



# Relationship between Interactional Justice and Pay for Performance as an Antecedent of Job Satisfaction: an Empirical Study in Malaysia

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## Abstract

This study investigated the effect of pay for performance and interactional justice on job satisfaction using 132 usable questionnaires gathered from employees who have worked in seventeen GIATMARA centers in two states of Malaysia, that are Kuala Lumpur and Selangor (GIATMARAKLS). Outcomes of stepwise regression analysis showed that relationship between interactional justice and pay for performance features (i.e., adequacy of pay and participation in pay systems) positively and significantly correlated with job satisfaction. Further, this result confirms that interactional justice does act as a full mediating variable in the pay for performance models of the organizational sample. In addition, conclusion and implications of this study are elaborated.

**Keywords:** Pay for performance, Interactional justice, Job satisfaction

## 1. Introduction

Compensation is also known as salary and wages, remuneration, reward and/or pay system. These terms are often used interchangeably in organizations, but its meaning refers to the same thing (Bergman & Scarpello, 2002; Milkovich & Newman, 2008). Traditionally, development of compensation system in working organizations was based on cost control and internal equity variables (Anthony, Perrewe & Kacmar, 1994; Henderson, 2006; Kanter, 1989), and the levels and structures of pay for employees are determined based on their job structure, which takes into account aspects such as tenure, seniority, length of service, and membership. Adoption of such pay systems, although may still be appropriate and applicable in manufacturing-based industries which operate in very stable and highly predictable business conditions (Mahoney, 1989, 1992; Kanter, 1989), is gradually perceived as insufficient to attract, retain and motivate good employees to increase organizational productivity (Bergmann & Scarpello, 2002; Maurer, Shulman, Ruwe & Belcherer, 1995).

Recently, compensation practices have taken on a strategic focus with advocates expressing the need for the development of compensation theory and practice to be associated with organizational strategy. Accordingly, compensation practitioners express that shifting the paradigms of their compensation systems from traditional job based pay to performance based pay will be more efficient to achieve organizational strategy and goals (Lawler, 2000; Lee, Law & Bobko, 1999). Pay for performance has two major types: pay for group performance (team based pay and gainsharing) and pay for individual performance (e.g., merit pay, lump sum bonus, promotion based incentives and variable pay) (Henderson, 2007; Milkovich & Newman, 2008). However these pay systems have different types, they use the similar criterion to allocate pays, that is an employers rewarding additional pays to basic pay in order to meet high performers' needs and expectations (Chang & Hahn, 2006; Lawler, Ledford & Chang, 1993; Lee et al., 1999). In other words, the rules for distributing rewards, the fluctuations of pay levels and structures are now contingent upon the level of performance, skills, knowledge and/or competency exhibited by the employees and not the nature of their job structure (Amuedo-Dorantes & Mach, 2003; Appelbaum & Mackenzie, 1996; Lee et al., 1999).

Many scholars think that pay for performance and pay for job have used different treatments in allocating rewards, but the ability of management to properly implement both pay systems will attract, retain and motivate employees to achieve the major objectives of the organizational pay system: efficiency (i.e., improving performance, quality, customers, and labor costs), equity (i.e., fair pay treatment for employees through recognition of employee contributions and employees' needs) and compliance with laws and regulations (Gomez-Mejia & Balkin, 1992a & 1992b; Milkovich

& Newman, 2008). Hence, it may lead employees to sustain and increase organizational competitiveness in a global economy (Appelbaum & Mackenzie, 1996; Lawler, 2000).

Extant research in pay for performance highlights that properly implemented pay for performance characteristics may positively affect job satisfaction (Janssen, 2001; McClausland, Pouliakas & Theodossiou, 2005). For example, adequacy of pay and participation in pay systems have been identified as the salient characteristics of pay for performance system (Fay & Thompson, 2001; Ismail, Hock & Sulaiman, 2007; Lee et al., 1999). Many scholars often interpret adequacy of pay from cultural, organizational and individual perspectives. In terms of cultural perspective, an individualistic culture perceives adequacy of pay as equity (e.g., equitable or inequitable pay) whereas a collective culture perceives adequacy of pay as equality, pay for the length of service or seniority and pay for individuals' needs (Giacobbe-Miller, Miller & Victorov, 1998; Money & Graham, 1999). In terms of organisational context, adequacy of pay is often defined as the type, level and/or amount of pay to that are provided by an employer to its employee who work in different job groups based on the organizational policy and procedures (Anthony et al., 1996; Henderson, 2007). From an individual perspective, adequacy of pay is often viewed based on a social comparison theory, which posits that an individual perceives the adequacy of the type, level and/or amount of pay based on a comparison between what an he/she receives and what he/she expects. An individual will perceives the type, level and/or amount of pay as adequate if he/she views that the pays are provided equitable with his/her contribution (e.g., ability to perform job, merit, skills and/or performance) (Adams, 1965 & 1968; Skarlicki & Folger, 1997; Sweeney & McFarlin, 1993).

Besides that, participation in pay systems is often seen as an employer encourages employees in different hierarchical levels and categories to discuss and share information-processing, decision-making, and/or problem-solving activities related to pay systems (Belcher & Atchison, 1987; Ismai et al., 2007). Most organizations practice two major participation styles: participation in pay design (e.g., start-up stages of pay system) and participation in pay administration (e.g., operation stages of pay system) (Belfield & Marsden, 2003; Kim, 1996 & 1999; Lee et al., 1999). Participation in the design of pay systems refers to employees are given more opportunity to provide ideas in establishing pay systems for achieving the major goals of its system, stakeholders needs and/or organizational strategy (Gomez-Mejia & Balkin, 1992a & 1992b; Lawler et al., 1993). Participation in the administration of pay systems refers to employee participation in both input and output. Participation in input means employees provide suggestions to determine the enterprise's goals, resources, and methods. Participation in output means employees are permitted to share the organization's rewards of profitability and/or the achievement of productivity objectives (Coyle-Shapiro, Morrow, Richardson & Dunn, 2002; Kim, 1996 & 1999). For example, a pro-social organisational behavior literature highlights that making constructive suggestions in performance based pay system (e.g., merit pay and gainsharing plans) will encourage employees to be honest in making personal contributions, this may lead to improved job satisfaction (Giacobbe-Miller et al., 1998; Lawler, 1995; Mani, 2002).

Surprisingly, a thorough review of such relationships reveals that effect of pay for performance characteristics of job satisfaction is indirectly affected by feelings of interactional justice (Adams, 1963 & 1965; Ismail et al., 2007; Tang & Sarfield-Baldwin, 1996). In an organizational behavior perspective, many scholars, such as Greenberg (1996, 2003), McShane and Von Glinow (2006) and Skarlicki and Folger (1997) view interactional justice as an important aspect of organizational justice theories, which states that an individual often sensitive to the quality of interpersonal treatment that they receive from their managers during the enactment of organizational procedures. If an individual perceives that decision makers (e.g., manager or supervisor) practice fair treatments (e.g., shows respect and accountable) in performance appraisal systems, this will invoke employees' feelings of interactional justice.

Application of the justice theory in pay for performance framework shows that the ability of managers to use fair treatments in determining the type, level and/or amount of pay based on performance ratings and appreciating employees' constructive suggestions in pay for performance plans will strongly invoke employees' feelings of interactional justice. As a result, it may lead to an increased job satisfaction (Bies, Shapiro & Cummings, 1988; Greenberg, 1996 & 2003; Tang & Sarfield-Baldwin, 1996; Skarlicki & Folger, 1997). However numerous studies have been done, little is known about the mediating role of interactional justice in performance based pay literature (Adams, 1963 & 1965; Ismail et al., 2007; Shaw, Duffy, Jenkins & Gupta, 1999). Therefore, it motivates the researchers to examine the mediating effect of interactional justice in the relationship between pay for performance characteristics and job satisfaction that occurs in Malaysian GIATMARA centers (GIATMARAKLS).

## 2. Literature review

GIATMARAKLS is a training institution that was established in 1986 by Malaysian government to specially train indigenous with up to date hands on courses that enable them to work as entrepreneurs, businessmen and high employability in global marketplace (GIATMARA Malaysia, 2008). At the initial stage of data collection procedure, the in-depth interviews were conducted involving five experienced employees who have sufficient knowledge about performance based pay system. The results of the interviews highlight that performance based pay have been implemented at all levels in the organizations. In this pay system, performance appraisal systems is used to measure

employee performance and outcomes of this appraisal will be used to determine pay rises. For example, percentages of merit increment, bonus and certain benefits are different between high performing employees (i.e., excellence service award employees) and non high performing employees (i.e., non excellence service award employees). In order to ensure equity in compensation management, the managers use standardized allocation rules to determine the type, level and/or amount of pay (e.g., recognitions, incentives and pay preferences), and recognizing employees' views when attending informal and/or formal meetings organized by the management of this organization (e.g., departmental and group work meetings). A further investigation of the interviews' results reveals that the ability of managers to practice good interaction styles (e.g., show respect and accountable) in dealing with employees' demands and complaints has been a major factor that may increase employees' fairness about the design and administration of pay for performance. As a result, it may induce positive personal outcomes, especially job satisfaction. Although the nature of this relationship is interesting, little is known about the influence of feelings of interactional justice in the performance based pay models of the studied organizations (Zakaria, 2007). Therefore, it motivates the researchers to further explore this issue.

The mediating role of interactional justice in the pay for performance model of GIATMARAKLS gains strong support from performance based pay studies mostly conducted in US organizational settings. For example, Money and Graham (1999) conducted a study about causal model of salesperson performance and satisfaction based on a sample of U.S. group (153 sales representatives and 146 sales managers) and Japanese group (175 of sales representatives and 93 sales managers). This study showed that higher levels of pay and valence for pay had been a strong motivating factor for U.S. and Japanese sales forces, this could lead to higher job satisfaction. Besides that, Pettijohn, Pettijohn and d'Amico (2001) examined the performance evaluation system based on a sample of 115 sales people and found that open discussion and explanation in evaluation methods provided more opportunity for employees to determine pay rates. These practices had increased employees' understanding, positive perceptions, satisfaction and appreciation to the pay rates. As a result, it could lead to greater job satisfaction.

The performance based pay literature is consistent with the notion of interactional justice theories, namely Leventhal's (1976) self-interest model, Lind and Tyler's (1988) group value model, and Folger, Konovsky & Cropanzano's (1992) due-process appraisal system. For example, Leventhal's (1976) self-interest model suggest six justice rules in making decisions: decisions based on accurate information, apply consistent allocation procedures, do correct decisions, suppress bias, practice moral and ethical standards in decision-making and ensure allocation process meet recipients' expectation and needs. Lind and Tyler's (1988) group value model suggest three types of relational judgments about authorities: standing or status recognition (e.g., assessments of politeness, treatment with dignity, and respect individuals' rights and entitlements), neutrality (e.g., decision-making procedures are unbiased, honest and decision based on evidence), and trust (e.g., motives of the decision-maker are fair and reasonable or otherwise).

Folger, Konovsky & Cropanzano's (1992) due-process appraisal system suggest three justice characteristics; adequate notice (e.g., explanation, discussion and feedback about performance criteria), fair hearing (e.g., informing performance assessments and their procedures through a formal review session) and judgment based on evidence (e.g., applying consistent performance criteria and honesty and fairness principles, as well as providing better explanations about performance ratings and reward allocations). If these justice decisions are properly done by managers, this may determine the adequacy of pays and respect employees' views in the process of distributing the type, level and/or amount of pay based on performance ratings. These practices will strongly invoke employees' feelings of interactional justice, this may lead to higher job satisfaction (Money & Graham, 1999; Pettijohn et al., 2001).

The literature has been used as foundation to develop a conceptual framework for this study as shown in Figure 1.

Based on the framework, it seems reasonable to assume that perceive fairness about managers' treatments in distributing the type, level and/or amount of pay and allowing employees to give constructive suggestions will influence GIATMARAKLS employees as this practice influences Western employees. Interactional justice theories suggest that if GIATMARAKLS employees perceive fairness about the treatments provided by managers in distributing the type, level and/or amount of pay and respecting employees' views, this may lead to greater job satisfaction. Therefore, it was hypothesized that:

H1: Interactional justice mediates the effect of participation in pay systems on job satisfaction

H2: Interactional justice mediates the effect of adequacy of pay on job satisfaction

### **3. Methodology**

#### *3.1 Research design*

This study used a cross-sectional research design that allowed the researchers to integrate compensation management literature, the in-depth interview, the pilot study and the actual survey as a main procedure to gather data. Using such methods in may gather accurate data, decrease bias and increase quality of data being collected. The use of such methods may gather accurate and less biased data (Cresswell, 1998; Sekaran, 2000). The unit of analysis for this study

was employees who have worked in seventeen GIATMARA centers from two states of Malaysia, namely Kuala Lumpur and Selangor (GIATMARAKLS). At the initial stage of this study, in-depth interviews and pilot study were conducted in the headquarter of GIATMARA, Kuala Lumpur. The in-depth interviews involved four experienced employees, namely two supervisors and three supporting staff. Information gathered from the interviews was used to develop the content of a pilot survey questionnaire. Next, a pilot study was done by discussing the survey questionnaires with the five experienced employees, that are three supervisors and two supporting staff. Their opinions were sought to verify the content and format of survey questionnaires for an actual study. Back translation techniques were used to translate the survey questionnaires into English and Malay languages in order to increase the validity and reliability of research findings (Cresswell, 1998; Sekaran, 2000).

### 3.2 Measures

The survey questionnaire had 4 sections. Firstly, adequacy of pay was measured using 5 items that were modified from pay design literature (Henderson, 2007; Milkovich & Newman, 2008; Kim, 1996 & 1999; Gomez-Mejia, 1992a & 1992b). Secondly, participation in pay system was measured using 5 items that were modified from pay administration literature (Greenberg, 1996, 2003; Milkovich & Newman, 2008; Money & Graham, 1999; Pettijohn, et al., 2001). Thirdly, interactional justice was measured using 9 questions that were modified from organizational justice literature (Cohen-Charash & Spector, 2001; Cropanzano, Byrne, Bobocel & Rupp, 2001; Folger et al., 1992; Greenberg, 1996, 2003; Skarlicki & Folger, 1997). Finally, job satisfaction was measured using 18 items that were modified from job satisfaction literature (Oldham, Hackman & Stepina, 1978; Warr, Cook & Wall, 1979). The items used in the questionnaires were measured using a 7-item scale ranging from “strongly disagree/dissatisfied” (1) to “strongly agree/satisfied” (7). Demographic variables (i.e., gender, age, race, status, length of service, salary and position) were used as a controlling variable because this study focused on employee attitudes.

### 3.3 Sample

After obtaining permission to conduct a survey from the studied organizations, a convenient sampling technique was used to distribute 250 survey questionnaires to employees who have worked in every department in the organizations. Of the total number, 132 usable questionnaires were returned to the researchers, yielding 52.8 percent of the response rate. The survey questionnaires were answered by participants based on their consents and a voluntarily basis. Thus, a Statistical Package for Social Science (SPSS) version 15.0 was used to analyze the validity and reliability of measurement scales and thus test research hypotheses.

## 4. Discussion and results

Table 3 shows the profile of respondents in GIATMARAKLS. Majority respondents were males (52.3%), management employees (44.7%), ages between 26 to 35 years old (49.2%), diploma holders (31.8%), and workers who served less than 5 years (53%).

The questionnaires had 37 items, which related to four variables: participation (5 items), adequacy of pay (5 items), distributive justice (9 items), and job satisfactions (18 items). Table 2 shows that the factor analysis with direct oblimin rotation was done for five variables with 37 items. The Kaiser-Mayer-Olkin Test (KMO) which is a measure of sampling adequacy was conducted for each variable and the results indicated that it was acceptable. Specifically, these statistical results showed that (1) all research variables exceeded the acceptable standard of Kaiser-Meyer-Olkin's value of 0.6, (2) all research variables were significant in Bartlett's test of sphericity, (3) all research variables had eigenvalues larger than 1, (4) the items for each research variable exceeded factor loadings of 0.40 (Hair, Anderson, Tatham & Black, 1998), and (5) all research variables exceeded the acceptable standard of reliability analysis of 0.70 (Nunally & Bernstein, 1994). These statistical results showed that the measurement scales used in this study met the acceptable standard of validity and reliability analyses as shown in Table 2.

Table 3 shows the results of Pearson correlation analysis and descriptive statistics. The means for all variables are from 3.0 to 3.2, signifying that the level of participation, adequacy of pay, interactional justice, and job satisfaction are ranging from moderately high (3.0) to highest level (7). Pay for performance (i.e., participation and adequacy of pay) positively and significantly correlated with job satisfaction ( $r=0.52$ ,  $p<0.01$ ;  $r=0.62$ ,  $p<0.01$ , respectively), indicating that these variables are important antecedents of job satisfaction. The correlation coefficients for the relationship between the independent variable (i.e., participation and adequacy of pay) and the mediating variable (i.e., interactional justice), and the relationship between the dependent variable (i.e., job satisfaction) were less than 0.90, indicating the data were not affected by serious collinearity problem (Hair et al., 1998). Thus, these statistical results provide further evidence of validity and reliability for measurement scales used in this research (Hair et al., 1998; Nunally & Bernstein, 1994).

Stepwise regression analysis was recommended to assess the magnitude and direction of each independent variable, and vary the mediating variable in the relationship between many independent variables and one dependent variable (Foster, Stine & Waterman, 1998). Baron and Kenny (1986) suggest that a mediating variable can be considered when it meets

three conditions: first, the predictor variables should be significantly correlated with the hypothesized mediator. Second, all the predictor and mediator variables should also be significantly correlated with the dependent variable. Third, a previously significant effect of predictor variables should be reduced to non-significance or reduced in terms of effect size after the inclusion of mediator variables into the analysis (Wong, Hui & Law, 1995). In this regression analysis, standardized coefficients (standardized beta) were used for all analyses (Jaccard, Turrisi & Wan, 1990).

Table 4 shows the results of testing hypotheses in Step 3. The inclusion of interactional justice in Step 3 of the process reveals that interaction between interactional justice and pay for performance characteristics (i.e., participation and adequacy of pay) positively and significantly correlated with job satisfaction ( $\beta=0.54$ ,  $p<0.000$ ), therefore H1 and H2 were supported. Before the inclusion of interactional justice in Step 2, both pay for performance characteristics (i.e., participation and adequacy of pay) were found to be significantly correlated with job satisfaction (Step 2:  $\beta=0.51$ ,  $p<0.000$ ;  $\beta=0.61$ ,  $p<0.000$ , respectively). In terms of explanatory power, the inclusion of pay for performance characteristics in this step had explained 67 percent of the variance in dependent variable. As shown in Step 3 (after the inclusion of interactional justice into the analysis), the previous significant relationship between pay for performance characteristics (i.e., participation and adequacy of pay) did not change to non significant (Step 3:  $\beta=0.28$ ,  $p<0.000$ ;  $\beta=0.29$ ,  $p<0.000$ ), but the strength of the relationship between such variables was decreased. In terms of explanatory power, the inclusion of interactional justice in this step had explained 80 percent of the variance in dependent variable. This result confirms that interactional justice does act as a full mediating variable in the pay for performance model of the studied organizations.

## **5. Conclusion and implications**

The findings of this study confirm that interactional justice does act as a full mediating variable in the pay system models of the studied organizations. In the organizational context, managers use compensation policy and rules set up by the stakeholder to determine the type, level and/or amount of pay for high performers. Employees perceive that the managers able to allocate sufficient rewards based on their performance. Besides that, managers encourage employees who work in different job groups to participate in the design and administration of pay systems. Employees perceive that the managers actively practice such participation styles among employees who work in different job groups. When employees perceive that they receive adequate pays from their employers and they are actively involve in the pay system, this has increased employees' feelings of interactional justice. As a result, it may lead to an increased job satisfaction in the organizational sample.

The implications of this study can be divided into three categories: theoretical contribution, robustness of research methodology, and practical contribution. In terms of theoretical contribution, the findings of this study highlight two major issues: firstly, adequacy of pay indirectly affects job satisfaction via feelings of interactional justice. This result is consistent with studies by Adams (1963, 1965), Allen and White (2002), and Money and Graham (1999). Secondly, participation in pay systems indirectly affects job satisfaction through feelings of interactional justice. This result is consistent with studies by Pettijohn et al. (2001), Kim (1996 & 1999), and Lawler (1995). In sum, this study has provided a great potential to understand the influence of feelings of interactional justice in the pay for performance model of the organizations, as well as to support and extend previous research conducted in most Western countries.

With respect to the robustness of research methodology, the data gathered from compensation management literature, the in-depth interviews, the pilot study and the survey questionnaire have exceeded a minimum standard of validity and reliability analyses, this can lead to the production of accurate findings. In terms of practical contributions, the findings of this study may be used to upgrade the efficiency of designing and administering pay for performance in organizations. The improvement efforts can be done in two major aspects: firstly, the extra rewards for high performers can be perceived more valuable if the type, level and/or amount of pay are revised according to current national cost of living and organizational changes. This may help them to give more focus on achieving organizational goals because they view that extra rewards fulfill their expectations, standards of living and statuses in society. Secondly, the content and method of management development programs need to emphasize on creative soft skills (e.g., stimulate employees' intellectuals in doing job, respect employees' voices, counsel employees to increase their potentials to achieve better career, learn new problem solving skills approach and share the organizational interests) may upgrade the ability of managers to practice good interaction styles in managing compensation system. If organizations heavily consider such suggestions, this will decrease employees' misconceptions and misjudgments, as well as increase their appreciations and understanding about the implementation of performance based pay. This perception can motivate positive subsequent attitudinal and behavioral outcomes (e.g., satisfaction, commitment, performance and positive work ethics), which in turn, lead to sustain and maintain organizational competitiveness in a global economy.

As a conclusion, this study confirms that interactional justice does act as a mediating variable in the relationship between pay for performance and job satisfaction in the organizational sample. This result has also supported performance based pay literature mostly published in Western countries. Therefore, current research and practice within the pay system model needs to consider perceptions of interactional justice as a critical aspect of the pay systems. This

study further suggests that HR managers and/or managers should be trained to practice consistently good treatments while allocating rewards and involving employees in making reward decisions. The ability of HR managers and/or managers to practice such treatments will strongly invoke employees' feelings of interactional justice, which in turn lead to increased positive attitudinal and behavioral outcomes. Thus, such positive outcomes may help to maintain and sustain organizational strategy and goals.

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Table 1. Participant Characteristics (N=132)

<p><u>Gender (%)</u></p> <p>Male =52.3</p> <p>Female =47.7</p> <p><u>Position (%)</u></p> <p>Management =44.7</p> <p>Non-management = 55.3</p> <p><u>Age (%)</u></p> <p>18-25 years =25.0</p> <p>26-35 years =49.2</p> <p>36-45 years =15.2</p> <p>46 &amp; above =10.6</p>	<p><u>Education Levels (%)</u></p> <p>Degree =18.9</p> <p>Diploma =31.8</p> <p>Higher School Certificate =4.5</p> <p>Malaysia Certificate of Education =24.2</p> <p>Skill based Certificate =20.5</p> <p><u>Length of Service (%)</u></p> <p>21 &amp; above years =3.8</p> <p>16-20 years =5.3</p> <p>11-15 years =11.4</p> <p>6-10 years =12.9</p> <p>1-5 years =53.0</p> <p>&lt; 1 year =13.8</p>
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Table 2. The Results of Validity and Reliability Analyses for Measurement Scales

Measure	Item	Factor Loadings	KMO	Bartlett's Test of Sphericity	Eigenvalue	Variance Explained	Cronbach Alpha
Adequacy of pay	5	0.53 to 0.81	0.85	375,93, p=.000	3.42	68.40	0.88
Participation	5	0.53 to 0.83	0.76	238,19, p=.000	2.87	57.47	0.81
Interactional justice	9	0.53 to 0.83	0.88	969,45, p=.000	5.90	65.55	0.91
Job satisfaction	18	0.40 to 0.71	0.92	1572,31, p=.000	9.35	51.93	0.94

Table 3. Descriptive Statistics and Pearson Correlation Analysis

Variables	Mean	Standard Deviation	Pearson Correlation (r)			
			1	2	3	4
1. Participation	3.2	1.1	(1)			
2. Adequacy of Pay	3.0	1.0	0.53**	(1)		
3. Interactional Justice	3.0	1.0	0.36**	0.57**	(1)	
4. Job Satisfaction	3.0	1.0	0.52**	0.62**	0.73**	(1)

Note: Correlation Value is significant at \*\*p<0.01

Reliability estimation are shown diagonally (value 1)

Table 4. Stepwise Regression Analysis Results on the Relationship between Pay for Performance Characteristics, Interactional Justice and Job Satisfaction

Variables	Dependent Variable		
	Step 1	Step 2	Step3
<u>Control Variables</u>			
Gender	-0.02	-0.03	-0.09
Position	0.07	0.01	0.00
Age	0.25	0.18	0.12
Education Level	-0.11	-0.00	-0.01
Length of Service	-0.14	-0.12	-0.06
<u>Independent Variables</u>			
Participation		0.51***	0.28***
Adequacy of pay		0.61***	0.29***
<u>Mediating Variable</u>			
<b>Interactional Justice</b>			<b>0.54***</b>
R Square	0.202	0.67	0.80
Adjusted R Square	0.030	0.41	0.60
R Square Change	0.041	0.45	0.09
F	1.069	14.24***	27.36***
F Δ R Square	1.069	45.28***	66.55 ***

Note: \*\*\*significance level at 0.001

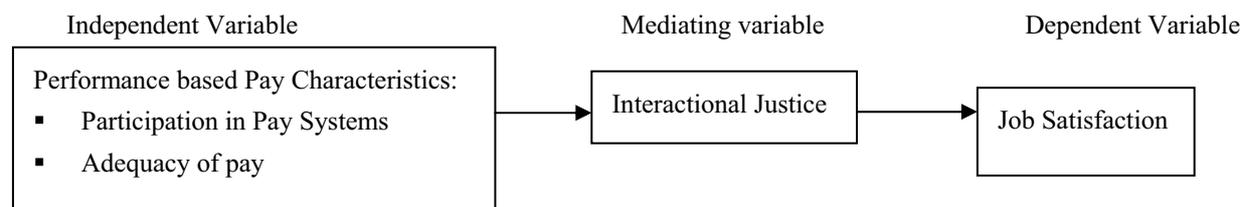


Figure 1. Interactional Justice Mediates the Effect of Performance based Pay Characteristics on Job Satisfaction