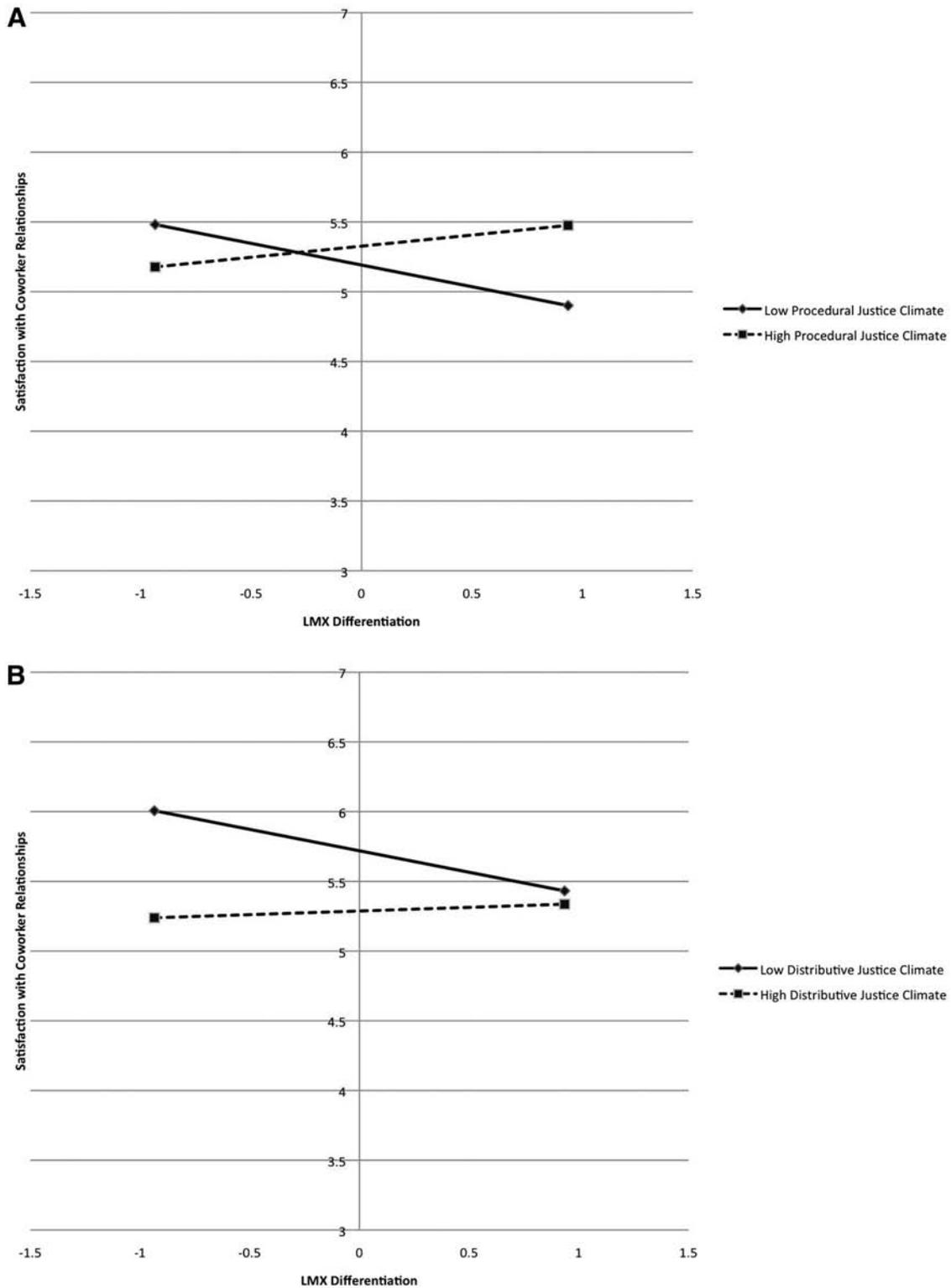


Figure 2. Procedural (A) and distributive (B) justice climate as a moderator of the relationship between leader-member exchange (LMX) differentiation and satisfaction with coworker relations.

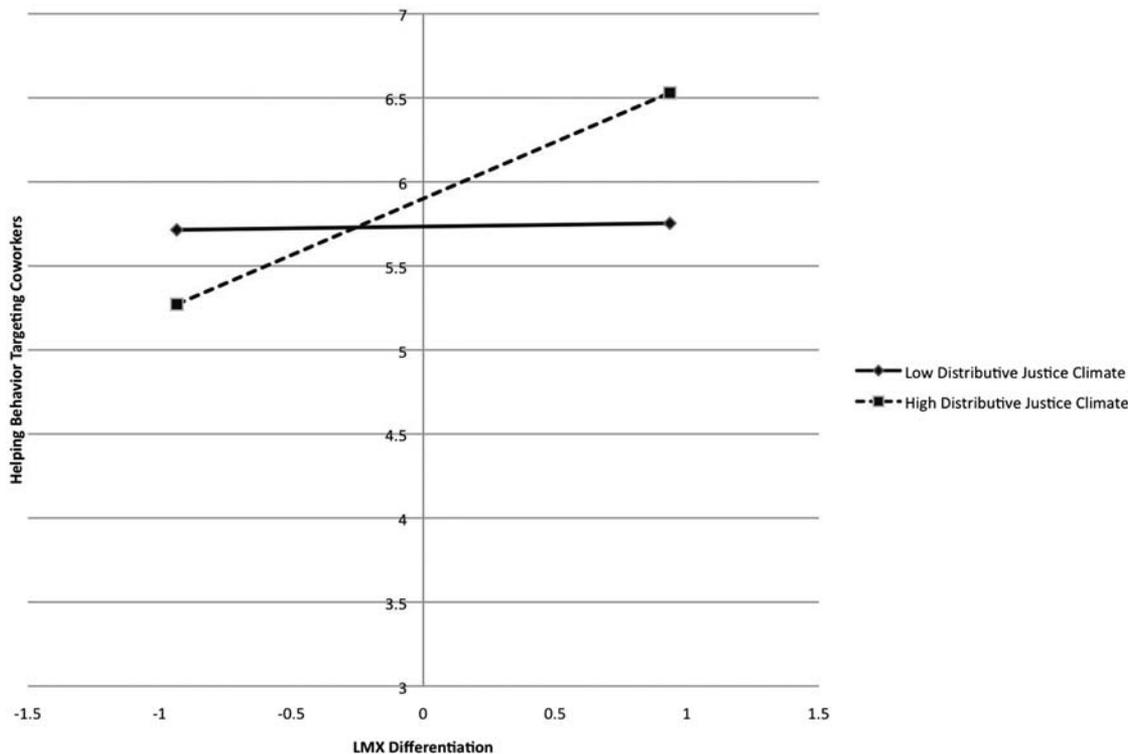


Figure 3. Distributive justice climate as a moderator of the relationship between leader–member exchange (LMX) differentiation and helping behaviors targeting coworkers.

interactions of LMX and justice are not responsible for the observed findings.

Discussion

On the basis of past research on LMX, we know that leaders differentiate among subordinates (Liden & Graen, 1980). This differentiation may occur for several reasons, such as the result of a leader's attempts to achieve better use of time and ensure role differentiation among members, the differential contributions of members (Bauer & Green, 1996), or perhaps the variations in the amount of effort invested in developing a high-quality relationship on the part of leaders or members (Maslyn & Uhl-Bien, 2001). Regardless of the reasons, differentiation is a reality of organizational life. This means that it is more appropriate to treat the LMX context as important and LMX as a variable that has the potential to manifest itself at multiple levels. Although research results are supportive of the effects of individual-level LMX quality on employee attitudes and behaviors (Bauer, Erdogan, Liden, & Wayne, 2006; Gerstner & Day, 1997; Ilies, Nahrgang, & Morgeson, 2007), studies regarding the effects of group-level variation in LMX or LMX differentiation are few and far between.

In this study, we set out to examine the implications of LMX differentiation for group member attitudes, relationships among coworkers, and withdrawal behaviors while adopting a contingency point of view. Given the relationship between LMX quality and distribution of resources such as pay, performance appraisals, and career prospects (Scandura & Schriesheim, 1994), LMX dif-

ferentiation has the potential to be a relevant aspect of the group context. Specifically, justice climate theory was used to predict that LMX differentiation would be negatively related to outcomes only when procedural and distributive justice climates were low.

Our results were generally supportive of our hypotheses. We found that although justice climate did not moderate the effects of LMX differentiation with respect to job satisfaction, the effects of LMX differentiation on organizational commitment, satisfaction with coworker relations, and employee withdrawal behaviors in the form of voluntary internal transfers depended upon both procedural and distributive justice climates such that LMX differentiation was negatively related to these outcomes only when justice climate was low. This supports the notion that LMX differentiation is not necessarily a concern if the justice climate is high.

The pattern of interaction for helping behaviors targeting coworkers was different but remained consistent with our overall rationale. LMX differentiation did not have any effects on helping behaviors targeting coworkers when distributive justice climate was low. Instead, LMX differentiation, accompanied by high levels of distributive justice within the group, was positively related to helping others. No prior studies have examined the relationship between LMX differentiation and coworker helping. Existing studies have looked at perceived conflict within the group (Hooper & Martin, 2008) and disagreements (Ford & Seers, 2006). Our results show that LMX differentiation has the potential to motivate members to help one another and potentially demonstrate other types of positive organizational behaviors, provided that there is a fair

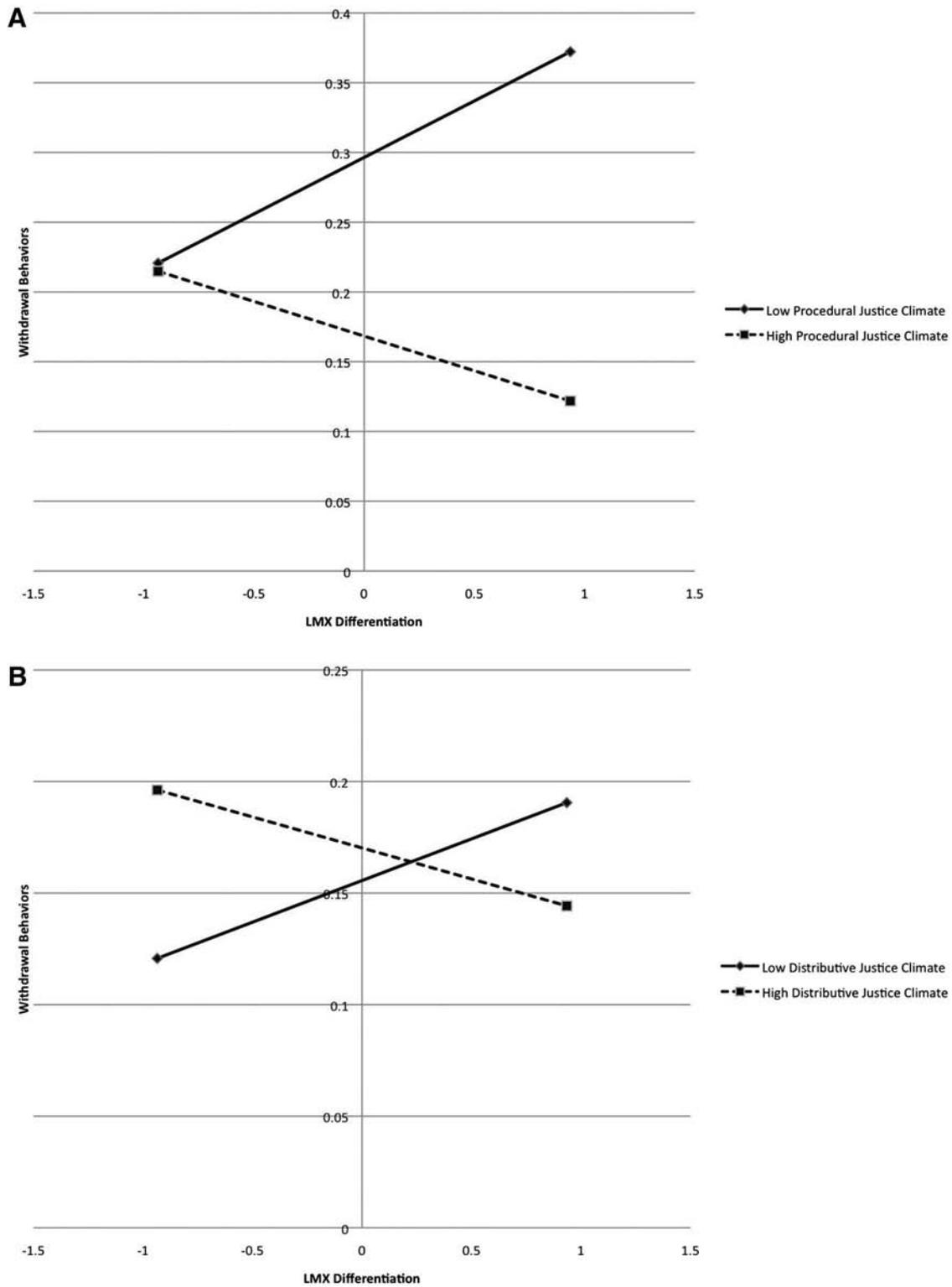


Figure 4. Procedural (A) and distributive (B) justice climate as a moderator of the relationship between leader-member exchange (LMX) differentiation and probability of withdrawal behaviors.

distributive justice climate where members expect to be rewarded for their contributions.

When there is a high level of distributive justice climate, the fact that the leader is close to some members may create a fair influence hierarchy. This may result in a situation in which more influential members use their power to help those who are less close to the leader while those who have a lower quality relationship return the favor by helping others. On the other hand, when distributive justice climate is low, the effects on coworker helping were less clear. Some members may resent others and withhold extra effort benefiting them, whereas others may increase extra effort out of concern for those who are less fortunate or in order to improve their standing with the leader indirectly by helping those coworkers who have high-quality exchanges, leading to no consistent relationship between LMX differentiation and helping behaviors. This is consistent with Mossholder et al.'s (2005) recognition that although helping behaviors may be an expression of the camaraderie among coworkers, they may also have instrumental motivations such as gaining status. As a result, LMX differentiation in the absence of distributive justice does not reduce helping altogether, whereas LMX differentiation has the potential to benefit intragroup helping behaviors provided that it is accompanied by a high level of distributive justice climate.

Theoretical Implications

At the start of this study, we set out to make three specific contributions to the LMX differentiation and fairness literatures. Our first goal was to add to the burgeoning literature that examines the attitudinal and behavioral outcomes of LMX differentiation. Controlling for LMX quality in all analyses, we found that LMX differentiation had meaningful effects on the outcome variables of interest, suggesting that considering the context in which each relationship is positioned is important to fully understand the theoretical implications of leader–employee relations. Moreover, we challenged the conclusions made based on LMX studies at the individual level that LMX differentiation necessarily leads to negative outcomes. It seems that LMX differentiation may in fact positively relate to outcomes such as helping behavior targeting coworkers, provided that it occurs in a group climate characterized by organizational justice.

Second, this study filled another theoretical gap in the literature by being the first to treat justice as a boundary condition in relating LMX differentiation to employee outcomes. This study is the first to test the long argued, yet untested, claim that the outcomes of LMX differentiation depend on fairness perceptions. We found that LMX differentiation was not necessarily inherently related to more negative work attitudes and poor-quality coworker relations. Instead, the negative effects arose when the level of justice climate was low. Our study makes a contribution to the literature by being the first study to delineate the diverse effects LMX differentiation may have on employee attitudes, coworker relations, and withdrawal behaviors depending on the group context. Our results also suggest that ignoring the moderating role of justice climate would disguise some of the interesting implications of LMX differentiation. For example, simply looking at the main effects of LMX differentiation would indicate that LMX differentiation had no effects on organizational commitment, satisfaction with coworker relations, and withdrawal behaviors. Yet these outcomes were

systematically related to LMX differentiation when the moderating effects of justice climate were taken into account.

Finally, we make a contribution to the justice literature by integrating two group-level concepts: justice climate and LMX differentiation. Research on justice climate has lagged behind the literature on individual perceptions of justice, as noted by Kozlowski and Klein (2000). Moreover, although justice climate has been studied as a main effect (Liao & Rupp, 2005; Naumann & Bennett, 2000), only one study to date has examined the interaction between justice climate and another group-level variable (in that case power distance) with respect to member attitudes and behaviors (Yang et al., 2007). We contribute to the justice literature by answering the call for multilevel research examining the interactive effects of justice climate with other contextual factors. Although organizational justice is an aspect of group context, groups have other characteristics, such as the degree to which relationships within the group are differentiated. Studying justice climate in conjunction with other aspects of group context such as group size, leadership style, or task interdependence with respect to individual outcomes may be a fruitful future research direction.

Practical Implications

It is important to recognize that our results do not necessarily contradict prior researchers who have suggested that forming high-quality exchanges with a large proportion of members may be advantageous (Graen & Uhl-Bien, 1995). Consistent with prior findings (Erdogan & Liden, 2002; Gerstner & Day, 1997; Liden et al., 1997; Martin et al., 2010), LMX quality was positively related to job satisfaction, organizational commitment, and helping behaviors. Yet leaders may often find themselves in a situation in which it is not possible to form high-quality exchanges with all members. Our results have noteworthy implications for leaders in charge of managing groups with high LMX differentiation. If leaders realize that their relationships with employees are differentiated such that they are closer to some members compared with others, they should be aware that employee attitudes and behaviors will depend on the level of justice climate that exists in the department. In these groups, members will be highly attuned to fairness of decision making and rewards. When there is a collective sense in the group that decision making and reward distribution are fair, LMX differentiation may have more benign effects, whereas in their absence, LMX differentiation may be particularly troubling. By paying attention to making decisions and distributing outcomes fairly, and by ensuring that there is transparency regarding the rationale for unequal resource distributions, leaders and organizations may create a high level of justice climate within the group. Once created, justice climate becomes the salient influence over employee attitudes, coworker relations, and withdrawal behaviors in groups where leaders have clearly different quality relationships with different members.

Potential Limitations and Future Research Directions

As is the case with any empirical study, our study has potential limitations. One such limitation is that many of the study variables were measured from the same source, introducing common method variance as a potential concern. We took several precautions to minimize the effects of common method variance follow-

ing recommendations by Podsakoff and colleagues (e.g., Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Podsakoff & Organ, 1986). First, we measured helping behaviors targeting coworkers from the supervisor's perspective, and we collected objective data about withdrawal behaviors, so that we gathered data from three distinct sources: employees, supervisors, and company records. Second, our main variable of interest, LMX differentiation, represented the statistical variance of the LMX quality reported by all group members, and therefore is unlikely to be affected by common method variance. Finally, our model involves testing moderated relationships, which are actually less likely to be detected when relationships are artificially inflated (Evans, 1985). Therefore, we feel confident that common method variance did not unduly affect the relationships between the variables in our study. Despite all these precautions, future research may benefit from replicating our findings using longitudinal data in which employee attitudes are collected at a different period compared with LMX and justice perceptions to increase confidence in the findings.

Our sample represents another potential limitation of the study. We sampled a single retail organization in Turkey. Focusing on one organization allowed us to control for variation in industry that could have introduced error variance and provided us with a high within-group response rate. Moreover, the retail sector is the largest employer following the health care and government sectors in the United States (Bureau of Labor Statistics, 2010), whereas it accounts for 25% of the gross domestic product in Turkey (Price-WaterhouseCoopers, 2005). Still, the focus on retail as a sample is a limit to generalizability, due to the relatively shorter careers employees have within retail organizations. The collection of data in Turkey may also potentially limit generalizability. Turkey is a country known for blending Eastern and Western values and for having research findings similar to those of studies conducted in the United States with respect to the importance of leader-member exchange and organizational justice (Erdogan, Kraimer, & Liden, 2004; Erdogan et al., 2006; Ertürk, 2007; Pellegrini & Scandura, 2006). Moreover, Turkey is a relatively collectivistic society, which may make LMX differentiation a more salient element of the work context, given that LMX differentiation violates the equality norm of justice, which is valued in collectivistic contexts (Chen, Meindl, & Hui, 1998). The fact that justice moderated the negative effects of LMX differentiation in a context that may be particularly sensitive to LMX differentiation makes our results particularly interesting. Still, before generalizability of our results can be fully determined, it is important that future research gather information in different industries and countries.

Another potential concern regards our measurement of distributive justice climate. Although the items used to measure procedural justice climate referenced the store, the items for distributive justice climate referenced the individuals' perceptions of their own rewards, as opposed to the overall sense that rewards in the store are distributed fairly. In other words, we used the direct consensus approach as opposed to the referent shift approach as defined by Chan (1998) to measuring distributive justice. Although some of the past studies of justice climate have used similar individual-level wording when measuring justice climate (e.g., Liao & Rupp, 2005; Moliner et al., 2005; Spell & Arnold, 2007), others have maintained that the referent shift is a more appropriate method of operationalizing justice climate (see Li & Cropanzano, 2009, for a review). As a result, our measure of distributive justice climate

may be capturing the mean level at which employees within the group perceived justice, as opposed to justice climate. Simons and Roberson (2003) referred to the mean justice perceptions as "collective perceptions of justice," as opposed to justice climate, and maintained that operationally and conceptually these are similar constructs. To date, no studies have examined whether the measurement strategy for justice climate makes a difference in the results. However, results from climate research suggests that changing the item referent from an individual referent to a group referent results in greater within-group agreement and between-group variability (Klein, Conn, Smith, & Sorra, 2001), essentially increasing the power to detect the effects of the group-level construct (Bliese, 2000). As a result, our measure of distributive justice climate may be only a conservative test of our hypotheses. Still, future research will benefit from replicating these findings using the referent shift approach to the measurement of distributive justice climate.

In our study, distributive and procedural justice climates explained unique variance in outcomes of interest. However, it is important to have future research that tests whether different types of justice climates have substantive importance or whether the results in our study could be attributed to the measurement of different justice climates. It is plausible that the different item referents for distributive and procedural justice climates may be responsible for the result that each justice climate emerged as a unique moderator. Instead, these two justice climates may converge further if the same item referent is used, resulting in overall justice climate, rather than different types of justice climates to emerge as a moderator of LMX differentiation. Future research may benefit from investigating this possibility by using parallel item referents for distributive and procedural justice climates.

An extension of our study may involve studying justice climate strength along with justice climate level. Past research has shown that climate strength, or the degree to which climate is shared within a group, increases the salience of climate level (Schneider, Salvaggio, & Subirats, 2002). In other words, climate strength may be treated as a moderator, strengthening the moderating role of justice climate on the effects of LMX differentiation. In our study, groups had justice climates that were shared. At the same time, the degree to which these climates are shared is also a theoretically relevant variable. In our study, due to the modest group-level sample size, we were unable to examine the three-way interaction of climate strength, climate level, and LMX differentiation, which may be an important future research direction.

Conclusion

This study adds to the burgeoning literature on LMX differentiation. It advances the knowledge in this area, as it is the first to test the frequently invoked claim that the effects of LMX differentiation depend on fairness. The findings indicate that supervisors can differentiate without accruing negative outcomes but only if the level of justice climate is high.

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