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Ikävalko, H. & Kohvakka, R.

The role of work orientation and gender on feelings towards pay

This paper examines the moderating effect of employees' work orientation and gender on their feelings towards pay, that is, the relationship between perceived fairness of a pay system and pay level satisfaction. The perceived fairness of pay system is investigated with two pay system procedures: job evaluation and performance evaluation, both determining the level of base pay.

Survey data were collected from three public sector organizations in Finland (N=526). Linear regression analysis was used to investigate the relationship between pay satisfaction, pay system fairness, work orientation and gender.

The results show that employees' work orientation significantly and negatively relates to pay satisfaction. The interaction analyses suggest significant gender differences in the relationship between work orientation and pay satisfaction, as work orientation is negatively associated with pay satisfaction for women. They also show that work orientation and job evaluation fairness have a positive, joint effect on pay satisfaction.

This study has implications for the implementation of fair pay practices in organizations. The role of work orientation in the relationship between job evaluation fairness and pay satisfaction highlights the importance of pay system fairness especially among work-oriented employees. Special attention should be paid on work-oriented

women: With equal perception of pay system fairness, work-oriented women feel unsatisfied with their pay.

This paper is the first study to highlight the role of work orientation and gender in reactions related to pay.

Keywords: work orientation; gender; perceived fairness; pay system; pay satisfaction

Introduction

A major interest of compensation research is how satisfied people are with their pay (Heneman and Judge, 2000). Pay satisfaction is associated with turnover intentions, absenteeism, voluntary turnover and job performance (Williams *et al.*, 2006). It is also of interest for organizational practice, as a better understanding of pay satisfaction can help organizations design pay systems (Salimäki *et al.*, 2009) or manage the potential negative implications of low pay satisfaction (Schreurs *et al.*, 2015). Despite its importance for individual and organizational outcomes (Currall *et al.*, 2005), there is still little research about employee compensation, its various aspects (Gupta and Shaw, 2014; Gerhart and Fang, 2015), and, in particular, fairness and pay satisfaction (Williams *et al.*, 2006; Jawahar and Stone, 2011).

Individuals' evaluations of how satisfied they are with their pay are related to their perceptions of fairness (Williams *et al.*, 2006). Employees compare their pay with others', and this comparison is associated with the employees' pay satisfaction. Despite this knowledge and previous studies on the subject, researchers have called for further examinations and explanations of these comparisons (Davison, 2014; Ataay, 2018; Yao *et al.*, 2017). Recent developments show the effect of gender on explaining individual reactions to pay (Khoreva and Tenhiälä, 2016), diversity and firm performance (Schwab

et al., 2016). For example, pay satisfaction research has found that women are more satisfied with their pay than men (Ataay, 2018). The reasons behind gender differences in pay satisfaction have been explained via the referents people use to make pay comparisons. However, scholars call for more research on gender in the context of management (Broadbridge and Simpson, 2011), relevant moderators in the pay processes (Judge *et al.*, 2010) and additional characteristics affecting referent choice and perceived pay fairness (Davison, 2014). The present research, therefore, extends the understanding of pay satisfaction by examining the roles of individuals' work orientation and gender in the relationship between the perceived fairness of a pay system and pay satisfaction. Thus, we examine whether work orientation, as a frame of reference, affects the relationship between the perceived fairness of a pay system and pay satisfaction, assessing whether the process by which individuals evaluate their pay is moderated by gender. In this way, the research will enrich the extant pay satisfaction literature by including the concept of work orientation. This is relevant for compensation research, which has shown increasing interest in how individuals' reactions to pay vary as part of the interplay between pay systems and personal characteristics (Fulmer and Shaw, 2018).

This paper studies adults working in the public sector in Finland - a gender-equal country- which, however, has a persistent gender pay gap (World Economic Forum, 2020). Women in Finland play an active role in the workforce and like in many countries, the traditional model-with men more devoted to work and women to family, may no longer apply. This calls for new understanding of work-life phenomena, as well as societal and organizational policies and their implementation (Powell *et al.*, 2019). One such policy is Equal Pay, which has been in many European countries promoted through the development of organizations' pay systems (Smith, 2012) and transitioning

toward job evaluation and performance evaluation procedures (e.g. Ministry of Social Affairs and Health, 2016). This change follows the trend towards individualized and performance-related pay systems (Rubery *et al.*, 2002). While this change has not always been a success in the public sector (Weibel *et al.*, 2009), it is important to pursue a deeper understanding of individuals' perceptions of these pay procedures.

Theory and hypotheses

The relationship between pay satisfaction and perceived fairness of pay system

Pay satisfaction refers to the feelings individuals have toward their pay in organizations (Miceli and Lane, 1991) and has been shown to relate to how willing people are to commit to or stay with their employers (e.g. Jayasingam and Yong, 2013; Panaccio *et al.*, 2014). One correlate of pay satisfaction is fairness. Procedural fairness refers to the process by which outcomes are determined (Lind, 2019) and previous research shows a positive relationship between individuals' perceptions of fairness and their pay satisfaction (Tremblay *et al.*, 2000; Williams *et al.*, 2006; Till and Karren, 2011; Shaffer *et al.*, 2013). Thus, individuals are expected to be more satisfied with their pay if they perceive their organizations' pay processes to be fair. Previous studies, exploring the relationship between procedural fairness and pay satisfaction, have typically examined organizational procedures in general (e.g. Shaffer *et al.*, 2013; Till and Karren, 2011). As one of the few exceptions, Jones, Scarpello and Bergmann (1999) studied different forms of pay procedures and argued for the value of evaluating each specific type: two major pay determining procedures are job evaluation and performance evaluation. They argued that job evaluation strongly influences pay satisfaction, since job evaluation often determines pay levels (Jones *et al.*, 1999). To expand this understanding, the present study examines both job and performance evaluations, hypothesising that the

relationship between procedural fairness and pay satisfaction will be stronger for job evaluation as a larger proportion of pay is allocated through this procedure. We present our first main effect hypotheses:

HM1a: Pay satisfaction and perceived fairness of job evaluation are positively related

HM1b: Pay satisfaction and perceived fairness of performance evaluation are positively related

Work orientation

An important aspect of the construction of fairness perceptions is social influence (Lamertz, 2002) and according to social identity theory (e.g. Ashforth and Mael, 2004) people classify themselves as members of various social groups. Perceived similarity and dissimilarity divide in-group and out-group members, which may lead people to favour their in-group members. Various identities may emerge from the diverse relationships between work and non-work (Felstead *et al.*, 2002), yet despite the important role of human practices in this process, only a few studies in work-family research have focused attention on compensation and pay (Michel *et al.*, 2011).

Structural constraints may force employees to develop individual strategies for their work-life balance (Guillaume and Pochic, 2009), with individuals' varying values creating differences in the work-family conflict process and outcomes, such as job satisfaction (Carlson and Kacmar, 2000). Carlson and Kacmar (2000) noted that, when individuals place high importance on work, the relationship between job involvement and job satisfaction is significant. Research has also shown that the salience of an individual's career identity is an important variable when studying work effort (e.g. Bagger *et al.*, 2008; Liu and Ngo, 2017) and a high level of career identity salience is associated with higher levels of work effort (Lobel and St. Clair, 1992). Therefore, assuming that work identity salience may, as a frame of reference and through social

structuring, pattern the effects of perceived fairness on pay satisfaction. Referring to work identity salience, this study defines work orientation as what work or career means to an individual.

Previous research has recognised the importance of a reference group in employees' evaluations of their pay satisfaction and it has been suggested that factors increasing employees' pay expectations decrease pay level satisfaction (Shittu, 2008; Sweeney and McFarlin, 2005; Williams *et al.*, 2006; Davison, 2014; Hauret and Williams, 2019). Perceived inputs and outcomes of referent others may relate to discrepancy between the pay you believe you are entitled to and the perceived amount of pay received (Williams *et al.*, 2006). Therefore, the present study assumes that work orientation raises employees' pay expectations, and, thus, it proposes that work orientation and pay satisfaction are related; a higher work orientation engenders a lower pay satisfaction. Further, we assume that, for work-oriented employees, the perception of a pay system's fairness would strongly affect pay satisfaction, thus, based on the above, we propose our second main effect hypothesis and our first interaction hypotheses:

HM2: Pay satisfaction and work orientation are negatively related

H11a: Pay satisfaction and perceived fairness of job evaluation are positively related, and the relationship is stronger for work-oriented employees

H11b: Pay satisfaction and perceived fairness of performance evaluation are positively related, and the relationship is stronger for work-oriented employees

Gender

Gender has been considered important to fairness research, but, so far, the results are ambiguous (Cohen-Charash and Spector, 2001) and some earlier studies on fairness noticed gender differences (Lee *et al.*, 2000; Khoreva and Tenhiälä, 2016) while other

studies found no gender differences (Till and Karren, 2011). In pay satisfaction literature, a considerable number of studies identified gender differences, showing that men are less satisfied with their pay (e.g. Balkin and Gomez-Mejia, 2002; Ataay, 2018; Shantz *et al.*, 2018). The meta-analysis conducted by Williams *et al.* (2006) showed that, when controlling for actual pay, “women were slightly more satisfied with their pay than are men”.

Previous research also identified the persistent paradox of the contented female worker (Crosby, 1982; Mueller and Kim, 2008; Davison, 2014). According to this paradox, women are as satisfied with their pay as men, even though they are paid less and have poorer working conditions. This paradox has been typically explained by women’s lower pay expectations (Williams *et al.*, 2006). However, another possible explanation is the own-gender referent hypothesis, which argues that women compare themselves with other women, who typically work in lower-rewarded jobs (Mueller and Kim, 2008). Therefore, the present study assumes that the effects of social system structuring will be stronger for women, changing their reference group comparison from other women to men, as they become more work-oriented. Since men are considered as better paid, this is assumed to decrease career-oriented women’s pay satisfaction.

Hence, we propose that gender moderates the relationship between work orientation and pay satisfaction so, that more work-oriented women will be less satisfied with their pay.

Hence, we propose our final main and interaction hypotheses:

HM3: Pay satisfaction is higher for women

HI2a: Pay satisfaction and perceived fairness of job evaluation are positively related, and the relationship is stronger for women

HI2b: Pay satisfaction and perceived fairness of performance evaluation are positively related, and the relationship is stronger for women

H13: Pay satisfaction and work orientation are negatively related, and the relationship is stronger for women

Theoretical model

Based on the hypotheses proposed above, we construct a theoretical model (Figure 1) of three main effects and five interaction (or moderator) effects:

**** Insert Figure 1 around here ****

Measures

Dependent variable

Our dependent variable (DV) is *pay satisfaction*, which has been theorized as a multidimensional concept (Heneman and Schwab, 1985). The dimension relevant to this study is satisfaction with the overall pay level, hence, we chose not to use the dimensions related to pay raises. In addition, we left out the pay structure/administration dimension to avoid confusion with perceptions of procedural justice. Lastly, the dimension of benefits was not included as the focus was on the base pay. The items used a five-point scale ranging from 1=strongly disagree to 5=strongly agree. The items to measure satisfaction with overall level of pay were: (1) I'm satisfied with my current salary, (2) I'm satisfied with my overall level of pay.

Explanatory variables

To measure the *procedural fairness perceptions* related to job and performance evaluation procedures, we used items for measuring perceived system procedural fairness. We used these items to formulate two scale variables, fairness of job evaluation and fairness of performance evaluation. Erdogan, Kraimer and Liden (2001) developed a measure for system procedural fairness in the context of performance

appraisal. System procedural fairness refers to the perceived fairness of the procedures and policies of the process adopted by the system or organization (Erdogan *et al.*, 2001). In this study, we applied the measure to both procedures of the pay system, job evaluation and performance evaluation. The items used a five-point Likert-scale ranging from 1=strongly disagree to 5=strongly agree. The three items to evaluate the pay system were: (1) Having high or low score from this system isn't related to actual performance /demands of the job (reverse coded); (2) The performance evaluation procedure in our organization is able to differentiate high performers from poor performers / The job evaluation procedure in our organization is able to differentiate demanding jobs from less demanding jobs; (3) The performance/job evaluation procedure that is being used in our organization is fair. To construct the two explanatory variables (EVs), a total of six items were used: three for each pay procedure.

The theoretical construct of *work orientation* is operationalized using the Life Role Salience Scales (LRSS) (Amatea *et al.*, 1986), a set of scales constituting four major life roles: occupational, parental, marital and home-care role. Each of these roles was assessed in terms of two dimensions: the role reward value and role commitment level. The former was indexed by means of statements in which the individual agrees the role is an important means of self-definition and/or personal satisfaction. The latter was assessed by statements describing the extent to which the person demonstrates a willingness to commit personal resources in order to succeed in the role or to develop the role. In contrast to many existing scales which were designed as women as the target respondents, the LRSS was devised to be equally applicable to both men and women, and also to individuals at various stages of role anticipation and/or implementation. (Amatea *et al.*, 1986) Furthermore, as the idea is to assess the salience of an identity, a person need not currently be in a role to identify with that role (Bagger *et al.*, 2008). In

this study we used the first dimension of occupation life role: the occupational role reward value. This is because work orientation can be thought as a ‘mind set’ and, as commitment level measures the willingness of the individual to use his/her time and effort for the good of a career, the reward value measures the significance of work and career to an individual. An individual might place a high value to a career but at the same time choose not to invest as much time and effort into it as it might require due to, e.g. the altruistic nature of parenthood. This might cause internal conflict, but not necessarily lower work orientation. At the same time, we acknowledge the fact that reward value and commitment are positively correlated, as the two dimensions of the occupation role salience measure the same theoretical construct. The items used a five-point Likert-scale ranging from 1=strongly disagree to 5=strongly agree. The five items to measure occupation role reward value were: (1) Having work/a career that is interesting and exciting to me is my most important life goal; (2) I expect my job/career to give me more real satisfaction than anything else I do; (3) Building a name and reputation for myself through work/ a career is not one of my life goals (reverse coded); (4) It is important to me that I have a job/career in which I can achieve something of importance; (5) It is important to me to feel successful in my work/career.

Gender. The roles of men and women in society are changing, but there’s still asymmetry between men and women in their work roles (Broadbridge, 2010), so that women tend to invest more heavily in the family role than in the work role (McElwain *et al.*, 2005). As noted earlier, gender plays a role also in pay satisfaction (e.g. Williams *et al.*, 2006) and procedural fairness (e.g Khoreva and Tenhiälä, 2016) literature.

Control variables

We controlled for *pay knowledge*, since earlier research has noted the relevance of knowledge related to pay and understanding of the pay procedures in pay satisfaction (Treuren and Frankish, 2014; Mulvey *et al.*, 2002). An empirical study in Finland supported the arguments of previous findings, stating that “the better employees know the pay system, the more satisfied they are with the system” (Salimäki *et al.*, 2009). Pay knowledge is a 9-item scale (Mulvey *et al.*, 2002). The items used a five-point Likert-scale ranging from 1=strongly disagree to 5=strongly agree.

In addition, *human capital variables* that were included were age (years), work experience (in years, employees’ own account), and education level. Experience and education were measured as a set of dummy variables. Education was measured in seven categories from primary education to doctorate or equal level. Work experience was measured as a categorical variable in six categories (less than a year; 1 to less than 3 years; 3 to less than 5 years; 5 to less than 10 years, 10 to less than 15 years, 15 years or more.). Occupational control variables included dummies for part-time work (Employment), managerial position (Job level) and income level, and the latter was measured in three income categories. Additional control variables included income level, marital status, whether the employee had been on parental leave or whether he/she had small children (age < 3 years) (Family). We also controlled for organization, but according to a joint hypothesis test the null hypothesis $H_0: \beta_i = 0$ for organization indicators could not be rejected. As a result, organization was left out in the final analyses.

Methodology

Data

The data used in this study were collected via online survey from three Finnish

government organizations. The survey was sent to all employees, except in organization 1, where a stratified sampling method was used to obtain a representative sample of the organization. The response rate was 42 per cent (N=1,005 out of 2,386). Two of the three organizations were military organizations with both military and non-military employees. We only investigated non-military employees (N=526). 74 per cent of our sample was organization 1 employees, and only 16 per cent and 10 per cent were organization 2 and 3, respectively. Due to this imbalance we assigned weights to each observation according to the organization, so that

$$Weight_i = \frac{N}{kn_i}, \text{ where } i=1, \dots, k$$

N denotes the total number of observations and n_i the number of observations in each organization. k is the number of organizations. In this data $N=526$ and $k=3$. Our aim was to give each organization equal weight, a custom used e.g. in market pay level surveys. Organization is an important level of analysis, and although the organization indicators were left out as suggested by the joint test, we wanted to equalize the organization representation by pooling the data. By assigning weights to equalize organization representation, no organization dominates the analysis. We did not use post-stratification weights for organization 1, as the sample obtained could be considered representative.

Method of Analysis

All measures used in this study are self-reported by the survey responder. Pay satisfaction, perceived fairness of pay system, work orientation and pay knowledge are latent variables operationalized with a set of Likert-scaled survey items. For the statistical analysis, these multi-item latent variables are transformed into scale variables by taking a mean of the individual item responses.

Before computing our mean scale variables, we begin with factor analysis to test the operationalizations of the scale variables. Exploratory factor analysis (with oblique rotations) was used to confirm that our data follows the theory in terms of factor loadings and dimensions, meaning that the scale variables are formulated correctly. We refrain from any item removal in order to maintain the content validity of the instruments. Sacrificing content validity for higher convergence validity is not preferred with complex psychological measures.

We also analyse the reliability of the scale variables. Inter-scale correlations and scale-specific Cronbach's alpha-values are reported in Table 1. However, the tests of reliability assume one-dimensionality, and alpha-values alone should not be used to assess the "goodness" of the scale. (Eisinga *et al.*, 2013.)

In Table 2 we report gender specific means and standard deviations for the scale variables, and test for significance using 2-tailed t-tests.

Hypothesis testing was done using standard OLS regression, although we explored other options as well (such as ordinal regression). Our dependent variable, pay satisfaction, represents a mean score of two items, which can have values 1, 2, 3, 4, or 5. As we operationalize pay satisfaction with two items, the possible mean responses are 1, 1.5, 2, 2.5, 3, 3.5, 4, 4.5, and 5, nine in total. Having this type of DV in an OLS regression means that the variance near the extremes (1 and 5) is limited, as the possible outcomes cannot be less than 1 or over 5, and hence OLS "underweights" the data at these bounds. If the variable were truly continuous, variance would not depend on the mean.

The fact that there are only nine possible outcomes for pay satisfaction does not, on its own, affect whether we treat the variable continuous or not; the most important thing to consider is the range of observations in our data set (Verkuilen & Smithson,

2012). In our data, pay satisfaction has the range [1, 5] and thus cannot necessarily be treated as truly continuous. However, this violation would apply to all scale variables. Nevertheless, in social sciences and in organizational research these types of mean scale responses are typically modeled with linear regression. After carefully investigating ordinal least squares, GLS and alternative distributions for our DV (such as beta and gamma), we chose to continue with OLS.

Linear regression has the following assumptions regarding the residuals (i.e. the deviations around the regression line (the predicted value of DV given the EVs): The residuals are normally distributed, so that the expected value of the error term given the EVs is zero. Also, there should be no skewness or heteroskedasticity.

We plotted the residuals against the predicted DV and found them to be normally distributed, and due to this we refrained from using robust estimation or robust standard errors. We also tested for homoskedasticity, and the Breusch-Pagan / Cook-Weisberg test gave support for the null hypothesis of constant variance. Based on these tests the normal distribution and OLS estimator were chosen for the analyses. OLS estimator is also the preferred method in previous research and is widely used. As we did not find heteroskedasticity, the OLS estimator is sufficiently appropriate for the analyses.

For the regression analysis, we computed our interaction variables. Interaction variables are needed to test hypotheses HI1a, HI1b, HI2a, HI2b and HI3. The computed variables are:

1. Work orientation * Fairness of job evaluation (HI1a)
2. Work orientation * Fairness of performance evaluation (HI1b)
3. Gender * Fairness of job evaluation (HI2a)
4. Gender * Fairness of performance evaluation (HI2b)
5. Gender * Work orientation (HI3)

All variables and scales (except gender) are centered to the grand mean. Gender is coded 1 for female, 0 for male. All analyses were done using Stata12 statistical program.

Results

Descriptive analyses

All the organizations had implemented a pay system with procedures of job evaluation and performance evaluation. At the time of the study, the organizations had had pay systems with job evaluation and performance appraisal procedures for approximately 5—10 years. Approximately 55 per cent of our sample was female and 45 per cent male. The education structure was as follows: upper secondary level education, lowest level tertiary education, lower-degree level tertiary education and higher-degree level tertiary education have all approximately 20 per cent of the sample. This suggests fairly evenly distributed education structure. 18 per cent of the employees were currently in a managerial position, and 49 per cent had been working for the same employer for 15 years or more. 5 per cent do part-time work, 38 per cent had taken parental leave, and 5 per cent have small children (age < 3). Mean age in the sample was 48 years.

Reliability and correlation analysis

Correlation matrix and reliability measures are reported in Table 1. We included the main explanatory variables (EVs), moderating variables and control variables, when the control variable was either continuous or dichotomous. Pay satisfaction was positively and significantly correlated with (from highest to lowest): fairness of job evaluation, fairness of performance evaluation, pay knowledge and job level. This initial finding supports HM1. At this stage, we find no correlation between pay satisfaction and work

orientation. Pay satisfaction was negatively and significantly correlated with gender (female), and employment type (part-time work).

Correlation between work orientation and fairness of job evaluation was significant and positive (0.12) as was between work orientation and fairness of performance evaluation (0.13). Table 1 also shows there were no excessively high correlations between the EVs. Sufficiently low correlation and a large enough data set make sure the regression coefficients are not inefficient due to collinearity.

Correlation between job level and work orientation was 0.20 and significant, indicating that managers have higher work orientation than those who are not managers. The correlations between gender and perceived job evaluation and performance evaluation fairness were -0.16 and significant.

*** insert Table 1 about here***

Gender differences in scale variables are reported in Table 2. On average, without controlling for any variables, men were more satisfied with their pay than women with a mean of 2.98 compared with 2.58 for women (significant at 0.1 per cent level). Women also had lower income level. Men perceived the job evaluation and performance evaluation procedures to be more fair than women did (significant at 0.1 per cent level). Men also scored higher on the work orientation scale (3.07 compared to 2.83), significant at 5 per cent level. Men's perceived pay knowledge was higher than women's, 3.36 compared to 3.09, and we reject the null hypothesis at 0.1 per cent level. The mean age for both men and women was 48.2 years.

*** Insert Table 2 about here ***

Regression analysis

We estimate two regression equations of the following form:

$$\text{Step 1: Pay satisfaction}_i = \beta_0 + \beta_1 * \text{Fairness of job evaluation}_i + \beta_2 * \text{Fairness of performance evaluation}_i + \beta_3 * \text{Work orientation}_i + \beta_4 * \text{Gender}_i + \beta_5 * \text{Controls}_i + \varepsilon_i$$

$$\text{Step 2: Pay satisfaction}_i = \beta_0 + \beta_1 * \text{Fairness of job evaluation}_i + \beta_2 * \text{Fairness of performance evaluation}_i + \beta_3 * \text{Work orientation}_i + \beta_4 * \text{Gender}_i + \beta_5 * \text{Controls}_i + \beta_6 * \text{Work orientation} * \text{Fairness of job evaluation}_i + \beta_7 * \text{Work orientation} * \text{Fairness of performance evaluation}_i + \beta_8 * \text{Gender} * \text{Fairness of job evaluation}_i + \beta_9 * \text{Gender} * \text{Fairness of performance evaluation}_i + \beta_{10} * \text{Gender} * \text{Work orientation}_i + \varepsilon_i$$

Table 3 presents the results of regression analyses. We estimate the effect of EVs on the DV pay satisfaction. In Step 1 we estimate unstandardized beta-coefficients for the main effects. Also the control variables are included in the estimation in Step 1. In Step 2 we estimate coefficients for five interaction variables to test the interaction hypotheses. We want to be able to test the main effect hypotheses, which are constitutive terms of the interaction variables, without the interaction terms in the model, as the interpretation of main effects is possible only in Step 1. However, as we test our interaction hypotheses, the constitutive terms should be present.

According to Table 3, perceived job evaluation fairness was significantly and positively related to pay satisfaction ($\beta = 0.49$, $p < 0.001$). Performance evaluation fairness was also significantly and positively related to pay satisfaction ($\beta = 0.31$, $p < 0.001$), but this relationship was weaker than with job evaluation. These findings support HM1. HM2 was also supported: Work orientation was significantly and

negatively associated with pay level satisfaction ($\beta=-0.203$, $p<0.05$). HM3 was not supported by our data.

We find that work orientation moderates the relationship between perceived job evaluation fairness and pay satisfaction ($\beta = 0.182$, $p<0.05$), and so HI1a was supported. Interaction hypotheses HI1b, HI2a and HI2b were not supported by our data. However, our analysis suggests that gender does moderate the relationship between work orientation and pay satisfaction ($\beta = -0.27$, $p<0.05$), supporting HI3.

The adjusted R^2 for the full model in Step 5 was 0.42, which can be thought of as a high percentage when dealing with psychological constructs.

*** insert Table 3 about here***

Interaction analysis

Table 3 shows that two of our interaction terms were statistically significant: Gender * Work orientation, with $\beta=-0.27$ ($p<0.05$), and Fairness of job evaluation * Work orientation, with $\beta = 0.182$ ($p<0.05$). The interpretation for the former coefficient is as follows: The slope of the regression relationship between pay satisfaction and work orientation is less positive (or more negative) for women than for men. For the latter, the slope of the regression relationship between pay satisfaction and job evaluation fairness increases as work orientation increases.

A partial regression line for interaction term Gender * Work orientation is shown in Figure 2. When work orientation level was very low ($2.9 - 2*0.74 = 1.4$) at two standard deviations below the mean, women's pay satisfaction was 3.4. When work orientation was very high ($2.9 + 2*0.74 = 4.4$), pay satisfaction for women was only 2.5. This means that work-oriented women are less satisfied with their pay than less work-oriented women. For women, the slope of the partial regression line is negative:

As work orientation increases, women become less satisfied with their pay. For men, the partial regression line has a slight positive slope, but there is little relation between work orientation and pay satisfaction. From a different perspective, for those with low work orientation, women are more satisfied with their pay than men, but when work orientation is high, men are more satisfied with their pay than women. (Figure 2.)

*** Insert Figure 2 about here***

In Figure 3 the partial regression plot for the interaction Fairness of job evaluation * Work orientation is plotted. This shows the joint effect of work orientation and pay system fairness on pay satisfaction. Both lines have a positive slope: Fairness and pay satisfaction are positively related regardless of the level of work orientation. However, when work orientation is high, the slope is much steeper. Also, the slopes cross in the middle: When perceived fairness is low, employees with low work orientation are more satisfied with their pay than employees with high work orientation (2.4 compared with 1.4). When fairness is high, employees with high work orientation have a higher pay satisfaction (4.1) than employees with low work orientation (3.2).

*** insert Figure 3 about here***

Limitations

In a cross-sectional self-reported survey data, common method variance – variance that is attributed to the measurement method rather than the constructs of interest – may cause systematic measurement error and further bias the estimates of the true relationship among theoretical constructs (Podsakoff *et al.*, 2003). However, common method variance cannot explain why the relationship between work orientation and pay satisfaction varied as a function of gender (Bagger *et al.*, 2008). Evidence suggests that

common method variance cannot create or inflate interaction effects, but instead can attenuate them (Jakobsen and Jensen, 2015). At this stage we refrain from any re-estimations.

A second limitation of cross-sectional data is that it does not allow conclusions to be made about the causality of the relationships between variables. A longitudinal model would take into account possible temporal changes in independent variables. In a moderator model, ideally the moderator (if not a dummy) should be measured prior to X, e.g. in the interaction term Work*Fairness, work orientation would ideally be measured prior to perceived fairness. However, we assume work orientation to be a salient, not a dynamic, trait. This assumption removes the requirement of a priori measurement.

Discussion and conclusions

This study examined the role of work orientation and gender in the relationship between perceived fairness of pay system and pay level satisfaction. The analyses support the hypothesized negative relationship between work orientation and pay satisfaction, thus contributing to the earlier literature on the function of referent others in pay level satisfaction (e.g. Miceli and Lane, 1991; Davison, 2014; Hauret and Williams, 2019) by examining this effect through the individuals' work orientation. If work orientation is positively related to effort (Lobel and St. Clair, 1992) and if pay satisfaction is related to outcomes (e.g. turnover intentions) (Williams *et al.*, 2006), then this study's results imply that it is important for organizations to commit and engage work-oriented employees. This is important for compensation research as it creates new knowledge about which employees are attracted by different pay procedures and how individuals vary in their feelings towards pay (cf. Fulmer and Shaw, 2018).

The findings suggest that gender moderates the relationship between work orientation and pay satisfaction, so that work orientation decreases women's pay satisfaction. However, no significant main effect of gender on pay satisfaction was found. Hence, the 'paradox of the content women worker' did not emerge in this data. This is consistent with Williams *et al.* (2006), who observed that the paradox may not be identified without further exploration and in their meta-analysis on pay level satisfaction, only the supplemental analysis revealed that women were slightly more satisfied with their pay. Consequently, our interaction analysis showed that when investigating employees with low work orientation, women are more satisfied with their pay than are men. Similarly, work-oriented women are less satisfied with their pay than women who are not work-oriented. Despite HM3 not being supported, the results imply a possible appearance of the paradox in the low work-oriented subgroup. Since the paradox was not implied in the high work-oriented subgroup, the main effect of gender was not found. Further explanation can be obtained from Williams *et al.* (2006), who suggested that the paradox of the content woman worker may be weakening over time, in accordance with the shrinking gender wage gap.

Still, why do work-oriented women, for whom the work is more meaningful, feel less satisfied with their pay? As mentioned in the literature review, the choice of the reference group affects the gender differences in outcome satisfaction (e.g. Davison, 2014). Hence, a possible explanation for this study's finding is that women, who are highly work-oriented, compare themselves to men (i.e. traditionally career-oriented), and women, who have a lower work orientation, compare themselves to other women (i.e. a lower reference pay). This study's finding may also be due to possible differences in the qualities of men's and women's career development (Maxwell and Broadbridge, 2014; Hoobler *et al.*, 2009; Broadbridge, 2008) or the indifferent treatment of women

(Kulich *et al.*, 2011). This finding has important implications for implementing national equal pay acts and other policies, which often emphasize women's career development. Given that women's career development tends to relate to relationships in the workplace (Hurst *et al.*, 2016), understanding work orientation can bring a new component to this under-researched area.

The present results suggest that the pay satisfaction of work-oriented employees is more vulnerable to malfunctions in the job evaluation system, but also that pay satisfaction is positively affected when the system is perceived as fair. Earlier literature has argued for the importance of work priorities in driving individuals' behavior and work effort (Leslie *et al.*, 2019). Assuming that pay satisfaction may be related to job performance and withdrawal cognitions and behaviors (Williams *et al.*, 2006), it would make sense for organizations to manage and design pay systems in a way that appeals to their work-oriented employees. Thus, the organization would receive extra value when the pay system is implemented fairly (cf. Cohen-Charash and Spector 2001) but lose extra value if the system is applied unfairly. As work orientation relates to pay satisfaction through pay system fairness, organizations should consider it when designing and implementing pay strategies.

In line with previous research (Till and Karren, 2011; Shaffer *et al.*, 2013), the results show that pay systems based on job and performance evaluations that are perceived to be fair, will positively affect pay satisfaction. This adds to earlier findings by identifying the effect of fairness in job and performance evaluation. This perceived fairness positively correlated with pay satisfaction, but the relationship was stronger for job evaluation than performance evaluation. This could be due to job evaluation having a stronger causal effect on employees' actual pay, and the proportion of total pay impacted by performance evaluation is smaller in government organizations. Another

possible explanation is that adopting performance evaluation in the public sector is challenging (Weibel *et al.*, 2009). Previous literature has also argued that the perceived unfairness of performance evaluation may have negative results - due to the unclear criteria and politicization of performance appraisal (Kim, 2016). This is particularly important in countries like Finland, where pay systems based on job and performance evaluation are seen as tools for promoting equal pay and are, therefore, included in equal pay policies.

This study has identified work orientation as a significant moderating variable in the context of pay satisfaction. For future research we suggest studying the underlying causes of different levels of work orientation. In addition, investigations concerning work orientation and other relationships besides job evaluation fairness and pay satisfaction are needed. We further stress the importance of investigating male and female career identities, and their impact on work orientation and pay satisfaction.

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Figure 1. Theoretical model

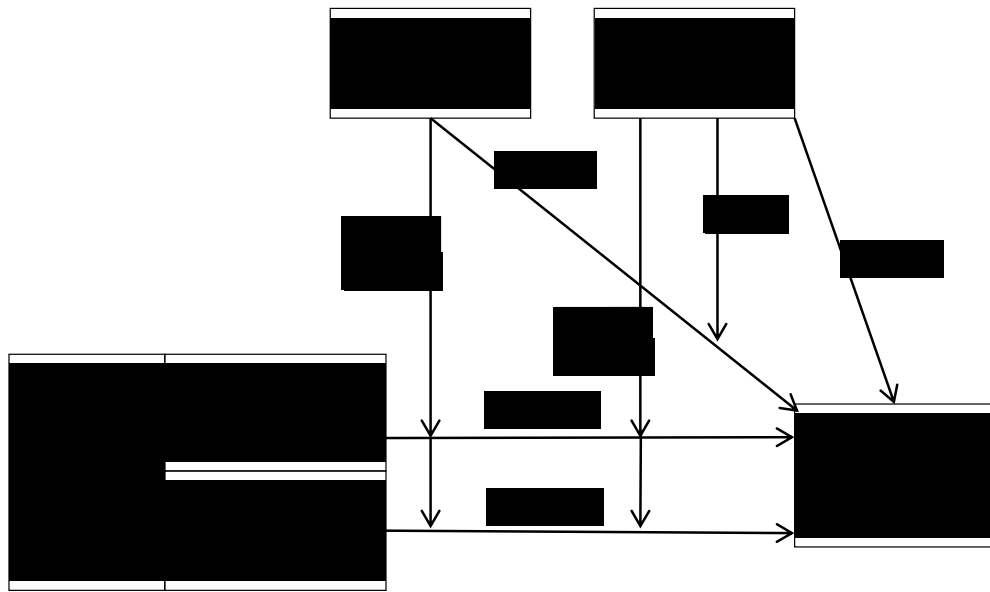


Table 1. Inter-item reliability measures and correlations

<i>Variable</i>	<i>Alpha</i>	1	2	3	4	5	6	7	8	9	10	11	12	
Dependent variable (DV)														
Pay satisfaction	1	0.91	1											
Main EVs														
Fairness of job evaluation	2	0.71	0.59*	1										
Fairness of performance evaluation	3	0.71	0.51*	0.65*	1									
Moderators														
Work orientation	4	0.76	0.05	0.12*	0.13*	1								
Gender	5		-0.17*	-0.16*	-0.16*	-0.08	1							
Controls														
Pay knowledge	6	0.85	0.42*	0.47*	0.47*	0.17*	-0.18*	1						
Age	7		0.02	0.07	0.01	-0.04	0.09*	0.04	1					
Marital status	8		0.03	0.03	0.04	0.01	-0.08	0.02	0.05	1				
Employment	9		-0.10*	-0.07	-0.10*	0.03	0.07	-0.03	0.20*	0.02	1			
Job level	10		0.20*	0.19*	0.26*	0.20*	-0.16*	0.35*	0.13*	0.11*	-0.11*	1		
Parental leave	11		-0.02	0.09	0.11*	-0.02	0.12*	0.05	-0.03	0.16*	0.02	0.00	1	
Family	12		0.04	0.00	0.07	0.00	-0.12*	-0.03	-0.28*	0.13*	-0.01	-0.06	0.24*	1

*p<0.1

Table 2. Weighted summary statistics: by gender

<i>Variable</i>	<i>Male</i>			<i>Female</i>			<i>sig.¹</i>
	<i>N</i>	<i>mean</i>	<i>SD</i>	<i>N</i>	<i>mean</i>	<i>SD</i>	
Dependent variable (DV)							
Pay satisfaction	237	2.98	1.21	288	2.58	1.21	p<0.1
Main EVs							
Fairness of job evaluation	227	2.80	0.99	273	2.48	0.90	p<0.1
Fairness of performance evaluation	226	2.93	1.00	273	2.64	0.98	p<0.1
Moderators							
Work orientation	236	3.07	0.71	287	2.83	0.74	p<0.05
Controls							
Pay knowledge	235	3.36	0.85	287	3.09	0.82	p<0.1

¹Reported significance levels are for 2-tailed t-tests

Table 3. Summary of estimated unstandardized β coefficients (standard errors in parentheses)

<i>Variables</i>	Step 1¹:	Step 2:
	<i>Main effects</i>	<i>Main effect Interaction</i>
Pay Satisfaction (DV)		
Main EVs		
Fairness of job evaluation (HM1a)	.492*** (.060)	.480*** (.094)
Fairness of performance evaluation (HM1b)	.312*** (.059)	.279** (.095)
Moderators		
Work orientation (HM2)	-.203** (.062)	-.033 (.101)
Gender (HM3)	.178 (.102)	.166 (.104)
Controls		
Pay knowledge	.144* (.061)	.116 (.062)
Income (low)	-.134 (.089)	-.172 (.089)
Income (high)	.171 (.102)	.201 (.103)
Interactions		
Work orientation * Fairness of job evaluation (HI1a)		.182* (.086)
Work orientation * Fairness of performance evaluation (HI1b)		-.147 (.081)
Gender * Fairness of job evaluation (HI2a)		.023 (.120)
Gender * Fairness of performance evaluation (HI2b)		.016 (.118)
Gender * Work orientation (HI3)		-.272* (.128)
Constant	2.830*** (.155)	2.780*** (.155)
N	468	468
R ²	.415	.423

*p<0.05, **p<0.01, ***p<0.001

¹ Control variables include: Pay knowledge and income level (beta coefficients reported in the table) and dummies for work experience, education, employment (managerial position), marital status, employment type (part time), family type (small children) and parental leave.

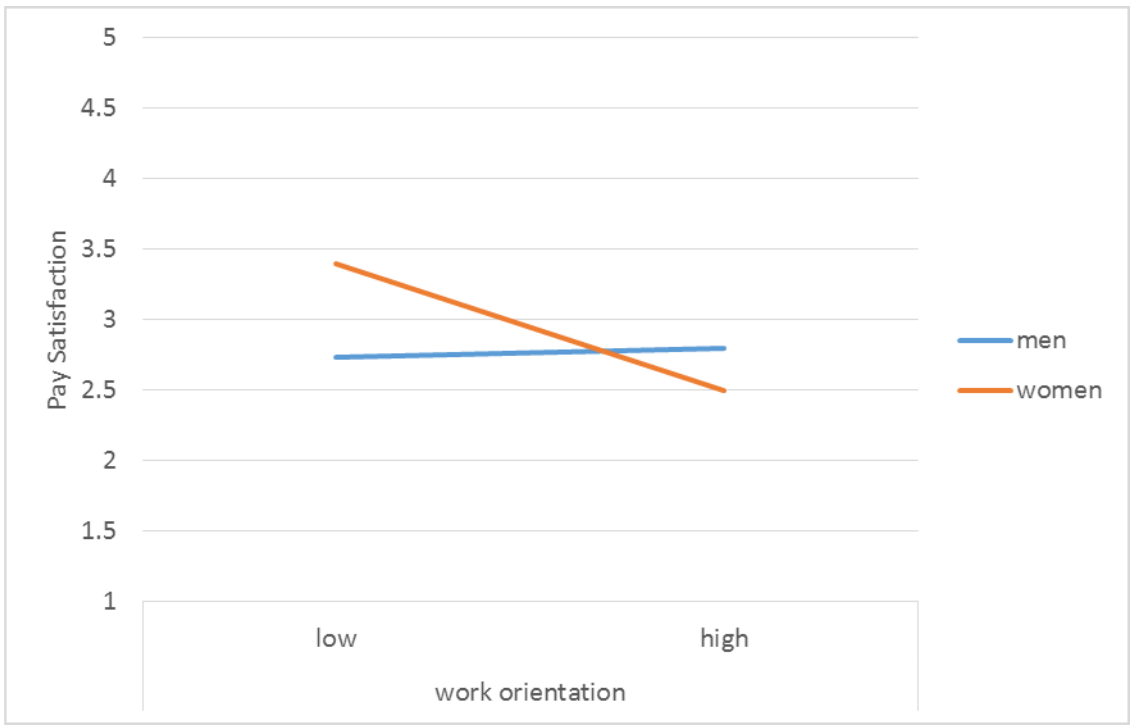


Figure 2. Partial regression plot of interaction Gender*Work orientation on pay satisfaction (Low/high work orientation = mean \pm 2SD)

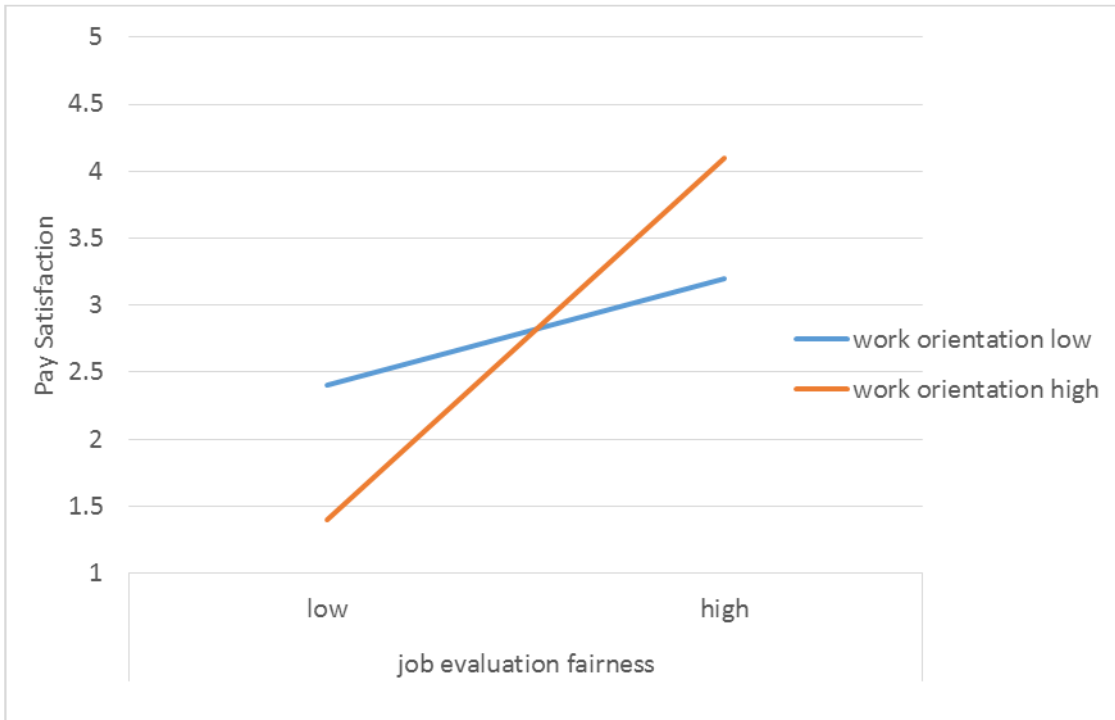


Figure 3. Partial regression plot of interaction Work orientation*Job evaluation fairness on pay satisfaction (Low/high work orientation/fairness = mean \pm 2SD)