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A Fair Day's Pay for a Fair Day's Work? The Mediating Role of Justice Perceptions in Compensation and Exchange Relationships

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Abstract

This study explores the dynamic between compensation and employee-organization relationships amongst hairdressing professionals. We investigate the relationships between the pay administration (fixed or variable) and the exchange relationship between organization and employee (social or economic) and whether justice perceptions mediate them. We approach both procedural and distributive justice perceptions, as the distinction between them is well established by the literature. Through regression analysis, we found that both procedural and distributive justice partially mediate the relationship between fixed pay and social exchange relationships. However, we could not find any support for a significant relationship between variable pay and economic exchange. The study, to some extent, enforces previous research on compensation and organizational justice theory and adds to existing literature. Theoretical and practical implications of the findings are discussed.

Keywords: compensation, variable pay, justice, exchange relationships, hairdressing industry.

1. INTRODUCTION

How organizations pay their employees is one of the most central parts of human resource management (Gerhart et al., 1995). Different types of pay affect employees' performance and attitudes in multiple ways, implying that compensation affects the relationships between an organization and its employees. Still, compensation as an area of research calls for more research and clarity (Conroy et al., 2015). Following the plea for research (Conroy et al., 2015; Heneman & Judge, 2000; Jiwen Song et al., 2009; Konovsky, 2000; Kuvaas, Shore, et al., 2020; SimanTov-Nachlieli & Bamberger, 2021) we aim to investigate the relationship between pay and social and economic exchange relationship of organizations and employees, as well as justice's mediating role in this relationship.

The current study investigates if employees' perceptions of justice concerning their salary and the procedures involved in their pay mediates the relationship between base pay and variable pay with social and economic exchange relationships, respectively. To do this, the study will investigate whether a relationship between the independent and dependent variables exists, and if so, whether procedural and distributive justice acts as mediators. The links are shown in the conceptual model (Figure 1).

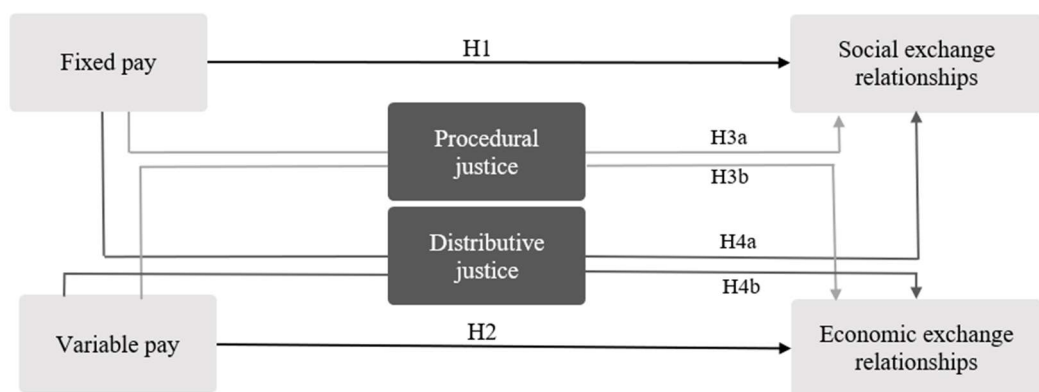


Figure 1: Conceptual model.

This study contributes to compensation literature by adding to the research of the important perceptions of procedural and distributive justice in organizations (Heneman & Judge, 2000). Previous research has explored whether distributive

justice perceptions have mediated the relationship between the type of pay, pay levels, and pay satisfaction (Heneman & Judge, 2000; Tekleab et al., 2005). Differently, this study includes the assessment of procedural and distributional justice and explores its mediating relationship between pay and another outcome variable; the organization-employee relationship. Social and economic exchange relations are elements of the employee-organization relationship (EOR) (Shore et al., 2009). They are considered of importance for several central organizational outcomes (Kuvaas, Shore, et al., 2020), thus its application here. To our knowledge, the mediating nature of justice perceptions on pay and exchange relationships has not been explored by previous research.

We investigate the hairdressing industry given that one of us has more than ten years of professional experience in the area. The compensation structure is similar across employers, as more than 75% of professionals have at least some type of variable pay in their compensation scheme (Jordfald, 2013). More specifically, we contribute to the understanding that the kind of pay administration employees have, and their relationship with the employer can be mediated by perceptions of justice. If pay is correlated to social or economic exchange relationships and justice perceptions mediate the relationship between the variables, then it is implicit that the practitioners can leverage from this. That is, if the type of compensation relates to increased social exchange relationships, which we find research supporting is more valuable to the organization than economic exchanges, organizations can adapt and leverage from it.

While having a large number of actors, the hairdressing industry has gotten very little attention in research (Jordfald, 2013). We hope that this study motivates an evidence-based approach to compensation in industries where variable pay is predominant. Furthermore, we hope our findings will inspire discussions of the best approach regarding the compensation structure among practitioners.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Previous literature regarding this study's main concepts is presented as a framework for the proposed hypotheses. We first elaborate on exchange relationships theory, followed by findings of compensation in organizations.

Considering these two theories, we discuss how each type of exchange relationship has been associated with a type of pay in the research field. Lastly, we discuss organizational justice's role in the study.

2.1 Exchange Relationships

The literature on exchange relationships constitutes that the series of exchanges between two parts, between individuals, or individual and organization, affect the nature of their relationship. Blau (1964) distinguishes between social and economic exchange relationships. A social exchange relationship is defined by unspecified and diffuse future obligations where one part trusts their actions will be repaid (Cropanzano & Mitchell, 2005). Economic exchange relationships, on the other hand, are categorized by more short-term, impersonal, and contractual obligations concerning purely tangible and economic resources (Shore et al., 2006).

The theory of social exchange is based on the rule of reciprocity, where the parties of a social exchange relationship expect their actions to be repaid by the other (Cropanzano & Mitchell, 2005). These types of relationships are unspecified and diffuse, as there is little to no agreement as to when or even if the actor's deeds will be repaid by the other part of the relationship. Examples of such exchange could be organizational support or job security in exchange for commitment, loyalty, or continuous learning. As social exchange relationships are complex and hard to observe, many researchers determine the quality of social exchanges by the level of trust, commitment, perceived organizational support, and leader-member exchanges (Colquitt et al., 2013). Contrary to social exchange relationships, economic exchanges are much more short-term, contractual in nature, and deals with financial resources (Shore et al., 2006). In other words, one has a clear understanding of how the other will reciprocate a previous transaction based on a shared agreement, and the exchanges have no long-term implication. Trust is less emphasized and is based on calculations of costs and benefits. It follows that the investments in the quality of the relationship between parties are smaller (Kuvaas, Shore, et al., 2020).

The type of exchange relationship matters to several important organizational outcomes. While the nature of the exchange relationship has contextual and

cultural differences (Cropanzano & Mitchell, 2005; Shore et al., 2009), most research is in agreement that a stronger social exchange relationship provides much more benefits for both parties compared to economic exchange relationships. Findings across research indicate that high-quality social exchange relationship is associated with stronger contributions from the employees, in the form of commitment, more organizational citizenship behavior (OCB), higher performance, and lower turnover intentions (Loi et al., 2009; Shore et al., 2009). Economic exchange relationships, on the other hand, have been associated with lower levels of affective organizational commitment, OCB, and performance (Jiwen Song et al., 2009; Konovsky & Pugh, 1994; Kuvaas, Shore, et al., 2020; Kuvaas & Dysvik, 2009; Loi et al., 2009; Shore et al., 2006), and higher levels of continuance commitment and turnover intentions (Kuvaas, Shore, et al., 2020; Shore et al., 2009).

2.2 Compensation

Even though the exchange of work for pay is traditionally perceived as the most significant exchange in an employment relationship, pay and compensation have gotten less attention compared to social and relational antecedents of exchange relationships (Kuvaas, Shore, et al., 2020; Shore et al., 2009). Compensation in the workplace refers to financial rewards or tangible benefits an employee receives in exchange for their contribution to the employer and as a part of the employment relationship (Werner & Ward, 2004). Salary and pay are a large part of the compensation package and represent a high cost for most companies. Besides being a motivator for performance (Kuvaas, 2006; Werner & Ward, 2004), pay is also used in order to retain employees (Rubenstein et al., 2018), encourage innovative behavior (Sanders et al., 2018), and more. Based on this, it is clear that pay represents a factor that affects the employee-organization relationship (EOR), both in terms of how much an organization pays (pay level) and how they pay (pay structure or pay administration) their employees. To complicate the matter even further, the literature on compensation disagrees on central questions such as what effect pay has on motivation, whether high pay levels lead to loyalty, and whether there are best practices, or if contextual dependencies matter (Gerhart & Rynes, 2003).

While pay is complex with several dimensions to it, one of particular interest is the degree of performance contingent variable and fixed pay. With variable pay, we refer to any payment that is contingent on the individual or team's performance (Kuvaas et al., 2016). Although other variables such as measures of behavior can be used to determine the variable pay (Kuvaas et al., 2016), pay for performance has, over the years, become increasingly adopted to encourage productivity, efficiency, and to motivate employees to stay with the company (Kuvaas, 2006). Fixed pay or base pay, on the other hand, is much less directly contingent on performance and consists of a predetermined salary amount (Gerhart & Rynes, 2003).

The degree of variable and fixed pay affects a number of organizational outcomes. Arguments for variable pay have traditionally been based on expectancy theories (Gerhart & Rynes, 2003), arguing that the possibility to increase their salary will motivate employees to the behavior expected in order to obtain it (Van Eerde & Thierry, 1996). Agency theory is also used, arguing that by linking salaries to the organization's performance, the employee's interest will be aligned to that of the organization (Nyberg et al., 2018). In other words, by monitoring and rewarding performance and wanted behavior with monetary rewards, the organization motivates its employees to increase performance and behavior in ways that benefit the organization and its owners.

Followingly, a fair amount of research has been done to test these assumptions. Research suggests that performance contingent pay can increase performance quantity (Jenkins et al., 1998; J. H. Kim et al., 2021) while having a negative effect on the quality of performance (Cerasoli et al., 2014; Kuvaas, 2006; Kuvaas et al., 2016; Weibel et al., 2010). These results are explained by its negative effect on intrinsic motivation (Bareket-Bojmel et al., 2017; Kuvaas, Buch, et al., 2020; Kuvaas et al., 2017; Weibel et al., 2010). Furthermore, intrinsic motivation is linked to additional work effort (Weibel et al., 2010), lower levels of turnover (Kuvaas et al., 2017), and affective commitment (Deci et al., 2017; Kuvaas, 2006; Kuvaas et al., 2017). As indicated by these findings, variable pay can have negative effects on the social exchange relationship between organization and employee. It is, however, worth mentioning that type of work matters as well, as repetitive and less interesting tasks are less likely to be driven by intrinsic

motivation, thus can benefit from financial incentives to a larger degree (J. H. Kim et al., 2021; Kuvaas et al., 2016).

2.2.1 Social Exchange Relationships and Fixed Pay

Social exchange relationship is characterized by long-term mutual investments, socioemotional and diffuse obligations, and interpersonal trust. In the workplace, these types of exchanges are often focused around the exchange of socioemotional resources such as trust, support, loyalty, or job security (Cropanzano & Mitchell, 2005). However, due to its significance in the exchange relationship between an organization and employees, pay undoubtedly affects it as well.

One of the most important distinctions between social and economic exchange relationships is trust (Blau, 1964). Given that the relationships are built on felt obligations based on societal norms and are less formal, there is always a risk of the other party not reciprocating. Because of this risk, the quality of the exchange relationship relies on a great deal of trust in order to bloom (Blau, 1964). Kuvaas (2016) argues that by providing their employees with a substantial amount of base pay, they signify trust in their employees' ability and motivation for the work, thus initiating a social exchange. Following this line of thought, pay can contribute to building a social exchange relationship by providing a successful exchange in combination with other socioemotional resources. Eisenberger (2019) found that even though social exchange relations in organizations might not be strong, employees tend to be receptive to it. As base salary usually is offered early in the employment relationship, the organization can use this to signal trust early on and initiate a social exchange relationship.

Some research has looked into how pay relates to social exchange relationships. Base pay has been found to lead to social exchange relationships (Kuvaas, Shore, et al., 2020) and to outcomes related to social exchange relationships, such as affective commitment (Kuvaas, 2006; Pazy & Ganzach, 2009) and perceived organizational support (Pazy & Ganzach, 2009). As the relationship grows following multiple successful exchanges, the trust is strengthened, leading to improved social exchanges (Cropanzano & Mitchell, 2005; Konovsky & Pugh, 1994). Rousseau and Ho (2000) emphasize that the value of the complete bundle

the employee receives, which includes not only pay but factors such as job security and internal advancement, is largely dependent on how the individual perceives it. This indicates that, although a financial resource, an employee's pay can be part of the high-quality social exchanges.

2.2.2 Economic Exchange Relationships and Variable Pay

Contrary to social exchange relationships, economic exchange relationships are less reliant on trust due to their contractual, impersonal, and calculated nature (Kuvaas, Shore, et al., 2020). Due to the focus on tangible resources, pay and salary for work are often perceived as strictly economic relationships. Variable pay and pay for performance have been especially linked to increased economic exchange relationships between employee and organization (Kuvaas, Shore, et al., 2020; Kuvaas & Dysvik, 2009; Pazy & Ganzach, 2009). Whereas a social exchange relationship offers several positive effects for both organization and employee, economic exchange relationships seem to detract from them (Shore et al., 2009) and may lead to turnover intention and burnout (Kuvaas, Shore, et al., 2020).

As variable pay is dependent on the short-term performance of the individual or team, the organization transfers some of the risks to their employees, as there is presumably a correlation between employee performance and organizational performance (Rousseau & Ho, 2000). In turn, this exchange is less dependent on trust when compared to base pay. The trust is further downplayed in these relationships, given the contractual nature as well. Some researchers argue that trust in an economic exchange relationship matters, as it lets societal and cultural norms take over when contractual obligations are lacking (Ring, 1996). However, as these obligations are closer to our definition of social exchange relationship, this argument is moot.

While achieving a bonus can be motivating, not doing so is less rewarding. Research has found that when employees are unable to achieve their reward, motivation and performance go down (Bareket-Bojmel et al., 2017; Kuvaas, Buch, et al., 2020; Kuvaas et al., 2016; Weibel et al., 2010). Research has also found that productivity goes down following a cash bonus if the employee does

not continue to receive it, as it feels like punishment (Bareket-Bojmel et al., 2017). Furthermore, not achieving the variable pay might feel like a breach of obligations on the organization's part, as it might be used as a selling point during recruitment or as a more diffuse agreement. If the employee experiences that their organization breaches their obligations towards them, trust and commitment decrease, while turnover intentions increases (Robinson & Rousseau, 1994). It seems that variable pay is more suited for short-term, economic exchange relationships, whereas a longer-term, committed relationship, such as a social exchange relationship, benefits more from base pay. Based on the research and theories presented, we hypothesize:

Hypothesis 1: There is a positive relationship between fixed pay and social exchange relationships.

Hypothesis 2: There is a positive relationship between variable pay and economic exchange relationships.

2.3 *The Role of Organizational Justice*

Organizational justice refers to an individual's perceptions of fairness in organizations (Greenberg, 1990). While individual perceptions of what is fair certainly exist, organizational justice is considered a social construct (Colquitt et al., 2001), meaning that it is defined based on what most people consider fair or just. Justice is commonly viewed as the fairness of procedures or the fairness of outcomes, referred to as procedural and distributional justice, respectively.

With studies on organizational justice dating back to the '60s and greatly increasing in the '90s (Cohen-Charash & Spector, 2001), the different types of justice have been debated (e.g., Ambrose & Arnaud, 2005; Colquitt et al., 2001). The interest of justice within organizations might come from the effects it has on several substantial organizational outcomes. Meta-analyses have found that both distributive and procedural justice are related to OCB, commitment, withdrawal, support, and trust (Cohen-Charash & Spector, 2001; Colquitt et al., 2001), as well as social exchange relationships (Colquitt et al., 2013). Furthermore, justice in organizations can help bind together conflicting parties and build social structures

(Konovsky, 2000), and encourage the trust needed to build a social exchange relationship (Konovsky & Pugh, 1994). Given the outcomes appear to be highly similar to those of social exchange relationships, researchers have begun to investigate this link (e.g., Colquitt et al., 2013; Tepper & Taylor, 2003).

Distributive justice is the perception of fairness of an outcome relative to one's contributions (Colquitt et al., 2001). In an organizational setting, these outcomes typically include salary, bonus, or promotions. Research has also found that individuals compare their outcomes to coworkers with similar starting points, such as education, position, or tasks (Brown, 2001; T Kim et al., 2019). Although distributive justice may appear to be straightforward (a fair pay for a fair day of work), it is more complex, justifying the continuous interest among researchers.

Procedural justice in organizational settings is based on generalizable and societal rules which are to be met for a procedure to be fair (Cohen-Charash & Spector, 2001). For example, there are six rules that determine a procedure's fairness, according to Leventhal (1980, as cited in Colquitt et al., 2001). The procedures should be (1) consistent across people and time, (2) free of bias, (3) based on accurate information, (4) with a mechanism to correct any wrong or unfair decisions, (5) in line with ethical standards, and (6) take the interests of affected parties into consideration.

2.3.1 Justice and Exchange Relationships

Justice has been studied through the lens of social exchange several times (e.g., Colquitt et al., 2013; Rupp & Cropanzano, 2002). As procedural justice represents the procedures that are most often determined by the organization, it is repeatedly associated with organizational outcomes, such as organizational commitment and OCB (Cohen-Charash & Spector, 2001). Procedural fairness has been found to increase employees' trust that their employer protected their interests (Colquitt et al., 2001; Konovsky & Pugh, 1994; Tepper & Taylor, 2003). Distributive justice, on the other hand, often deals with outcomes that increase statuses, such as promotions and salary raises, which can signal the employees' value to the organization (Colquitt et al., 2013). While distributive justice often means satisfaction with outcomes in the short term, this indicates that it can further

increase the quality of exchange relationships in the long term, as the organization is seen to invest in the employees (Kuvaas & Dysvik, 2009). By seeing through the lens of social exchange, justice can be interpreted as an input the organization can give, initiating positive exchanges which employees will want to reciprocate. In other words, procedural justice is offered by the organization, and in turn, the employee reciprocates with socioemotional resources, such as loyalty, OCB, and commitment.

Some authors view distributive justice as a perceived ratio between inputs and outputs, which is known as equity theory (Cohen-Charash & Spector, 2001; Colquitt et al., 2005). By comparing this ratio to others, individuals can feel over- or underpaid, leading to guilt or anger. Furthermore, Colquitt and colleagues (2005) add that employees themselves will try to balance this inequity by adapting their behavior. For an organization, this could mean that employees who feel underpaid will adapt by contributing less, while those who feel their salaries are too high compared to their contribution will increase their efforts. These dynamics share similarities with exchange relationships, making distributive justice a central component of social and economic exchange literature.

2.3.2 Justice and Compensation

Due to the importance of pay and salaries in the employment relationship, justice is of great importance to compensation matters as well. Both distributive and procedural justice matters in relation to pay; however, they relate in slightly different ways. Both types of justice perceptions matter to pay level satisfaction, where distributive justice seems to be most affected (Cohen-Charash & Spector, 2001; Colquitt et al., 2013; Tekleab et al., 2005). As procedural justice is concerned with the procedures and systems around the salary, it is more related to how fair one perceives these procedures (Colquitt et al., 2001). In addition, research also indicates that satisfaction with pay is mediated by procedural justice (Heneman & Judge, 2000; Tekleab et al., 2005), indicating that the individuals do not always separate the two. In a study of pay administration and pay level's role on performance, commitment, and motivation, Kuvaas (2006) found that both forms of justice negatively correlated to base pay and positively to variable pay. His analysis showed that the difference in pay plans was partly the reason for

these relationships; however, there could be unknown variables affecting these relationships too.

Most research indicates that both procedural and distributive justice influence how pay affects exchange relationships via its positive correlation to trust and organizational commitment. Further evident by the relationship between justice and antecedents of social exchange relationships, we expect the following:

Hypothesis 3a. Procedural justice mediates the relationship between fixed pay and social exchange relationships.

Hypothesis 3b. Procedural justice mediates the relationship between variable pay and economic exchange relationships.

Hypothesis 4a. Distributive justice mediates the relationship between fixed pay and social exchange relationships.

Hypothesis 4b. Distributive justice mediates the relationship between variable pay and economic exchange relationships.

2.4. *Hairdressing Industry*

As the population of this study is hairdressing professionals, we briefly explain some key facts about the industry to add a contextual perspective. According to the dictionary, a hairdresser is "a person whose occupation is the dressing or cutting of hair" (Merriam-Webster, n.d.). This definition implies while the focus is on customers' hair, the hairdresser also relies on their social and creative skills in their jobs. In 2003, a study of hairdressers in Norway found that about 3 out of 4 hairdressers were attracted to this industry for the creative, fashion-oriented, and social aspect of it, while pay and job security were less than 2,5%. The creative and social aspects were also amplified as the best sides of the profession once they had entered the field (Folkenborg & Jordfald, 2003). This implies that hairdressers are primarily intrinsically motivated for their jobs, and both upon entering and actively working in the field, the extrinsic rewards, such as pay and compensation, were given little to no consideration in their perspectives.

However, contrary to the recommendations from literature on pay and intrinsically motivated employees who find their tasks interesting, the hairdressing industry has a large degree of variable, performance-based pay (Folkenborg & Jordfald, 2003; Jordfald, 2013). According to previous research, this form of pay would lead to increased economic exchange relationships within the industry.

Hairdressers rapport little conflict and good relationship with their employers (Folkenborg & Jordfald, 2003), which in combination with small companies with fewer employees, can be an indication that hairdressers do not view their relationship to their organization as solely an economic exchange.

Both studies found that a majority of hairdressers were, to some or a large degree, satisfied with their pay (Folkenborg & Jordfald, 2003; Jordfald, 2013). However, over 80% of respondents from the study done in 2013 thought the level of pay in the industry was too low (Jordfald, 2013). Furthermore, when asked if the pay they received was consistent with the efforts and achievements of their work, the responses were split, and only about half agreed with the statement (Jordfald, 2013). Those findings indicate that while pay satisfaction might be there, many hairdressers do not experience distributive justice in regard to their salaries. In the qualitative part of the 2003 study, it was emphasized that the procedural aspect around the variable pay had to be transparent and clear in order to not lead to stress and dissatisfaction (Folkenborg & Jordfald, 2003), indicating that they found procedural justice to be of great importance as well.

3. RESEARCH METHODOLOGY

3.1. Research Strategy and Design

Our study follows a deductive approach, given that our hypotheses and collection of data to test the hypotheses are based on existing theory and research presented at the beginning of this paper. Given the extensive research and knowledge already existing about social and economic exchange, compensation, and organizational justice separately, a qualitative approach is used to answer the research question (Bell et al., 2019). A cross-sectional design where data is collected through a survey at a single time is used to find patterns between the variables (Bell et al., 2019). A survey study investigates a larger sample, which

helps confirm and add on to existing theory, as well as allowing generalization to a larger degree.

3.2. Data Collection

The survey was distributed to hairdressers via a Norwegian Facebook group named "*Kun for*" *Frisører i Norge*. Thus, the primary unit of measurement and analysis is individuals (Bell et al., 2019). We selected a specific social media group due to its large number of members (approx. 14,000), generally high engagement, and one of the researcher's knowledge of both industry and the group in question.

The survey was online for three weeks and reposted three times to encourage participation (Baruch & Holtom, 2008). During this time, a total of 226 responses were collected. Out of these responses, 33 were only partially answered. Eleven participants were excluded as they answered they were not active hairdressers. Given that our collection was not in collaboration with any employer, all data, including pay, was self-reported. Due to this, a few values were extreme and were therefore excluded (e.g., base pay higher than total pay, total pay was 0 or unrealistically high). After sorting the responses, the sample had a total of 168 remaining responses.

3.3. Measures

The first part of the survey entails demographic questions so we could get to know our sample in detail and measure possible control variables. The demographics included gender, years of experience with hairdressing, job title, and compensation structure. Due to covid restrictions and the possibility of different pay and working hours we allowed some leniency regarding which month to report, to increase the response rate. Another measure to increase the response rate was including Norwegian translations of the items, as used by Kuvaas (2006), Kuvaas & Dysvik (2009), and Kuvaas et al. (2020). Unless specified otherwise, the variables were measured using a 5-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree.

3.3.1. *Organizational Justice*

The second part of the survey assesses employees' perceptions of justice. We randomized the presentation of questions regarding distributive and procedural justice as an effort to improve respondents' consistency. We applied Colquitt's (2001) measures for assessing both distributive and procedural justice, which is based on findings by Thibaut & Walker (1975) and Leventhal (1980). Colquitt's confirmatory factor analysis found evidence to support a 4-factor measure with construct and predictive validity. It also presents adequate discriminant validity and adequate predictive validity (Colquitt, 2001). The measure is indirect as it assesses fairness criteria without directly referring to it to limit social desirability and bias from respondents (Colquitt, 2001). The items included questions such as *I've been able to express my views and feelings during those procedures*, and *I had influence over the salary arrived at by those procedures* for procedural justice, and *My salary reflects the effort I have put into my work* for distributive justice.

3.3.2. *Social and Economic Exchange Relationships*

The final part of the survey measures employees' perceptions of social and economic exchange relationships. Using Shore et al.'s (2006) 17-item validated measurement scale, along with translations into Norwegian, which have been used and validated in a previous study (Kuvaas, Shore, et al., 2020). Examples of questions used to measure this is *I only want to do more for my organization when I see that they will do more for me* for economic exchange, and *My organization has made a significant investment in me* to measure social exchange.

3.4. *Ethical Considerations*

To comply with legal and ethical regulations, this project follows the appropriate ethical considerations by operating with informed consent, anonymity, and confidentiality. All participants are informed of the possibility to withdraw from the study at any time while being given enough information to make their decision to ensure informed consent (Bell et al., 2019, p. 119). Neither of us is currently affiliated with or employed by any hairdressing organization, nor is the research conducted for this thesis funded by a company. To comply with laws regarding

the collection and processing of the data needed for this research, we collected the Norwegian center for research data's approval.

3.5. Data Credibility

We use two of the most common criteria to evaluate business research (Bell et al., 2019); reliability and validity. These terms are addressed in more detail in 'Analyses' (session 4.1), but here we define them.

Reliability concerns the question of whether the concepts' measures are consistent and if their results are repeatable (Bell et al., 2019). Reliability can be conceptualized in multiple ways, but it is of particular importance in this study given that it is quantitative and the results should not fluctuate (Bell et al., 2019). That is, if the study is replicated, the results should resemble our findings. If, on the contrary, the results do fluctuate, the research risks being unreliable and inconsistent. We estimate the reliability for all variables by using coefficient Cronbach alpha (Cortina, 1993, p. 98), as presented in Table 1, along the diagonal. Cronbach alpha values inform us of the extent to which each item in a set of items correlates with one other (i.e., the communalities of the items) (Cortina, 1993, p. 102). With the exception of the economic exchange relationship variable, all other variables' alphas were above .70, which numerous studies regard as adequate without considering the number of items in the scale (Cortina, 1993, p. 101).

The validity, a further criterion of research, concerns the integrity of the research findings. Typically, validity is distinguished into four types (Bell et al., 2019):

- 1) Measurement validity, also known as construct validity, is concerned with whether the formulated measure of a concept actually reflects what it is supposed to (Bell et al., 2019, p. 42). Exploratory factor analysis is used to ensure discriminant validity – that is, we can discriminate between dissimilar constructs (Hurley et al., 1997; Trochim, n.d.);
- 2) Internal validity is mainly concerned with causality. That is, to what extent the independent variable really is responsible (at least partially) for the variation in the dependent variable (Bell et al., 2019, p. 43);
- 3) External validity concerns the generalizability of the study beyond its specific research context (Bell et al., 2019, p. 43). That said, we selected to

- participate in our survey a social media group with more than 14 000 hairdressing professionals, to ensure we have a representative sample.
- 4) Lastly, ecological validity is concerned with whether the findings can apply to people's everyday settings (Bell et al., 2019, p. 43). Cicourel (1982, mentioned in Bell et al., 2019, p. 43) challenges if the instruments used in the research can depict the daily-life conditions of the participants. External and ecological validity are also addressed in 'Limitations'.

Next, we also inspect for multicollinearities, which is "the extent to which a variable can be explained by the other variables in the analysis" (Hair et al., 2019, p. 2). On a practical note, we observe multicollinearities because as it increases, it is more difficult to determine the impact of any single variable due to their interrelationships (Hair et al., 2019). We conduct dimensional reduction through EFA as Hair and colleagues affirm it is a method for assessing multicollinearity.

4. RESULTS

4.1 Analyses

IBM SPSS 27 was used in the statistical analysis of this research. Prior to testing the hypotheses, we ran an exploratory factor analysis (EFA, Appendix 2) for the survey items (N = 226) to check the validity of the items (Hair et al., 2019). EFA was applied as it allows for maximized convergent and discriminant validity of the scales' items (Hurley et al., 1997). To purify the measures, items that complied with the following criteria were retained in the analysis:

- 1) Items with strong loadings, equal or greater than 0.50 on the target construct (Osborne & Costello, 2004), and
- 2) Items that did not cross-loaded constructs by 0.35 or greater (Kiffin-Petersen & Cordery, 2003).

To evaluate the strength of the relationship between the independent and dependent variables, we used Pearson's correlation coefficient (r). In the next step, we performed regression analyses to test the interaction effect in our hypotheses. One observation pertains to the group of self-employed/owners: While their responses hypothetically could differ, running the same analysis using a split file, we got no difference in the outcomes, thus justifying the inclusion of this group of

participants in the sample. Additionally, they are the second biggest representation in the sample, and we reasoned that the benefits of a larger sample outweigh removing them from the analysis. We make this observation given that the theory we reviewed does not directly address owners, usually referring to employees.

4.2 Findings

4.2.1. Descriptive statistics

Out of the 214 hairdressers who participated in our survey, 96% were women. The majority of the respondents (48%) are between 26 and 35 years old. The participants are educated within their field (54%). The second-largest group of participants is represented by self-employed or saloon owners (21%), followed by hairdressers with some form of leadership responsibilities (13%). 52% of the respondents have more than ten years of experience in their industry, followed by those with 4 to 7 years of experience (22%). Regarding pay data, the ones with leadership responsibility and those who are self-employed/owners earn on average a similar amount per month (NOK 36 000). In comparison, certified hairdressers earn on average NOK 25 000 per month. Over 80% of the respondents have some degree of variable pay, which on average accounts for 46 % of their total pay.

4.2.2. EFA results

The bivariate correlations' analysis indicates that the participants' age, title, and years of experience with hairdressing (tenure), were correlated to the variables in the following ways: Age, title, and tenure were positively correlated with fixed pay ($r = .236, .255, \text{ and } .200$, respectively, with $p < .05, .001, \text{ and } .01$). Age, title, and tenure were also positively correlated with variable pay ($r = .139, .204, \text{ and } .221$, respectively, with $p < .05$ for age and $.01$ for the last two). Fixed pay was negatively correlated with the economic exchange relationship ($r = -.132$, with $p < .05$), which describes the observable pattern those workers with this type of pay configuration tend to have fewer economic exchange relationships with the organization.

Perceptions of distributive and procedural justice were both negatively correlated with economic exchange relationships ($r = -.155 \text{ and } -.167$, with $p < .05$ for both).

In practice, this means the more one observes pay processes and distribution as fair, the less the employee-organization relationship is an economic one. Differently, perceptions of distributive and procedural justice were positively correlated with social exchange relationships ($r = .618$ and $.685$, with $p < .001$ for both). Meaning, when there are perceptions of procedural and distributive justice, the relationship between employee and organization tends to be a more social one. None of the correlations between gender and other variables were significant, which might be explained by the large majority of female respondents in the sample (95.8%).

The principal component analysis (Appendix 2) revealed that one of the SE items had a cross-loading greater than 0.5; we decided to eliminate this item due to possible multicollinearity. Additionally, one of the social exchange (SE) items loaded smaller than 0.5 (.478), but we resonated the figure was close to 0.5 and kept the item to limit the reduction of items. This resulted in a 7-item scale for social exchange relationships (Cronbach's alpha = -.892).

Regarding the economic exchange scale, the EFA revealed two separate factors based on the economic exchange (EE) items. One of the EE items cross-loaded with another EE factor with a value greater than 0.5 (.525). However, as both factors consisted solely of items regarding economic exchange, we concluded with both factors being subsets of EE. One EE item had loaded in the distributional justice (DJ) component (.532) and was removed from the analysis. As a result, we proceeded with 5 of the six items for EE (Cronbach's alpha = -.478). No items were removed from the procedural justice (PJ) or DJ measures, resulting in coefficient alphas of -.908 and -.941, respectively.

Means, standard deviations, bivariate correlations, number of items in the final scales, and reliability estimated are presented in Table 1. We also inspected for multicollinearity in SPSS. The lowest tolerance value was 0.464, which is acceptable as it is far above the common cut-off value of 0.10 (Hair et al., 2019, p. 316).

Table 1 - Descriptive Statistics, Correlations, and Scale Reliabilities among Variables

Variable	Items	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Gender	1	1.98											
2. Age	1	2.24	0.91	-0.093									
3. Title	1	3.41	1.04	.006	.497***								
4. Tenure	1	4.06	1.13	.004	.652***	.595***							
5. Fixed Pay	1	20406.90	14341.13	-0.028	.236*	.255***	.200**						
6. Variable Pay	1	7398.64	11523.68	-0.011	.139*	.204**	.221**	-.565***					
7. Distributive Justice	4	2.71	1.31	-0.091	.200*	.257***	.129*	.164*	.354***				
8. Procedural Justice	7	3.27	0.93	-0.089	.276***	.382***	.250***	.130*	.279***	.681***			
9. Economic Exchange Relationship	5	2.89	0.66	-0.060	-.173	-.082	-.161*	-.132*	.017	-.155*	-.167*		
10. Social Exchange Relationship	7	3.49	0.90	-0.015	.117*	.329***	0.110	.139*	.169*	.618***	.685***	-.069	

N = 168; *p < 0.05; **p < 0.01; ***p < 0.001.

Where appropriate, Cronbach's alphas indicating scale reliabilities are in parentheses.

4.2.3. Hypotheses testing

Next, we conducted regression analyses to test our hypotheses related to hairdressing professionals. Figure 2 illustrates this study's conceptual model with Pearson correlations.

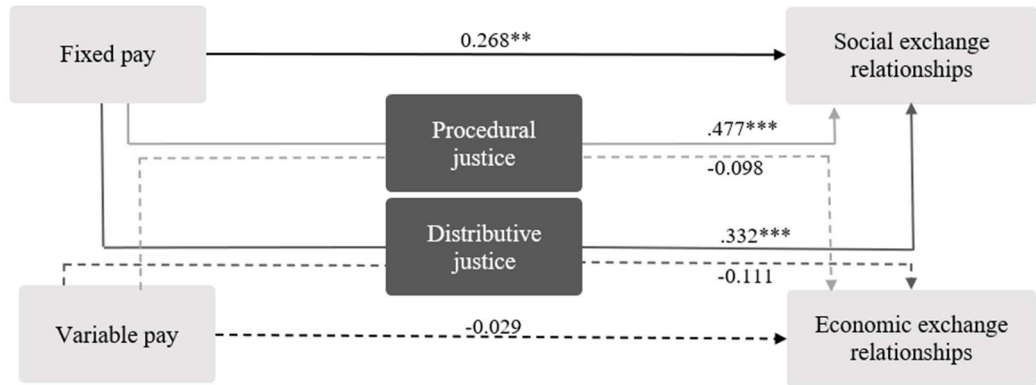


Figure 2: Conceptual model with Pearson correlations and significance. Dashed lines represent unsupported hypotheses.

Hypotheses 1 and 2

H1 predicted that fixed pay would have a positive relationship with social exchange relationships. Findings suggest there is a significant and positive relationship between those variables ($\beta = 0.268, p = .008$), thus supporting H1.

H2 predicted variable pay was positively related to economic exchange relationships. According to our findings ($\beta = -0.029, p = .785$), economic exchange has no significant relationship with variable pay. This could be explained by the low Cronbach's alpha in the variable's loadings. Thus, H2 is not supported.

Results from the regression analyses used to test Hypotheses 1 and 2 are presented in Table 2.

Table 2 - Regression results testing hypotheses 1 and 2

Variable	Standardized Coefficients (β)			
	Social Exchange Relationship		Economic Exchange Relationship	
	Step 1	Step 2	Step 1	Step 2
<i>Control Variables</i>				
Gender	-0.017	-0.009	-0.073	-0.075
Age	0.000	-0.030	-0.140	-0.123
Title	0.409***	0.324***	0.044	0.070
Tenure	-0.133	-0.183	-0.096	-0.091
<i>Independent Variables</i>				
Fixed Pay		0.268**		-0.121
Variable Pay		0.298**		-0.029
ΔR^2		0.050		0.010
R^2	0.120	0.170	0.040	0.050
F	5.557	5.512	1.711	1.416

N = 168; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

Hypotheses 3a, 3b, 4a, and 4b

Next, we explore if the type of pay and the type of exchange relationships are mediated by justice perceptions. Results are presented in Table 3. We ran a regression analysis using the two dependent variables (SE and EE), the control variables (gender, age, title, tenure), the two independent variables (fixed pay and variable pay), and the two independent variables, procedural and distributional justice. Three criteria proposed by Baron & Kenny (1986) were used to test the mediation hypotheses.

- 1) In the first place, the independent variable (fixed or variable pay) must be significantly associated with the mediator (procedural or distributional justice).
- 2) Next, the independent variable must be significantly associated with the dependent variable (social or economic exchange relationship).
- 3) Last, after inserting the mediator in the regression model, the relationship between the independent and dependent variable should either disappear (full mediation) or significantly diminish (partial mediation). According to Baron & Kenny (1986), the relationship between the independent and the dependent variable disappears if it is reduced to zero.

H3a predicted procedural justice was a mediator of the relationship between fixed pay and social exchange relationships. As mentioned, the relationship between dependent variable SE and fixed pay is positive and significant ($\beta = 0.268$, $p =$

.008). When perceptions of procedural justice are introduced, the relationship between SE and fixed pay is not significant anymore ($\beta = -0.061, p = .468$), while the relationship between procedural justice perceptions and SE is positive and significant ($\beta = .477, p < 0.001$). This supports hypothesis 3a, so procedural justice perceptions partially mediate the relationship between fixed pay and social exchange relationships.

Table 3 - Regression results testing hypotheses 3a, 3b, 4a and 4b

Variable	Standardized Coefficients (β)			
	Social Exchange Relationship		Economic Exchange Relationship	
	Step 1	Step 2	Step 1	Step 2
<i>Control Variables</i>				
Gender	-0.009	0.044	-0.075	-0.089
Age	-0.030	-0.099	-0.123	-0.105
Title	0.324***	0.187*	0.070	0.101
Tenure	-0.183	-0.059	-0.091	-0.127
<i>Independent Variables</i>				
Fixed Pay	0.268**	-0.061	-0.121	-0.029
Variable Pay	0.298**	-0.128	-0.029	0.089
<i>Mediator Variables</i>				
Distributive Justice		0.332***		-0.111
Procedural Justice		0.477***		-0.098
ΔR^2		0.375		0.024
R^2	0.170	0.545	0.050	0.074
F	5.512	23.772	1.416	1.600

N = 168; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

When perceptions of distributional justice are introduced, the relationship between SE and variable pay is not significant anymore ($\beta = -0.128, p = .146$), while the relationship between distributional justice perceptions and SE is positive and significant ($\beta = .332, p < 0.001$). This supports hypothesis 4a since it meets the three criteria for mediating relationships. Followingly, the significance of the difference was supported by a Sobel test (Baron & Kenny, 1986) in both mediators. In sum, distributional justice perceptions partially mediate the relationship between variable pay and social exchange relationships.

H3b predicted procedural justice was a mediator of the relationship between variable pay and economic exchange relationships. Since we found there is no significant relationship between variable pay and EE in the first place ($\beta = -0.029, p = .785$), which corresponds to the first criteria to establish mediating relationships, H3b is not supported. Similarly, we cannot find support for H4b, which predicted distributive justice was a mediator of variable pay and economic exchange relationships.

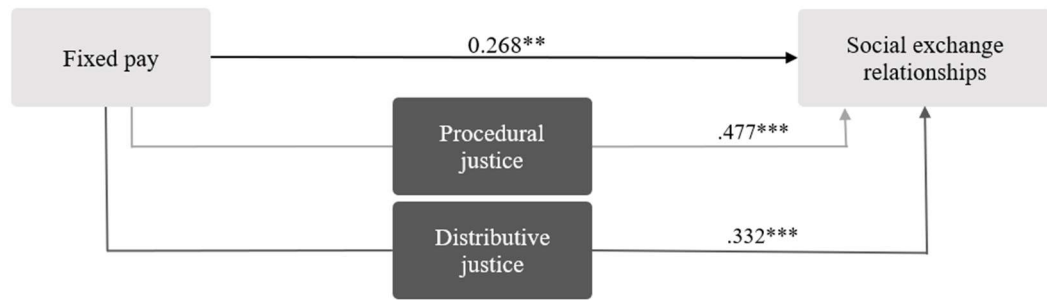


Figure 3: Procedural and distributive justice perceptions as mediators of the relationship between the observed variables.

5. DISCUSSION

The result of this study shows that the higher levels of fixed pay, the stronger the social exchange relationship between employee and organization, supporting Kuvaas and colleagues' (2020) earlier findings. As discussed in the theoretical background for this study, employees with this type of pay should demonstrate higher levels of organizational commitment, which translates into an increased intention to stay in the organization, increased work performance, and OCB (Loi et al., 2009; Shore et al., 2009).

Furthermore, the results show that procedural and distributive justice partially mediate the relationship between fixed pay and social exchange relationships. In practice, this means that the relationship between fixed pay and social exchange relationship is partly explained by the employees' perceptions of justice. While both types of justice have positive and significant findings, the mediation was slightly higher for distributive justice, which can indicate that trust and transparency in regard to processes are important for good quality social exchange relationships, in line with previous literature (e.g., Konovsky, 2000).

Contrary to our expectations, however, we were not able to establish a significant relationship between the amount of variable pay and economic exchange relationships. Followingly, no mediation by either form of justice perceptions was established. To our knowledge, there are two possible explanations for this. The methodological reason is the low Cronbach's alpha of the economic exchange relationship measure. A low Cronbach's alpha indicates a low internal consistency with the measure used (Bonett & Wright, 2015), indicating that our measure of economic exchange was unable to measure this within our study. This low reliability is evidently shown in the factor analysis, which places the economic

exchange relationship items into two separate factors, further emphasizing this internal inconsistency. The uncertainty of what our scale is measuring makes our findings regarding economic exchange less reliable.

The second possible explanation comes from the argument that repeated successful economic transactions can serve to build trust and, in turn, leads to a strong social exchange relationship (Cropanzano et al., 2017; Rousseau & Ho, 2000). Rousseau and Ho (2000) argue that pay is included in a bundle of benefits employees receive in exchange for their contribution to the employer. By providing the employees who receive variable pay with training and support for them to succeed, the organizations invest in the relationship, shifting it towards a social exchange one. Following this line of thought, it is possible that the long tradition of variable pay among the population of the study has provided the needed successful transaction to build a social exchange relationship and that they feel that they have sufficient support to succeed. If that is the case, it is worth noting that the outcome could differ if the sample is less accustomed to variable pay.

5.1. Implications for Theory and Practice

The study's primary contribution is its findings that the relationship between fixed pay and the social exchange relationship of organizations and employees are mediated by justice perceptions.

Concerning generalization, it is important to keep in mind the sample and context of any study. This is a relatively small study, with a sample of 168 limits its generalizability. However, the sample is somewhat homogenous, which allows for a smaller sample to represent the population, as there is less variance (Bell et al., 2019; Osborne & Costello, 2004). Furthermore, many respondents exited the survey when asked about pay data, which implicates that pay is a sensitive topic. Paired with the fact that participation was voluntary, this could imply that there is some variance between our sample and the true population (Podsakoff et al., 2003). Nonetheless, our findings still provide valuable information to practitioners given that variable pay is widely used in the sample's industry and is becoming increasingly more common in other industries as well (Kuvaas, 2006).

For starters, we contribute by studying this not commonly researched industry. Second, organizations can see the importance of implementing fair pay distribution and procedures, as justice perceptions are found to mediate the relationship between the type of pay and the important organizational outcome of social exchange relationships. The nature of these relationships is associated with well-being and intention to stay as employees, to reciprocate the fair treatment they receive from their organization, are most likely to stay in the company. This is positive given the high costs of turnover.

Through working on increasing perceptions of justice among workers, organizations can contribute to increased work performance, as well as many other beneficial employee behaviors (e.g., Cohen-Charash & Spector, 2001; Colquitt et al., 2013; Podsakoff et al., 2003; Rupp & Cropanzano, 2002). Justice perceptions can also predict counterproductive work behavior since perceived injustice can be associated with employees' feelings of guilt and anger (Colquitt et al., 2005). Employers can therefore initiate the social exchange relationships with their employees by offering fairness in pay administration, in the form of both fair outcomes relative to the effort and fair procedures leading to their pay.

Overall, based on theory confirming procedural and distributive justice perceptions impact employees' behaviors, our findings of its mediation role between pay and exchange relationships suggest that hairdressing organizations should pay particular attention to it. This means ensuring that procedures supporting compensation are fair, consistent, accurate, and without bias, as described by Colquitt (2001). If organizations invest resources in increasing perceptions of justice regarding pay distribution and procedures, social instead of economic exchange relationships are nurtured, which leads to positive organizational outcomes.

5.2. Limitations and Future Research

Some limitations pertaining to this study are worth mentioning. First, data about hairdressers were collected under a period of instability due to the current pandemic. The hairdressing industry is largely tied to the domestic economy and is likely to follow its fluctuations (Jordfald, 2013), and has been directly affected by national and regional regulations and infection control measures

(Samfunnsøkonomiske Vurdering Av Smittevernstiltak - Covid 19 - Andre

Rapport, n.d.). Ideally, we would have collected data about these professionals' pay under no such restrictions, as it is plausible that these restrictions can affect their pay data, justice perceptions, and relationship towards their organization. That being said, there is an opportunity to increase the study's ecological validity.

Second, there are limitations related to survey research. Given that the survey was distributed publicly and was voluntary, there is essentially no way of knowing if there is variance between those who did and those who did not respond. A large number of respondents stopped answering the survey when they reached the questions about pay data, which implicates that pay is a sensitive topic, and these respondents can have different opinions, possibly making the findings excessively positive or negative (Bell et al., 2019; Podsakoff et al., 2003).

Lastly, another limitation is the low validity observed within the economic exchange relationship measure. The two factors of EE discovered in our EFA, and the low Cronbach's alpha could potentially be a reason for the non-significant findings, as it causes uncertainty around the measure itself. It is, however, worth noting that this only applies to the economic exchange measure, as all other measures were proven to have acceptable validity, as explained above.

Given the lack of findings regarding the economic exchange variable, as well as the implications of intrinsic motivation within this sample, future research could benefit from looking into other aspects of compensation, such as pay level, as it may have a larger impact on the employees' outcomes than variable or fixed pay. Although it was not the objective of this research, we saw that total pay had a higher correlation to both justice measures and social exchange relationships, implying that it can explain more of the variance compared to variable or fixed pay. Thus, we recommend future research to investigate total pay as a predictor of the mediating relationship.

As pay is not the only resource exchanged in the relationship between organizations and their employees, future research could investigate how other exchanges can impact the relationship between pay and social exchange relationships. Organizational support is an important part of social exchange relationships and is therefore likely to act as a moderator. As Rousseau and Ho (2000) suggest, training and encouragement will help employees be successful

and can be perceived as a positive exchange. By buffering the economic nature of pay, organizational support can help build a social exchange relationship (Shore et al., 2009).

The partial mediation found in this study can encourage future research to further investigate other mediators. Recent research has found that pay transparency is positively associated with trust, justice, and commitment (Scheller & Harrison, 2018; SimanTov-Nachlieli & Bamberger, 2021), indicating that it is a strong mediator for social exchange relationships. Pay transparency refers to the organization being open about information regarding pay and encouraging their employees to discuss pay amongst themselves (Scheller & Harrison, 2018). Although pay secrecy might lead to employees suspecting that procedures are unfair and thus it has similarities to procedural justice, it is not an automatic reaction and should be further investigated.

6. CONCLUSION

This study answers to what extent justice perceptions act as mediators between the type of compensation and social or economic exchange relationships of employees and organizations. Procedural justice perceptions partially mediate the relationship between fixed pay and social exchange relationships. Similarly, distributive justice perceptions partially mediate the relationship between fixed pay and social exchange relationships. On the other hand, we did not find a significant mediation relationship between pay and economic exchange relationships with perceptions of justice.

The study strengthens previous research findings by proving mediating relationships and adds to the literature on compensation, organizational justice, and employee-organization relationship. Through this study, we highlight the importance of perceptions of justice in compensation plans. We suggest practical implications for practitioners and opportunities for future research.

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APPENDIX

Appendix 1

Demographic questions and items adopted in the survey.

Item assessment	Item	English	Norwegian
Demographics	1	What is your gender?	Kjønn
	2	What is your age?	Alder
	3	What is your current title?	Din nåværende arbeidstittel
	4	How long have you been working in the hairdressing industry?	Hvor lenge har du jobbet i frisørbransjen?
Pay configuration	5	How is your salary structured?	Hva slags lønssystem har du i dag?
	6	How much was your fixed pay in February 2021? Please answer the amount in kr before taxes. By fixed pay we mean your guaranteed salary according to your employment contract.	Hvor mye av din lønn for februar 2021 tilsvarte din fastlønn? Vennligst oppgi beløp i kroner, før skatt. Med fastlønn referer vi til en garanti/minimumslønn som er oppgitt i din kontrakt.
	7	How much was your total pay in February 2021? Please answer the amount in kr before taxes. By total pay we mean both your fixed and variable pay.	Hva var din samlede lønn for februar 2021? Ta i betraktning både fast og variabel lønn. Vennligst oppgi beløp i kroner før skatt.
Distributional justice	8	Now, we will present you with some statements regarding your evaluations of fairness about your salary.	Nå vil du få en rekke utsagn hvor du skal krysse av hvor enig eller uenig du er i utsagnene. Utsagnene under omhandler din vurdering av rettferdighet ved selve lønnen

**Procedural
justice**

		du mottar fra arbeidsgiveren din.
8.1	My salary is justified, given my performance.	Det er samsvar mellom innsatsen jeg legger ned i mitt arbeid og lønnen jeg har.
8.2	My salary is appropriate for the work I have completed.	Det jeg mottar av lønn er rettferdig sett i forhold til mine arbeidsprestasjoner.
8.3	My salary reflects what I have contributed to the organization.	Min lønn reflekterer mitt bidrag til organisasjonen.
8.4	My salary reflects the effort I have put into my work.	Min lønn er riktig i forhold til den jobben jeg gjør.
9	Next, the following statements refer to fairness of the procedures used to determine your salary, e.g. having meetings to discuss it.	Utsagnene nedenfor omhandler din vurdering av rettferdighet ved de prosedyrer og prosesser som ligger til grunn for beslutninger og utfall som angår din lønn.
9.1	Those procedures have been free of bias.	Prosedyrene i organisasjonen har blitt anvendt konsistent over tid og mellom ulike personer.
9.2	I've been able to appeal the salary arrived at by those procedures.	Jeg har hatt mulighet til å få en ny vurdering av beslutningene som har berørt min lønn dersom det har vært ønskelig fra min side.
9.3	Those procedures have been applied consistently.	Jeg har hatt mulighet til å påvirke utfallet (lønnen) av de prosedyrene og prosessene som angår meg.

**Social and
economical
exchange
relationships**

9.4	Those procedures have upheld ethical and moral standards.	Prosedyrerne og prosessene har vært basert på presis og riktig informasjon.
9.5	I had influence over the salary arrived at by those procedures.	Jeg har hatt mulighet til å fremme mine synspunkter om viktige prosesser og prosedyrer.
9.6	I've been able to express my views and feelings during those procedures.	Prosedyrerne og prosessene har vært i tråd med etiske og moralske standarder.
9.7	Those procedures have been based on accurate information.	Prosedyrerne har blitt anvendt uten innslag av systematiske forskjeller (diskriminering eller favorisering).
10	For the final part of this survey, please consider your relationship with the company (organization) you work for.	Utsagnene på den siste siden under omhandler ditt forhold til salongen/bedriften du er ansatt i.
10.1	I worry that all my efforts on behalf of the organization will never be rewarded (reversed).	Jeg er bekymret for at det jeg har gjort for denne bedriften aldri vil bli gjengjeldet.
10.2	I only want to do more for my organization when I see that they will do more for me.	Jeg gjør kun en ekstrainnsats for organisasjonen dersom jeg vet den vil gjøre noe ekstra for meg.
10.3	All I really expect from my organization is that I will be paid for my work effort.	Det eneste jeg egentlig forventer av organisasjonen er at jeg blir betalt for den innsatsen jeg legger ned i jobben.
10.4	I don't mind working hard today - I know I will	Jeg jobber gjerne ekstra hardt i dag, for jeg er temmelig

	eventually be rewarded by my organization.	sikker på at bedriften kommer til å gjengjelde denne innsatsen etterhvert.
10.5	I do not care what my organization does for me in the long run, only what it does right now.	Jeg bryr meg lite om hva bedriften kan gjøre for meg på lengre sikt og er mest opptatt av hvordan den stiller opp akkurat nå.
10.6	There is a lot of give and take in my relationship with my organization.	Min relasjon til bedriften handler mye om gjensidig imøtekommenhet. Noen ganger gir jeg mer enn jeg får og andre ganger får jeg mer enn jeg gir.
10.7	The things I do on the job today will benefit my standing in this organization in the long run.	Jeg tror den innsatsen jeg legger ned i jobben i dag vil være fordelaktig for min posisjon i bedriften på lengre sikt.
10.8	My organization has made a significant investment in me.	Bedriften min har investert mye i meg.
10.9	My relationship with my organization is strictly an economic one - I work and they pay me.	Mitt forhold til bedriften er hovedsakelig økonomisk basert, jeg jobber og de betaler.
10.10	I watch carefully what I get from my organization, relative to what I contribute.	Jeg er veldig nøye med at det er samsvar mellom hva jeg gir og hva jeg får tilbake i mitt arbeidsforhold.
10.11	Even though I may not always receive the recognition from my organization that I deserve, I	Selv om bedriften kanskje ikke alltid gir meg den anerkjennelsen jeg mener jeg fortjener, velger jeg allikevel

	know my efforts will be rewarded in the future.	å se stort på det fordi jeg på sikt nok får noe tilbake.
10.12	I try to look out for the best interests of the organization because I can rely on the organization to take care of me.	Jeg forsøker å ivareta bedriften interesser fordi jeg stoler på at den vil ta godt vare på meg.
10.13	My relationship with my organization is based on mutual trust.	Mitt forhold til bedriften erbasert på gjensidig tillit.
10.14	My efforts are equal to the amount of pay and benefits I receive.	Min innsats tilsvarer hvor mye lønn og goder jeg får.

Appendix 2

Exploratory Factor Analysis with Promax rotation.

Measure	Item	PJ	DJ	SE	EE ¹	EE ²
Procedural Justice measure from Colquitt (2001)	Those procedures have been applied consistently.	<u>.904</u>				
	I've been able to express my views and feelings during those procedures.	<u>.847</u>				
	Those procedures have been free of bias.	<u>.768</u>				
	I had influence over the salary arrived at by those procedures.	<u>.753</u>				
	Those procedures have been based on accurate information.	<u>.700</u>				

	I've been able to appeal the salary arrived at by those procedures.	<u>.698</u>
	Those procedures have upheld ethical and moral standards.	<u>.600</u>
<hr/>		
Distributional Justice		
measure from Colquitt (2001)	My salary reflects the effort I have put into my work.	<u>.997</u>
	My salary is appropriate for the work I have completed.	<u>.973</u>
	My salary is justified, given my performance.	<u>.922</u>
	My salary reflects what I have contributed to the organization.	<u>.898</u>
<hr/>		
Social Exchange Relationship		
measure from Shore et al. (2006)	I don't mind working hard today - I know I will eventually be rewarded by my organization.	<u>.907</u>
	Even though I may not always receive the recognition from my organization that I deserve, I know my efforts will be rewarded in the future.	<u>.885</u>
	I try to look out for the best interests of the organization because I can	<u>.879</u>
<hr/>		

rely on the organization to take care of me.

My relationship with my organization is based on mutual trust. .861

The things I do on the job today will benefit my standing in this organization in the long run. .590

I worry that all my efforts on behalf of the organization will never be rewarded. .368 .521

There is a lot of give and take in my relationship with my organization. .518

My organization has made a significant investment in me. .478

Economic

Exchange

Relationship

measure from My efforts are equal to the amount of pay and benefits I receive. .532

Shore et al. (2006)

I do not care what my organization does for me in the long run, only what it does right now. .832

My relationship with my organization is strictly an economic one - I work and they pay me. .701

All I really expect from my organization is that I will be paid for my work effort.	<u>.755</u>
I watch carefully what I get from my organization, relative to what I contribute.	<u>.726</u>
I only want to do more for my organization when I see that they will do more for me.	.427 <u>.725</u>

Factor loadings less than .35 are not shown; values shown underlined are those included in the final scales. EE¹ and EE² are considered subcomponents of the same factor, Economic Exchange relationships.