

Impact of pay satisfaction in the workplace



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2. 2 Pay satisfaction

Pay satisfaction is one of the most important factors in Human Resource Management and Organizational metrics. Pay satisfaction can be defined as the amount of overall positive or negative affect (or feelings) that individuals have toward their pay (ML Williams, 2006). For having a complete understand of Pay satisfaction, reviewing of its construct is necessary. Pay as an important reward for motivating employees has been considered since beginning of organizational studies.

Because of its significance, There are some recent reviews (Gerhart & Milkovich, 1992; Heneman, 1985; Heneman & Judge, 2000; Miceli & Lane, 1991) trying to conceptualize the construction of Pay satisfaction. Some of them (Miceli, Near & Schwenk, 1991; Orpen & Bonnici, 1987) determine it as a one-dimensional model. Others model it as a concept containing sfour (DeConnick, Stilwell, & Brock, 1996; Heneman & Schwab, 1985) and seven dimensions (Williams, Carraher, Brower, & McManus, 1999). Moreover some more researches offer a theory for dimension's dependency. Their viewpoints are based on depending dimensions on moderators (Carraher & Buckley, 1996; Scarpello, Huber, & Vandenberg, 1988). Regardless presenting a large amount of studies focusing on correct number of Pay satisfaction's dimension, it's still indefinable clearly. Although determining the number of these dimensions lead to reach a wide area of future studies, there is a more significant line for review containing scale the inter-correlations of pay satisfaction's popular measure. Heneman and Judge (2000) start moving from dimension's determining focus to finding the relationship of the Pay satisfaction's construct with other variables. Giving a high priority to identify

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the linkage of pay Satisfaction's outcomes are of their works. It will give organizations significant applicable conclusions. In practical, Heneman and Judge start developing a model for pay satisfaction's outcomes which guide hypothesis formulation and testing in the field. Most of global researches focusing on pay satisfaction are related to previous works. Identifying the causes of pay satisfaction was made an approvable advancement Berkowitz et al. (1987) have made a review of perceptions of future inequity. Some other studies have found focusing on actual pay level (Berger & Schwab, 1980; Dreher, 1980; Dreher et al., 1988; Hemmasi, Graf & Lust, 1992; Rice, Phillips, & McFarlin, 1990).

Regarding both majority of findings about explaining variance in pay satisfaction and focusing them on determining the effect of Pay satisfaction on outcome variables, there are few empirical researches. Motowildo (1983) has found an indirect intent between pay satisfaction and turnover. His findings support hypothesis of Mobley's (1977) regarding the importance of withdrawal cognition as the most immediate antecedent of voluntary turnover.

There are many different models for defining all dimensions of pay satisfaction. The global pay model showed that pay is an important motivator and if pay is valued it can be used to modify behavior. Adams (1963) configured the Equity model based on social comparison and exchange. Hi concluded that if inequity exists, individual will act to reduce tensions. Configuration of discrepancy theory by Lawler (1971) led to the same conclusions like Equity model. Heneman & Schwab (1985) Modified Discrepancy model considering dimensions for it. They concluded that <https://assignbuster.com/impact-of-pay-satisfaction-in-the-workplace/>

Dimensions may differentially impact outcomes. Dual Discrepancy Theory of Miceli & Lane (1991) showed the same results like Modified Discrepancy model. Gerhart & Milkovich (1992) developed the Compensation Consequences model considering implications of Pay policy decisions for individual and organizations.

2. 2. 1 One-dimensional Pay Satisfaction and its Measurability

One dimensional pay satisfaction is a result of desirability of the outcome. Herzberg (1968) developed the two-factor motivational model which is showing a main link between pay research and pay satisfaction research. He suggested it as an individual's affective reaction to pay, pay satisfaction, that impacts motivation. The other suggestion of him is based on considering pay as hygiene or contextual factor. He believed that for motivation of employees, it's better for organization to make sure of that the pay and other hygiene factors are at the same levels.

Attending with Skinner's (1953) reinforcement theory and Vroom's (1964) expectancy theory, Herzberg's (1968) theory starts explaining about causes of considering pay as a main procedure for compensating and transforming behavior. Although it's not easy to find a direct relationship between pay and outcomes, it's possible to show pay satisfaction as a main mediator variable in the relationship of pay and outcomes. Pay satisfaction's effective role leads to determine the essence and range of pay satisfaction, its history, and its consequences. Firstly pay satisfaction was assumed having one-dimensional structure. Lawler (1971) hypothesized that employees have a common sense about their pay and such general sense is one of the main

identifiers of employee's states and actions. Through the part four of this review (Related Theories) it has been shown that how pay satisfaction is defined possible consequences of pay dissatisfaction by applying Equity and discrepancy theories. Because of considering pay satisfaction as a one-dimensional function, its measurement should be based on its uniqueness.

An applicable method for measuring refers to using Ad hoc measures.

Heneman (1985) described Ad hoc measures as a construction for particular researches and commonly have no proof for validation of construct. Both easiness of development and ability to produce the adoptable components for every different situation as Privileges of the ad hoc make it a suitable measurement system. The weaknesses of this measurement method are both the disability to develop a way to validate structure and difficulties of result generation beyond the identified research situation. Such measures were expanded in related researches like Krefting & Mahoney (1977) and Motowildo (1983)'s studies. This method of measurement is still currently applied for researches along side applying psychometrical measures as the useful strong tools (Greenberg, 1990b; Miceli, Jung 1991; Sweeney 1990).

There are also two job satisfaction measurement tools containing the Job Descriptive Index (JDI) and the Minnesota Satisfaction Questionnaire (MSQ). Both tools are developed for measurement of job satisfaction applying facet approach. Both of them measure the job satisfaction level by scaling satisfaction with distinctive facets of every employee's job.

The score of all facets including essence of work, competitors, supervisory and payment methods is gathered to make the summarized job satisfaction levels. Thereafter studies began to focus on using JDI and MSQ payment sub-

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scales for accretion of validity and making opportunity for comparing different results of studies like Blau (1994), Dreher (1981) and Berger & Schwab(1980)'s works. Using the ad hoc measurement tools makes more understanding about construction of pay satisfaction but applying the psychometrical measures leads to give more accurate results and compare them in different studies.

2. 2. 2 Multidimensional Pay Satisfaction and its Measurability

Locke (1969) suggested that pay satisfaction might be a multidimensional construct that pay satisfaction might be a multidimensional structure. Based on the work of Lawler (1971) and Dyer and Theriault (1976), Heneman & Schwab (1979) suggested that pay satisfaction contains four both correlated and separated dimensions. They prepared the Pay Satisfaction Questionnaire (PSQ) for testing the hypothesis. Their developed model was considered but couldn't reach universal acceptance. Other works for presenting multidimensional models for pay satisfaction return to Miceli and Lane (1991) and Gerhart and Milkovich (1992) which are based on administrative independence Concept extracting of discrepancy theory. Miceli and Lane (1991) provided a dual discrepancy model extending the discrepancy model by making discrete models for explaining how each pay satisfaction dimension is defined. At last Gerhart and Milkovich (1992) made a compensation decisions model applying the same dimensions. They assumed that pay policy decisions making by organization have different intentions for individual, teams, and outcomes of an organization.

Suggesting four facets for pay satisfaction by Heneman and Schwab (1979; 1985) led to make PSQ as a global construct in Heneman & Schwab (1985) and Heneman & Judge (2000)'s works.

For covering the real essence of pay satisfaction that was necessary to develop a multi-dimensional measurement system. Heneman and Schwab (1985) Tried to make the Pay Satisfaction Questionnaire (PSQ) containing five dimensions which are related but independent. Likert-style items were the tools applying for measurement of each dimension. Reviewing two samples is indicative of being a high level for reliability and validity. PSQ not only provided a multidimensional measurement tool for Pay satisfaction using psychometric criteria but making more accurate comparisons of different results of various studies. It was because of defining four dimensions as a basis of pay satisfaction. There are more researches about emendating tools leading a more accurate cover for essence of pay satisfaction as a multidimensional concept.

Heneman and Judge (2000) represented PSQ not as a research instrument but as a measure for essence and range of pay satisfaction. Their suggestion was based on defining a relationship between pay satisfaction and outcome variables. The Most of research has focused on examining the validity and reliability of the pay satisfaction questionnaire but there are some studies which tried to discover the relationship between multidimensional structure of pay satisfaction and the other related organizational variables. Motowildo (1983), Miceli et al. (1991) and Heneman & Milanowski (1998)'s works are samples for defining such relationships.

2. 3 Consequences of Pay satisfaction

Pay satisfaction consequences are compartmented in two parts; the first part consisting of organization-focused consequences like organizational commitment and intent to turnover. The second part is about the job-focused consequences like job satisfaction, and job performance. Importance of developing a pay satisfaction consequences model has been mentioned in numerous studies like Huber, Seybolt & Veneman (1992) and Heneman & Judge (2000).

Developing a pay consequences model can be based on Heneman (1985) suggested assuming the possibility of each dimensions' affection on every dependent variable. It's necessary to present more explanations for some elements of both organization-focused and job-focused consequences.

2. 3. 1 Job satisfaction

Job satisfaction is a pleasant or positive excitement that is produced by individual's gaining experience, and progress in one's position. Locke (2002) gives a definition for job satisfaction as " a pleasurable or a positive emotional state resulting from the appraisal of one's job or job experience". It can be defined also as Balzer (1997)'s explanation; " the feelings a worker has about his or her job or job experiences in relation to previous experiences, current expectations, or available alternatives".

As one of the most important issues in organizational behavior, Job satisfaction can be considered as Spector (1996) and Stamps (1997) describe: " An attitudinal variable measuring the degree to which employees like their jobs and the various aspects of their jobs"

As Begley & Czajka (1993) Chiu (2000) and Tharenou (1993) said, job satisfaction is related to increase Job performance, positivity of work values, raising the motivation of employees and decreasing the absenteeism's rates and so on. In fact the whole Attitudes of members in an organization constitute the Job satisfaction. Responding employees into their job descriptions indicates their obligation toward employers. Re-engineering and minifying of the organization can help employers specifying efficient employees.

Robbins's (1998) suggestion shall be considered about being the basis of job satisfaction's measurement on the difference between the actual receiving compensates amount and the amount of which they are expected to receive.

There are too many studies about Job satisfaction as one the organizational behavior's main factors. The relationship between job satisfaction and other organizational outcomes like absenteeism, performance, organizational commitment and turnover leads to focus on it. Changing situation of every organization especially hospitality industry led to focus on how to made employees efficient and effective, and thus for reaching the answers that was necessary to start studying about job satisfaction.

Motivation theories (Herzberg, Maslow, and Vroom) are the basis for most of job satisfaction's approaches. Maslow's (1943) hypothesis is based on a hierarchy containing five needs (psychological, safety, social, esteem and self actualization needs). It assumes such proposition: although no need is ever fully gratified, a substantially satisfied need no longer motivates (Faulk,

2002). So it's critical for an organization to identify the level of every employee on the hierarchy and try to satisfy him/her at that or hyper level.

Motivation-hygiene theory of Herzberg (1966) suggests two factors affecting on the satisfaction or dissatisfaction of employees. According to this two-factor theory, inner factors are related to job satisfaction (opportunity of personal achievement, essence of work and possibility of growing).

Conversely, outer factors are related with job dissatisfaction (organizational policy, conditions of works and etc.)