Leaders’ perceptions of being fairly rewarded for their work and their impact on subordinates’ job attitudes and health

Kathleen Otto¹, Christiane Stempel², & Torsten J. Holstad²

¹Philipps University of Marburg, Germany
²University of Leipzig, Germany
INTRODUCTION: Equity Theory & Distributive Justice

- Employees seek to maintain equity between inputs that they bring to a job and outcomes that they receive from it against the perceived inputs and outcomes of others (Adams, 1965)

- Individuals who perceive themselves as either under-rewarded or over-rewarded will experience distress, and that this distress leads to efforts to restore equity

- If leaders might feel an imbalance between effort and reward their subordinates might be affected (trickle-down process)
INTRODUCTION: Social Resource Theory

- As social resource theory emphasizes, in social relations, not only are *tangible goods*, such as money, goods, and services exchanged and distributed, but also are *intangible goods*, such as love, status, and information (Foa, 1971; Foa & Foa, 1974)

- Fairness perceptions have been shown to depend on whether the allocated resource possesses a *material benefit* such as salary, or a *symbolic benefit* such as appreciation (e.g., Sabbagh, Dar, & Resh, 1994; Otto, Baumert, & Bobocel, 2011; Schmitt & Montada, 1982)
INTRODUCTION: Hypotheses

- **H1**: Leaders’ distributive justice perceptions impact their subordinates’ work situation:
  - (H1a) job attitudes and
  - (H1b) mental health.

- **H2**: These effects should be stronger if leaders evaluate that they are appropriately appreciated for their work *(symbolic benefits)* than if they perceive that their salary corresponds to the work they had completed *(material benefit)*.
METHOD: Organizational Setting

- **Sampling strategy:**
  Organizations were approached in which …
  (a) followers work together in teams and
  (b) have a direct supervisor with
  (c) whom they have frequent contact

- **Selected sectors:**
  Finance (43.1%), public administration (13.1%), education (24.3%), healthcare (2.5%), mechanical engineering (3.2%), service (11.8%), and welfare (2.1%)

- **Final sample:**
  225 leaders from Germany, Sweden and Finland with (their) 1.887 subordinates (response rate was 70.3%)
METHOD: Sample Description

- Demographics
  - $n=994$ (52.7%) from Germany, $n=400$ (21.2%) from Sweden, and $n=493$ (26.1%) from Finland
  - 81.4% female
  - mean age was 43.41 years ($SD=10.90$)

- Tenure
  - mean team-tenure was 7.51 years ($SD=7.82$), and
  - mean organizational tenure was 14.62 years ($SD=10.10$)

- Job classification
  - $n=45$ (4.8%) unskilled blue collar workers,
  - $n=346$ (36.9%) skilled blue collar workers,
  - $n=164$ (17.5%) lower level white collar workers,
  - $n=254$ (27.1%) intermediate white collar workers,
  - $n=122$ (13.0%) were higher level white collar workers (middle management, executive staff), and
  - $n=7$ (0.7%) were senior managers or directors
METHOD: Analytic Strategy

- Data collected in teams → not independent of each other, i.e. all team members share the same leader → multilevel analytic approach

- Variables on level 1 (subordinate data)
  - DV: Outcomes
  - IV: Distributive justice

- Variables on level 2 (supervisor data)
  - IV: Distributive justice

Pre-analyses indicated enough group-level variance to be explained by group-level variables
METHOD: Measures

Distributive justice (Level 1 and level 2)

- Material benefit (*Salary*)
  → single item: “The salary that I get is appropriate for the work I have completed.”

- Symbolic benefit (*Appreciation*)
  → single item: “The appreciation that I get is appropriate for the work I have completed.”

- Salary: $M=2.77; SD=1.24$
- Appreciation: $M=3.38; SD=1.07$

- Salary & appreciation: $r=.35^{***}$
METHOD: Measures

Outcomes (Level 1)

- **Job attitudes:**
  - Job satisfaction (Wanous et al., 1997)
    - Single item: “How satisfied are you with your job as a whole?”
  - Affective commitment (Cook & Wall, 1980)
    - 5 items; e.g., “I feel myself to be part of the organization”
  - Turnover intentions (Mauno et al., 2005)
    - 3 items; e.g., “I often think about leaving my current employer”

- **Mental health:**
  - Work engagement (UWES)
    - 9 items; e.g., “At my work, I feel that I am bursting with energy”
  - Emotional exhaustion (MBI)
    - 3 items; e.g., “I feel burned out from my work”
  - Depression (Bech, 2001)
    - 12 items; e.g., “Have you felt low in spirits or sad?”
### RESULTS: Multilevel Analyses for Job Attitudes

<table>
<thead>
<tr>
<th></th>
<th>Job satisfaction</th>
<th>Affective commitment</th>
<th>Turnover intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(subordinates’ perceptions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>.03</td>
<td>.04</td>
<td>-.04</td>
</tr>
<tr>
<td>Appreciation</td>
<td>.39***</td>
<td>.23***</td>
<td>-.33***</td>
</tr>
<tr>
<td><strong>Level 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(leaders’ perceptions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>-.07*</td>
<td>-.01</td>
<td>.10*</td>
</tr>
<tr>
<td>Appreciation</td>
<td>.06</td>
<td>.06*</td>
<td>-.05</td>
</tr>
</tbody>
</table>
# RESULTS: Multilevel Analyses for Mental Health

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Work engagement</th>
<th>Emotional exhaustion</th>
<th>Depression</th>
</tr>
</thead>
<tbody>
<tr>
<td>(subordinates’ perceptions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>-.03</td>
<td>-.06</td>
<td>-.11</td>
</tr>
<tr>
<td>Appreciation</td>
<td>.39***</td>
<td>-.38***</td>
<td>-1.86***</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 2</th>
<th>Work engagement</th>
<th>Emotional exhaustion</th>
<th>Depression</th>
</tr>
</thead>
<tbody>
<tr>
<td>(leaders’ perceptions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>-.09+</td>
<td>.09+</td>
<td>.86***</td>
</tr>
<tr>
<td>Appreciation</td>
<td>.07</td>
<td>-.13*</td>
<td>-.60*</td>
</tr>
</tbody>
</table>
DISCUSSION: Shortcomings and Potentials

Shortcomings:

- Cross-sectional design
- Single-item measures used to assess distributive justice perceptions
- Material benefit only operationalized via salary, symbolic benefit only via appreciation → can findings be generalized to other resources as promotions or information?

Potentials:

- Multi-source measurement (leaders and their subordinates)
- Multilevel analytic approach
DISCUSSION: Summary

Subordinates’ perceptions:
- If appreciation \( \text{(not the salary!!!)} \) they received was perceived to be appropriate for the work they had performed $\rightarrow$ adaptive relations to job attitudes and mental health

- Symbolic benefits more important than material benefits!

Leaders’ perceptions:
- impacted their followers job attitudes and mental health
  $\rightarrow$ Appreciation adaptive for subordinates’ job attitudes (commitment) and mental health (exhaustion, depression)
  $\rightarrow$ Salary risk for subordinates’ job attitudes (job satisfaction, turnover intentions) and mental health (work engagement, emotional exhaustion and depression)
Thanks for your attention !!!

Kathleen Otto\textsuperscript{1}, Christiane Stempel\textsuperscript{2}, & Torsten J. Holstad\textsuperscript{2}

\textsuperscript{1}Philipps University of Marburg, Germany
\textsuperscript{2}University of Leipzig, Germany
Gender and cultural differences

Introduction
- Equity & distributive justice
- Social resource theory
- Hypotheses

Method
- Sample
- Analytic strategy
- Measures

Results
- Job attitudes
- Mental health

Discussion
- Critique
- Summary

16th EAWOP Congress 2013