

Does consistency of pay levels, knowledge of principles and perception of the superior affect the assessment of remuneration justice? – Evidence from Poland and Lithuania*

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Abstract

This paper analyses the relation between organisational justice in its three aspects: distributive, procedural and interactional, and employees' subjective perception of remuneration justice using the case studies of Poland and Lithuania. Assessment of remuneration justice was inferred with regards to the theory of organisational justice. The conditions of the labour markets in Poland and Lithuania act as the background for the analysis of empirical data. We identified the factors influencing the perception of the fairness of remuneration by Polish and Lithuanian employees. Our results indicate that the assessment is carried out in a comprehensive manner. Comparisons between Poland and Lithuania show that the evaluation criteria are not universal. In the case of Polish employees, the perception of remuneration justice was influenced by the conviction regarding the adequacy of pay relative to the tasks performed, equal pay for similar work and solicitude of the superior. The Lithuanians' assessment was dependent on the adequacy of remuneration in relation to the work performed and the degree of care exercised by the superior.

Keywords: remuneration justice, organisational justice, distributive justice, pay system transparency, Poland, Lithuania

JEL codes: M52, M54, J31

1. Introduction

Remuneration justice has been studied by various disciplines and scientific concepts: philosophy, work and organisational psychology, sociology, labour law, economics and management sciences. Remuneration justice has been studied and analysed so much because of the overriding consequences of fair remuneration for human capital management and for stimulating innovation, on both the micro and macro scales. The approach adopted by the authors situates the topic in the realms of social sciences, which necessitates the consideration of the

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objectives of a wide range of stakeholders (e.g. employees and employers), as well as the social context (Juchnowicz 2014). Literary research of just remuneration considers the influence of these actors in isolation, leading to inefficient conclusions defined by low applicability. In addition, the investigation of fairness of pay is primarily conducted in terms of the evaluation of the distributive and procedural dimensions (Terpstra/Honoree 2003), while studies detailing the impact of the interactional aspect of justice on the perception of remuneration occur seldom in literature (Till/Karren 2011). The identification of the key factors influencing the evaluation of remuneration by employees is considered pivotal, since research highlights the value of understanding the rationale for assessing remuneration, thus making way for the development of more effective compensation systems by employers (Salimaki/Hakonen/Heneman 2009).

The aim of the research in the paper is to examine the reasoning behind the differences in the subjective evaluation of remuneration justice by employees, with reference to the theory of organisational justice, contrived of three key tenets: distributive (equal pay and work relevance), procedural (understanding of the principles) and interactional (relations). Moreover, our research seeks to verify the universality of the impact of the factors highlighted within the examined aspects (e.g. perception of equality, work relevance, understanding of the principles and superior's efforts) on the evaluation of the fairness of remuneration through examining the models in two neighbouring countries with comparable economic potential per capita – Poland and Lithuania. In the first stage of the analysis, we conducted a systematic review of the literature, including research papers on organisational justice and the relationship between its dimensions and evaluation of remuneration. Based on the literature review, we formulated research hypotheses. In the second stage of analysis, our hypotheses were tested using empirical data from Poland and Lithuania. The paper extends the knowledge on employees' evaluation of remuneration justice, and the practical conclusions we reach facilitate the popularisation of the concept of compensation justice in the practices of organisations. In addition, our results offer scientific contribution by addressing the identified research gap with solid empirical evidence.

2. Literature review

2.1 Organisational justice

Research into organisational justice has been a focus of academics for years (Cohen-Charash/Spector 2001; Colquitt/Conlon/Wesson/Porter/Ng 2001; Nowakowski/Conlon 2005; Macko 2009; Erkutlu 2011; Palaiologos/Papazekos/Panayotopoulou 2011; Crow/Lee/Joo 2012; Wang/Lu/Siu 2015). Researchers have explored its relationship with topics related to human capital management, such as turnover (Meisler 2013; Hussain/Khan 2019), job satisfaction (Colquitt et al. 2001; Till/Karren 2011) and engagement (Klendauer/Deller 2009).

Organisational justice considers employees' subjective feelings about how they are treated in an organisation (Byrne/Cropanzano 2001), consisting of three aspects: distributive justice, procedural justice and interactional justice. Within this framework, studies show that individuals' perceptions of fairness are strongly linked to resource allocation, perceptions of decision making and their supervisor's behaviour in the workplace (Yadav/Rangnekar 2015). Distributive justice considers the distribution and allocation of resources and this concept is frequently used to explain the effects of distributing benefits from work compared to employees' contributions vis-à-vis their expectations (Crow et al. 2012). Procedural justice is the concept that considers the decision-making process leading to the apportioning of resources among employees (Dayan/Di Benedetto 2008), while interactional fairness describes the interpersonal behaviour of the supervisor and other colleagues in the workplace (Leung 2014).

The theory of organisational justice explains the rules of evaluation of the exchange between individuals at the organisational level, as well as in the social context (Ryan 2016). This theory is used frequently to examine employees' degrees of satisfaction with pay (Wu/Wang 2008), which is a separate issue from remuneration justice since fairness deals with the subjective evaluation of the effects of the application of social standards in terms of the adequacy of remuneration relative to the work performed and its effects. Research shows that from, the perspective of employees, satisfaction with remuneration and the perception of fairness are viewed as analogous constructs (Kinowska 2018). Satisfaction with remuneration is a function of the discrepancy between the level of pay received and the amount that an employee believes they should be paid (Williams/McDaniel/Nguyen 2006). It can be argued that, from the perspective of the individual formulating this assessment, fair remuneration is satisfactory. Therefore, it is appropriate to utilise the same theoretical basis for research into both employees' perceptions of fairness and salary satisfaction.

2.2 Adequacy of remuneration to the work

Historically, the first element of organisational justice is defined as distributional justice, referring to the assessment of the proportionality between the reward and the effort incurred relative to the remuneration received, when compared with other employees. The result of this comparison formulates the basis for the subjective evaluation of fairness. If an employee puts in more effort than a reference colleague, while simultaneously failing to receive a proportionally higher compensation, then he will perceive this discrepancy as unjust (Juchnowicz 2014). Therefore, to restore a sense of fairness, he may reduce his degree of engagement at work or react in other ways, e.g. by deciding to change the place or type of work. The perception of the person formulating the evaluation is pivotal,

since there can potentially be a discrepancy between the actual and perceived evaluation of remuneration (Williams et al. 2006; DeConinck/Johnson 2009).

Due to its multi-faceted nature, an assessment of fairness of remuneration requires the consideration of numerous factors influencing the employees' perception, i.e. a diagnosis of all indicated aspects of organisational fairness. Remuneration justice studies have been dominated by S. Adams' theory (1965), which describes the process of comparison and evaluation of the proportionality of reward to the effort. Remuneration here includes all benefits obtained from work, i.e. pay and cash benefits, as well as psychophysical benefits, like a sense of appreciation, stability, opportunities for development, and ease of commuting to work, and effort includes everything an employee can contribute at work, i.e. his/her potential competence, time, health, loyalty and commitment. In the next step of assessing fairness, the employee compares their own remuneration and effort with other similar individuals, to act as the benchmark. These similar individuals may be employees hailing from the same organisation and holding comparable positions, who bring their own experience within or outside the current company. If the comparisons reveal discrepancies, a sense of injustice arises. This sense of injustice is not limited to cases where employees are "underpaid", but also occurs when employees are "overpaid". However, it must be emphasised that the sense of being underpaid creates a substantially more negative impression for the employee, whereas the threshold for the perception of injustice is significantly higher in the case of overpayment (Hajec 2019).

In addition to Adams' perception of distributional justice (1965), the following two theories also act as the theoretical benchmark for research into salary satisfaction: social exchange theory (Homans 1961) and expectation theory (Lawler 1981). According to the theory of social exchange, organisations operate in the form of a network of inter-unit exchanges in which employees undertake actions maximising benefits. Expectation theory, on the other hand, links the perception of pay satisfaction with the result of the evaluation of the relationship between the wage received by the employee and what she anticipated being compensated. Based on these theories, the following first hypothesis was formulated:

H1: The perception of compensation being adequate to the work performed has a positive impact on the evaluation of remuneration justice.

2.3 Equality of pay for employees performing similar work

An additional theory illustrating the process of evaluation of remuneration is the theory of social comparison (Goodman 1974; Weiner 1980; Scholl/Cooper/ McKenna 1987; Rice/Phillips/McFarlin 1990; Judge 1993), which states that the assessment of compensation is dependent on the result of the comparison of the received remuneration with others (Sweeney/McFarlin 2005). Furthermore, this

theory indicates that most employees utilise multiple individuals as reference points (Goodman 1974). Workers compare their pay with people performing the same tasks, both in and outside their organisation. Additional research shows that the results of comparisons with upper-level (Martin 1982) and lower-level (Wills 1991) positions, in and outside the organisation, are relevant for the process of assessment of pay (Sweeney/McFarlin 2004; Harris/Anseel/Lievens 2008). These results are pivotal for inferring job satisfaction and engagement (Bachkirov 2018).

Salary assessments based on comparisons with other people can be analysed at two levels: external and internal. External assessments are based on the broad labour market, while internal assessments only consider the singular organisation. Company wage rates are often a direct reflection of information taken from the market, i.e. the risk due to difficulties in recruiting candidates with high potential, as well as staff turnover. However, the sensitivity of individual employees to market rates is often difficult to determine. Due to a myriad of factors, such as personal attitudes (e.g. reluctance to move) and circumstances related to the profession (e.g. company culture), predictions as to the extent at which employees are interested in changing their workplace are difficult to ascertain. Market trends in compensation levels can potentially achieve a state where newly recruited employees receive higher wages than existing workers. This could distort employee's perception of the salary structure being adequate, hence having an immensely demotivating effect on team members. Based on our analysis of the literature describing the process formulation of assessment of remuneration via comparison with other workers, the second hypothesis is posited:

H2: The belief that other employees receive similar remuneration for work of a comparable value has a positive impact on the assessment of remuneration justice.

2.4 Understanding of the rules of remuneration

Over time, research has shown that organisational justice is not limited to a simple comparison of workload, but instead possesses more complex characteristics. For example, research indicates the need to include a procedural angle in an evaluation of organisational justice (Thibaut/Walker 1975). Procedural fairness here refers to the perception of the process of decision making, with particular regard to remuneration decisions (Colquitt et al. 2001), revolving around the application of principles guaranteeing consistent, accurate, correct and impartial conclusions (Colquitt/Greenberg 2003). Procedural fairness highlights the importance of formulating and consistently adhering to the principles of the stated compensation system in an organisation, including, above all else, transparent criteria for the variance of remuneration between employees (Dubis 2011). According to Armstrong, procedural fairness necessitates that an assessment sys-

tem of effectiveness and competence is based on reliable information and objective criteria (Armstrong 2013). Research indicates that procedural fairness can be a more pivotal determinant of the sense of salary satisfaction than the distribution angle (Terpstra/Honoree 2003).

Procedural fairness in the work environment requires accurate and reliable procedures and the ability for employees to express their opinions and appeal decisions, as well as the organisation's adherence to ethical standards. The processes controlling decision making, as well as explaining the undertaken measures, are crucial for management. Employee's perception of procedural fairness is supported by organisations' adherence to predefined principles, such as: equity in the application of a procedures, a lack of bias, reliability of information affecting the outcome of a course of action, consideration of the possible rectification of wrong or inaccurate decisions, consistency in the application of ethical and moral standards and involvement of all affected individuals in the process (Leventhal 1980).

Empirical research shows that procedural fairness has a positive impact on engagement (Mansour-Cole/Scott 1998; Lemons/Jones 2001; Aryee/Budhwar/Chen 2002), satisfaction with pay (Folger/Konovsky 1989; Tremblay/Sire/Balkin 2000; Cloutier/Vilhuber 2008), and the level of trust within an organisation and among individuals (Brockner/Siegel 1996), as well as the perception of performance evaluation and feedback systems (Colquitt/Rodell 2011).

Hence, a third hypothesis has been formulated based on the review of literature and the results of research into procedural justice:

H3: Knowledge of the principles governing compensation in the organisation by employees positively influences the evaluation of remuneration justice.

2.5 Paying attention by the supervisor to appropriate remuneration for subordinate employees

Notwithstanding ensuring distributive justice and adherence to proper procedures by organisations, surveys of employees' opinions have indicated that employees may continue to perceive their remuneration as unfair. This may be due to inappropriate managerial conduct within the company, often combined with poor employee relations, thus implying the importance of considering human relationships when analysing perception justice (Bies 2001). This dimension is known as interactional justice, and it can be achieved by ensuring equal access to information and explanations regarding the decision-making procedures (Greenberg 1993a; Suliman/Al Kathairi 2012).

Interactional justice is the perception of the process in which decisions are implemented by those in power within an organisation, with a particular focus on

interpersonal factors (Colquitt/Greenberg 2003), by evaluating social relations between employees and superiors in terms of dignity and respect (Colquitt/Greenberg/Zapata-Phelen 2005; Yaghoubi/Afshar/Javadi 2012). Interactional justice deals with the social aspect of the procedural dimension (Croppanzano/Ambrose 2001) and is related to the fair application of ethical standards and explanations of decisions regarding the compensation system.

Two key factors are used to explain the complex framework of interactional justice: interpersonal and informational (Greenberg 1993a). Interpersonal refers to the quality of interpersonal relations in the work environment i.e. treating employees with dignity and respect, while informational describes the quantity, accuracy and reliability of information provided to employees (Croppanzano/Li/James 2007) and also describes the standards for communication and information exchange between employees and their superiors.

Studies on interactional justice suggest that providing justification for procedures undertaken reduces negative phenomena such as workplace theft and employee turnover (Greenberg 1993b; Colquitt et al. 2001). Furthermore, a strong link between interactional justice and engagement has been identified (Klen-dauer/Deller 2009), as well as a strong link between interactional justice and job satisfaction (Masterson/Lewis/Goldman/Taylor 2000). The research highlights the importance for managers to build trust and for strengthening the perception of justice through appropriate communication (Vogel/Homberg/Gericke 2016).

In the literature, studies addressing the impact of interactional justice on the assessment of remuneration are relatively rare (Till/Karren 2011), however the validity of investigating the relationship between these two dimensions is supported by an analyses indicating that Polish employees grant a special role to their superiors in the process of shaping their sense of fairness of remuneration (Juchnowicz/Kinowska 2018).

Therefore, the theory of interactional justice is the basis for the formulation of the fourth hypothesis:

H4: The conviction that the superior cares for the fair compensation of employees positively influences the evaluation of remuneration justice.

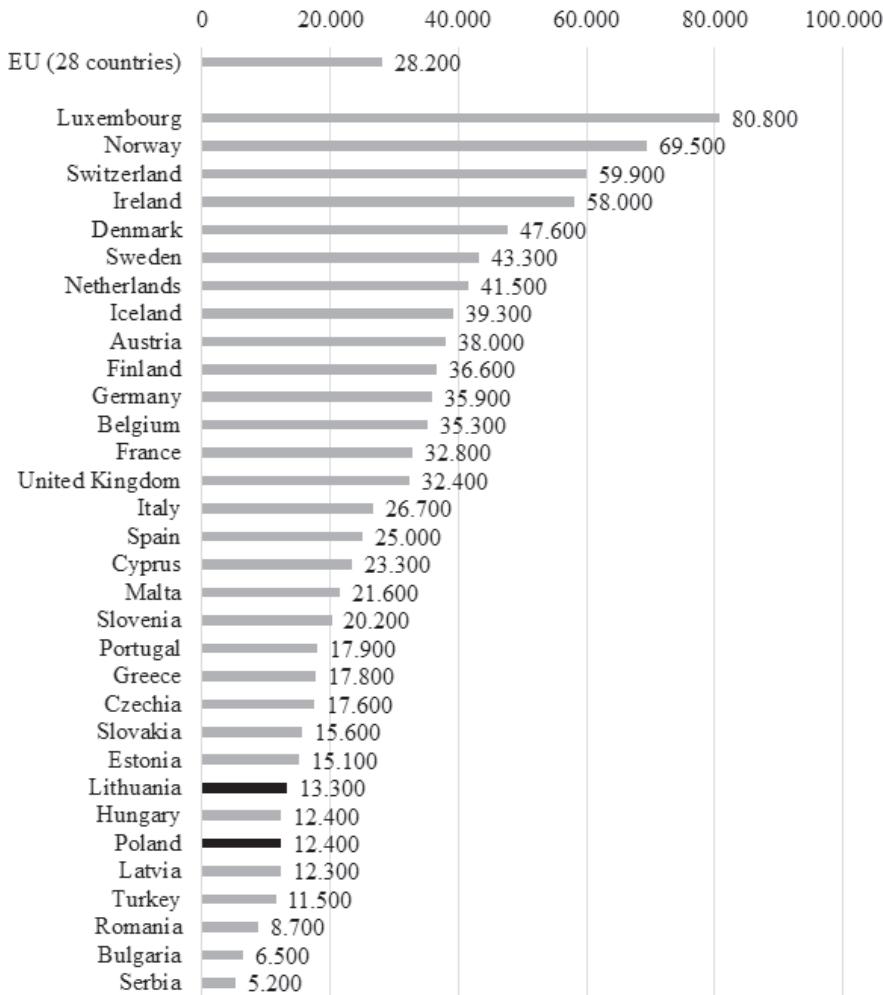
3. Research methodology

3.1. Context of the study

Comparing the perception of fair remuneration of working Poles and Lithuanians necessitates an understanding of the specifics of their respective labour markets. Poland and Lithuania are neighbouring countries in Central and Eastern Europe. Their economies have comparable potential per capita, which is typical for this part of Europe. GDP per capita in 2018 was 12 400 Euros in Poland and

13 300 Euros in Lithuania, with both countries accounting for around 45 % of the average GDP per capita for EU countries (Figure 1).

Figure 1. GDP per capita 2018 (EUR)

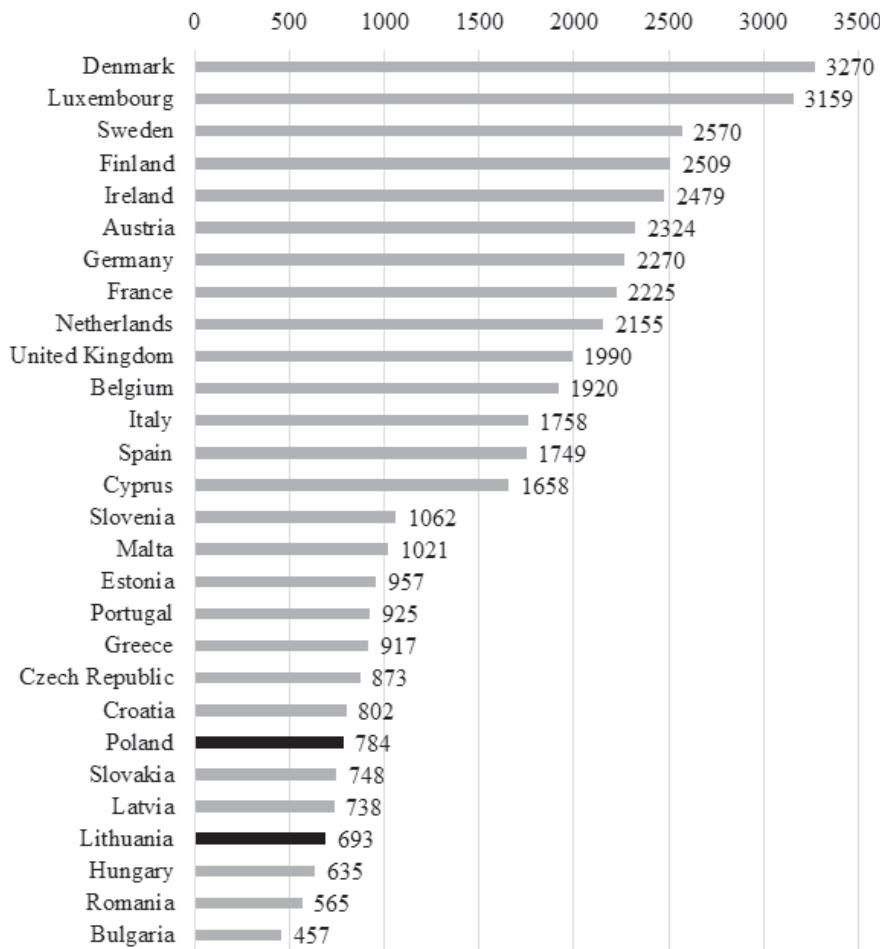


Source: EU (2018). Real GDP per capita in 2018

The evaluation of compensation for work consists of two pivotal attributes of social development: the mean wage and the difference in remuneration between the lowest and highest earners. In both Poland and Lithuania, the mean wage is one of the lowest in the EU (Figure 2), with the average salary in Poland constantly growing but experiencing slight stagnation due to the economic slow-

down associated with the 2008 crisis. In Lithuania, average salary decreased between 2011 to 2014, notwithstanding an increase in both labour productivity and economic recovery (ETUI 2015).

Figure 2. Average wages (net) EU 2017 (EUR)

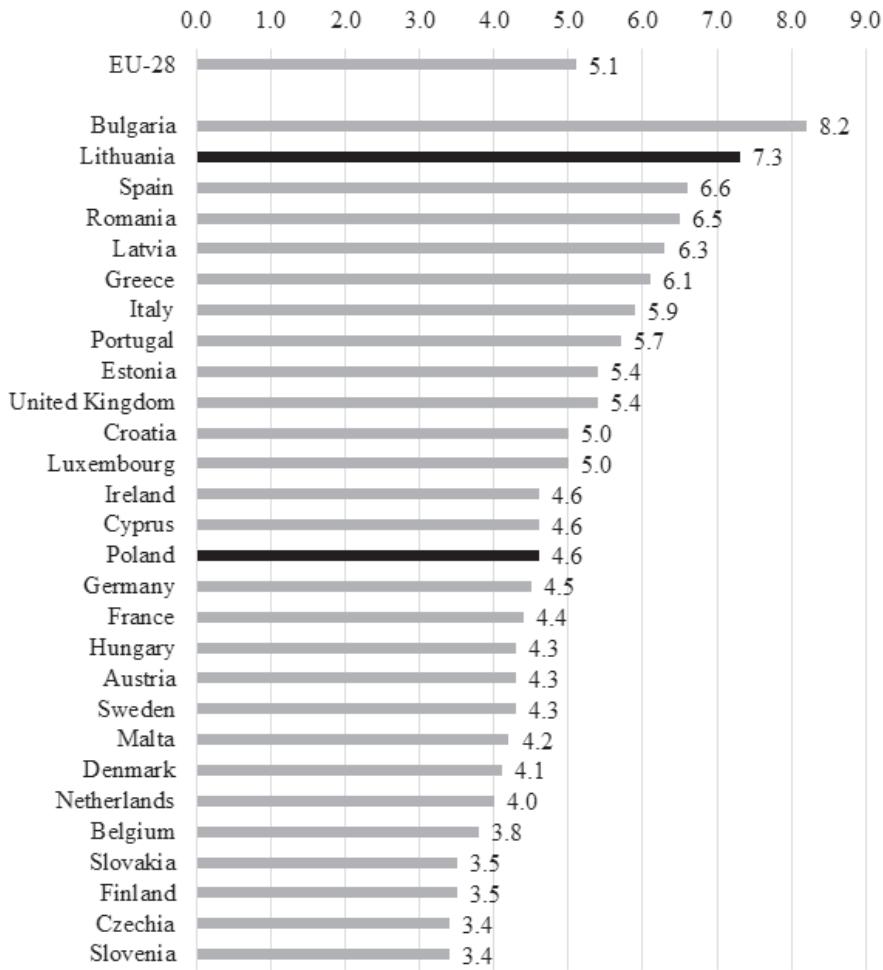


Source: EU (2018). Average Salary in European Union 2018

In both Poland and Lithuania, a paradox exists where a country with a weaker economic potential (GDP per capita, Figure 1) generates higher average wages (Figure 2). A detailed analysis of this phenomenon is beyond the scope of this article, but it is assumed that a weak relationship between GDP growth and aver-

age wage growth compounds the populations' dissatisfaction with received compensation.

Figure 3. Inequality of income distribution, 2017 (Income quintile share ratio)



Source: EU (2017). Income poverty statistics 2017

Furthermore, an assessment of wage equity may be negatively affected by the income discrepancy between the highest and lowest earners. At the European level, there is a significant income distribution inequality – in 2017, the upper 20 % of the population received 5.1 times more income than the lowest 20 %. In Poland, this ratio is 4.1, which is slightly below the European average. In Lithuania, wage inequality is one of the highest in Europe – the upper 20 % re-

ceives 7.3 times more than the lower 20 %. Greater inequalities occur only in Bulgaria (Figure 3).

Labour market conditions are heavily influenced by migration processes. According to forecasts, by 2050 the population of both Poland and Lithuania will decrease. In Poland, the expected decline is 14.2 %, while Lithuania is forecasted to undergo a 37.65 % decrease – one of the largest depopulations in Europe, surpassed only by Moldova (FactsMaps 2020). The World Bank claims that Lithuania is among the three most demographically disadvantaged countries in the world (with Puerto Rico and Latvia being the only nations with a more rapid population decline) (Žibas/Lekavičiūtė 2017). Studies in 2006 found that low wages were among the key factors encouraging emigration from Lithuania (VPVI 2006). Compared to Poland, the migration flow in Lithuania is intensive and immigration rates remain low, failing to compensate for those emigrating from the country. However, the migration trends in Lithuania improved significantly in 2018–2019, with the total number of migrants from Lithuania exceeding the number of immigrants by only 3300, achieving the lowest negative net international migration since 1990. It should be noted that since 2015, the mean wage in Lithuania has been increasing by at least 6 percent per year on average.

3.2. Data sample and collection

Our data comes from research conducted as part of a “Compensation justice” grant financed by the National Science Centre to identify the factors influencing the assessment of fairness of remuneration. The data were collected in 2017 and 2018, first with a survey conducted in 2017 on a representative sample of working Poles (N=1007 weighted data), using the CATI method. A year later the same research questionnaire was used in the survey conducted in Lithuania, using the CAWI method, on a sample of 1087 respondents. Respondent selection was randomised. To avoid the non-response error (incomplete information) the obligation to answer all questions in the questionnaire was applied in the Lithuanian survey. In Poland, respondents could refuse to answer, therefore post-execution data weighting was applied, considering the following dimensions: geographic (voivodeship), gender, education and sector. Detailed characteristics of both samples are presented in Table 1.

Table 1. Structure of research samples in Poland and Lithuania

Variable		Poland	Lithuania
Gender	female	56 %	78 %
	male	44 %	22 %
Age	under 25	6 %	1 %
	26–34	31 %	12 %
	35–44	25 %	25 %
	45–59	32 %	53 %
	over 60	6 %	8 %
Education	basic/vocational	8 %	0 %
	core professional	24 %	5 %
	medium	35 %	2 %
	higher	33 %	93 %
Sector	state property	18 %	11 %
	municipal property	3 %	72 %
	private property of natural persons	49 %	12 %
	company/cooperative	19 %	1 %
	foreign ownership	6 %	bd.
	I don't know/ it's hard to say	5 %	4 %
Company size	up to 10 persons employed	27 %	2 %
	11–50 persons employed	22 %	21 %
	51–250 persons employed	21 %	41 %
	251–500 persons employed	7 %	36 %
	more than 500 persons employed	16 %	
	I don't know/ it's hard to say	7 %	0 %
Size of the locality	village	35 %	27 %
	up to 100,000.	32 %	
	100–499 thousand.	18 %	37 %
	500+ thousand.	14 %	
	no response	0 %	36 %

Source: own research

The survey consisted of 21 questions, concerning employees' opinions on many aspects of fair compensation. For this article, five questions were analysed: the evaluation of fairness of the remuneration received, the assessment of its adequacy for the work performed, consistency in the amount paid to employees performing similar tasks, understanding of the rules and the concern of the superior for upholding just remuneration. Variables were obtained by means of survey questions concerning particular issues (see below). Those concerning the dimen-

sions of distributional, procedural and interactional fairness of remuneration were an adaptation of an organisational fairness diagnostic tool developed by Colquitt (2001). Respondents assessed the fairness of remuneration by answering a question about their present financial situation: "My current salary is fair". All inquiries were answered via a five-level Likert scale: from 1 for "I strongly disagree" to 5 for "I strongly agree".

In the model developed by the authors to explain the impact of factors identified within the organisational justice system, the fairness of remuneration question acts as the explained variable, while the explanatory variables were measured using the following questions:

- Adequacy of remuneration (AR) – the research question concerned the assessment of the adequacy of current remuneration relative to the work performed;
- Equality of pay (EP) – the research question inquired about the belief that employees performing similar work receive comparable remuneration;
- Understanding of the rules (UR) – the research question asked about the degree of understanding the remuneration principles applicable in an organisation;
- Paying attention by the supervisor (PA) – the research question examined the belief that the supervisor takes care of appropriate remuneration for subordinate employees.

To exclude the possibility for the identified relationship to be coincidental, two control variables were utilised in the developed model: gender and age.

Relationships between variables were established using Spearman's Rho correlation coefficients. Multiple regression analyses were used to verify the hypotheses concerning the influence of individual variables on the evaluation of remuneration justice. To evaluate the universality of the model, the results of calculations for data from Poland and Lithuania were compared. All analyses were carried out using SPSS (version 25).

4. Research results

To determine the details of differences between working Poles and Lithuanians in terms of their evaluation of the investigated variables, descriptive statistics and correlations were calculated (Tables 2 and 3).

Table 2. Mean, standard deviation and correlations of study variables in Poland

Variable	M	SD	1	2	3	4	5	6
Fairness of remuneration	3.38	1.341						
Adequacy of remuneration (AR)	3.22	1.345	.766**					
Equality of pay (EP)	3.79	1.333	.301**	.250**				
Understanding of the rules (UR)	3.91	1.349	.326**	.287**	.229**			
Paying attention by the supervisor (PA)	3.49	1.343	.569**	.561**	.294**	.344**		
Gender	1.52	.500	-.140**	-.111**	-.008	-.037	-.101**	
Age	45.94	16.310	-.171**	-.164**	-.014	-.017	-.111**	.121**

** The correlation is significant at the level of 0.01 (in both directions).

* The correlation is significant at the level of 0.05 (in both directions).

Source: own research

Table 3. Mean, standard deviation and correlations of study variables in Lithuania

Variable	M	SD	1	2	3	4	5	6
Fairness of remuneration	2.02	.965						
Adequacy of remuneration (AR)	1.90	.923	.696**					
Equality of pay (EP)	3.33	1.029	.083**	.058				
Understanding of the rules (UR)	3.40	1.097	.164**	.216**	.266**			
Paying attention by the supervisor (PA)	2.78	1.086	.351**	.328**	.241**	.309**		
Gender	1.78	.416	-.051	-.077*	.081**	.000	.012	
Age	46.50	11.638	-.028	-.079**	.135**	.045	-.027	.061*

** The correlation is significant at the level of 0.01 (in both directions).

* The correlation is significant at the level of 0.05 (in both directions).

Source: own research

Working Lithuanians are more critical than working Poles in evaluating all aspects of remuneration justice – the average response to each of the analysed

questions is lower. Furthermore, their answers are less varied than those of Poles (smaller magnitude of standard deviation). The highest observable difference between working Poles and Lithuanians are the questions about the evaluation of fairness of received remuneration and the questions about adequacy of compensation relative to performed work. The smallest discrepancy appears when examining the belief that employees performing similar work receive the same remuneration.

The survey in Poland reveals a statistically significant correlation between the surveyed constructs. The relationship with the highest strength ($r=0.766$, $p<0.01$) is the conviction about the adequacy of remuneration to work and the assessment of its justice. For Lithuanian data, a lack of statistical significance is observed in the correlation between the beliefs that employees performing similar work receive the same remuneration and the perception of the adequacy of received remuneration to work performed. However, other constructs combine to form statistically significant relationships, with the highest strength ($r=0.696$, $p<0.01$), as in the case of Poland, relating the conviction of salary adequacy to work and with assessment of its justice.

The type of relationship between the evaluation of remuneration justice and the factors of its distributional evaluation (adequacy to work and consistency with others), procedural aspect (understanding the rules) and interactional aspect (supervisor's concern) for Poland and Lithuania is determined by means of multiple regression analysis, where the assessment of remuneration equity is the explained variable; while the adequacy of remuneration to the performed work (AR), equality of remuneration of employees performing the same work (EP), understanding of remuneration principles (UR) and care of the superior for the appropriate remuneration (PA) act as the explanatory variables. Two control variables are included in the model: gender (Gender) and age (Age). To verify the assumptions for both sets of data, the Durbin-Watson test is carried out (in both countries, there is no autocorrelation of residuals: 2.10 for Poland and 2.0 for Lithuania) and an analysis of residual distributions is also performed (in both countries, distributions were similar to normal distributions). The data are cross-checked for common-method bias using Harman's single factor score (in both countries, indicators are less than 50 %: 32.76 % for data from Lithuania and 44.82 % for Poland). The results of regression analysis are presented in Table 4.

Table 4. Results of regression analysis

Model	Beta	t	Sig. (p)
Poland			
(Constant)		3.879	.000
Adequacy of remuneration (AR)	.621	23.624	.000
Equality of pay (EP)	.094	4.131	.000
Understanding of the rules (UR)	.040	1.752	.080
Paying attention by the supervisor (PA)	.162	5.943	.000
Gender	-.036	-1.682	.093
Age	-.045	-2.120	.034
$R^2=0.619$; $\bar{R}^2=0.616$; $F(6.855)=231,326^*$			
Lithuania			
(Constant)		2.332	.020
Adequacy of remuneration (AR)	.631	26.866	.000
Equality of pay (EP)	.028	1.218	.223
Understanding of the rules (UR)	-.009	-.397	.692
Paying attention by the supervisor (PA)	.146	5.952	.000
Gender	-.005	-.212	.832
Age	.006	.278	.781
$R^2=0.487$; $\bar{R}^2=0.484$; $F(6.1080)=170,777^*$			

* $p<0.001$

Source: own research

Regression analysis indicates that the examined factors explain a significant part of the variability in the assessment of remuneration equity, with 62 % of variance in the evaluation of the surveyed Poles and 49 % of the Lithuanians covered.

In the data from Poland, statistical significance is observed for the following three (out of four) variables included in the model ($p<0.05$): adequacy of remuneration to the work performed, equality of remuneration for the same work and care of the superior for adequate remuneration. These factors have a positive impact on the evaluation of remuneration equity. Due to the lack of statistical significance, it cannot be confirmed that the understanding of remuneration principles has an impact on the assessment of its fairness. In the case of data from Poland, one of the two control variables turn out to be statistically significant – age, with a negative coefficient (beta is -0.005).

In the case of Lithuania, two variables turn out to be statistically significant: the adequacy of remuneration to the performed work and the degree of care of the

superior, while statistical significance is not observed for the impact of the belief in equal pay for similar work, knowledge of remuneration principles and both control variables.

The results obtained for data from Poland and Lithuania support the first hypothesis (H1), that employees' belief in the adequacy of remuneration to work performed positively influences their assessment of its fairness. In both countries, this factor has the strongest impact on the assessment of fairness among the surveyed factors (beta coefficient is 0.617 for Poland and 0.660 for Lithuania).

The second hypothesis (H2), the positive impact on the belief that employees performing similar work receive similar remuneration on the evaluation of remuneration equity, is supported empirically only in the data from Poland, where it is found to have little influence on the assessment of remuneration equity (beta is 0.093).

Due to the lack of statistical significance, the third hypothesis (H3), the positive impact of knowledge of their principles on the assessment of remuneration equity, is not confirmed. The results obtained for data from Poland and Lithuania empirically confirm the fourth hypothesis (H4), concerning positive influence of superior's solicitude on the assessment of remuneration equity. In both countries, it is the second most influential factor (beta is 0.158 for Poland and 0.13 for Lithuania).

5. Discussion of results

The results of the conducted research have indicated that, on average, employees in Poland assess their remuneration and the degree of its adequacy to the work performed more positively than those in Lithuania (Tables 2 and 3). This finding is corroborated by the European Foundation for the Improvement of Living and Working Conditions – European Quality of Life Survey for 2010–2015 (Eurofund 2015), as well as by salary statistics (Figure 2). The mean wage and annual income (i.e. for a single person without children) in Poland are 15–30 % higher (in different years) than Lithuania, with Poland also having a lower level of poverty and inequality (Figure 3). Therefore, there may be an objective basis for the Polish population to value their satisfaction with pay for work higher. However, remuneration is a complex phenomenon, and the research by the European Foundation for the Improvement of Living and Working Conditions does not reflect all the factors potentially impacting it. Our research indicates that a pivotal element of salary satisfaction is not only its absolute amount, but also the perception of its fairness.

Our research confirms the consensus in the literature on the pivotal importance of distributional justice for the assessment of remuneration. This finding is from the comparison of the benefits and rewards obtained from work with the em-

ployee's effort, with an imbalance between the two parties engendering a sense of injustice. In both countries, the belief in the adequacy of remuneration in relation to the work performed is the factor most strongly influencing the perception of its fairness. Further research on the universal factors affecting the assessment of fairness of compensation is needed and should include research on distributional justice for the assessment of remuneration.

Our research indicates that considering the results of wage comparisons with other workers in the remuneration evaluation model is justified only in the case of Poland. In the Lithuanian data, this factor has been found to be statistically insignificant, with the potential reasons for this difference needing further research. Based on the aforementioned analysis of differences in the specificity of labour markets in both countries, it is possible that depressed wages of Lithuanian workers result in the belief that the remuneration is unfair, regardless of the fact that comparably low wages are paid to others performing similar work.

In the literature, distributive justice is accompanied by a procedural dimension involving decision-making rules (Terpstra/Honoree 2003) and the application of transparent criteria for the distribution of wages. However, the importance of the procedural dimension has not been confirmed in this study, as it is not possible to establish a link between a clear understanding of remuneration principles and its assessment in both countries. This finding is for both Poland and Lithuania, and understanding the reasons for such a finding would require further research. With regard to the conducted labour analysis, we conclude that the remuneration principles applied in Poland and Lithuania lead to insufficiently adequate remuneration in relation to the performed work. Therefore, understanding the principles leading to inadequate levels of remuneration would not translate into a more positive assessment of its fairness.

Interactional fairness, the quality of interpersonal relations in the work environment, is the aspect of evaluation of compensation that is the least frequently considered in research (Till/Karren 2011). However, the survey indicates that it is a key factor in the evaluation of remuneration justice and omitting it from studies is unjustified. In both nations, empirical support was obtained for the relationship between the interactional dimension and salary evaluation. It has been found that its relation to the evaluation of remuneration was relatively high in both countries – the level of beta index was the second highest among the analysed factors. Based on our research, it can be concluded that there is a need to extend the research tools utilised in the assessment of the relationship between the evaluation of remuneration and the dimension concerned with the relationship with superiors, as this factor could have universal applicability. Hence, it should be included in models explaining the assessment of compensation.

Our research indicates that the evaluation of remuneration fairness is multidimensional and refers to several aspects. The shape of these factors is not univer-

sal, even in countries with similar economic potential, historical paths and cultural and institutional conditions, implying the need for researchers to include the circumstances of each nation, with particular reference to the labour market.

6. Conclusions

Studies indicate that the evaluation of remuneration justice is multidimensional. In the literature on the subject, this evaluation is considered mainly through the distributive aspect. However, our research shows that relations with superiors play a significant role. Therefore, managers should use their influence in the organisation to ensure appropriate remuneration of the teams they manage.

Poles and Lithuanians both consider justice to be a principle that should be reflected in reality, not just limited to an abstract construct or a hypothetical postulate. For employees, fair remuneration translates into the adequate compensation for their work. Importantly, the impact of control variables (gender and age) on the perception of salary equity was generally deemed not significant (except for Poland, where the influence of age was found to be statistically significant when assessing the adequacy of remuneration to the work performed, equal pay for the same work and the superior's care for adequate compensation).

Our research indicates that limiting the factors affecting the assessment of remuneration to distributional and procedural aspects within organisational justice seems unjustified. In both countries, in addition to the distributional dimension, the evaluation of the interactional angle was pivotal. The study has proved that there is a link between the assessment of fairness and the perception of the degree of solicitude of the superior. Adequacy of remuneration to tasks performed and equal pay for comparable work are important, but relations with those who influence the determination of appropriate compensation also play a crucial role. Employees attribute responsibility for ensuring fair remuneration to their supervisors.

Furthermore, our research shows that the set of factors influencing the assessment of fair pay cannot be regarded as universal. Differences in average salary levels, the existence of a weaker relationship between economic and wage growth and inequality in the distribution of income may explain the more critical approach of Lithuanians when compared with Poles in the overall assessment of compensation justice. Therefore, subjectively perceived satisfaction with remuneration for work and the perceived degree of its fairness are dependent on both external (objective) conditions and relevant state policy.

Wage equity is a strong incentive for economic and social activity, however it is a complex and multidimensional concept. Remuneration for work acts as an economic and organisational factor, and thus is in the interest of human capital management. Fairness of remuneration is assessed not only in the context of individ-

ual organisations, but also between organisations. This goes beyond the assessment of equality within the same category, as well as transparency of procedures. Fairness it is mainly about interpersonal relations and hence can be treated as a social factor (Gruževskis/Sudnickas/Urbanovič 2018). The example of Lithuania shows the low satisfaction of the population with wages has a significant impact on their attitudes to migration, negatively affecting the social development of the country as a whole. Our research shows that the lack of justice in compensation levels may be destructive for society, and this manifests itself at both the level of the enterprise (low motivation to work, higher probability of violations, etc.) and the national labour market (limited labour supply, lower motivation to invest in human capital, etc.). We suggest further research on wage equity consider the social aspect of its evaluation.

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