Initial Trust, Interactional Justice, and New Entrants’ Rule Breaking: An Interactive Effect Model

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Abstract. Based on counterfactual thinking theory and social exchange theory, this study constructs and tests the interactive effects of new entrants’ initial trust and interactional justice in predicting their rule breaking. Using a sample obtained from 461 new entrants with their archival rule breaking records from a large state-owned service enterprise of China, our empirical analysis finds a significantly interactive effect of new entrants’ initial trust and perceived interactional justice on their rule breaking. Specifically, when the new entrants with higher-level initial trust perceive lower-level interactional justice, they will exhibit more rule breaking; when the new entrants with higher-level initial trust perceive higher-level interactional justice, they will exhibit less rule breaking. Based on these findings, the theoretical contributions and managerial suggestions of this study are also discussed.

1. Introduction

A large amount of evidence documents that employees’ rule breaking is not only prevalent, but also does have a serious negative impact on the organization.[1] For example, Coffin (2003) has recorded that about three-quarters of employees had stolen from their employers at least once, resulting in an estimated annual financial cost up to $50 billion and leading to the closure of nearly 20 percent of businesses.[2] New entrants, who have less knowledge of formal and informal organizational rules and have a low sense of attachment to the organization, may exhibit more rule breaking behavior, which diminishes the efficiency of the organization. Despite the importance of the new entrants’ rule breaking issue, we have little knowledge about its antecedents and the mechanisms of how these factors influence new entrants’ rule breaking behavior. Prior studies addressing employees’ rule breaking behavior mainly focus on the incumbent employees in the organization.[3][4] It is necessary and important to explore the underlying mechanisms of new entrants’ rule breaking to extend our understanding of this behavior and provide managerial suggestions for managers.

New entrants’ initial trust towards the new organization and perceived interactional justice have great impacts on their rule breaking behavior.[5][6][7][8] Initial trust of new entrants represents the general impressions and expectations of the new organization. Prior studies revealed that new entrants’ initial trust has a long-lasting influence on their attitudes and behaviors.[5][6] For example, scholars found that if new entrants have a higher-level initial trust towards the organization, their feelings of uncertainty and insecurity in the unfamiliar new workplace will be largely reduced. There are also few empirical studies linking employees’ trust with their less rule breaking behavior.[7] Employees’ perceived interactional justice is also proved to be another influential antecedent of rule breaking behavior.[8] Although there are a few studies documenting the negative effects of employees’ trust and organizational justice on employees’ rule breaking respectively, there are rare discussion exploring their joint effects on employees’ rule breaking behavior, especially on the new entrants’ rule breaking.
Based on counterfactual thinking theory, the discrepancy between one’s initial impressions and expectations of the organization and the afterwards perception of the reality (for example, the interactional justice) can largely influence their attitudes and behaviors. Therefore, it is necessary to examine how new entrants’ initial trust and their afterwards perceived interactional justice interactively affect their rule breaking behavior.

This study tries to fill the research gap by comprehensively considering these two previously unconnected threads of researches and exploring the potential interactive effects of initial trust and interactional justice on new entrants’ rule breaking. In section 2, we establish a theoretical model and propose three hypotheses. In section 3 and 4, the method and results of empirical analysis are presented. And the theoretical contributions and managerial suggestions are discussed in section 5.

2. Related Studies and Hypothesis

2.1 Rule Breaking

Organizational rule is the explicit and formal organizational policy, regulation or ban relating to how employees are supposed to carry out their jobs within the organization,[9] featured with consensus, legitimacy and compulsion.[10] Employees’ rule breaking behavior refers to the behavior of employees intentionally breaking the organizational rules. This construct is closely related to workplace deviant behavior,[11] counterproductive work behavior[12] and organizational misbehavior.[3] Previous research streams revealed that employees’ rule breaking can be induced by employees’ dissatisfaction, negative emotions, perceived injustice, low-level organizational commitment and identification, sense of alienation[4][7], etc.

2.2 Initial Trust and Rule Breaking

Trust is a psychological state in which individuals are willing to take risks based on their positive expectations to the other party’s intentions and behaviors,[13] covering positive expectations of justice and fairness.[14] Initial trust towards the organization refers to an earlier psychological state in which the new entrants are willing to believe in and rely on the organization in the initial contact process. Related studies revealed that initial trust comes from the new entrant’s first impressions of the organization rather than the frequent and continuous interpersonal communication between the two parties. [13] And the effects of initial trust on the new entrants’ attitudes and behaviors are long-lasting. [6]

Scholars agreed that trust is an essential factor for initiating social exchange relationships.[15] Similarly, employees’ trust towards the organization is also the foundation of social exchanges between employees and their supervisors or organizations. Furthermore, Holtz (2013) stressed that the levels of new entrants’ initial trust can affect their decisions to initiate social exchanges or not.[16] Specifically, new entrants with higher-level initial trust are more likely to engage in social exchanges with the organization and supervisor because they tend to be more convinced that their efforts will lead to future reciprocal returns by the organization.[16] The willingness to reciprocal with the organization will restrain the new entrants’ rule breaking behavior. On the contrary, new entrants with lower-level initial trust are less willing to engage in the social exchanges, hence they may increase the new entrants’ rule breaking behavior. Also, empirical studies have shown that trust is significantly negatively correlated with employees’ rule breaking behavior.[7] Therefore, we propose the following hypothesis:

Hypothesis 1: Initial trust is negatively related to new entrants’ rule breaking.

2.3 Interactional Justice and Rule Breaking

Interactional justice, as a reflection of the state of interpersonal relationship between employees and their supervisors, is considered as an important factor affecting employees’ deviant behavior.[8] It refers to the degree of justice treatment by which people are treated fairly in the process of
organizational interpersonal relationships, comprising interpersonal justice and informational justice. The former justice indicates supervisors treating subordinates in a respectful and fair manner, and the latter justice indicates supervisors providing subordinates with sufficient reasons to explain their own behaviors.

At present, the scholars who study employees’ rule breaking have reached a consensus that interactional justice indeed negatively affect employees’ rule breaking behavior, and the dominant perspective to explain this negative effect is social exchange theory that stresses reciprocal exchanges between employees and the organization or supervisor. The social exchange theory points out that the evolution of social exchange develops slowly and generally the exchange occurs only with low value at the beginning, however, once a higher-level of mutual trust is established, the exchange of greater value may occur. According to social exchange theory, when new entrants perceive higher-level interactional justice, they generally feel a sense of obligation in social exchanges and tend to generate a higher-level trust towards the organization or supervisor. Therefore, they are more likely to proactively engage in social exchanges, establish higher-quality social exchange relationships and exert more efforts to maintain the quality of the reciprocal exchanges, thus their rule breaking behavior can be restrained. Conversely, when new entrants perceive lower-level interactional justice, they tend to hold the belief that reciprocal exchanges will not occur in the future, the original social exchange relationships between new entrants and the organizations might be damaged, thus they may exhibit more rule breaking behavior. Therefore, we propose the following hypothesis:

Hypothesis 2: Interactional justice is negatively related to new entrants’ rule breaking.

2.4 Interaction of Initial Trust and Interactional Justice

Counterfactual thinking, a kind of cognitive activity in which people deny what has happened and reconstruct what might have appeared but did not actually occur, mainly is the case with those who encounter with some unexpected unpleasant events. Imagined counterfactuals mostly recapitulating one’s prior beliefs and expectations are regarded as the referent standard for judgment and comparison. Counterfactual thinking theory emphasizes that the discrepancy between facts and expectations influences individuals’ emotions, attitudes and behaviors through “reality shock”, which is an enormous psychological pressure caused by the inconsistency between one’s prior expectations and the organizational status. For the new entrants who just enter the organization, the discrepancy between their expectations of the organization and their perceived interactional justice after they work in the organization for a while, may affect new entrants’ attitudes and behaviors. Namely, the scale and direction of the discrepancy may jointly influence new entrants’ reactions. Hence, we argue that initial trust and interactional justice will jointly influence new entrants’ rule breaking behavior.

According to the comparative mechanisms of counterfactual thinking theory, when the new entrants with lower-level initial trust perceive lower-level interactional justice, they will experience no reality shock, because there is no large discrepancy between their expectations and the expected reality. Therefore, new entrants’ social exchange willingness and attitudes towards the organization will not be strongly influenced by their feelings of injustice, hence their rule breaking behavior will not greatly change when they receive some injustice treatment. In this situation, these new entrants are alienated from the work and organization. Due to their low-level prosocial motivation and indifferent attitudes, they are unlikely either to exhibit extra-role behaviors or to break organizational rules. On the contrary, when the new entrants with higher-level initial trust perceive lower-level interactional justice, they will experience a high-level reality shock, because there is a large discrepancy between their expectations and the unexpected unpleasant reality, which has a negative effect on their attitudes and behaviors. Therefore, new entrants’ social exchange willingness and positive attitudes will decrease when they receive injustice treatment, hence they will show more rule breaking behavior.

When the new entrants with lower-level initial trust perceive higher-level interactional justice, they will experience a high-level reality shock, which has a positive effect on their attitudes and
behaviors due to the unexpected pleasant reality exceeding their expectations. Therefore, these new entrants tend to positively change their negative cognition and attitudes towards the organization, and enhance their social exchange willingness, hence they will exhibit less rule breaking behavior. On the contrary, when the new entrants with higher-level initial trust perceive higher-level interactional justice, they will experience no reality shock, because there is no large discrepancy between their expectations and the expected reality. Therefore, these new entrants unlikely decrease their social exchange willingness and positive attitudes towards the organization, hence they improbably show more rule breaking behavior. Conversely, they may exhibit more extra-role behaviors due to their high-level prosocial motivation. Therefore, we propose the following hypothesis:

Hypothesis 3: The interaction between initial trust and interactional justice is significantly related to new entrants’ rule breaking. Specifically, when the new entrants with higher-level initial trust perceive lower-level interactional justice, they will exhibit more rule breaking; when the new entrants with higher-level initial trust perceive higher-level interactional justice, they will exhibit less rule breaking.

3. Method

3.1 Sample

Data were collected from 461 new entrants working on the front-line of a large state-owned service enterprise in Jiangsu Province, China. Those new entrants mainly came from some basic jobs, such as security guards, waiters, lifeguards and cashiers, which required low-level skills and simple training. We collected two waves of data from different resources, spaced three months apart as to reduce the common method biases that might be present in a cross-sectional study. Due to the high turnover rate, the sample experienced a loss in the second data collection process. Then, we performed an independent samples t-test to check for non-response bias between those who completed the first survey only and those who were retained in analyses, and we found no significant differences in age (t = -1.52, n.s.), gender (t = -1.40, n.s.), initial trust (t = -0.62, n.s.), and interactional justice (t = 1.58, n.s.). That is to say, using the data of 210 questionnaires did not affect the feasibility of this study and the stability of these results.

500 questionnaires were distributed, 461 returned, and the response rate was 92.2%. After eliminating the invalid questionnaires with too many blanks and the answers to be single, a total of 210 questionnaires were successfully matched. Among them, 61.9% were male, and the mean age of new entrants was 21.10 years (SD = 1.62 years).

3.2 Measures

Unless otherwise indicated, we measured all variables using 5-point Likert scales (1 = strongly disagree; 5 = strongly agree), with higher scores indicating greater levels of constructs assessed.

**Initial trust.** We assessed initial trust with three items from Brower, Schoorman, and Hwee (2000).[^24] A sample item was “Overall, I still trust the company that I work for.” The internal reliability was 0.94.

**Interactional justice.** We assessed interactional justice with nine items from Colquitt and others (2013).[^25] A sample item was “My superior always respect me.” The internal reliability was 0.94.

**Control variables.** We controlled for employee’s gender, age and some compensation-related factors because previous research revealed that both these variables can influence employees’ rule breaking.[^26][3][^27]
4. Results

4.1 Confirmatory Factor Analysis and Common Method Biases

As shown in Table 1, in the two-factor model, except for the RMSEA value, which was slightly higher than the standard value of 0.08, all other indicators met the standard value. It implied that the two-factor model fitted the data well and was superior to the other model, also indicated that these two constructs had a good discriminant validity.

Results of Harman’s single-factor test showed that the first factor without rotation explained 57% of the variation of all variables, which exceeded the standard value of 50%. Also the one-factor model had a poor fit to the data. From the combination of the above, common method biases were not serious.

Table 1  Results of confirmatory factor analysis and common method biases (n = 210).

<table>
<thead>
<tr>
<th>Model</th>
<th>X²/Df</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>one-factor model</td>
<td>7.024</td>
<td>0.892</td>
<td>0.868</td>
<td>0.051</td>
<td>0.173</td>
</tr>
<tr>
<td>two-factor model</td>
<td>4.455</td>
<td>0.939</td>
<td>0.924</td>
<td>0.033</td>
<td>0.131</td>
</tr>
</tbody>
</table>

4.2 Descriptive Statistics

Table 2 presented the means, standard deviations, and correlations for all variables.

Table 2  Means, standard deviations, and correlations (n = 210).

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>3.81</td>
<td>1.00</td>
<td>-0.09</td>
<td>-0.08</td>
<td>0.12*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IJ</td>
<td>3.88</td>
<td>0.96</td>
<td>0.78***</td>
<td>(0.94)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RB</td>
<td>0.97</td>
<td>0.72</td>
<td>0.05</td>
<td>-0.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>0.38</td>
<td>0.49</td>
<td>-0.09</td>
<td>-0.08</td>
<td>0.12*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>21.10</td>
<td>1.62</td>
<td>-0.07</td>
<td>-0.17**</td>
<td>-0.22***</td>
<td>-0.15**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NS</td>
<td>3416.91</td>
<td>808.35</td>
<td>-0.03</td>
<td>-0.03</td>
<td>-0.07</td>
<td>-0.29***</td>
<td>0.08</td>
<td></td>
</tr>
<tr>
<td>NSY</td>
<td>0.10</td>
<td>0.30</td>
<td>0.07</td>
<td>-0.01</td>
<td>0.08</td>
<td>0.03</td>
<td>-0.08</td>
<td>-0.07</td>
</tr>
</tbody>
</table>

Note: *p < 0.1, **p < 0.05, ***p < 0.01. Values on the diagonal are reliability estimates. IT: Initial trust; IJ: Interactional justice; RB: Rule breaking; Gender is coded 0 = male, 1 = female; NS represents the desired starting salary for the next job; NSY represents whether the desired starting salary is higher than expected starting salary in the previous two months.

4.3 Hierarchical Regression

A series of hierarchical regression analyses were conducted to test the hypotheses. Control variables were entered the regression model first. Then, the initial trust and interactional justice and their interaction were entered the model respectively.

As shown in Table 3, after controlling the effects of control variables, we added the initial trust into the model 2 (the second step), and found that the regression coefficient of initial trust on new entrants’ rule breaking was not significant (b = 0.016, p > 0.1; Model 2 in Table 3). Thus, the findings did not support Hypothesis 1.

The third step, we entered interactional justice into the model 3, and found that the regression coefficient of interactional justice on new entrants’ rule breaking was not significant (b = -0.047, p > 0.1; Model 3 in Table 3). Thus, the findings did not support Hypothesis 2.

In the last step, the interactive effects of initial trust and interactional justice were tested in the model 4, and the result showed that the interaction between initial trust and interactional justice was significantly related to new entrants’ rule breaking (b = -0.104, p < 0.01; Model 4 in Table 3). The explanatory power of the model was significantly improved (△R² = 0.049, p < 0.05), thus Hypothesis 3 was supported.
Table 3  Hierarchical regression modeling results for rule breaking (n = 210).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>SE</td>
<td>B</td>
<td>SE</td>
</tr>
<tr>
<td>Intercept</td>
<td>2.913***</td>
<td>0.685</td>
<td>2.894***</td>
<td>0.689</td>
</tr>
<tr>
<td>Gender</td>
<td>0.830</td>
<td>0.106</td>
<td>0.086</td>
<td>0.107</td>
</tr>
<tr>
<td>Age</td>
<td>-</td>
<td>0.091***</td>
<td>-</td>
<td>0.090***</td>
</tr>
<tr>
<td>NS</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>NSY</td>
<td>0.087</td>
<td>0.165</td>
<td>0.084</td>
<td>0.165</td>
</tr>
<tr>
<td>IT</td>
<td>0.016</td>
<td>0.050</td>
<td>-0.047</td>
<td>0.053</td>
</tr>
<tr>
<td>IT*IJ</td>
<td></td>
<td></td>
<td>0.160***</td>
<td>0.039</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.057</td>
<td>0.057</td>
<td>0.061</td>
<td>0.016</td>
</tr>
<tr>
<td>$\Delta R^2$</td>
<td>-</td>
<td>0.000</td>
<td>0.004</td>
<td>0.049</td>
</tr>
<tr>
<td>F</td>
<td>2.890**</td>
<td>2.320**</td>
<td>2.470**</td>
<td>3.210***</td>
</tr>
</tbody>
</table>

Note: *p < 0.1, **p < 0.05, ***p < 0.01. Values on the diagonal are reliability estimates. IT: Initial trust; IJ: Interactional justice; RB: Rule breaking; Gender is coded 0 = male, 1 = female; NS represents the desired starting salary for the next job; NSY represents whether the desired starting salary is higher than expected starting salary in the previous two months.

Figure 1 plotted the significant interaction between new entrants’ initial trust and interactional justice on their rule breaking and showed that when new entrants perceived lower-level interactional justice, new entrants’ initial trust was significantly positively related to rule breaking ($b = 0.198, p < 0.05$). On the contrary, when new entrants perceived higher-level interactional justice, the coefficient for the simple slope was not significant ($b = -0.001, p > 0.1$). This study believed that organizational justice treatment, a rare good thing for all new entrants with higher-level or lower-level initial trust, is conducive to improving new entrants’ social exchange willingness and attitudes, hence suppresses new entrants’ rule breaking behavior. Therefore, when new entrants perceived higher-level interactional justice, the effect of initial trust on rule breaking behavior was not significant. In order to avoid the problem of multiple-collinearity, we centered the date of new entrants’ initial trust and interactional justice.

Figure 1 Interactive effects of initial trust and interactional justice.

5. Discussion

The main purpose of this research is to explore the interactive effects of initial trust and interactional justice on new entrants’ rule breaking. Results showed that there exists a significant interactive effect of initial trust and interactional justice on new entrants’ rule breaking. Specifically, when new entrants perceive lower-level interactional justice, those new entrants with lower-level...
initial trust tend to make less rule breaking behavior because of their indifferent attitudes and alienation from the work and organization, but for those new entrants with higher-level initial trust, they tend to make more rule breaking behavior due to the high-level reality shock, which induces negative attitudes and behaviors of these new entrants. On the contrary, when new entrants perceive higher-level interactional justice, those new entrants with lower-level or higher-level initial trust tend to make less rule breaking behavior due to their positive attitudes towards the organization and prosocial motivation. It means that the negative impacts caused by new entrants with lower-level initial trust can be effectively attenuated when they feel that they are treated fairly by their supervisors or organizations. Also, it emphasizes the important role of interactional justice for all staff in the workplace.

Our results extend the current research on rule breaking and make several contributions to the literature. Firstly, this study deepens our understanding of employees’ rule breaking by focusing on the special group of new entrants. We find that perceived interactional justice of new entrants is not significantly related to their rule breaking behavior, which is inconsistent with the previous findings generally focusing on incumbent employees’ rule breaking.\[8\]

Secondly, our study contributes to the rule breaking literature by employing the counterfactual thinking theory to understand new entrants’ rule breaking. Previous studies mainly focus on incumbent employees’ rule breaking, generally adopted the psychological contract theory to explain their rule breaking.\[3\] However, we argue that psychological contract mechanism cannot fully explain new entrants’ rule breaking because the new entrants generally have not yet established a psychological contract with the organizations and their supervisors in the beginning stage of organizational socialization. By using counterfactual thinking theory, we proposed and tested the underlying mechanism of new entrants’ rule breaking behavior, that is, the discrepancy between new entrants’ initial trust before they entering the organization and interactional justice after they entering the organization, can affect their cognition, attitudes, and rule breaking behavior.

Thirdly, in addition to confirming previous research that employees’ trust or organizational justice may reduce employees’ rule breaking behavior,\[7\] the combining of two different types of variables contributes to our understanding of the boundary conditions of employees’ rule breaking. Overall, we heed the call of some scholars, such as Vardi and Weitz, that it is important to better understanding of employees’ rule breaking.\[3\]

The findings of this research also have some important implications for organizations and managers. Firstly, the supervisors should treat all new entrants fairly, such as timely providing the reasons why they make these decisions and treating new entrants in a respectful and fair manner, so as to increase perceived interactional justice of new entrants and reduce new entrants’ rule breaking behavior. This research stresses that interactional justice at least does not enhance new entrants’ anxiety about reciprocal exchanges, nor does it diminish new entrants’ social exchange willingness. Therefore, when new entrants perceive high-level interactional justice, they tend not to make bad behaviors. Secondly, organizations or supervisors should satisfy some special pre-entry expectations of new entrants, such as organizational justice and harmonious atmosphere, so as to avoid the inappropriate behaviors of the organizations or supervisors causing a high-level discrepancy between the reality and new entrants’ previous expectations, which will induce new entrants’ rule breaking. In addition, organizations and supervisors should try to achieve the balance between new entrants’ higher-level expectations and the reality, which is beneficial to the development of the organizations. To achieve this optimal equilibrium state, organizations and supervisors might need to change the reality partially depending on new entrants’ some special expectations, new entrants may also need to appropriately change the expectations based on the reality, and organizations and new entrants need to make joint efforts. Besides, organizations and supervisors should not only pay attention to recruiting new entrants with higher-level initial trust, but also focus on the organizational justice treatment.

Like all studies, this research has its limitations. Firstly, this research did not consider possible mediators that may translate new entrants’ initial trust towards the organization and interactional justice into their rule breaking. Future research can investigate some individual-level factors, such
as new entrants’ organizational identification and job satisfaction, to better understanding new entrants’ rule breaking. Secondly, our results support most of our theorizing, although our conclusions are limited by the study’s sampling from one service-oriented enterprise in Jiangsu province of China. Future research should consider collecting data from different enterprises in other industries and countries. Finally, we regarded new entrants’ initial trust towards the organization as an indicator of new entrants’ initial impressions and expectations, which may have a certain amount of error in measurement. More refined measures of new entrants’ initial impressions and expectations towards the organization can be applied in future studies.

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