

Does Lack of Communication Regarding Pay Negatively Affect Perceived Justice in the Workplace?



Kyera Fletcher & Judith Van Hein, Ph.D.
Middle Tennessee State University

Abstract

Purpose: Investigate the role communication plays on perceived justice within an organization. This study specifically looks at communication regarding pay, while also comparing two pay policies: pay secrecy and open communication.

Pay Difference

- Studies have shown that those who feel that they have received equitable compensation are more likely to experience higher levels of positive emotions, greater relationship commitment and self-esteem (Clay-Warner, 2006; Ro et al., 2013), and more.
- Alternatively, unjustifiable discrepancies in pay are related to a decrease in employee's pay satisfaction, motivation and performance (Calvasina, Calvasina, & Calvasina, 2015; Colella et al., 2007; Futrell & Jenkins, 1978; Ro et al., 2013;).
- Perceptions of unfair pay practices can also have a negative effect on organizations. The reputation and product quality of the organization can be decreased, and larger discrepancies are expected to "increase political sabotage" within the organization (Ro et al., 2013).

Organizational Justice

- Organizational justice refers to the perceived justice a person has experienced within or at an organization (Beugré, 1998; Cheung, 2013), and can have negative effects on both the individual as well as the organization.
- Beugré (1998) discusses many factors that affect organizational justice. These include: organizational change, cost-cutting changes, structural changes, role-reduction changes, leader behavior, performance appraisal, punishment, pay systems, employee selection, and organizational culture. These factors should be monitored in order to control for negative organizational consequences, such as higher turnover, and lower productivity. This study will focus on workplace justice in regard to communicating pay differences.

Perceived Injustice

- Adler (1996) defines perception as the procedure a person uses to "select, organize, and evaluate" environmental stimuli; it is selective, learned, culturally determined, and constant. Therefore, it is hard to change someone's perception of injustice once an opinion is already derived.
- People take comfort in knowing that their situations are equitable to those around them and will seek justice by many means if injustice has been perceived.
- People are less likely to identify a situation as unfair when the outcome appears to be fair (Shaw et al., 2014).

Decreases

- Organizational citizenship behaviors
- Job performance
- Job satisfaction
- Trust in management
- Organization effectiveness
- Commitment to organization
- Work efforts
- Organization productivity
- Self-esteem
- Pay satisfaction

Increases

- Negative work behaviors, attitudes, and emotions
- Counterproductive work behaviors
- Burnout
- Destructive interpersonal conflict
- Turnover and turnover intentions
- Absenteeism

Informational Justice

- Generally, it is believed that perceptions of justice are built on accurate and available information given regarding interactions, procedures, and outcomes; in actuality, there is a lack of the needed information, which causes informational distance and more ambiguity in the situation (Melkonian et al., 2016). If there is more ambiguity in a situation, more interpretations are possible (Qin et al., 2015), and that leads to more possibilities for perceived injustice.

Affect

- Forgas and George (2001) state that affect "critically influence judgements, decisions, and behaviors in organizations," and these behaviors can't be understood without accounting for affect.
- Scher and Heise (1993) state that affective states can change people's perception. Their study found that participants in negative moods are more rigorous regarding fair treatment, when compared to participants in positive moods.

Hypotheses

- *Hypothesis 1:* The greater the amount of information regarding the pay difference the greater perception of fairness.
- *Hypothesis 2:* When compared to pay transparency policies, pay secrecy policies will seem more unfair.
- *Research Question:* Will negative affect impact perceptions of pay fairness when the amount of information regarding the difference varies?

Participants and Materials

This study plans to recruit undergraduate students using the SONA Participant Research Pool at MTSU. Participants will be randomly assigned to 1 of 6 situations. In order to assess the fairness of the situation, Participants will complete a fairness measure, that was created for this study. To measure negative affect, a scale that derived from, Watson, Clark, and Tellegen's (1988) Positive Affect and Negative Affect Scale will be used.

Variables

- This study will utilize an experimental 3x2 between-subjects factorial design to examine the effects of informational content received at work on perceived justice regarding pay.
- The independent variables will be the level of information provided (full explanation for pay difference, some explanation for pay difference, no explanation for pay difference), and the organization's communication policy (pay secrecy system, open communication system).
- The dependent variable will be the perceived fairness of the situation.

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