



Treat Floating People Fairly: How Compensation Equity and Multilevel Social Exclusion Influence Prosocial Behavior Among China's Floating Population

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Received: 10 April 2019 / Accepted: 29 September 2020 / Published online: 9 October 2020
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Abstract

The hundreds of millions of floating people in China who leave their hometown for a new city to improve their standard of living constitute an important phenomenon, but as yet the ethical predicaments they face, such as low compensation equity and high social exclusion, have attracted little attention. With a national sample of 125,626 floating people in China, this study investigated how and when compensation equity influences prosocial behavior through the lens of justice theory. This study found that floating people's compensation equity positively influences prosocial behavior, and this relationship is mediated by subjective well-being (SWB). This study also supported that multilevel social exclusion, including the perception of social exclusion and provincial social exclusion strength, positively moderates the relationship between compensation equity and SWB. Moreover, the perception of social exclusion and provincial social exclusion strength moderate the mediating effect of SWB between compensation equity and prosocial behavior. Theoretical contributions and managerial implications are further discussed.

Keywords Compensation equity · Prosocial behavior · SWB · Perception of social exclusion · Provincial social exclusion strength · China's floating population

Introduction

China's floating population (*Liudong renkou*)¹ comprise people who move away from their registered *hukou* location (Goodkind and West 2002); the majority of them move from rural villages in underdeveloped regions to modern cities in search of better work opportunities and a better life (Wang 2017). In 2017, the floating population in China totaled

about 245 million individuals, 17.63% of the entire population of the country, which has the largest population in the world (National Population and Family Planning Commission of China 2018), and accounting for a large proportion of the world's intranational migratory flows (Goodkind and West 2002). Over the last four decades, China has experienced an economic miracle, with much of the growth being fueled by the floating population. Such individuals have played an important role in making China the world's factory (Gao and Smyth 2011), and they are also a strong power for the urbanization of China (Goodkind and West 2002). In sum, they have deeply changed China, and even the world.

Despite their great contribution, the brutal reality is that floating people are usually doing so-called "3D" (i.e., dangerous, dirty, and demeaning) work (Tao 2006), and

¹ For historical and institutional reasons, China established a dual (rural; urban) household registration (*hukou*) system in the planned economy era, under which people from rural households cannot migrate to urban areas for work. In the Reform and Opening era, however, the *hukou* system has been loosened considerably, and large numbers of people from rural areas have left their hometown and moved to an urban area for work and a better life; these people are referred to as the floating population or floating people.

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they endure unfair treatment in employment and social life (Zhong et al. 2017). Floating people are facing a series of ethical predicaments such as low compensation equity in employment and high social exclusion in society. What is worse, because floating people are mostly of low socioeconomic status (SES), they are the silent majority and easy to be neglected. Grounded on these realistic ethical circumstances, this study aims to investigate how floating people's compensation equity and multilevel social exclusion influence their prosocial behavior. We focus on prosocial behavior as the consequence of compensation equity for the floating population because it is critical for improving the well-being of others (Twenge et al. 2007), and it is morally relevant to justice (Krebs 1982).

The first aim of this study is to explore how floating people's compensation equity influences their prosocial behavior. Floating people not only care about how much they earn, but also about the fairness of what they earn. Therefore, compensation equity is a critical and relevant issue for the floating population. Whether people judge their compensation as equitable depends on the reference group (Leung and Stephan 2001). Because of the dual (rural/urban) household registration (*hukou*) system, urban citizens (employees) become an inevitable referent for floating people's social comparison. This study conceptualizes compensation equity as a kind of distributive justice that floating people perceive of their compensation compared with the compensation of urban citizens. According to justice theory, people would like to exhibit more prosocial behaviors when they are fairly treated (Colquitt et al. 2013). This study proposes that floating people's compensation equity is positively related to prosocial behavior. Moreover, this study aims to explore the underlying mechanism between floating people's compensation equity and prosocial behavior through the channel of subjective well-being (SWB). Justice theory suggests that affect is a critical intermediate variable that connects equity perceptions with behavioral outcomes (Homans 1974). When employees are fairly treated, they can perceive SWB and are more likely to exhibit prosocial behavior (Fredrickson 2001). Hence, this study examines how floating people's compensation equity shapes their SWB and subsequently their prosocial behavior.

The second aim of this study is to investigate how the perception of social exclusion moderates the relationship between floating people's compensation equity and SWB. When they leave their hometown and float to the destination city, they often suffer high social exclusion because of the urban–rural household registration system (Chan and Zhang 1999; Chow and Lou 2015; Li and Rose 2017; Liu et al. 2008). Due to these institutional arrangements, floating people are actually degraded as second-class citizens, enduring intensive social exclusion in their social life (Chow and Lou 2015; Liu et al. 2008). Social exclusion could be seen

as a kind of interpersonal injustice (Cortina 2008). The more those individuals experience social exclusion, the less SWB they will perceive. When the perception of social exclusion is higher, compensation equity is more salient to compensate their SWB. Therefore, the perception of social exclusion strengthens the positive relationship between compensation equity and SWB. We also propose a moderated mediation hypothesis that perception of social exclusion positively moderates the mediation of SWB between compensation equity and prosocial behavior.

The third aim of this study is to investigate how provincial social exclusion strength moderates the relationship between compensation equity and SWB. Provincial social exclusion strength, which is defined as the shared perception of social exclusion within a provincial area, captures the provincial-level variance of the shared perception of social exclusion. Because of the imbalance of development among provinces of China, as well as the institutional arrangements and local culture, social exclusion varies across provinces. Accordingly, Chow and Lou (2015) called for more attention on institutional social exclusion (provincial social exclusion strength in this study) and community/interpersonal social exclusion (perception of social exclusion in this study). As a macro-environment reflecting the extent of social exclusion at the provincial level, provincial social exclusion strength is a contextual factor that influences the relationship between compensation equity and SWB. In particular, for floating people in areas with higher provincial social exclusion strength, the relationship of compensation equity on SWB is stronger because floating people need to compensate their SWB in an unfriendly environment. Therefore, this study proposes that provincial social exclusion strength positively moderates the relationship between compensation equity and SWB. We further propose a moderated mediation hypothesis that provincial social exclusion strength positively moderates the mediation of SWB underlying the relationship between compensation equity and prosocial behavior.

This study contributes to the existing literature in the following three ways. First, large-scale intranational migration, a socioeconomic phenomenon in contemporary China, has attracted little attention in the fields of management and ethics. As a vulnerable group, floating people suffer severely from unethical treatment. Drawing on justice theory, with a national sample of 125,626 floating individuals, this study examines how floating people's compensation equity influences prosocial behavior. This study also unpacks the mediation of SWB between compensation equity and prosocial behavior.

Second, this study examines the boundary condition of the perception of social exclusion between floating people's compensation equity and SWB. Floating people suffer from high social exclusion and low compensation equity simultaneously, and how they interactively predict their SWB

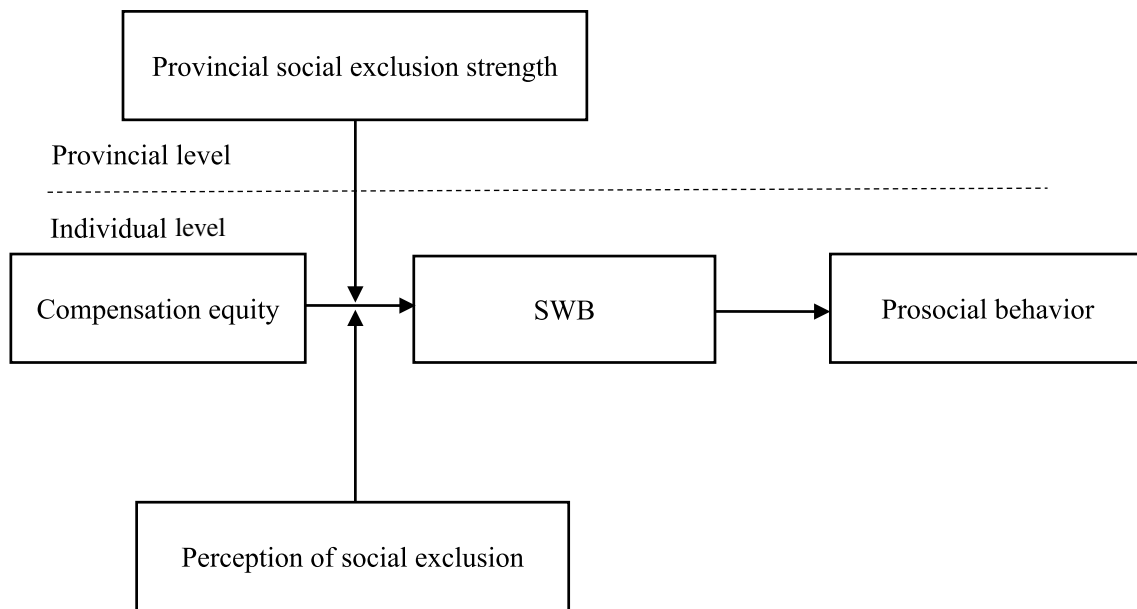


Fig. 1 Research model

remains unknown. This study contributes to the existing literature by investigating the moderation of the perception of social exclusion between compensation equity and SWB as well as the mediation of SWB between compensation equity and prosocial behavior.

Third, this study examines the contingent effect of provincial social exclusion strength between floating people's compensation equity and SWB. Utilizing a multilevel approach, this study identifies a macro-level contextual factor, namely provincial social exclusion strength, to unpack how the macro-environment regarding social exclusion across provinces influences the relationship between compensation equity and SWB at the individual level. This study contributes to prior research by exploring the contingent effect of the macro-environment on individual-level dynamics of the relationship between floating people's compensation equity and prosocial behavior.

Figure 1 presents the research model.

Theoretical Background and Hypotheses Development

Ethical Considerations of the Floating Population

China's floating population phenomenon reflects labor mobility from the rural to urban areas. Labor mobility itself is generally regarded as an ethically neutral phenomenon when people are mainly propelled to move by their personal needs rather than governmental enforcement (Ciupijus 2010). However, the movement of China's floating population is due to the urban–rural household registration system,

which is an institutional arrangement to segment labor and civil rights (Chow and Lou 2015; Liu et al. 2008). When people float to cities for employment, they encounter various and serious injustice at work and in other life domains (Chow and Lou 2015; Gao and Smyth 2011). Therefore, the treatment of China's floating population, in both employment and in social life, is of ethical relevance.

According to the justice literature, employees experience justice in four aspects: *distributive* (Adams 1965), *procedural* (Leventhal 1980), *informational* (Bies and Moag 1986), and *interpersonal* (Bies and Moag 1986) justice. Considering the work characteristics and the everyday context for the floating population, we specify that distributive justice (equitable allocation of compensation) and interpersonal justice (interaction with respect and dignity) are most relevant for our analysis. In support, Li et al. (2014) argued that distributive and interpersonal justice are contextually significant and relevant among Chinese employees.

Floating people's compensation equity reflects the extent of fairness in the distribution of the floating population, with urban employees being the subjects of an automatic comparison. Compensation equity captures how fairly floating people are treated in distribution, such that higher compensation equity means floating people have higher distributive justice. It has ethical meaning for floating people.

First, compensation equity reflects the extent of wage discrimination in employment. In our sample, the average compensation of floating people in China is 3.12 thousand RMB per month. However, the average compensation of the Chinese urban population is about 4.10 thousand RMB per month (National Bureau of Statistics of China 2012).

A study examined the difference of compensation between urban-citizen workers and floating workers, and found that 44.8% of the variance of this difference is caused by personal characteristics (e.g., education, health, gender, and marriage) and 55.2% of the variance is explained by discrimination toward the floating population (Xie and Yao 2006). Thus, low compensation equity of the floating population is largely caused by compensation discrimination toward this vulnerable group.

Moreover, low compensation equity also shows that floating people lack indirect compensation compared to urban citizens. The majority of the floating population are employed in labor-intensive industries such as construction and manufacturing, where jobs are of high intensity and exist within a harsh environment. Moreover, the floating population usually lacks benefits such as social insurance, medical insurance, paid vacation, and job security. In sum, the floating population experiences low compensation equity characterized by lower financial compensation and lower nonfinancial compensation.

Regarding interpersonal justice, floating people experience strong social exclusion in social life. Social exclusion is another form of discrimination in the Chinese societal context due to the urban–rural household registration system. Because of floating people’s outsider identity (i.e., nonnative) and their relatively low SES, they are often victims of social exclusion. In support, Zhong et al. (2017) highlighted that floating people are facing high social exclusion and subsequent victimization, stating, “The discriminative institutional arrangement in China is a major force of the universal disadvantages of Chinese migrants (floating population). That is, it is not the migrant status itself, but the social exclusion suffered by individuals that increase the likelihood of being criminally victimized” (p. 479). Further, floating people are often restricted to purchase real estate, to be hired equally, to receive fair education for their children, and to acquire social and medical services. The floating population is also looked down upon and marginalized for their clothes, customs, and dialects. Moreover, social exclusion toward the floating population exists at the provincial level and varies across provinces. These unfair realities of social exclusion hurt floating people’s dignity and feelings, categorizing them into second-class citizens. High social exclusion (both the individual perception of social exclusion and provincial social exclusion strength) impedes floating people in their efforts to be members of the local community, which reduces their SWB and prosocial behavior.

This study focuses on the unethical treatments floating people experience in employment and in other life domains. We explore how compensation equity influences floating people’s prosocial behavior to increase the well-being of others. This issue is important for understanding the unfair and unethical treatment floating people receive (low

compensation equity, high perception of social exclusion, and provincial-level social exclusion) and the relationship between this treatment and their prosocial behavior.

Floating People’s Compensation Equity and Prosocial Behavior

According to Adams (1965), equity is judged by comparison (e.g., comparison between input and output, comparison between self and referent groups). For the floating population, an automatic comparison between native residents and themselves is inevitable. According to justice theory, the perception of equity will influence an individual’s behaviors such as organizational citizenship behavior (OCB, Organ 1988) and job performance (Liao and Rupp 2005). We propose that floating people’s compensation equity is positively related to their prosocial behavior.

Floating people’s compensation equity indicates how fairly floating people are paid compared to urban citizens. Because floating people have strong desires for earning money to improve their life quality, they are sensitive to their compensation equity. When floating people believe that their compensation equity is high, they perceive they are well-treated, and they are obligated to repay. Exhibiting prosocial behavior to increase others’ well-being is a form of such repayment. In support, Lavelle et al. (2007) argued that people who feel they are fairly paid by organizations, supervisors, or coworkers, would exhibit more prosocial behaviors such as OCB. A meta-analytical study also shows that employees are more likely to engage in OCB if they believe their compensation is fairly distributed (Colquitt et al. 2013).

Moreover, compensation equity not only means that floating people receive what they deserve, but it also fulfills floating people’s psychological need for belonging. Research suggests that people have a stronger sense of belonging when they perceive a higher level of distributive justice (Cropanzano et al. 2001). Due to the segmentation of the dual (rural–urban) household registration (*hukou*) system, though floating people can move to the cities to work, they are always outsiders and they lack a membership identity of urban communities, suggesting that their need for belonging has long been absent. Compensation equity shows that the city/employer treats them with fair compensation, which is extremely critical for these individuals and their families. Moreover, compensation equity demonstrates that the city/employer meets their needs, recognizes their contribution, and cares about their well-being, so floating people would voluntarily exhibit more prosocial behaviors to repay the local community (e.g., city/employer). Based on these arguments, we propose the following hypothesis:

Hypothesis 1 Floating people’s compensation equity is positively associated with their prosocial behavior.

Mediating Role of SWB Between Compensation Equity and Prosocial Behavior

Researchers have repeatedly called for attention on affect in the justice process (Cropanzano et al. 2011; De Cremer 2007; De Cremer and van den Bos 2007; Hillebrandt and Barclay 2013). For example, De Cremer and van den Bos (2007) highlighted that, “by their very nature, [justice and affect] should have a friendly relationship” (p. 2). Affective reaction in the justice process is natural and even vital in explaining how justice leads to individual behaviors (Homans 1974). However, the progress of research integrating the two domains is slow (Cropanzano et al. 2011). Colquitt et al. (2013) examined an affect-based mechanism underlying the justice process, showing that justice arouses positive affective experience and subsequently influences job performance and OCB. Adopting this affect-based perspective of justice, this study proposes that SWB mediates the relationship between compensation equity and prosocial behavior.

We propose that compensation equity is positively related to SWB in two ways. Classic justice perspectives (Adams 1963, 1965; Homans 1974; Walster et al. 1978) have elaborated on the emotional responses of distributive justice. On the one hand, when compensation equity is low, people are likely to experience distress and tension (Adams 1965). Homans (1974) also suggested that individuals may experience anger, resentment, and frustration for the discrepancy between expectation and actual amount of compensation. When the floating population encounters low compensation equity, they experience negative affect such as anger, frustration, and resentment. On the other hand, compensation equity may lead to satisfaction and other positive emotions. Homans (1974) suggested that people would be satisfied when individuals are getting what they deserve. Colquitt et al. (2013) also found that fair distribution is associated with positive experiences such as trust, commitment, and satisfaction. Therefore, when floating people encounter high compensation equity, they will have more positive experiences and fewer negative experiences. According to Diener (1991), more positive experiences and fewer negative experiences indicate higher SWB. Recent evidence also shows that income inequity is related to happiness among Chinese people (Huang 2019). Therefore, compensation equity is positively related to SWB.

Floating people’s SWB, in turn, positively influences their prosocial behavior. Organizational justice researchers have emphasized the behavioral consequences of equity/inequity such as work efforts (Adams 1963) and OCB (Wat and Shaffer 2005). Homans (1974) argued that emotions may mediate the relationship between injustice perceptions and behavioral responses. When individuals encounter stimulations such as compensation equity, they will psychologically/affectively

respond to the stimulation, which will subsequently lead to the behavioral response. When employees perceive compensation equity, SWB can be an affective response to the fair distribution. With high SWB, floating people have a strong obligation to repay the city that treats them well, and they have strong motivation to behave prosocially for the city that fulfils their need for belonging. Moreover, SWB itself is a stable and enduring state of positive affect (Diener et al. 1999; Watson et al. 1988), which optimizes human functioning (Fredrickson 2001). With high SWB, the floating population has broadened cognition and abundant resources to exhibit prosocial behavior. In support, Lyubomirsky et al. (2005) found that positive emotions make people more willing to help others and more sociable. In sum, we propose the following hypothesis.

Hypothesis 2 Floating people’s compensation equity is positively associated with prosocial behavior through the mediating effect of SWB.

Perception of Social Exclusion as a Moderator Between Compensation Equity and SWB

Perception of social exclusion is the perceived exclusion of individuals or groups from a given social circle (Killen et al. 2016). The perception of social exclusion undermines one’s sense of belonging, which is a fundamental human need (Baumeister and Leary 1995). Floating people with a high perception of social exclusion feel they are treated improperly, with little respect or dignity. By nature, floating people’s perception of social exclusion is a feeling of interpersonal injustice in the societal domain. Earlier research has shown that perception of social exclusion has many negative consequences, such as self-defeating behaviors (Twenge et al. 2002), norm-violating behaviors (Whitson et al. 2015), and a reduction in prosocial behaviors (Twenge et al. 2007). In particular, it has a negative impact on the excluded individual’s “ability to fulfill the private and public obligations of citizenship” (Lister 1990, p. 68). Floating people’s perception of social exclusion is a feeling of being looked down on and isolated by urban citizens because floating people are regarded as second-class citizens (Liu et al. 2008). When they are treated improperly, with little respect or dignity, they are enduring interpersonal injustice (Bies and Moag 1986). How do compensation equity and the perception of social exclusion interactively influence floating people’s SWB? This question has not been answered.

This study proposes that floating people’s perception of social exclusion would strengthen the relationship between compensation equity and SWB. Because of the dual (rural/urban) household registration (*hukou*) system, rural people float to the cities to pursue their SWB (Gao and Smyth 2011). Both higher compensation equity and lower social

exclusion are strong predictors of their SWB (Bellani and D'Ambrosio 2011; Diener and Tay 2015; Huang 2019). However, if they cannot rely on both of them, they have to make full use of what they have to increase their SWB. When floating people perceive a high level of social exclusion, they cannot count on fair interpersonal treatments to increase their SWB, so they place more weight on compensation equity to improve their SWB. Therefore, the relationship between compensation equity and SWB is strengthened when people experience a high level of social exclusion.

In contrast, when people feel they are appropriately treated with respect and dignity, compensation equity is not the only basis on which floating people can rely to increase their SWB. They could count on both higher compensation equity and a lower perception of social exclusion to increase their SWB, so that the weight of compensation equity in pursuing SWB is decreased. That is, the relationship between compensation equity and SWB is weakened when people have a lower-level perception of social exclusion. In sum, we propose the following hypothesis:

Hypothesis 3 Perception of social exclusion positively moderates the relationship between compensation equity and SWB, such that this relationship is stronger when floating people have a stronger perception of social exclusion.

Provincial Social Exclusion Strength as a Moderator Between Compensation Equity and SWB

Different from the perception of social exclusion at the individual level, provincial social exclusion strength, which captures the provincial-level variation in floating people's shared perception of social exclusion, is an indicator of the macro-environment that floating people live in. With the homologous multilevel model (Klein and Kozlowski 2000), this study examines individual and provincial levels of social exclusion. This homologous multilevel model of social exclusion can "allow the researcher to generalize both constructs and functional relations linking the constructs across different levels of the organizational system" (p. 219) and "enhance the generality and applicability of theory, and to better integrate macro and micro models of organizational behavior" (p. 220). As argued earlier, provincial social exclusion strength may be caused by the economic development imbalance, institutional arrangements, or local culture. In the real world, some Chinese provinces may show larger social acceptance for the floating population (e.g., friendly policy of living and education, equal public service, and labor protection), whereas others may show more institutional and cultural social exclusion (e.g., strict restrictions for living and education, unequal public service). For example, the highest provincial social exclusion strength in this study occurs in Shanghai, and the lowest

score occurs in Tibet. Therefore, provincial social exclusion reflects the characteristic of the particular province regarding how fairly or ethically floating people are treated in social interaction. As a macro context, it influences the micro-level dynamics, and we propose that provincial social exclusion strength positively moderates the relationship between floating people's compensation equity and SWB.

In the provinces characterized by higher social exclusion strength, floating people are second-class citizens, with little social acceptance or fair treatment (Chow and Lou 2015; Li and Rose 2017). These unfair macro-environments leave this vulnerable group in a tough situation. In such unfriendly circumstances, floating people no longer expect to receive fair interpersonal treatment, so they would turn to pursue compensation equity to improve their SWB. That is, the role of floating people's compensation equity is more prominent in shaping SWB in provinces with higher provincial social exclusion strength.

By contrast, in provinces characterized by lower social exclusion strength, floating people are more likely to be well-treated by the native residents, employers, and the societal system. With less social exclusion, the environment is friendlier for this vulnerable group, which can improve group members' SWB. This means that floating people could rely on fair interpersonal treatment from the environment and their own compensation equity to increase their SWB. In such situations, the importance of compensation equity is weakened in shaping floating people's SWB because of the alternative of low provincial social exclusion strength. In sum, we propose the following hypothesis:

Hypothesis 4 Provincial social exclusion strength positively moderates the relationship between floating people's compensation equity and SWB, such that this relationship is stronger where provincial social exclusion strength is higher.

Moderated Mediation Hypotheses

Hypothesis 2 proposes that floating people's compensation equity influences their prosocial behavior through the mediating role of SWB. Hypotheses 3 and 4 propose that perception of social exclusion (H3) and provincial social exclusion strength (H4) positively moderate the relationship between floating people's compensation equity and SWB. Integrating the mediating and moderating hypotheses, this study proposes a moderated mediation model.

We propose that the mediating effect of SWB in the relationship between floating people's compensation equity and prosocial behavior is stronger when floating people perceive higher social exclusion. In the situation of the higher perception of social exclusion, floating people's compensation equity has a stronger impact on their SWB, and subsequently they are more willing to exhibit prosocial behavior.

Therefore, the mediating effect of SWB between compensation equity and prosocial behavior is strengthened by a stronger perception of social exclusion.

We also propose that the mediating effect of SWB in the relationship between floating people's compensation equity and prosocial behavior is stronger in provinces where the provincial social exclusion strength is higher. In provinces with higher social exclusion strength, floating people would rely more on their compensation equity to generate SWB. Subsequently, floating people are willing to increase others' well-being. Thus, the relationship between compensation equity and prosocial behavior through the mediation of SWB is stronger in areas of higher provincial social exclusion strength. In sum, this study proposes the following two hypotheses:

Hypothesis 5 The indirect relationship between compensation equity and prosocial behavior through SWB is stronger under conditions of higher perception of social exclusion.

Hypothesis 6 The indirect relationship between compensation equity and prosocial behavior through SWB is stronger under conditions of higher provincial social exclusion strength.

Methods

Data and Procedure

Our research is based on the China Migrants Dynamic Survey collected by the Migrant Population Service Center, National Health Commission of China, in May 2012. The large sample comprised 158,556 floating individuals who were scattered across China, in 32 provincial areas such as Beijing, Shanghai, Hebei province, Shanxi province, and Guangdong province.

The probability proportional to size method was used to collect the sample. Random selection in the 430 cities was carried out at the county level, then the street level, and finally the individual level. In most provinces the sample size was determined by the scale of the floating population in different parts of the provincial units. The sample was composed of individuals who had been living in a new area (not their *hukou*-registered area) for longer than a month, ranging in age from 15 to 59 years old. The survey was administered by specially trained survey assistants who made sure that respondents understood the survey questions and response options. A total of 159,000 floating people were recruited in the survey, and the sample of successfully collected respondents totaled 158,556. For the purposes of this study, we excluded people with no formal compensation who may have economic support from other sources,

including frustrated job seekers, homemakers, and retirees. We also excluded cases with missing values for prosocial behavior, SWB, and social exclusion. This yielded a final sample of 125,626 cases.

The final sample was 40.8% female and ranged in age from 15 to 59.9 years, with a mean of 33.81 years and a standard deviation of 9.04 years. The mean number of years of education was 9.73. The majority (56.9%) of the floating population had moved to other provinces (or provincial units), and 27.8% had moved to a different prefecture in their home province. Only 15.4% of the sample had floated to other counties in their home prefecture. The mean compensation of this sample was 3.12 thousand RMB per month ($SD=3.24$; median = 2.50 thousand; mode = 2.00 thousand). At the same time, the mean compensation of the urban citizens was 4.10 thousand RMB per month ($SD=1.12$). An independent *t* test shows that the compensation of urban citizens is higher (mean = 0.98, $t=104.19$, $p<0.001$, 95% CI [0.96, 0.99]) than floating people. The compensation equity ranges from 0 to 28.70.

Measurement

The data were from a national-level sociological survey, and for practical reasons most variables were measured with a single item. Although this is not common practice in management research, it is quite normal in sociological and economics research. A previous study argued that people with less education lack self-regulation resources (Chakravarti 2006); given that our sample had a mean of 9.73 years of education, which is slightly above national compulsory minimum, we argue that the floating population may perform better in single-item measures than measures with multiple items.

Compensation equity was derived from a function that divides floating people's compensation by urban citizens' average compensation in the local province. Floating people's compensation was collected by the survey, using the following question: "How much did you earn (RMB) last month?". Urban citizens' compensation was obtained from the website of the National Bureau of Statistics of China. The counting unit of the compensation is one thousand RMB.

SWB was measured with a single item: "Compared with how you felt when you were living in your hometown (*hukou*-registered area), do you feel happy at present?" Responses were given using a 5-point scale (1 = very unhappy; 2 = unhappy; 3 = neutral; 4 = happy; 5 = very happy). SWB is often measured with single-item scales because they capture the respondents' overall assessment of aspects of life (Diener 1984). Previous studies have also shown that single-item indicators are psychometrically effective (Veenhoven 1996) and highly correlated with

multiple-item indicators (Kahneman and Krueger 2006; Lucas and Donnellan 2012; Thompson and Prottas 2006).

Prosocial behavior was measured with a dichotomous question, “Have you taken part in any charitable activities (e.g., donating money, volunteering) in the city where you’re currently living this year?” (1 = yes; 0 = no). This question was designed to measure engagement in prosocial behavior rather than evaluate respondents’ intention to carry out prosocial behavior. In support of this, previous experimental studies have treated prosocial behavior as a dichotomous variable (Frey and Meier 2004; Kappes et al. 2018).

Perception of social exclusion was measured with one item: “Do you feel that the natives always look down on the floating population” (1 = totally disagree; 2 = disagree; 3 = agree; 4 = totally agree). Because the interpersonal social exclusion of floating people is “socio-spatial segregation and experiences of discrimination and stigmatization” (Chow and Lou 2015, p. 36), this item could reflect floating people’s essential perception of social exclusion.

Provincial social exclusion strength was aggregated by individual-level perceptions of social exclusion with a referent of the provincial unit. The one-way ANOVA analysis showed that between- and within-group variances (between-group variance = 169.63, within-group variance = 0.57, $F = 297.20$, $p < 0.001$) were different. We then examined the justification of data aggregation from the individual level to the provincial level. Results showed that the ICC1, ICC2, and r_{wg} of the provincial social exclusion strength were 0.06, 0.99, and 0.72, supporting the conclusion that the aggregation was justified (Bliese 2000).

Control variables. We controlled for the effects of demographic characteristics, namely gender, age, and education (evaluated as years of receiving education). Gender was dummy-coded (1 = male; 0 = female). We also controlled for respondents’ floating range (1 = cross-county, 2 = cross-prefecture, 3 = cross-province); 1 means floating people moving from one county to another county within the same prefecture, 2 means floating people moving from one prefecture to another prefecture within the same province, and 3 means floating people moving from one province to another province.

Analytical Strategy

Because the dependent variable (prosocial behavior) was a dichotomous variable, we used logistic regression to test our hypotheses (except the moderating hypotheses). Ordinary least squares regression was not appropriate because the distribution of the dependent variable was not linear (Warren and Schweitzer 2018). We implemented the logistic regression in Mplus 7.0 (Muthén and Muthén 2012).

In mediating hypothesis testing, the mediating effect (ab) equals the coefficient of the independent variable on

the mediating variable (a) and the coefficient of the mediating variable on the dependent variable (b) in the presence of the independent variable (c'). However, in this study, the second-stage regression is logistic regression, which indicates a probability rather than a slope. Thus, the product-of-coefficient approach (Shrout and Bolger 2002) is not an appropriate methodology for assessing the mediating effect in this study. Following the recommendation of Rijnhart et al. (2019), we defined the mediating effect with the following equation:

$$\text{Mediating effect} = (a \times b)/(a \times b + c').$$

This equation evaluates the mediating effect through the weight of the indirect effect in the total effect. Because the Mplus program could not perform resampling-based bootstrapping in multilevel research, we deployed the Monte Carlo method of parametric bootstrapping to assess the mediating effect. Following Preacher et al. (2010), we used the R package to evaluate the confidence intervals of indirect effect and conditional indirect effect. We slightly modified the R syntax to fit the mediating effect equation in this study.

The data were collected in 32 provincial units in China, so floating people were nested in provincial areas. Therefore, this study included individual- and provincial-level variables. Compensation equity, SWB, prosocial behavior, and perception of social exclusion were at the individual level, while provincial social exclusion strength was at the provincial level. We used a multilevel technique to deal with multilevel moderation, mediation, and moderated mediation analyses.

The multilevel approach is the appropriate methodology for this study. One-way ANOVA analysis showed that compensation equity (between-group variance = 57.59, within-group variance = 0.67, $F = 86.42$, $p < 0.001$), SWB (between-group variance = 73.23, within-group variance = 0.49, $F = 149.44$, $p < 0.001$), and prosocial behavior (between-group variance = 14.17, within-group variance = 0.21, $F = 82.29$, $p < 0.001$) have two-level variance.

Results

Descriptive Results and Correlations

Means, standard deviations, and correlations of variables are shown in Table 1.

Tests of Hypotheses

Hypothesis 1 posited that compensation equity is positively related to prosocial behavior. The results of the logistic regression in Table 2 show that compensation equity was

Table 1 Means, standard deviations and correlations

Variable	Mean	S.D	1	2	3	4	5	6	7	8
Gender	0.59	0.49								
Age	33.81	9.04	0.10							
Education	9.73	2.86	-0.03	-0.30						
Floating range	1.59	0.74	-0.01	0.00	0.03					
Compensation Equity	0.79	0.82	0.11	0.05	0.08	0.01				
SWB	3.77	0.71	-0.02	0.08	-0.01	0.08	0.06			
Perception of social exclusion	1.98	0.78	-0.01	-0.02	-0.01	-0.13	-0.05	-0.22		
Prosocial behavior	0.31	0.46	-0.01	-0.02	0.14	0.07	0.03	0.09	-0.09	
Provincial social exclusion strength	1.98	0.20	-0.03	-0.06	0.10	-0.42	-0.09	-0.12	0.26	-0.05

Note: $n = 125,626$. All the correlations except for the correlation of age and floating range are significant at $p < .001$ level

Table 2 Mediating effect of SWB on relationship between compensation equity and prosocial behavior

Variable	SWB (Model 1)		Prosocial Behavior (Model 2)		Prosocial Behavior (Model 3)	
	<i>b</i>	<i>t</i>	<i>b</i>	<i>t</i>	<i>b</i>	<i>t</i>
Intercept/Thresholds	3.79***	170.82	0.08***	3.48	1.893***	17.419
Gender	-0.05***	-6.24	0.05**	2.82	0.04*	1.94
Age	0.01***	7.75	0.004*	2.16	0.08***	3.47
Education	0.003*	2.01	0.11***	16.23	0.002	1.07
Floating range	0.06***	6.88	0.11***	4.66	0.11***	14.48
Compensation equity	0.05***	5.19	0.04**	3.05	0.03*	1.98
SWB					0.28***	11.66
R^2	0.01		0.03		0.04	

Note: $n = 125,626$, * $p < .05$; ** $p < .01$; *** $p < .001$; 2-tailed

positively associated with prosocial behavior ($\beta = 0.04$, $p < 0.01$, Model 2). Thus, Hypothesis 1 is confirmed.

Hypothesis 2 postulated that SWB mediates the relationship between compensation equity and prosocial behavior. The results in Table 2 indicate that compensation was positively related to SWB ($\beta = 0.05$, $p < 0.001$, Model 1). Moreover, Table 2 also reveals that SWB was positively related to prosocial behavior ($\beta = 0.28$, $p < 0.001$, Model 3) when SWB and compensation equity simultaneously predicted prosocial behavior. We further calculated the mediating effect of compensation equity on prosocial behavior via SWB, and the mediating effect was 0.32 (95% CI [0.15, 0.97]). Thus, Hypothesis 2 is confirmed.

Hypothesis 3 predicted that the perception of social exclusion would moderate the relationship between compensation equity and SWB. The results in Table 3 show that the interaction term “compensation equity \times perception of social exclusion” was positively related to SWB ($\beta = 0.01$, $p < 0.05$, Model 1). Thus, Hypothesis 3 is supported.

Hypothesis 4 proposed that provincial social exclusion strength would moderate the relationship between compensation equity and SWB. The results in Table 3 show that the interaction term “compensation equity \times provincial

social exclusion strength” was positively related to SWB ($\beta = 0.12$, $p < 0.001$, Model 2), supporting Hypothesis 4.

We plotted the moderation of the perception of social exclusion and provincial social exclusion strength between the relationship compensation equity and SWB (Figs. 2 and 3, respectively). As Fig. 2 shows, the relationship between compensation equity and SWB was weakened ($b = 0.04$, $p < 0.01$) when the perception of social exclusion was low, and this relationship was strengthened ($b = 0.05$, $p < 0.01$) when the perception of social exclusion was high. Figure 3 shows that the relationship between compensation equity and SWB was higher ($b = 0.09$, $p < 0.001$) in cases where provincial social exclusion strength was higher, and the relationship was lower ($b = 0.04$, $p < 0.001$) in cases where provincial social exclusion strength was lower.

Hypothesis 5 predicted that the perception of social exclusion moderates the mediating effect of SWB between compensation equity and prosocial behavior. Results in Table 4 reveal that the mediating effect was 0.25 (95% CI [0.12, 0.68]) when the perception of social exclusion is low, and 0.33 (95% CI [0.19, 0.76]) when the perception of social exclusion is high, and the difference of the

Table 3 Moderating effect of multilevel social exclusion on relationship between compensation equity and SWB

Variable	SWB (Model 1)		SWB (Model 2)	
	<i>b</i>	<i>t</i>	<i>b</i>	<i>t</i>
Intercept	3.79***	162.97	3.77**	201.21
Gender	- 0.05***	- 9.09***	- 0.05	- 10.50
Age	0.01	8.13	0.01***	7.96
Education	0.001	0.82	0.002	1.63
Floating range	0.05	6.17	0.05***	6.74
Compensation equity	0.04	5.83	0.06***	7.85
Perception of social exclusion	- 0.19***	- 23.31		
Provincial social exclusion strength			- 0.44***	- 5.15
Compensation equity × Perception of social exclusion	0.01*	2.21		
Compensation equity × Provincial social exclusion strength			0.12***	3.418
Pseudo <i>R</i> ²	0.05		0.01	

Note: *n* = 125,626, **p* < .05; ***p* < .01; ****p* < .001; 2-tailed

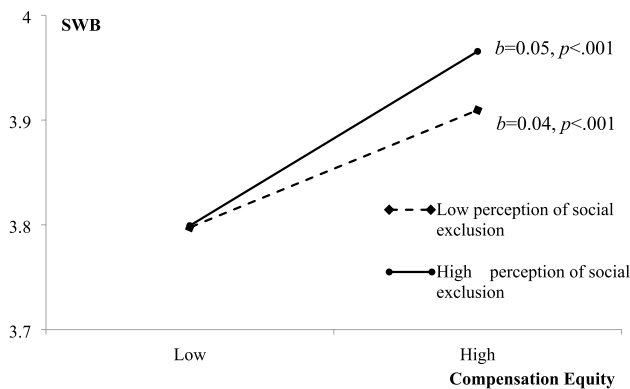


Fig. 2 Moderating effect of perception of social exclusion on the relationship between compensation equity and SWB

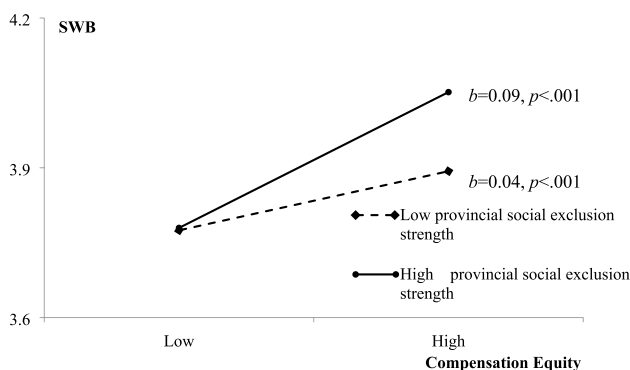


Fig. 3 Moderating effect of provincial social exclusion strength on the relationship between compensation equity and SWB

mediating effects was 0.08 (95% CI [0.002, 0.17]). Therefore, Hypothesis 5 is supported.

Hypothesis 6 predicted that provincial social exclusion strength moderates the mediating effect of SWB between

compensation equity and prosocial behavior. Results in Table 4 reveal that the mediating effect was 0.23 (95% CI [0.08, 0.63]) when provincial social exclusion strength is low, and 0.43 (95% CI [0.26, 0.82]) when provincial social exclusion strength is high, and the difference of the mediating effects was 0.19 (95% CI [0.06, 0.35]). Thus, Hypothesis 6 is supported.

Additional Analysis

Limited by the cross-sectional data used in this study, we cannot exclude the impact of the omitted variable problem by further controlling individual fixed effects. If there were omitted variables in our study, the effects of this study may also come from omitted variables, rather than compensation equity. Assuming that the interference of the above concerns does exist, we should still be able to observe a statistically significant impact effect that is not equal to zero under the model settings that “take away” the compensation equity and keep the other variables exactly the same.

To check the extent to which the results are influenced by any omitted variables, a placebo test (e.g., Chetty et al. 2009; La Ferrara et al. 2012; Li et al. 2016) was conducted by randomly generating compensation equity. Table 1 shows the distribution characteristics of compensation equity. To preserve this fact, we randomly upset the value of the compensation equity variable and rematched it to the sample. In this way, we have removed the real influence of compensation equity while ensuring that the entire distribution characteristics of the variable remain unchanged, thereby realizing this part of the placebo test. Using this false compensation equity, a placebo estimation was conducted based on the model setting in the benchmark analysis. Given the random data generation process, the false compensation equity should have produced no significant estimate with a magnitude close to zero. Otherwise, it would indicate a

Table 4 Conditional mediation of compensation equity on prosocial behavior via SWB

Model	Level of moderator	Indirect effect
Model 1: Compensation equity—SWB—Prosocial behavior	Low perception of social exclusion	0.25 (95%CI [0.12, 0.68])
Model 2: Compensation equity—SWB—Prosocial behavior	High perception of social exclusion	0.33 (95%CI [0.19, 0.76])
Difference of model 1 and 2		0.08 (95%CI [0.002, 0.17])
Model 3: Compensation equity—SWB—Prosocial behavior	Low provincial social exclusion strength	0.23 (95%CI [0.08, 0.63])
Model 4: Compensation equity—SWB—Prosocial behavior	High provincial social exclusion strength	0.43 (95%CI [0.26, 0.82])
Difference of model 3 and 4		0.19 (95%CI [0.06, 0.35])

Note: $n = 125,626$, Bootstrap $n = 50,000$

misspecification of the estimation. To increase the identification power of this placebo test, it was repeated 500 times.

Results revealed the distribution of estimates from random assignments was clearly centered around zero, and the standard deviation of the estimates was also suggesting that there was no significant effect with the randomly constructed compensation equity. In conclusion, the above-mentioned effects no longer exist when the true compensation equity was removed, suggesting that the significant effect of the compensation equity was not driven by omitted factors. Therefore, these results relieved the concern about omitted variables due to cross-sectional data.

Discussion

Theoretical Implications

Through the lens of justice theory, this study explored whether, how, and when compensation equity of China's floating population influences their prosocial behavior. The results supported the main effect of compensation equity on prosocial behavior, and this relationship was mediated by SWB. This study also confirmed the moderation of the perception of social exclusion and provincial social exclusion strength between compensation equity and SWB, and supported the moderated mediation in which the perception of social exclusion and provincial social exclusion strength moderate the indirect effect of SWB between compensation equity on prosocial behavior. This study provides a deep understanding of ethical predicaments and ethical behaviors among China's floating population, thereby contributing to the extant literature in the following ways.

First, based on the analysis of a national-level sample of 125,626 floating individuals under employment, this study shed light on ethical predicaments and ethical behaviors among China's floating population. This study found that compensation equity of China's floating population, as a kind of distributive justice, is positively related to prosocial behavior, demonstrating a bidirectional reciprocal relationship between floating people and the local system (e.g.,

cities/local community/local enterprises). Interestingly, even though justice theory suggests that people who feel fairly treated have higher motivation to repay (Colquitt et al. 2013; Lavelle et al. 2007), many previous empirical studies found that procedural and interactional justice predicted prosocial behaviors (e.g., OCB), but distributive justice did not (Kamdar et al. 2006; Konovsky and Pugh 1994; Moorman 1991; Moorman et al. 1993; Organ and Moorman 1993; Pillai et al. 1999). This study confirmed that compensation equity is positively related to prosocial behavior. This inconsistency may be partly explained by the attributes of China's floating people, who experience low SES and endure compensation discrimination, both of which make them sensitive to compensation in both quantity and equity. In support of this, Deal et al. (2013) found that individuals in lower-level positions pay more attention to extrinsic rewards than those in high-level positions. Huang and Van De Vliert (2003) found that the influence of intrinsic job characteristics on job satisfaction failed in developing countries with a poor governmental social welfare system and a large power distance culture, while extrinsic rewards boosted employees' job satisfaction. Therefore, floating people who are doing the lowest-level jobs and are poorly served by the social welfare system share a heightened concern for extrinsic rewards. In sum, the arguments above clarify why compensation equity of China's floating population could positively predict prosocial behavior.

This finding also exhibits contextual significance. Our sample consisted of the floating population in China, which demonstrates a unique socioeconomic phenomenon characterized by large-scale intranational migration. Despite the fact that the floating people are vital in economic development and social welfare creation, little research attention has been paid to them. As a vulnerable group, China's floating population widely suffers from unethical treatment, and these individuals are often discriminated against and excluded, but the ethical issues of the floating population are usually ignored. With national data of China's floating population, we found that higher compensation equity is positively associated with prosocial behavior. This study calls for more attention to floating population research from

a business ethics perspective. Moreover, this study also adds new insights for other developing countries experiencing large-scale intranational labor flows, such as India, Indonesia, Vietnam, Brazil, and Thailand. This study reveals that improving compensation equity is beneficial for floating people's SWB and prosocial behavior. Thus, compensation equity should be a focus in floating people's employment and public policy governance.

Second, we found that SWB mediates the relationship between compensation equity of China's floating population and prosocial behavior. Positive affective reaction is an essential response to justice, and it is critical for understanding the mechanism underlying justice and its outcomes (Colquitt et al. 2013; Cropanzano et al. 2011; De Cremer 2007; Homans 1974). Our finding is consistent with prior studies, which have supported the affective route between justice and its outcomes (Colquitt et al. 2013). However, we found that the mediating effect of SWB is about one third of the total effect of compensation equity on prosocial behavior, suggesting that SWB is not the only mechanism and that other routes may exist.

Third, this study supported the individual-level moderation of the perception of social exclusion between compensation equity and SWB as well as the mediating effect of SWB between compensation equity and prosocial behavior. This study found that the relationship between compensation equity and SWB was stronger when the perception of social exclusion was higher. Moreover, this study also found that the mediating effect of SWB between compensation equity and prosocial behavior was strengthened when the perception of social exclusion was higher. These results contribute to our knowledge that the perception of compensation equity compensates for the disadvantage of the perception of social exclusion in increasing individuals' SWB and prosocial behavior. The existing studies of justice theory have paid much attention to the differentiating effect of different justice and its consequences; however, few researchers have explored how different types of justice interactively affect the consequence (Loi et al. 2009). We found that high compensation equity (distributive justice) and low perception of social exclusion (interpersonal justice) are two important cornerstones for China's floating population to pursue SWB. However, when they are excluded, they rely more on compensation equity to enhance their SWB.

Finally, this study also supported the macro-level contingency of provincial social exclusion strength in the relationship between compensation equity and SWB as well as the mediating effect of SWB between compensation equity and prosocial behavior. This study has identified a new macro-level contextual factor, provincial social exclusion strength, to capture the collective perception of social exclusion that varies across provinces in China. China's floating population is a national-level phenomenon caused by

macro institutional arrangements, economic imbalance, and geographical factors. Thus, macro-level contextual factors are critical for understanding the nature of floating people's behaviors. The exploration of provincial social exclusion strength clearly responds to the research call of Chow and Lou (2015) that we should pay attention to social exclusion at the individual and institutional/collective level. This study supported that the relationship between compensation equity and SWB is stronger when provincial social exclusion strength is higher. Moreover, it also found that the mediating effect of SWB between compensation equity and prosocial behavior is higher where provincial social exclusion strength is higher. With the moderation of provincial social exclusion strength, this study integrates the macro-level and micro-level dynamics of China's floating population and evokes research attention toward the issue of how macro factors could influence these individuals' ethical predicaments and ethical behaviors.

Practical Implications

Our study has several important implications. First, since compensation equity is positively associated with their SWB and prosocial behavior, increasing compensation equity of China's floating population is quite important. Thus, enterprises employing floating people should check their compensation policies and practices to increase compensation equity. Also, local governments are supposed to pay more attention to floating people's compensation equity. Specifically, labor legislation and law enforcement regarding increasing compensation equity and reducing wage discrimination should be highlighted, and labor protection of the floating population should be strengthened (Liu et al. 2008). These measures could protect the floating population from unethical treatment and increase their SWB and prosocial behavior. For example, existing studies have found that fair compensation practices and compliance with the labor law raise people's pay satisfaction (Wu and Wang 2008).

Second, enterprises should make efforts to reduce floating people's perception of social exclusion. Since high compensation equity and low social exclusion are two complementary resources that China's floating people can rely on to generate SWB, top managers should check and correct their policies, procedures, and cultures that may lead to social exclusion toward floating people. HR managers are expected to create a warm, equal, and respectful work environment for all employees, including China's floating people. For example, HR managers should increase the number and quality of training programs to reduce workplace ostracism toward floating people (Kwan et al. 2018), and they should initiate a specific program to reduce social exclusion toward floating people and increase organizational justice among different types of employment (Zhang et al. 2014).

Third, it is inspiring for many developing countries that are facing the same challenges of large-scale intranational labor flows. Our study reveals that increasing compensation equity and decreasing social exclusion are important for solving this big challenge. Therefore, governments in other developing countries should provide public goods such as fair employment regulation (Graham and Woods 2006) and eventually eliminate the unequal institutional arrangements applicable to the floating population. Firms in developing countries should increase their organizational justice (e.g., distributive justice, interpersonal justice, procedural justice) to build a more inclusive world (Suliman and Kathairi 2013).

Limitations and Future Directions

Our findings should be interpreted in light of several limitations. First, common method variance (CMV) is still a concern because we used mainly self-reported data to examine the hypothesized model. However, we reduced the concern of CMV in the following ways: on the one hand, compensation equity and provincial social exclusion strength are partially independent from individuals' self-reported data. Compensation equity was obtained by the ratio of floating people's compensation (self-reported) and citizen people's compensation (a fixed income per region). Provincial social exclusion strength was aggregated by floating people's self-reported data, because of the large scale of our sample (1000s of people per province), and provincial social exclusion strength is largely independent from any specific observer's evaluation. On the other hand, previous studies have argued that CMV is an issue with regard to subjective response tendencies to judge ambiguous information among the scale items (Podsakoff et al. 2003), but compensation, gender, and age are all objective, unambiguous items of information (Du and Choi 2010), and we measured prosocial behavior as a binary variable, which left little room for misinterpretation. Thus, the judgment of objective variables such as compensation equity and prosocial behavior are not likely to interfere with the subjective feelings such as SWB and the perception of social exclusion.

Second, the five theoretical variables were measured with a single item, so we could not examine their psychometric validity (e.g., reliability or construct validity). Our data were collected from a national sample, and it is common to use a single-item indicator rather than a complete psychometric measure in sociological research, so the measures in the present study are single-item. Nevertheless, because the participants had relatively little formal education, a simple and single-item measure was helpful for participants' understanding.

Third, the cross-sectional design reduced causality among variables. All variables were reported at the same time, so

the cross-sectional design reduced the possibility of causal inference. However, the results of the placebo test showed that the influence of compensation equity and SWB, as well as prosocial behavior, was not the result of any omitted variables, so these results give us confidence that compensation equity is the antecedent of SWB and prosocial behavior.

Fourth, the generalizability of our findings is not yet clear. On the one hand, although China and other developing countries share the same experience of large numbers of floating people, the phenomenon of the floating population in China is rooted in the special institutional and historic arrangement, so the real situation in China is different from other developing countries. Therefore, a more comprehensive study that includes floating people from different countries may be helpful to generalize our findings. On the other hand, the floating population is a vulnerable group, so the generalizability of this study to other groups such as the nonfloating population is undetermined. We encourage future researchers to examine the generalizability of the nonfloating population and compare the different patterns between the floating and nonfloating population.

Future research would benefit from this study in the following ways. First, we suggest that future research should examine the relationship of diverse ethical predicaments and relevant work behaviors among China's floating people. This might include, for example, how the role identity (peasant or worker) of China's floating population influences their job performance and job attitude (Qin et al. 2019); how social exclusion from urban citizens influences the turnover and OCB of China's floating populations; and how the homesickness of China's floating people influences their job behaviors (Du et al. 2018). These questions deserve more explorations.

Second, we encourage future researchers to explore other potential mediators and moderators in the relationship between compensation equity and work-related outcomes. For example, the felt obligation to employer/community and interpersonal trust represent the social exchange route underlying one such mechanism, and pay satisfaction represents the economic exchange route of compensation equity and prosocial behavior (He et al. 2015). These mechanisms (economic/social exchange route) beyond the affective route need to be further examined.

Third, we call for future researchers to dig deeper into other factors that influence floating people's SWB. Even though country-level differences such as income, GDP, and a healthy environment (Diener and Tay 2015), and micro-level factors such as work condition (Warr 1994) and justice (Greenberg 2004) have been found to be associated with people's SWB, the antecedents of SWB of China's floating population deserve more attention. Future studies could focus on how macro-level factors (e.g., public service quality, local government's attitude to the floating population, and local community support

to the floating population) and micro-level factors (e.g., floating people's skills, job characteristics, workload, distance from hometown, and separation from family) may influence their SWB. Future studies also could address how to synergistically achieve organizational development and SWB of China's floating population in the business ethics perspective.

Fourth, a dynamic perspective of floating population status change deserves more attention. Once the floating population reach the requirements of governmental policies and gains local *hukou*, they transform into local citizens legally. With the dynamic perspective of floating population status, researchers could observe the change in their psychological and behavioral patterns.

Conclusion

Hundreds of millions of China's floating people significantly contribute to China's and even the world's development. However, such individuals have attracted less research attention than they deserve. With a national sample of 125,626 floating people, this study deployed a multilevel model to explore whether, how, and when compensation equity of China's floating population influences their prosocial behavior. Through the lens of justice theory, this study found that compensation equity influences prosocial behavior through the mediating role of SWB. This study also found that multilevel social exclusion, including the perception of social exclusion and provincial social exclusion strength, positively moderates the relationship between compensation equity and SWB, and further positively moderates the mediation of SWB between floating people's compensation equity and prosocial behavior. This study highlights a research direction to understand China's floating population in business ethics and human resource management perspectives.

Acknowledgements This study was supported by National Natural Science Foundation of China (Grant No. 71872139) and Humanity and Social Science Foundation of Ministry of Education of China (Grant No. 18YJC630164).

Compliance with Ethical Standards

Conflict of interest The authors declare that they have no conflicts of interest.

Ethical Approval All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

Informed Consent Informed consent was obtained from all individual participants included in the study.

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