

**Social Identification As a Determinant of Concerns About
Individual-, Group-, and Inclusive-Level Justice ***

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Abstract

Extending concepts of micro- and macrojustice, three levels of justice are distinguished. Individual-, group-, and inclusive-level justice are defined in terms of the target of justice concerns: one's individual treatment, one's group's treatment, and the distribution in the collective (e.g., nation). Individual-level justice permits a more narrowly defined frame of reference (group), whereas the other two levels imply a wider "inclusive category" (nation). Levels of identification with both the target and the relevant inclusive category were predicted to determine justice concerns. In the area of tax compliance, findings suggested no justice concerns when both group and national identification were weak, individual-level concerns when only group identification was strong, group-level concerns when both subgroup and national identification were strong, and inclusive-level concerns when only national identification was strong.

Justice is a multifaceted phenomenon. Capturing some of its complexity, Brickman et al. (1981) suggested a conceptual distinction between micro- and macrojustice. Although this distinction has been influential at a theoretical level (e.g., Tyler et al. 1997), so far little empirical research has investigated it further (e.g., Clayton 1994, 1998; Sinclair and Mark 1991). For instance, we do not know yet when people will be more concerned about micro- or macrojustice. In the present paper, I redefine and extend the conceptual differentiation, including a “mesolevel” of group-level justice considerations, and apply it to tax compliance (also see Wenzel 2003). Using data from a survey including Australian citizens (V. Braithwaite 2000), I investigate the conditions under which the various levels of justice perceptions are relevant to compliance behavior. Specifically, I investigate differently inclusive levels of social identification as determinants for the three levels of justice concerns. The research contributes to our understanding of the complex relation between identity and justice.

LEVELS OF JUSTICE

Brickman et al. (1981) define microjustice as justice principles that determine a target person’s entitlements on the basis of that person’s relative characteristics, such as contributions, status, and needs. Microjustice principles thus are based on an assessment of relevant individual features, and prescribe an allocation of goods as if in exchange for these “inputs” (Folger 1984; see Walster, Walster, and Berscheid 1978). In contrast, macrojustice refers to justice principles that determine certain distributional features of the outcome allocation. Macrojustice principles are not based on an assessment of individual characteristics but prescribe a certain pattern, or

certain parameters, of the whole outcome distribution (Folger 1984; for related distinctions see Cohen 1979; Eckhoff 1974).

Brickman et al. (1981) argue that the distinction between micro- and macrojustice is important for understanding tensions and controversies about certain justice issues. In the case of affirmative action, for instance, opponents may refer to principles of microjustice that prescribe the allocation of goods, such as jobs and promotions, on the basis of individual qualifications, while supporters may refer to principles of macrojustice that define social inequalities between different societal groups as unjust and thus in need of rectifying.

As with microjustice, many possible principles exist for macrojustice. Brickman et al. (1981), for instance, discuss a “relative minimum” principle (the lowest outcome should not be too different from the highest outcome), a “subgroup principle” (outcomes for different subgroups in the population should be “balanced”), and a “total” principle (the total allocation should not be too excessive nor too low). As we will see, these principles also are applicable, in one form or another, to the domain of interest in the present paper, namely taxation.

More important at this point, the subgroup principle is somewhat ambiguous conceptually. The “balance” it prescribes for allocations to different groups could refer either to the outcome dimension in question (e.g., all groups should receive the same), or to outcomes in relation to some characteristics of the groups. Thus it could be based on an assessment of the groups’ inputs (e.g., their size or their perceived abilities), and in this respect would be a microprinciple of justice. Even in this latter sense, however, it would differ conceptually from principles of microjustice, which define entitlements of individuals rather than groups. Hence a subgroup principle

could be different from both microjustice and macrojustice. As Tyler and Smith (1998:605) argue, “[T]here is an intermediate issue of justice that is inadequately represented in [the Brickman et al.] framework: people’s concerns that their important reference groups receive appropriate treatment and resources.”¹

Relative deprivation research, since Runciman (1966) made the distinction between egoistic (personal) and fraternal (group) deprivation, repeatedly has demonstrated the relevance of this distinction (e.g., Dubé and Guimond 1986; Hafer and Olson 1993; Kessler, Mummendey, and Leisse 2000; Walker and Pettigrew 1984). Personal deprivation refers to individuals’ evaluations of their personal outcomes relative to their personal entitlements, whereas group deprivation refers to an evaluation of one’s group’s outcomes relative to the group’s entitlements. These two forms differ in their definition of the recipient unit of the resource allocation (Cohen 1987; Eckhoff 1974; Wenzel 2000) and in the level of abstraction of the target of one’s justice evaluation (person versus group).

In fact, we can refer to level of abstraction of the evaluation target (person, group, inclusive category) as the defining criterion for a three-level typology of justice, akin to but essentially different from the Brickman et al. distinction between micro- and macrojustice. This typology involves individual-level, group-level, and inclusive-level justice concerns (also see Markovsky 1991). In principle it could be applied to distributive justice (i.e., the perceived fairness of allocation outcomes), as well as procedural justice (i.e., the perceived fairness of decision procedures) and retributive justice (i.e., the perceived fairness of responses to rule violations; see Tyler et al. 1997; Tyler and Smith 1998; Wenzel 2003). In the present paper, however, I focus on perceptions of distributive justice.

INDIVIDUAL-, GROUP-, AND INCLUSIVE-LEVEL JUSTICE

Three levels of justice are distinguished. Individual-level justice refers to people's evaluations, and concerns about the realization, of their individual entitlements. Thus the individual is the recipient unit and the target of one's judgment. The individual's perceived entitlements, however, can be based on an assessment of individual attributes (as microjustice) and/or derived from the perceived requirements of the overall distribution (as macrojustice; e.g., equality).

Group-level justice denotes people's evaluations, and concerns about the realization, of their group's entitlements. Thus the group is the perceived recipient unit and the target of one's judgment (Azzi 1992; Jost and Azzi 1996; Markovsky 1985). Again, the group's entitlements can be based on an assessment of the group's attributes and/or derived from the perceived requirements of the overall distribution.

Inclusive-level justice refers to people's views about the appropriate distribution of outcomes across all individuals or groups considered "potential recipients" (see Wenzel 2000, 2001, 2002a), and to concerns about its realization. Here, either the person or the group can be the recipient unit, but it is the distribution as a whole, across all potential recipients in the given context, that is evaluated. The whole superordinate category, including all potential recipients, is the target of one's judgment.

To be clear, the defining distinction between the three levels of justice is the perceived target of justice concerns: this can be the individual, the in-group, or the whole category that includes all the individuals or groups affected. The latter refers to the category including all those (persons or groups) considered potential recipients in the given situation (Cohen 1987; Eckhoff 1974; Wenzel 2000, 2001, 2002a). This

inclusive category, as I call it here, defines who is a potential recipient, who is involved and affected by the justice judgment. It is basically a social construction indicating where the perceiver draws the boundaries of the justice problem (Deutsch 1975; Opatow 1990). The question of where the perceiver draws these boundaries is not a defining criterion of the three different levels. It can be correlated, however, with the perception of the relevant target; thus it can aid the prediction of the level of justice that people are concerned about, as I argue below.

In regard to taxes, for instance, at an individual level of justice I could compare myself as an individual with others of a more narrowly defined in-group/subgroup of taxpayers (e.g., my professional group). That is, the perceived inclusive category for one's fairness judgment is my in-group, which is a subgroup of the category of all taxpayers or all fellow citizens (see Figure 1a). For instance, I might ask myself whether I personally pay a fair amount of taxes compared with other members of my profession or industry: that is, I could make a referential comparison (Berger et al. 1972). I, as an individual, would be the target; my professional group would be the inclusive category of that justice problem.

(Figure 1 About Here)

At a group level, I could compare my in-group as a whole with other taxpayer subgroups; thus I would have to refer to a wider inclusive category such as all taxpayers or fellow citizens (see Figure 1b). For instance, I might wonder whether my professional group pays a fair amount of taxes compared with other taxpayer groups. My professional in-group would be the target; taxpayers in general could be considered the inclusive category of the justice problem.

For justice at an inclusive level, I could evaluate the overall distribution across societal groups (e.g., professional groups) within the wider inclusive category such as all taxpayers or the nation (see Figure 1c). For instance, I might have an idea of what each of a number of different taxpayer groups should pay as a fair amount of tax, and then might compare each group's actual tax burden with that ideal distribution. The whole category of taxpayer groups would be the target as well as the inclusive category of the justice problem. I also might evaluate the fairness of the tax burden for all taxpayers compared with those in other nations; this act, however, again would make it a group-level justice problem, with the national in-group as a target set in an even wider inclusive category (e.g., all countries with a comparable tax system).

PREDICTING LEVELS OF JUSTICE CONCERNS

People can evaluate justice and fairness at each of these three levels. Whether or not they are concerned about the perceived fairness or unfairness at any of these levels is a different question, however. People's justice concerns (i.e., their justice motivations) are indicated by the degree to which the justice evaluations are related to or affect people's decisions, choices, and behavior (see Younts and Mueller 2001). Indeed, the question of interest in this paper is whether and when people are concerned about the fairness or unfairness at any of the three levels. Can we predict when each of the three levels matters to people? And can we thus learn something about justice motivation more generally?

First, one can argue that the target of justice concerns depends on the perceiver's self-definition and social identity in the given context. Relative deprivation research has shown that self-categorization and -identification determine

whether one is concerned more about personal or group relative deprivation (Smith, Spears, and Hamstra 1999; Smith, Spears, and Oyen 1994). Identification with the group increases concerns about, and psychological consequences of, group relative deprivation. By extension of that argument, I assume that the relative relevance of the three levels of justice concerns depends on one's degree and level of identification. Inclusive-level justice concerns should be greater when people identify strongly at the superordinate level (in this case, with their nation); group-level justice concerns should prevail when people identify strongly at the subgroup level; and individual-level justice concerns should be stronger when people do not identify with a relevant social group. This prediction refers to what will be the target of one's justice concerns.

Second, however, recent research has shown that the justice concern itself, in contrast to concerns about self- or group interest, depends on the degree of identification with the relevant category of potential recipients (Wenzel 2001, 2002a; for procedural justice, see Huo et al. 1996; Smith and Tyler 1996; Tyler and Smith 1999). The argument is basically that people derive their entitlements to certain outcomes from the superordinate category that includes all potential recipients. They derive an entitlement to equal outcomes from their perceived equal, shared membership in that category; they derive differential entitlements from perceived differences between recipients on identity-defining value dimensions of the superordinate category. In either case, it is identification with the superordinate category that commits people to the justice of the outcome distribution (Wenzel 2002a). Thus, when the relevant overarching category is "all fellow citizens and taxpayers" or, as an approximation, "the nation," justice concerns should be greater

when people identify strongly with their nation. When the relevant overarching category is defined more narrowly -- for instance, when I compare my situation with that of other people in my lower-level in-group -- then justice concerns should be more relevant when I identify strongly with that in-group.

Hence social identification plays a dual role in the process that gives rise to specific justice concerns. First, it determines the target of one's concerns; second, it determines one's commitment to a more inclusive category (including the target with other potential recipients of the allocation), which transforms one's concerns into justice concerns. Both the justice motivation per se and the target of one's justice concerns depend on the perceiver's social identification.

If we combine these two arguments, we arrive at the following predictions for the three levels of justice concerns identified earlier (see Figure 1):

Hypothesis 1: People will be more concerned about justice at the individual level when they identify with their sublevel in-group (which in this case is the relevant category of potential recipients) but not with their nation (which would be an alternative, more abstract, inclusive category of potential recipients).

Hypothesis 2: People will be more concerned about justice at the group level when they identify with their nation as a whole (which in this case is the relevant inclusive category) and with their sublevel in-group (which is, here, the target of justice concerns).

Hypothesis 3: People will be more concerned about justice at the inclusive level when they identify with their nation (which in this case is the relevant target and inclusive category), but not with their sublevel in-group (which would be an alternative target).

Hypothesis 4: People will not be concerned about justice at any of these three levels when they do not identify with their nation nor with their subgroup (both of which would be possible inclusive categories). Without some inclusive identification, no justice motivation will exist.

COMPLIANCE AND CONCERNS ABOUT JUSTICE

I tested these predictions on the basis of data from a large survey that asked Australian citizens about issues of taxation. Taxation is an interesting area of research in this context because it involves many different justice questions at all possible levels as well as a concrete behavioral indicator for justice concerns, namely tax compliance. Tyler (1990) argues that people's perception of the justice and legitimacy of a legal system strongly influences their compliance with the law. Indeed, in regard to taxation, people report greater levels of tax compliance when they find the tax system fair, and greater levels of tax evasion when they find the tax system unfair (Kinsey and Grasmick 1993; Spicer and Becker 1980; Webley, Cole, and Eidjar 2001). Certainly it is possible that some people evade taxes out of pure self-interest and are not governed by fairness concerns. Similarly, some taxpayers may find aspects of the tax system unfair but still may comply with the law. As assumed here, however, insofar as people are truly concerned about fairness, they will be more compliant in paying their taxes if they consider the tax system fair; and they will be more likely not to comply with a tax system they consider unfair. Conversely, a link between perceptions of (un)fairness and degree of (non)compliance will indicate the extent to which people are concerned about, and motivated by, each of the three levels of fairness (see Smith and Tyler 1996).

METHOD

Participants

A self-completion questionnaire was sent to a sample of 7,754 Australian citizens drawn from the Australian electoral roll (V. Braithwaite 2000). After subtraction of cases where the mail was returned to sender, addressees were deceased, and the like, the total was 7,003 questionnaires (for procedural details see Mearns and Braithwaite 2001). After repeated appeals for participation, 2,040 respondents, or 29 percent, returned their questionnaires. The response rate for this rather long questionnaire is comparable with experiences from other mail surveys on tax issues in Australia (Wallschutzky 1984, 1996). In comparison with census data, the sample proved broadly representative for the Australian population, but it tended to underrepresent people younger than 35 and to overrepresent people between ages 40 and 65 as well as those with more education (Mearns and Braithwaite 2001).

The number of valid cases for the present analyses was reduced further by a relatively large number of missing values (listwise $N = 1,221$). Inspection of differences between the cases included and those with missing values revealed that values were missing for large proportions of people age 65 or older (71%) and respondents with low personal incomes of A\$10,000 or less (58%); together these accounted for about 60 percent of missing cases. Also, a higher proportion of respondents with missing cases were female (60%). Thus the relatively large number of missing values mainly reflected the fact that a subset of respondents did not file tax returns and hence could not respond to the compliance measures. This finding indicates that the sampling population (the electoral roll) was not optimal for

measuring tax compliance; the validity of the data obtained, however, need not be questioned on these grounds. Nonetheless, we cannot completely rule out the possibility that some respondents omitted answers because of the sensitive issues (e.g., illegal behavior) addressed in some of the survey questions.

The participants in the final sample were between 18 and 88 years old ($M_d = 44$); 51.5 percent were male, 48.5 percent were female. Their average family income for the previous year was about A\$54,000 (currently about US\$28,000). As to educational level, 57.7 percent had a secondary school education or less; 42.3 percent had a tertiary degree. While 77.7 percent of respondents were born in Australia, 22.3 percent were born elsewhere.

Procedure

The questionnaire was sent to respondents with a reply-paid envelope and an accompanying letter. The letter explained the intent of the study and the researchers' relationship to the Australian Taxation Office, and guaranteed strict confidentiality of responses. An identification number on the questionnaire allowed a targeted follow-up (with reminder letters and new questionnaires) for cases where the questionnaire was not returned by a certain deadline. Excluding breaks, which were recommended explicitly at various stages of the questionnaire, respondents would have needed an estimated 1.5 hours for completion.

Questionnaire

Tax compliance. A number of items with different response formats were used to measure five forms of tax noncompliance: nonlodgment of tax returns, failure to pay one's tax debts, underreporting of pay income, underreporting of nonpay income, and exaggerated deduction claims. For each form of noncompliance, I transformed

scores into dichotomous values (0 = compliant, 1 = noncompliant); I added these values across the different forms to arrive at a total score. The final measure thus captured a respondent's self-reported number of noncompliant taxpaying behaviors ($\underline{M} = .42$; $SD = .73$).² (The items are described in detail in the appendix.)

Identification. Two items measured national identification as Australians (see Haslam 2001): "Being a member of the Australian community is important to me" and "I feel a sense of pride in being a member of the Australian community" (1 = do not agree at all, 7 = agree completely). The items were highly correlated ($r = .86$); I averaged scores to obtain a measure of inclusive identification ($\underline{M} = 5.83$; $SD = 1.16$). I used equivalent items to measure subgroup identification with one's industry or occupation group, which is likely to be an important subgroup in the given justice context. The items were correlated highly ($r = .81$); I averaged scores to obtain a measure of subgroup identification ($\underline{M} = 5.00$; $SD = 1.47$).

Distributive justice. Taxation entails a number of distributive issues (Wenzel 2003), but in the present study I focus on tax burdens. I measured perceptions of fairness of tax burdens at three different justice levels. At an individual level, respondents were asked: "Think of the people in Australia who earn about the same as you. Would you say that you pay...?" (1 = much more tax than they do, 2 = a bit more tax than they do, 3 = about the same amount of tax as they do, 4 = a bit less tax than they do, 5 = much less tax than they do; $\underline{M} = 2.79$, $SD = .61$). This question implies a comparison with similar others: that is, a subgroup frame of reference, known in the tax literature as horizontal justice (e.g., Dean, Keenan, and Kenney 1980). The question has a bipolar format — an important point -- with perceived unfairness at either end of the scale: unfavorable to oneself at the one end and favorable at the

other. Perceived fairness is located at the midpoint of the scale. The item thus confounds perceptions of favorability and of justice; this allows for a statistical procedure to control for the often-observed correlation between self-interest and justice. That is, a genuine justice concern that is free from self-interest effects would be reflected in a quadratic effect of the measure with controls for linear effects of favorability.

At the group level, justice was measured by two items asking respondents to rate the fairness of their subgroup's tax burden ($r = .42$; $\alpha = .59$). "Think about the people who are in the same boat as you when it comes to paying tax. In your opinion, do they pay...?" (1 = much more than their fair share, 5 = much less than their fair share). "In your opinion, do the following people/groups pay their fair share of tax?" ... (6) your industry/occupation group" (same response format as above). Again I averaged scores across items ($M = 2.63$, $SD = .70$).³ Once more the bipolar format of the measure allowed me to control statistically for group-interest effects by testing for quadratic effects of fairness while controlling for linear effects of favorability to the group.

To measure inclusive level justice, I also used the latter question to ask respondents to rate the fairness of taxes for 16 different societal groups ($\alpha = .70$): for example, (1) workers whose primary income is wage and salaries, (3) families earning less than A\$20,000 a year, (7) owner-managers of large companies, (9) unskilled factory workers, (10) trades people, and (13) doctors in general practice (GPs). Following Kinsey and Grasmick (1993), for each respondent I calculated the standard deviation across these ratings as a measure of how strongly his or her fairness ratings varied between the different groups ($M = 1.03$, $SD = .42$). Because the

groups represent different economic strata, this is a measure of “vertical injustice” (Kinsey and Grasmick 1993). A high score on this measure reflects the view that tax burdens are differentially fair for the various groups and thus deviate from a just distribution across groups. A low score would indicate the view that tax burdens are either equally fair or equally favorable or unfavorable for all the groups; thus the relative distribution across groups would be “balanced” and fair.

Again, a genuine concern for inclusive-level justice needed to be separated from perceptions of favorability and instrumental concerns. One can argue that the perceived favorability of tax burdens across all the groups (i.e., the level of taxes for the whole inclusive category of taxpayers) is an instrumental concern at an inclusive level. I measured this as the mean across the 16 items, reflecting whether the overall level of taxes was considered unfavorably unfair, fair, or favorably unfair ($M = 3.16$, $SD = .44$). In the regression analyses used to test the predictions, I controlled perceived inclusive-level favorability while testing for effects of the standard deviation indicator of inclusive-level justice.

Background variables. To control for the effects of demographic variables, analyses included respondents’ age, sex (1 = male, 2 = female), personal income, family income (each on a scale from none, 5, 10, 15, ... to 75, 100, 250+ thousand dollars), level of education (1 = secondary or less, 2 = tertiary), and country of birth (1 = country other than Australia, 2 = Australia).

RESULTS

I had predicted that the relevance of individual-, group-, and inclusive-level justice concerns would depend on the specific combination of levels of identification

with a subgroup and with the nation. Such a combination requires levels of identification with subgroup and nation to be relatively independent. The two identification measures, however, were substantially correlated ($r = .45$, $p < .001$), possibly in part because of respondents' general inclination to identify more or less strongly with social groups, and in part simply because of the measures' proximity in the questionnaire and their shared wording. We can use regression methods, however, to extract the unique variance in each measure and thus create two relatively independent identification factors.

First, I regressed subgroup identification on national identification and saved the unstandardized residual as a new variable representing the unique aspects of subgroup identification. Second, I regressed national identification on subgroup identification and saved the unstandardized residual as a new variable representing the unique aspects of national identification. I then dichotomized the new variables by median split, which resulted in two weakly correlated factors ($r = -.10$, $p < .001$) that together defined four groups of respondents: (1) low subgroup/low national identification ($n = 298$), (2) high subgroup/low national identification ($n = 361$), (3) low subgroup/high national identification ($n = 313$), and (4) high subgroup/high national identification ($n = 249$).

I tested the specific predictions for each of these respondent groups by hierarchical regression analyses, with tax noncompliance as the dependent variable (see Table 1 for correlations of the main variables). In a first step, background characteristics and instrumental variables were controlled. In a second step I introduced the quadratic terms of individual- and group-level fairness measures as

well as the standard deviation measure of inclusive-level fairness to test for genuine justice effects.

(Table 1 About Here)

Table 2 shows the regression results for all four groups of respondents. First, for respondents whose identification with either group was weak, the analysis yielded effects only for several background variables in Step 1. Specifically, respondents who were younger, had a lower personal income, were better educated, and were born outside Australia tended to report lower levels of compliance. More important, however, none of the three categories of justice variables exerted a significant effect. This finding is in line with Hypothesis 4: without any inclusive identification, respondents would lack a substantial justice motivation.

(Table 2 About Here)

Second, for respondents who identified strongly with their subgroup but not with the nation (i.e., the category of all taxpayers), some background characteristics again contributed significantly to the prediction of tax compliance: respondents who were male, were younger, and had lower income reported being less compliant. More important, in Step 2 the squared individual-level justice measure was related significantly to self-reported noncompliance ($\beta = .13$, $p = .032$). The more unfair respondents thought their personal tax burden was, the less compliant they were. The finding is in line with Hypothesis 1. When respondents identify with their subgroup but not with the (more inclusive) nation, the subgroup becomes their frame of reference and the relevant inclusive category. Commitment to the subgroup motivates taxpayers to seek fairness within their group and thus justice for their own tax burden relative to that of others who are comparable to them (horizontal justice).

Third, for respondents who identified strongly with their nation but whose identification with their subgroup was weak, I found only some unreliable effects of the background characteristics. The effects for age, personal income, and country of birth varied slightly between the two steps; these either were significant or just failed to be so. Only group favorability had a consistent relationship to noncompliance: respondents reported being more compliant when they thought their group was disadvantaged. More important, although individual-level injustice was related in curiously negative fashion to noncompliance, inclusive-level injustice had the expected effect ($\beta = .16$, $p = .008$): respondents who thought the distribution of tax burdens was inconsistent, unbalanced, or unfair reported more acts of tax noncompliance. This effect was in line with Hypothesis 3, whereby a high level of inclusive national identification combined with low levels of subgroup identification, and hence with little interest in the special fate of one's group, would promote concerns for inclusive-level justice.

Finally, for respondents who identified strongly with both their subgroup and their nation, I found only one consistent effect of a background variable, namely sex: male respondents reported being less compliant than females. More important, of the three justice perceptions, only group-level justice was related significantly to noncompliance ($\beta = .17$, $p = .018$). The more unfair they thought their group's tax burden, the more noncompliant behaviors respondents reported. This result was in line with Hypothesis 2, whereby the justice motivation, based on inclusive national identification, would be directed at one's group's outcomes when identification with the subgroup was also strong.

DISCUSSION

The findings of this study demonstrate the importance of distinguishing different levels of justice considerations. The research thus follows the significant works of Brickman et al. (1981) and other proponents of group-level and multilevel approaches to justice (Azzi 1992, 1993; Markovsky 1985, 1991; Syroit 1991; Tyler et al. 1997), and it resonates with the well-established distinction between personal and group relative deprivation (Hafer and Olson 1993; Runciman 1966; Walker and Pettigrew 1984). In the present paper, however, I also tried to reconcile these lines of research and clarify the position of group-level justice in relation to the distinction made by Brickman et al. (1981) between micro- and macrojustice. I defined individual-, group-, and inclusive-level justice as differing with regard to the target of one's justice concerns. At an individual level, people can be concerned about the fairness of their own personal treatment; at a group level, about the fairness of their group's treatment; and at an inclusive level, about the treatment of the whole collective, such as the distribution of outcomes across all individuals or groups.

Furthermore, I derived specific hypotheses as to when the various levels of justice should be of concern to people and affect their experiences and behavior. The results were very much consistent with these predictions: they are in line with the categorization approach to distributive justice, which argues that inclusive identities underlie justice motivations (Wenzel 2000, 2001, 2002a, 2002b).

First, respondents who identified strongly with their subgroup, but not with Australians at large, showed concern for the fairness of their individual tax burden. The more unfair they considered their tax burden to be, the more they admitted cheating on their taxes. This relationship indicates a concern for (individual-level)

justice because it suggests that respondents who perceived their tax burden to be unfair felt they had to do something about it: either rectify the situation or protest against it by not complying. These respondents did not refer to all Australians as the relevant inclusive category for their justice concerns, but to some less abstract category as a reference group. Their identity in terms of that group governed their motivation to seek justice within that more narrowly defined category: that is, justice for individual outcomes relative to outcomes of other members of their group, approximating a concern for horizontal justice (e.g., Kinsey, Grasmick, and Smith 1991).

Second, respondents who identified strongly with their subgroup and with Australians at large showed concern for the fairness of their group's tax burden. The more unfair they thought their group's tax burden was, the more they admitted cheating on their taxes. Again, the concern for justice was indicated not merely by the perception of unfairness, but rather by the fact that respondents seemed to react or protest against this by being less compliant. These respondents apparently referred to Australians as the relevant inclusive category. Their identity in terms of that group, and their commitment to its values, founded their motivation to seek justice. These respondents, however, also identified strongly with their lower-level group, and for this reason they sought justice for their lower-level ingroup rather than for themselves personally or for the collective as a whole (Markovsky 1985).

This conclusion is consistent with findings that group identification is essential for feelings of group relative deprivation (Guimond and Dubé-Simard 1983; Smith, Spears, and Hamstra 1999; Smith, Spears, and Oyen 1994; Tougas and Veilleux 1988) or perceptions of procedural injustice against one's group (Clay-Warner 2001).

The present study, however, shows that concerns about the fairness of one's group's outcomes, relative to outcomes of other groups, require simultaneously a sufficient degree of identification with a more abstract social category that includes all these groups (Wenzel 2001, 2002a). Some degree of identification with the category of all potential recipients is necessary if people are to evaluate their relative outcomes in terms of a presumably shared set of fairness standards and justice values. This is necessary for a sense of shared moral community within which principles of justice apply (Deutsch 1975; Opatow 1990). In fact, one could have predicted that group interest (rather than genuine justice) would drive respondents who identified strongly with their group, but whose identification in terms of a more inclusive category was weak (Wenzel 2002a). Yet, this effect did not materialize under these conditions.⁴

Third, respondents who identified strongly with Australians, but not with the lower-level subgroup, showed mainly a concern for the fairness of the overall distribution of tax burdens. The more unfair they considered the distribution of tax burdens to be, the more they admitted cheating on their taxes. Here we can assume that respondents referred to Australians as the relevant inclusive category, and that their identification and commitment to that category founded their justice motive. At the same time, they did not identify with a lower-level group (at least, not with the option provided in the survey); hence their concern for justice was not focused on a certain group's fate, but rather applied to the inclusive group as a whole. That is, in this case the two roles of identification specified here basically coincided in one and the same group membership. Australian identity provided commitment to the relevant inclusive category in the context of taxation; it also directed the focus of the fairness motivation toward the Australian system as a whole.

Limitations

The present findings are quite consistent with the predictions and provide new insights into the differential conditions for different-level justice concerns as well as the relationship between justice and identity. Even so, the study suffers some limitations.

First, I had merely assumed that the group of Australians and the industry/occupation groups were relevant in the given context. In fact, however, the category of Australians is only an approximation to the objectively more precise inclusive category of taxpayers in Australia: people do not have to be Australian to be required to pay taxes in Australia. Similarly, subgroup identification and at least one of the group-level justice measures referred to industry/occupation groups, but respondents could have found many other groups more important.

In fact, the second group-level justice measure allowed respondents to generate their own group instead, but this was not the case for the corresponding subgroup identification measure. This situation constitutes a second problem of the study: justice measures matched only loosely the corresponding identification measures. The group-level justice measure (at least in one of its items) could have referred to subgroups other than the one to which the subgroup identification measure referred. Similarly, the individual-level justice measure referred to people with similar income as a referent group. Strictly speaking, this measure would imply same-income earners as the relevant inclusive category, rather than the occupation/industry group that was interpreted as the inclusive category in this context. It is unclear whether respondents largely think of their professional peer group when considering people who earn about as much as they do. Furthermore, a third level of identity could have

been included to match the individual-level justice concerns: I could have tested whether salience of personal identity moderates the relevance of individual-level justice.

Third, the statistical approach I used did not test the interaction pattern that the total set of predictions would have suggested. Instead I tested single predictions within conditions and compared regression results between groups of respondents. Yet although I thus did not test statistically for the complete predicted pattern, inclusion in the regression of all the interaction terms necessary to provide such a test would have rendered the analyses highly complex, involving three three-way interactions that include quadratic terms as well as seven two-way interactions. Such complexity implies possible problems of multicollinearity and difficulties of interpretation. The analyses presented here seemed appropriate and economical for the purpose of this study.

Fourth, as a reviewer of this article pointed out, the general wording of the justice items was somewhat ambiguous. These questions asked about the fairness of the amount of taxes people paid, not the taxes they rightfully owed. Therefore, for some respondents, their compliance behavior could have fed back into their perceptions of fairness. Future studies must be clearer about the intended meaning of justice measures. Similarly, because the data are correlative, I must stress that there is no evidence for causal relationships between variables.

Finally, although the present research yielded support for the view that social groups are relevant to justice sentiments, it focused on people's self-representations in terms of their group memberships, on social identity, and on group commitment. Further work also should investigate actual interactions between group members and

how these, structured by social identifications, shape the content of justice notions through processes of social influence and social comparisons (Hegtvedt and Johnson 2000).

Implications

Despite these limitations, the present research suggests some valuable insights. First, concerning the art and science of regulation (e.g., J. Braithwaite 2002), the findings suggest that justice perceptions play an important role in compliance behavior (Tyler 1990, 2001). This would imply that authorities and regulators need not resort to usual means of enforcement and deterrence, which may harm their relationship with those they regulate. Rather, they can achieve a higher degree of compliance by appealing to a sense of justice and by strengthening the view that rules and regulations are just and are implemented fairly. More specifically, the findings suggest what regulators must do to elicit a genuine sense of justice among regulatees (i.e., appeal to a more inclusive social identity); such a motivation then would have to be satisfied in the design of policies and the enactment of rules.

Second, the research further illuminates the psychology of justice motivation and the role of social identity therein. The motivation to seek justice for a certain social entity seems to be based on social identification. Social identification determines the target of one's justice concerns -- that is, whose just and fair treatment one is concerned about. Hence, like empathy or altruism (but also like egoism), justice is generally concerned with the welfare of a certain social entity with which one identifies. Justice indeed might be motivated by the concern for somebody's outcomes or welfare (one's own or others'), as such concern encourages a closer scrutiny of entitlements and legitimacy of outcomes (Greenberg 2001). I contend, however, that

the justice motive is essentially distinct from altruism (as well as egoism) in that it involves at the same time a commitment to the values and meaning of a higher-order identity that includes the target as well as other potential recipients (Blader and Tyler 2002). Thus it implies an assertion of impartiality in this sense: it is claimed that these values are, or should be, shared with other members of the inclusive category. Of course, what these values are and what the inclusive identity means are subject again to the partial view of the observer (Wenzel 2001, 2002a). This distinction between altruism and justice would be worth exploring in further research.

Third, when one's target identity differs from one's inclusive identity (i.e., when social identities at two different levels of abstraction are simultaneously salient), such a case has implications for intergroup relations. (On dual identity, see Gaertner and Dovidio 2000.) The present study has shown under these conditions a concern for the fairness of treatment of one's in-group. A sublevel in-group refers to a more inclusive identity for perceptions of (il)legitimacy of group outcomes or status relations (Weber, Mummendey, and Walz 2002), but so may an out-group with reference to the same inclusive category. The two views may not be (and are unlikely to be) compatible; this point implies a potential for conflict (Wenzel et al. 2003). The present analysis thus also may inform a more highly differentiated thinking about the role of dual identities in intergroup relations. The inclusion of two groups in a higher-order category may trigger concerns for group entitlements, the legitimacy of status relations, and thus group conflict. Again, this calls for further research.

To conclude, in the present research I have underscored the close relationship between justice and identity, which in fact seems to be a double relationship. First, social identification determines whose outcomes one is concerned about. For instance,

if one identifies with a certain social group, one is more likely to respond to and act on one's evaluation of that group's outcomes. Second, identification in terms of a more inclusive social category that includes other potential recipients renders one's concern a concern about justice. Thus it determines whether one refers to the perceived fairness (rather than favorability) of those outcomes as a basis of one's behavior. Together these two functions of identification shape concerns about individual-, group-, and inclusive-level justice.

ENDNOTES

¹ Indeed, at one stage of their discussion, Brickman et al. (1981:197) suggest a three-level differentiation between microjustice orientation, subgroup macrojustice orientation, and system-level macrojustice orientation.

² The majority of cases did not admit to any illegal taxpaying behaviors; thus the distribution of the compliance measure deviated from normality and was skewed towards full compliance. Yet when the measure was subjected to a square-root transformation to correct for the problem, analyses yielded essentially the same results as for the untransformed variable reported here.

³ The item asking respondents to generate their own group yielded a listwise valid N of 1,062 among the cases considered in this study. To avoid a further decrease in valid cases due to this item, I replaced its missing values with the values of the other group-level justice item.

⁴ Only a puzzling opposite effect of group favorability emerged under the opposite condition of low subgroup identification combined with high inclusive identification. Although the interpretation of this effect is far from clear, it could be explained by reversing its causal meaning. Respondents who do not comply fully with the tax system, and who think they are representative of their professional group, might find that the tax system advantages their group. This is an example of causal ambiguity of the correlational data (see “Limitations”).

Appendix. Items Used As Measures of Tax Compliance and Justice

For a measure of noncompliance, the dichotomous scores (0 = fully compliant, 1 = not fully compliant) for five taxpaying behaviors — nonlodgment, tax debt, income underreporting, nonpay income underreporting, exaggerated deduction claims — were added up. The measure thus reflects the number of self-reported noncompliant behaviors.

Nonlodgment

Two questions were combined for self-reported nonlodgment: “Should you have filed an income tax return in 1998-99?” (1 = yes, 2 = no, 3 = don’t know) and “Did you file an income tax return for 1998-1999?” (1 = yes, 2 = no, 3 = not yet). If respondents reported an obligation to lodge a tax return or were unsure about it (1 or 3 for the first question) and did not lodge or had not yet lodged a tax return (2 or 3 for the second question), they were defined as nonlodgers or late lodgers, and received a score of 1 (non-compliant). Otherwise they received a score of 0 (compliant).

Tax Debt

A single question was used as a measure of noncompliance in terms of not paying one’s tax debts: “Do you have an outstanding debt with the Tax Office?” (1 = yes, 2 = no, recoded into 1 and 0 respectively).

Income Underreporting

Four items measured whether or not respondents had declared all their (cash) income. If respondents had a score of 0 for all of the following questions, they were defined as fully compliant (0); otherwise they were defined as not fully compliant (1): “As far as you know, did you report all the money you earned in your 1998-99 income tax return?” (0 = yes, 1 = no); “Have you worked for cash-in-hand payments

in the last 12 months? By cash-in-hand we mean cash money that tax is not paid on.” (1 = yes, 2 = no, recoded into 1 and 0 respectively); “People earn income from many different sources... Think about each of the sources of income listed below, and select the response that best describes your 1998-99 income tax return”: (1) salary, wages; (2) honorariums, allowances, tips, bonuses, director’s fees (1 = received none, 2 = did not declare it, 3 = declared some, 4 = declared most, 5 = declared all; recoded into 0, 1, 1, 1, and 0 respectively.)

Nonpay Income

The previous question was repeated for (3) eligible termination payments; (4) Australian government allowances such as Youth Allowance, Austudy, or Newstart; (5) Australian government pension, superannuation pensions, and other pensions and annuities; (6) interest; (7) dividends. If respondents scored 0 for all the above questions, they were defined as fully reporting their nonpay income and thus as compliant (0); otherwise they were defined as not fully compliant (1).

Deductions

Two questions addressed respondents’ deduction claims: “As far as you know, did you exaggerate the amount of deductions or rebates in your 1998-99 income tax return?” (1 = a lot, 2 = quite a bit, 3 = somewhat, 4 = a little, 5 = not at all, recoded into 1, 1, 1, 1, and 0 respectively); “Think of the deductions and rebates you claimed in your 1998-99 income tax return. Would you say you were...?” (1 = absolutely confident that they were all legitimate, 2 = a bit unsure about some of them, 3 = pretty unsure about quite a lot, 4 = haven’t a clue, someone else did it, recoded into 0, 1, 1, and 1 respectively). If respondents scored 0 for both questions, they were defined as fully compliant (0); otherwise they were coded as not fully compliant (1).

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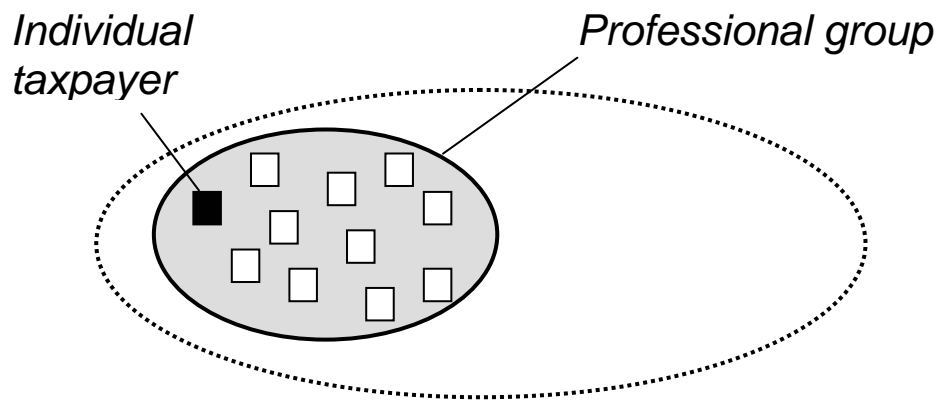
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Biographical Statement

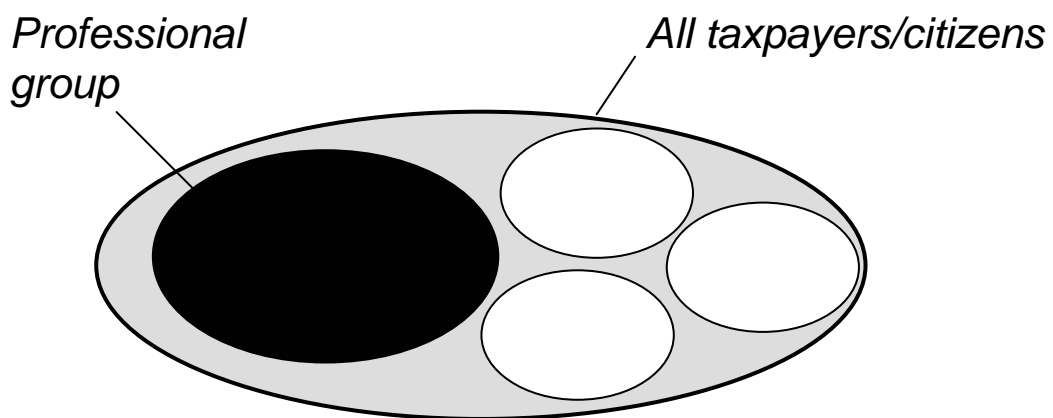
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Figure 1. Three Levels of Justice in the Area of Taxation

(a) Individual-Level Justice



(b) Group-Level Justice



(c) Inclusive-Level Justice

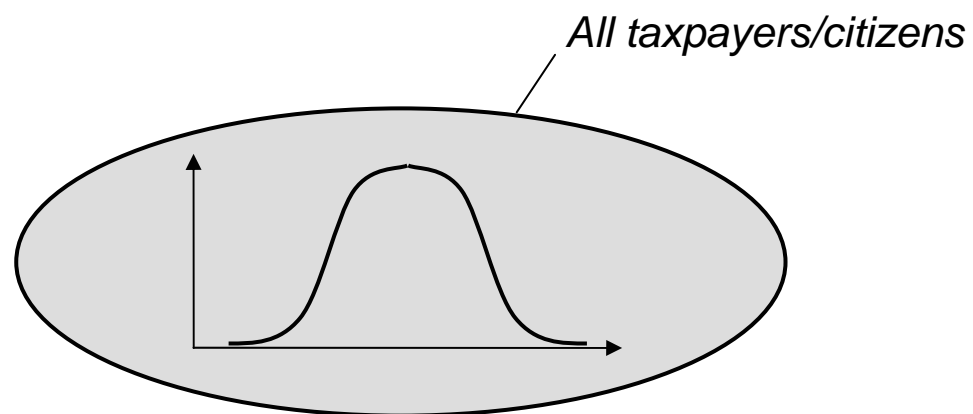


Table 1. Correlations Between Main Variables (Compliance, Perceived Favorability, and Injustice) for the Four Subgroups Combining Low and High Levels of Subgroup and National Identification

Predictor	Subgroup Identification Low						Subgroup Identification High					
	1	2	3	4	5	6	1	2	3	4	5	6
National Identification Low												
1. Noncompliance	—						—					
2. Ind.-level fav.	.01	—					.02	—				
3. Group-level fav.	-.01	.13*	—				-.05	.08	—			
4. Incl.-level fav.	-.05	-.02	.30***	—			-.09	-.00	.23***	—		
5. Ind.-level injustice	-.07	-.35***	-.05	.05	—		.10	-.45***	-.01	-.07	—	
6. Group-level injustice	-.09	.16**	-.21***	-.01	.30***	—	.11*	-.07	-.26***	-.18***	.32***	—
7. Incl.-level injustice	.07	-.17**	-.27***	.08	.12*	.11	.10	-.11*	-.28***	.04	.15**	.23***

(Table 1 continued next page)

(Table 1 continued)

National Identification High

1. Noncompliance	—						—						
2. Ind.-level fav.	-.03	—					-.12	—					
3. Group-level fav.	.14*	-.01	—				-.03	.28***	—				
4. Incl.-level fav.	.04	-.02	.19**	—			-.06	.01	.32***	—			
5. Ind.-level injustice	-.06	-.33***	.02	.00	—		.10	-.86***	-.26***	.00	—		
6. Group-level injustice	.07	-.14*	-.21***	-.09	.16**	—	.20**	-.23***	-.32***	-.08	.30***	—	
7. Incl.-level injustice	.12*	-.08	-.23***	.06	.21***	.28***	.05	-.18**	-.28***	.15*	.16*	.30***	

Note: Ind.-level = individual-level; Group-level = group-level; Incl.-level = inclusive-level; fav. = favorability.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed)

Table 2. Hierarchical Regression Analyses: Effects on Tax Noncompliance of Background Variables and Perceptions of Favorability in Step 1, and the Three Levels of Justice in Step 2 (Standardized Regression Coefficients)

Predictor	Subgr. id. low/		Subgr. id. high/		Subgr. id. low/		Subgr. id. high/	
	<u>Nat. id. low</u>		<u>Nat. id. low</u>		<u>Nat. id. high</u>		<u>Nat. id. high</u>	
	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2
Sex	-.09	-.08	-.19***	-.18**	-.10	-.11	-.17*	-.14*
Age	-.22***	-.23***	-.22***	-.23***	-.05	-.08	-.12	-.10
Personal Income	-.16*	-.15	-.14	-.16*	-.16*	-.14	-.06	-.07
Family Income	-.07	-.07	.11	.12	.12	.10	-.03	-.03
Education	.18**	.16**	.02	.02	.03	.04	-.01	-.01
Country of Birth	-.13*	-.12*	-.06	-.06	-.11	-.10	.06	.04
Ind.-Level Fav.	.02	-.04	.02	.09	-.03	-.06	-.11	-.12
Group-Level Fav.	-.02	-.02	-.02	.00	.12*	.18**	.03	.08

(Table 2 continued next page)

(Table 2 continued)

Incl.-Level Fav.	-.02	-.03	-.06	-.05	.03	.01	-.07	-.07	
Ind.-Level Inj.	—	-.01	—	.13*	—	-.13*	—	-.04	Group-
Level Inj.	—	-.09	—	.03	—	.08	—	.17*	
Incl.-Level Inj.	—	.10	—	.08	—	.16**	—	.00	
R^2	.100	.115	.076	.102	.055	.094	.063	.086	
ΔR^2	.100	.015	.076	.026	.055	.038	.063	.023	
ΔF	3.55***	1.60	3.19**	3.42*	1.97*	4.23**	1.78	2.00	
df	9/288	3/285	9/351	3/348	9/303	3/300	9/239	3/236	

Note: Subgr. id. = subgroup identification; Nat. id. = national identification; Ind.-level = individual-level; Group-level = group-level; Incl.-level = inclusive-level; Fav. = favorability; Inj. = injustice.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed)