

## EMPLOYEE ENGAGEMENT AND REMUNERATION JUSTICE IN LITHUANIA AND POLAND

Marta JUCHNOWICZ<sup>1</sup>, Boguslavas GRUŽEVSKIS<sup>2</sup>, Hanna KINOWSKA<sup>3\*</sup>

<sup>1</sup>*WSB University in Warsaw, Warsaw, Poland*

<sup>2</sup>*Institute of Labour Market Research, Vilnius, Lithuania*

<sup>3</sup>*Collegium of Business Administration, SGH Warsaw School of Economics, Warsaw, Poland*

Received 20 May 2020; accepted 30 June 2020

**Abstract.** The aim of the article is the analysis of the relationship between work engagement and evaluation of remuneration justice in the context of the dimensions of organizational justice in Lithuania and Poland. The starting point for the research was the identification the essence of evaluation of remuneration justice from the perspective of management sciences. Conclusions drawn from the analysis of the views on organizational justice allowed to define the key aspects of remuneration justice necessary for a detailed exploration of the studied area. They point to the need for a comprehensive evaluation of remuneration justice, integrating all its aspects, not only the distribution aspect. The strong link between fair remuneration and work engagement draws attention to the conditions for effective remuneration instruments. On the basis of the results of empirical research, the assessment of the fairness of remuneration by Polish and Lithuanian employees was diagnosed. In Lithuania, 9% and in Poland 52% of respondents described their current salary as fair. Correlations between the examined constructs were examined. It is concluded that for both working Lithuanians and working Poles fair compensation means remuneration appropriate to the work performed. The sense of fairness of remuneration coexists with distributional, procedural and interactive justice and with the lack of feeling of being exploited.

**Keywords:** remuneration justice, work engagement, organizational justice, Poland, Lithuania.

**JEL Classification:** M52, M54, J31.

### Introduction

The notion of fairness of remuneration is considered from the perspective of various disciplines and scientific concepts: philosophy, work and organisational psychology, sociology, labour law, economics and management sciences. The topic is of paramount significance due to the impact of fair remuneration on human capital management and the stimulation of innovation, both on a macro- and microscale. Meanwhile, literary research on fair remuneration utilise isolationism in the approach to analysis of this construct. This is one of the reasons for low applicability of any results found.

The perspective adopted by the authors situates the subject matter in social sciences. It considers the aspirations of a wide range of stakeholders including employees, employers and the social context (Juchnowicz, 2014).

The remuneration system in an organization is one of the key factors influencing the attitudes of employees. Through just remuneration, the company encourages

employees to develop and increase their effectiveness. Modern management gives remuneration a broad meaning. It includes all the financial and non-financial benefits that an employee receives in return for work. They form a package that supports the achievement of the company's objectives and, at the same time, considers the needs and hierarchy of values of the employees.

Just compensation is one of the factors shaping social peace. Its absence is a factor in destabilizing society: from the family, up to international relations (Szulist, 2016). Research shows that the sense of injustice of remuneration translates to a negative evaluation of the function of democracy and government (Domański, 2010). The fair income distribution positively affects the possibilities of achieving economic and social well-being (Bilan et al., 2020).

Increased competition and the rapid pace of change require companies to seek innovative solutions leading to expected business results (Juchnowicz & Kinowska, 2017). They create circumstances, which put the issue of fairness of remuneration to the forefront.

\*Corresponding author. E-mail: [hanna.kinowska@sgh.waw.pl](mailto:hanna.kinowska@sgh.waw.pl)

The aim of the article is to diagnose the evaluation of remuneration justice in Lithuania and Poland and examining the relationship between the perception of compensation fairness and its three aspects: distributive (adequacy to work and equal pay), procedural (transparency of the system) and interactive (relations) and evaluation of remuneration justice and work engagement. The analysis was carried out based on the results of a survey of working Poles and Lithuanians on the fairness of remuneration, conducted in 2017 and 2018.

### 1. Fairness of remuneration from the perspective of management science

In the management science, the fairness of remuneration is examined in the context of organisational justice. It concerns the function of organisation in various fields (Byrne & Cropanzano, 2001). The theory explains the rules for the relative assessment of exchanges between individuals both at the organisational level and social context. There is link between the degree of fairness and the economic success of a country (Mishchuk et al., 2019). Fair treatment signals that employees are not being exploited (Yean, 2016).

Organisational justice is a complex structure that encompasses four main aspects: distributive, procedural, interactive and retributive (Macko, 2009). From a historical point of view, the very first element is distributional justice, which is linked to an assessment of the proportionality of rewards and the effort contributed (Crow et al., 2012), when comparing with other people (Koen et al., 2020). The result of this confrontation forms the basis for assessing its fairness. If an employee puts in more effort than a reference person, but does not receive a proportionally higher reward, he treats the imbalance as unfair (Juchnowicz, 2014). To restore the balance, he is likely to reduce his commitment or react in other ways, e.g. by deciding to change the place or type of work.

Over time, it has been discovered that organisational fairness is a far more complex idea than a simple comparison of inputs and outputs. Researchers pointed to the need for guaranteeing procedural fairness (Thibaut & Walker 1975). According to this concept, the probability of accepting a result increases when the parties consider a process or set of procedures for determining such a result to be fair and impartial. A sense of procedural fairness is the result of employees' knowledge of the circumstances in which management makes decisions and the reasons behind those decisions (Dayan & Di Benedetto, 2008). The assessment of procedural fairness in the work environment requires considering the correctness and stability of the procedures, the possibility of expressing opinions and appealing against the results of the procedure and the adherence to the organisation's ethical standards. Controlling the decision-making process by management and explaining the reasons behind it are considered pivotal for successful management. Principles were developed that

lead to an increase in the perception of fairness in organizational procedures. These include equality in the application of a specific procedure, lack of biases, precision of information affecting the outcome of the procedure, the existence of methods for correcting erroneous or inaccurate decisions, consistent application of ethical and moral standards and involvement of the persons concerned in the process (Leventhal, 1980).

Surveys of employees' opinions have shown that people may perceive the organization as unfair despite the system ensuring distributive justice and containing proper procedures, which is usually facilitated by inappropriate managerial conduct and poor employee relations (Leung, 2014). This implies that human relations must be considered in perceiving justice (Bies, 2001), the aforementioned dimension being described as interactive justice. Due to its complexity, it has been divided into interpersonal and informational justice (Greenberg, 1993). The former one deals with the quality of interpersonal relations in the work environment, while the latter refers to the quantity, precision and quality of information provided to employees.

The final aspect of organizational justice that has been distinguished is retributive justice, which concerns the penalties imposed on employees. It deals with assessing the extent with which the negative consequences are justified and adequate to the offenses of employees (Macko, 2009). The results of the research indicate that Polish employees are particularly susceptible to this type of (in-) justice (Macko & Grudziński, 2014).

The fairness of remuneration, due to its multifaceted nature, necessitates considering various factors influencing the feelings of employees in the assessment, i.e. a diagnosis of all the indicated aspects of organizational justice. Previous deliberations on fairness of remuneration were dominated by S. Adams' theory (1965), which describes the act of comparing and evaluating the proportionality of awards relative to the effort contributed. Remuneration includes all benefits obtained from work, i.e. monetary compensation and cash benefits, as well as psychophysical benefits, such as a sense of being appreciated, stability, development opportunities, ease of commuting to work, etc. Effort includes what an employee can contribute at work, i.e.: his/her potential competence, time, health, loyalty, commitment. In the next step of assessing fairness, the employee compares their benefits and effort with that of other people who are his reference point. The comparisons can be based on employees of the same organisation who hold similar positions in other companies, as well as on their previous experience within or outside the current company. If such comparisons reveal discrepancies, a sense of injustice arises. This occurs not only when employees are "underpaid" but also "overpaid". But it is clear that the occurrence of underpaid compensation is much higher, while the threshold for having a feeling of injustice is much higher in the case of overpayment (Hajec, 2018). Shaping the distributional aspect of remuneration includes the following issues: the adequacy of wages based on the

effort put into work, the relationship between the rewards and performance, and the recognition of commitment of employees in supporting the proper functioning of the organisation.

Fairness of remuneration can be considered on two levels (Harris et al., 2008). The first one is external, where the scope of the comparisons covers labour market in its entirety, while the second one is internal, influenced by the results of comparisons made on a scale of one organisation (Sweeney & McFarlin, 2005). In many companies, pay rates are an uncritical reflection of information taken from the market. This practice is explained by the risks associated with difficulties in recruiting candidates with high potential and with staff turnover. Meanwhile, the sensitivity of individual employees to market rates is often difficult to determine. Due to personal attitudes (e.g. reluctance to move) and circumstances related to the profession (e.g. company culture), it is difficult to predict to what extent are employees interested in changing their workplace. For many people, “the market” is an irrelevant, abstract notion, except when they receive an offer of employment, which educates them on the market value of their work. Oftentimes, the trends present within the market impacting remuneration levels may give rise to a situation in which newly recruited employees receive higher rates than existing employees, which disrupts the adequacy of the compensation structure and has an extremely demotivating effect on team members. Even more worrying is the tendency to exaggerate the importance of the market when the implementation of the strategy is particularly important for securing a competitive position. Therefore, it is in the interest of the organization not to fetishize the influence of the market when allocating funds for compensation and to maintain an appropriate relationship between the remuneration and the value of work done for the company. In order to remove bias from the method utilised in the process of allocating funds earmarked for salary increases, a quantitative analysis reflecting the value of respective positions may be applied.

The sense of fairness of the distribution of remuneration is limited to the assessment of specific, measurable situations and certain aspects of analysed relations. However, it omits many other factors related to the functioning of the organisation, which appear in the long-term perspective (Macko, 2009). Therefore, in the analysis of the fairness of remuneration a holistic approach is most justified, as it integrates all aspects of organisational justice.

An important aspect of the fairness of remuneration is maintaining the fairness of procedures. This implies the necessity for formulating and consistently that it is necessary to formulate and consistently adhere to the assumptions present in the remuneration system of an organisation, including above all transparent criteria for their differentiation (Dubis, 2011). According to Armstrong, procedural fairness requires that the assessment of effectiveness and competence should be based on accurate information and objective opinions (Armstrong, 2013). The

results of research underlined the importance of developing and adhering to clear, understandable and transparent set of principles for the determination of remuneration (Terpstra & Honoree, 2003). According to Macko, even high, temporary prizes resulting in salary satisfaction are not able to build organizational commitment among employees, to the extent that clear and fair procedures do (Macko, 2009).

Employees may consider remuneration to be unfair despite accepted diversity in compensation and adequate procedures. The decision-making processes of managers and explanations of the reasons for their decisions have a significant impact on the perception of fairness of remuneration (Till & Karren, 2011). According to the results concluded from a proprietary research project, the influence of the supervisor is the strongest factor affecting the assessment of fairness. It is more closely linked to the assessment of fairness than other aspects studied elements. The research shows that Polish employees grant their superiors a special role in shaping their sense of fair remuneration (Juchnowicz & Kinowska, 2018).

Another issue affecting the sense of fairness of remuneration is the system of punishing employees for possible mistakes or omissions, referred to as retributive justice. This implies that the punishment is proportional to the transgression and responsibility. To this end, it is necessary to regulate the principles of punishment in an organisation, so that they are consistent with legal norms, as well as with the culture of the organisation and the ethical standards it adopts.

## 2. Directions for the development of instruments of just remuneration

Fairness is a critical factor in the assessment of effectiveness of a remuneration system. It is crucial for employee satisfaction and commitment (Klendauer & Deller, 2009), the lack of which results in higher absenteeism rates and poorer results (Williams et al., 2006). Fairness can be considered the most important factor in developing a remuneration system which, as a component of the overall human capital management system, should be consistent with the overall culture and strategy of the organisation (Petersen, 2014). The sense of injustice of compensation triggers as counterproductive behaviour in the workplace. They manifest themselves in the following forms: reduced activity, theft, increased aggression, absenteeism, increased turnover of employees and litigation with the employer (Colquitt et al., 2001). The achievements of the theory of organizational justice recommend that companies should take not only care about a fair construction of the remuneration system, but also the proper communication of rules through both formal channels as well as informal relations with superiors.

Formulating clear standards that the company follows when determining remuneration levels will allow employees to appreciate that the organisation is acting

in accordance with its proclaimed ethical principles and has procedures to which it consistently adheres. Conveying them clearly to employees, through an appropriate set of formal communications and regulations and informal interactions with their supervisor, will make way for those in employment to assess their remuneration fairly. By ensuring proper, trust-based relationships between superiors and subordinates, organizations ensure that the effort put into building a fair remuneration system will not be wasted through an inappropriate perception of the principles.

The remuneration system in an organisation is one of the factors that most profoundly influences the attitudes of employees, especially their engagement. Work engagement is defined as a type of attitude expressed towards the given assignment (Lewicka, 2019). It consists of three aspects: cognitive, emotional and behavioural. The feeling of engagement necessitates possessing knowledge about the organization, feelings towards it and acceptance of its values, goals, conduct of its leaders and contributing to the company by the employee. An engaged employee focuses

on tasks, performs them with passion and enthusiasm, has a positive attitude towards the organisation – or work – and takes actions that are in the interest of the organisation (Juchnowicz, 2012).

The relationship between justice and employee engagement is explained by the theory of social exchange. It highlights the interdependence of the organisation and its employees. Involvement requires loyalty and a sense trust between the parties. This will only occur provided that both parties adhere to the accepted principles (Cropanzano & Mitchell, 2005) as well as the principles of justice (Colquitt et al., 2001).

Through fair remuneration, the company creates conditions for employees to develop and increase their effectiveness. Consequently, modern management gives remuneration a broad meaning. It includes all the financial and non-financial benefits that an employee receives in return for the work done. It is a package that supports the achievement of the company's objectives, while considering the needs and the hierarchy of values of the employees.

Table 1. Average salary in European Union (source: Reinis Fisher, 2020)

Rank	Country	2018			2017	
		Gross	Net	Tax	Net	%
1	Denmark	€5,191.00	€3,270.00	37.01%	€3,095.00	5.35%
2	Luxembourg	€4,412.00	€3,159.00	28.40%	€3,009.00	4.75%
3	Sweden	€3,340.00	€2,570.00	23.05%	€2,465.00	4.09%
4	Finland	€3,380.00	€2,509.00	25.77%	€2,509.00	0.00%
5	Ireland	€3,133.00	€2,479.00	20.87%	€2,464.00	0.61%
6	Austria	€3,632.00	€2,324.00	36.01%	€2,009.00	13.55%
7	Germany	€3,703.00	€2,270.00	38.70%	€2,270.00	0.00%
8	France	€2,957.00	€2,225.00	24.75%	€2,157.00	3.06%
9	Netherlands	€2,855.00	€2,155.00	24.52%	€2,263.00	-5.01%
10	United Kingdom	€2,498.00	€1,990.00	20.34%	€2,102.00	-5.63%
11	Belgium	€3,401.00	€1,920.00	43.55%	€2,091.00	-8.91%
12	Italy	€2,534.00	€1,758.00	30.62%	€1,762.00	-0.23%
13	Spain	€2,189.00	€1,749.00	20.10%	€1,718.00	1.77%
14	Cyprus	€1,779.00	€1,658.00	6.80%	€1,658.00	0.00%
15	Slovenia	€1,626.00	€1,062.00	34.69%	€1,074.00	-1.13%
16	Malta	€1,379.00	€1,021.00	25.96%	€1,021.00	0.00%
17	Estonia	€1,221.00	€957.00	21.62%	€945.00	1.25%
18	Portugal	€1,158.00	€925.00	20.12%	€984.00	-6.38%
19	Greece	€1,092.00	€917.00	16.03%	€947.00	-3.27%
20	Czech Republic	€1,149.00	€873.00	24.02%	€837.00	4.12%
21	Croatia	€1,081.00	€802.00	25.81%	€792.00	1.25%
22	Poland	€1,102.00	€784.00	28.86%	€752.00	4.08%
23	Slovakia	€980.00	€748.00	23.67%	€755.00	-0.94%
24	Latvia	€1,013.00	€738.00	27.15%	€703.00	4.74%
25	Lithuania	€885.00	€693.00	21.69%	€637.00	8.08%
26	Hungary	€955.00	€635.00	33.51%	€622.00	2.05%
27	Romania	€787.00	€565.00	28.21%	€515.00	8.85%
28	Bulgaria	€586.00	€457.00	22.01%	€406.00	11.16%

It necessitates a wide range of instruments – a comprehensive set of motivational tools in which incentives are tailored to individual goals, hierarchies of value and employee needs (Juchnowicz, 2012).

### 3. Similarities and differences in remuneration between Lithuania and Poland

Analysing the results of the European Foundation for the Improvement of Living and Working Conditions – European Quality of Life Survey for 2010–2015, statistically significant differences between the assessments of the Lithuanian and Polish residents about their satisfaction with pay for work were observed, with the latter finding themselves more satisfied with their pay at work: in 2010, 39% of Polish residents and 23% of Lithuanians answered positively, whereas in 2015 (the question was worded slightly differently) 51% of Polish residents and 42% of Lithuanians had positive responses (Eurofund, 2015).

On the other hand, according to the European Value Study (1990–2008), the variance of the degree of satisfaction with employment between the Lithuanian and Polish population was negligible. This observation is pivotal as over 90% of Europeans have supported the notion that “good pay is an important aspect of a job”, since 1999. 96% of Lithuanian respondents responded positively to this answer in 2008, in Poland – 93% (EU average – 94%). Hence, it can be posited that adequate pay for work is a key factor in the characterisations of an employee’s job satisfaction (European Values, 2011).

Remuneration statistics indicate (Table 1) the average wage in Poland is circa. 13–18% higher (in different years) compared with that of Lithuania, with the former nation possessing lower rates of poverty and inequality (Gruževskis et al., 2018). Therefore, it could be argued, with reference to the previously posited notion, that the determination of the value of satisfaction for the Polish population is more closely related with remuneration. However, this phenomenon possesses significant complexity, with the research by the European Foundation for the Improvement of Living and Working Conditions does not reflect all factors influencing it. Hence, investigation and comparison of the attitudes of the Lithuanian and Polish populations, facilitates a more thorough analysis, whose results have been detailed within the article.

### 4. The research methodology

The aim of the research was to identify factors influencing the assessment of fairness of remuneration. The data were collected in 2017 and 2018. The survey in 2017 was conducted on a representative sample of working Poles (data weighted for N = 1007) using the CATI method (Computer Assisted Telephone Interviewing) based on national research panel. The selection of the respondents was random, using post-execution data weighting (RIM weighting) to adjust a sample so that it is representative of the target population taking into account the following

dimensions: geographical (voivodeship), gender, education and sector. The survey using the same research questionnaire was also conducted in Lithuania in 2018, using CAWI method (Computer Assisted Web Interview) based on national research panel, on a sample of 1087 respondents. The respondents used the five-level Likert scale in their answers: from 1 “I strongly disagree” to 5 “I strongly agree”. Detailed characteristics of both samples are presented in Table 2.

Table 2. Structure of research samples in Lithuania and Poland (source: own research)

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

The survey consisted of 21 questions about employees’ opinions on many aspects of fair remuneration. For the purposes of this article, analysis was performed on the answers to questions related to the assessment of three of

the four aspects of organisational justice. Distributional, procedural and interactive justice have been examined, considering them to be of particular importance in terms of the purpose of the article. The analysis took into account the correlations between them and the assessment of specific factors: adequacy and equality, transparency, consistency of application of the principles and care of the superior for adequate remuneration.

The subject of the study was also the relationship between the fairness of remuneration and the involvement of employees. Based on the analysis, the following hypotheses were formulated:

*H1: The evaluation of the fairness of remuneration is related to three aspects of organisational justice: distributive, procedural and interactive:*

H1a: In the distributive dimension, the evaluation of the fairness of remuneration is positively correlated with:

- a) the conviction about the adequacy of remuneration in proportion to work,
- b) the belief that other employees receive similar remuneration.

H1b: In procedural dimension, the assessment of fairness of remuneration is positively correlated with:

- a) a belief that the remuneration principles are transparent,
- b) knowledge of the rules for determining the remuneration.

H1c: In the interactive dimension, the assessment of the fairness of remuneration is positively correlated with the belief that the superior cares about the proper remuneration of employees.

H2: The assessment of the fairness of remuneration is related to work engagement in emotional and behavioural aspects:

H2a: In the emotional aspect:

- a) the feeling of being exploited is negatively correlated with the assessment of fairness of remuneration,
- b) a sense of pride in the work done is positively correlated with an assessment of fairness in remuneration.

H2b: Behavioural aspect:

- a) The willingness to share knowledge is positively correlated with the evaluation of fairness of remuneration,
- b) Readiness to undertake additional tasks is positively correlated with the evaluation of fairness of remuneration.

In order to identify the details of the differences between the assessment of remuneration justice and the

work engagement of Lithuanian and Polish employees, an analysis of the frequency of answers to individual questions was carried out. The relationship between the respondents' assessments and the examined constructs was established by the rho Spearman correlation coefficient.

## 5. Remuneration justice and work engagement of Lithuanian and Polish employees

In Lithuania, 9% of respondents described their current salary as fair. In Poland this opinion was expressed by 52% of respondents (Table 3). The converse opinion is expressed by 75% of Lithuanian and 26% of Polish respondents, i.e. 49 p. p. more Lithuanian respondents expressing a negative opinion.

Significant differences in respondents' opinions also concern particular aspects of fairness, i.e. adequacy of remuneration to the work performed, transparency of remuneration principles and care of the superior for his employees. 81% of employees in Lithuania and 30% of employees in Poland stated that the remuneration they received was not adequate to the work contributed. 59% of the surveyed Poles and only 28% of Lithuanians say that the remuneration system is transparent. 53% of Poles and 25% of Lithuanians believe that a manager cares about adequate remuneration of employees (Table 4).

The biggest differences in the answers of working Lithuanians and Poles to the examined aspects of engagement concerned the feeling of being exploited. Only 16% of respondents in Poland and as much as 40% in Lithuania feel used at work (Table 5).

Questions about pride in work, readiness to undertake additional tasks and knowledge sharing were answered most closely. 79% of working Lithuanians and 74% of working Poles are proud of their work. 93% of Lithuanians and 88% of Poles declare willingness to share their knowledge, while 69% of Lithuanians and 68% of Poles are ready to take upon additional tasks beyond the mandatory ones.

## 6. Relationship between work engagement and evaluation of remuneration fairness of Lithuanian and Polish employees – discussion of research results

In the case of respondents from Poland, correlations of all analysed constructs with the assessment of remuneration justice were statistically significant (Table 7). Among the respondents from Lithuania, due to the lack of statistical significance, hypotheses concerning the relationship

Table 3. Overall assessment of pay equity (in %) (source: own research)

Question	Country	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)	I don't know/ it's hard to say	NO (1+2)	YES (4+5)
1. My current salary is just	Lithuania	34	41	17	7	2	0	75	9
	Poland	13	13	21	27	25	1	26	52

Table 4. Frequency distributions for questions about remuneration justice in Lithuania and Poland (in %) (source: own research)

Question	Country	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)	I don't know/ it's hard to say	NO (1+2)	YES (4+5)
1. My salary is appropriate for the work I do	Lithuania	38	43	12	5	2	0	81	7
	Poland	15	15	22	27	20	0	30	47
2. Employees doing similar work to me receive a similar salary to the one I get	Lithuania	6	15	32	38	11	0	20	48
	Poland	9	8	16	20	39	8	17	59
3. The remuneration policies of my company are transparent	Lithuania	14	25	32	21	8	0	39	28
	Poland	18	10	11	16	43	2	28	59
4. I understand the principles according to which salary is determined in my company	Lithuania	7	12	29	37	15	0	19	52
	Poland	10	8	12	21	48	1	18	69
5. My direct manager pays attention to the employee's remuneration level being adequate	Lithuania	14	25	37	19	6	0	39	25
	Poland	12	10	19	26	27	7	22	53

Table 5. Frequency distributions for questions about work engagement in Lithuania and Poland (in %) (source: own research)

Question	Country	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)	I don't know/ it's hard to say	NO (1+2)	YES (4+5)
1. I feel used at my work	Lithuania	8%	20%	32%	26%	14%	0%	28%	40%
	Poland	52%	17%	13%	9%	8%	1%	69%	16%
2. I am proud of my work	Lithuania	2%	5%	14%	48%	32%	0%	7%	79%
	Poland	4%	6%	16%	30%	44%	1%	9%	74%
3. I share my knowledge and experience at work willingly	Lithuania	2%	1%	5%	54%	39%	0%	3%	93%
	Poland	2%	2%	8%	23%	65%	0%	4%	88%
4. I am willing to take on extra tasks other than those compulsory for me	Lithuania	4%	13%	14%	43%	26%	0%	17%	69%
	Poland	8%	9%	14%	27%	41%	1%	17%	68%

Table 6. Correlations of justice of remuneration with transparency of principles, care of the superior and work engagement in Lithuania (source: own research)

	1	2	3	4	5	6	7	8	9	10
1. My current salary is just	1									
2. My salary is appropriate for the work I do	.696 <sup>a</sup>	1								
3. The remuneration policies of my company are transparent	.230 <sup>a</sup>	.230 <sup>a</sup>	1							
4. I understand the principles according to which salary is determined in my company	.164 <sup>a</sup>	.216 <sup>a</sup>	.480 <sup>a</sup>	1						
5. Employees doing similar work to me receive a similar salary to the one I get	.083 <sup>a</sup>	.058	.294 <sup>a</sup>	.266 <sup>a</sup>	1					
6. My direct manager pays attention to the employee's remuneration level being adequate	.351 <sup>a</sup>	.328 <sup>a</sup>	.509 <sup>a</sup>	.309 <sup>a</sup>	.241 <sup>a</sup>	1				
7. I feel used at my work	-.315 <sup>a</sup>	-.365 <sup>a</sup>	-.179 <sup>a</sup>	-.110 <sup>a</sup>	.028	-.274 <sup>a</sup>	1			
8. I am proud of my work	.006	-.036	.093 <sup>a</sup>	.124 <sup>a</sup>	.022	.090 <sup>a</sup>	-.044	1		
9. I share my knowledge and experience at work willingly	-.042	-.068 <sup>b</sup>	.053	.097 <sup>a</sup>	.053	.057	.011	.345 <sup>a</sup>	1	
10. I am willing to take on extra tasks other than those compulsory for me	.005	.012	.066 <sup>b</sup>	.092 <sup>a</sup>	.020	.055	-.048	.400 <sup>a</sup>	.333 <sup>a</sup>	1

Note: <sup>a</sup> Correlation significant at 0.01; <sup>b</sup> Correlation significant at 0.05.

between pride in work, readiness to share knowledge and willingness to undertake additional tasks with the assessment of the fairness of remuneration cannot be assumed (Table 6). The strength of all the correlations between the tested constructions and the assessment of fairness of remuneration was greater in Poland than in Lithuania.

Based on the results of the survey, it can be concluded that for both working Lithuanians and working Poles fair compensation means remuneration appropriate to the work performed (H1a) – in both cases the strengths of correlation were high.

The first hypothesis (H1) concerns the relationship of three aspects of organizational justice: distributive, procedural and interactive with the assessment of remuneration fairness. The relationship between the assessment and the belief that others receive similar remuneration (H1a) in both countries is statistically significant. The strength of the correlation is different – weak in Lithuania and moderate in Poland.

In both countries the sense of fairness of remuneration coexists with procedural justice (H1b). Correlations between the assessment of fairness and transparency of pay rules are weak but statistically significant. The understanding of the principles of the remuneration system is also positively correlated with the evaluation of justice. The strength of the correlation is varied – moderate in Poland, weak in Lithuania. The interactive aspect of compensation justice was examined by asking about the belief in the superior's care for adequate remuneration (H1c). In both countries the correlation is statically significant, but its strength varies – high in Poland and moderate in Lithuania.

The second hypothesis (H2) concerns the relationship between the assessment of compensation fairness and work engagement in emotional and behavioural aspects. In both countries, the perception of remuneration justice coexists with the lack of feeling of being exploited (H2a) – moderate strength of both correlations.

Due to the lack of statistical significance, data from Lithuania do not confirm the relationship between the assessment of pay justice and pride in the work, which is the second part of the emotional dimension (H2a). In Polish studies the relationship is statistically significant, but the strength of the correlation is weak.

Lack of statistical significance was noted in the case of the Lithuanian respondents' opinion on the relationship between the assessment of justice of remuneration and the behavioural aspect of engagement, the question of willingness to share knowledge and take on additional duties (H2b). In the opinion of Polish respondents, they are linked by a statistically significant relationship of weak strength.

## Research findings

The results of the research indicate that the differences in the specifics of the Polish and Lithuanian labour markets have a significant impact on the overall assessment of remuneration fairness and a limited influence on the factors of this assessment. Differences in average wage levels in both countries and inequality in income distribution between people with the lowest and highest incomes may justify a more critical assessment of remuneration justice

Table 7. Correlations of justice of remuneration with transparency of principles, care of the superior and work engagement in Poland (source: own research)

	1	2	3	4	5	6	7	8	9	10
1. My current salary is just	1									
2. My salary is appropriate for the work I do	.766 <sup>a</sup>	1								
3. The remuneration policies of my company are transparent	.293 <sup>a</sup>	.235 <sup>a</sup>	1							
4. I understand the principles according to which salary is determined in my company	.326 <sup>a</sup>	.287 <sup>a</sup>	.361 <sup>a</sup>	1						
5. Employees doing similar work to me receive a similar salary to the one I get	.301 <sup>a</sup>	.250 <sup>a</sup>	.302 <sup>a</sup>	.229 <sup>a</sup>	1					
6. My direct manager pays attention to the employee's remuneration level being adequate	.569 <sup>a</sup>	.561 <sup>a</sup>	.336 <sup>a</sup>	.344 <sup>a</sup>	.294 <sup>a</sup>	1				
7. I feel used at my work	-.402 <sup>a</sup>	-.382 <sup>a</sup>	-.209 <sup>a</sup>	-.206 <sup>a</sup>	-.228 <sup>a</sup>	-.394 <sup>a</sup>	1			
8. I am proud of my work	.281 <sup>a</sup>	.260 <sup>a</sup>	.147 <sup>a</sup>	.229 <sup>a</sup>	.169 <sup>a</sup>	.350 <sup>a</sup>	-.238 <sup>a</sup>	1		
9. I share my knowledge and experience at work willingly	.180 <sup>a</sup>	.130 <sup>a</sup>	.152 <sup>a</sup>	.142 <sup>a</sup>	.174 <sup>a</sup>	.219 <sup>a</sup>	-.124 <sup>a</sup>	.290 <sup>a</sup>	1	
10. I am willing to take on extra tasks other than those compulsory for me	.164 <sup>a</sup>	.140 <sup>a</sup>	.227 <sup>a</sup>	.167 <sup>a</sup>	.107 <sup>a</sup>	.220 <sup>a</sup>	-.190 <sup>a</sup>	.341 <sup>a</sup>	.245 <sup>a</sup>	1

Note: <sup>a</sup> Correlation significant at 0.01.



by Lithuanian than Polish employees. Nonetheless, the factors affecting the assessment of remuneration justice established through the review of literature on the subject remain similar.

Lithuanian and Polish workers view compensation fairness as a principle that should be implemented, not only an abstract construction or postulate that cannot be fulfilled in practice. For working Poles and Lithuanians, fair remuneration translates to it being adequate for the work they do. The perception of justice as a standard that should be implemented in practice links it to the concepts of contemporary welfare economists.

Limiting the factors considered when evaluating fairness of remuneration to the distributional dimension within organizational justice seems unjustified. In both countries, all aspects of organisational justice – distributional, procedural and interactive – were influential in the process of assessing the fairness of remuneration. The strength of the correlation between the belief that other people doing similar work earn similar salaries, traditionally associated with the evaluation of compensation, and the feeling of receiving just remuneration is the weakest of the examined aspects. In both countries, the strongest correlation is present between the assessment of fairness and adequacy of remuneration to the work performed. Second place is taken by the relationship with the perception of the superior's efforts. Equal pay for similar work and transparency are important, but adequacy to the tasks performed and relationships with those who influence the determination of appropriate remuneration are crucial. Employees assign the responsibility of ensuring fair remuneration to their supervisors. Research shows that the assessment of fairness is multidimensional. In literature on the subject, the evaluation of fairness of remuneration was considered mainly through the implementation of appropriate principles. Meanwhile, research shows that what plays a pivotal role is the relationship with a particular person, who, by utilising their influence on the organisation, should take care of appropriate remuneration of the team they manage.

The relationship between work engagement and evaluation of fairness of remuneration is less uniform. In the case of Polish employees, relations with all analysed dimensions of commitment are statistically significant, but their strength is weak and moderate. This is in line with the concept present in literature of complexity of motivation in management through engagement. Remuneration is only one of many elements of a complex incentive system. In the case of Lithuanian employees, the results do not confirm the link between engagement and compensation justice. In a country where average wages are very low and inequalities between workers with the highest and lowest incomes are among the highest in Europe, workers feel proud of their work and declare their willingness to share knowledge and take on additional responsibilities. At the same time, they are critical of reality – only 9% say they are fairly paid, compared to 52% of Poles. Infringing on an important principle of social coexistence

makes Lithuanian employees feel exploited. Lithuanians are forced to look for work engagement factors in other areas than remuneration. They get involved in work despite unfair remuneration. Such engagement in work may be beneficial for organisations in Lithuania in the short term, but it is also a risk factor. In the long run, employees may try to restore balance between effort and pay. In the absence of measures to restore fairness in the local labour market, they may continue to seek fair compensation outside the country.

## Conclusions

Fair compensation is a strong incentive for economic and social activity. It is a complex construct whose evaluation is multidimensional. Therefore, an important theory-cognitive conclusion is the need to take into account in the research the complex of the aspects characterizing the essence of fair compensation. Remuneration for work is an economic and organisational factor. As such, it is of interest in the human capital management process. The fairness of remuneration is assessed not only in the context of individual organisations, but also between them. It goes beyond the assessment of equality within the same category and transparency of procedures. It is mainly about interpersonal relations. Fair remuneration has been named a social factor (Gruževskis et al., 2018). The example of Lithuania has shown that the low satisfaction of the population in terms of compensation has a large impact on attitudes to emigration, which negatively affects the entire social development of the country. Research has shown that there are grounds to conclude that the lack of fairness in remuneration is detrimental to society, manifesting itself at different levels: organisations (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.). Therefore, further research on remuneration justice should take into account the social aspect of its evaluation.

## Funding

This work was supported by the National Science Centre in Poland under Grant “Compensation justice”, 2016/21/B/HS4/02992.

## Author contributions

MJ and HK conceived the study in Poland and were responsible for the design and development of the data analysis. BG conceived the study in Lithuania and was responsible for the design and development of the data analysis there. MJ and HK were responsible for data interpretation for Polish research. BG was responsible for data interpretation for Lithuanian research. HK wrote the first draft of the article. MJ reviewed and completed the article. BG formulated conclusions and suggestions for social policy in Lithuania.

## Disclosure statement

Authors have not any competing financial, professional, or personal interests from other parties.

## References

- Adams, S. (1965). Inequity in social exchange. In L. Berkowitz (Ed.), *Advances in experimental social psychology*. Academic Press. [https://doi.org/10.1016/S0065-2601\(08\)60108-2](https://doi.org/10.1016/S0065-2601(08)60108-2)
- Armstrong, M. (2013). *Zarządzanie wynagrodzeniami*. Oficyna Wolters Kluwer Business.
- Bies, R. J. (2001). Interactional in (justice): the sacred and the profane. In J. Greenberg & R. Cropanzano (Eds.), *Advances in Organizational Justice*. Stanford University Press.
- Bilan, Y., Mishchuk, H., Samoliuk, N., & Yurchyk, H. (2020). Impact of income distribution on social and economic well-being of the state. *Sustainability*, 12(1), 429. <https://doi.org/10.3390/su12010429>
- Byrne, Z. S., & Cropanzano, R. (2001). The history of organizational justice: the founders speak. In R. Cropanzano (Ed.), *Justice in the workplace: from theory to practice* (pp. 3–26). Laurence Erlbaum.
- Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C., & Ng, K. Y. (2001). Justice at the millennium: a meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*, 86(3), 425–445. <https://doi.org/10.1037/0021-9010.86.3.425>
- Cropanzano, R., & Mitchell, M. (2005). Social exchange theory: an interdisciplinary review. *Journal of Management*, 31(6), 874–899. <https://doi.org/10.1177/0149206305279602>
- Crow, M. S., Lee, C. B., & Joo, J. J. (2012). Organizational justice and organizational commitment among South Korean police officers: an investigation of job satisfaction as a mediator. *Policing: An International Journal of Police Strategies & Management*, 35(2), 402–423. <https://doi.org/10.1108/13639511211230156>
- Dayan, M., & Di Benedetto, A. (2008). Procedural and interactional justice perceptions and teamwork quality. *Journal of Business & Industrial Marketing*, 23(8), 566–576. <https://doi.org/10.1108/08858620810913371>
- Domański, H. (2010). Legitymizacja nierówności. *Nauka*, 1, 49–66.
- Dubis, M. (2011). Wpływ sprawiedliwości wynagrodzeń na satysfakcję z płacy. <https://www.wynagrodzenia.pl/artykuly>
- Eurofund. (2015). *2015 European Working Conditions Survey (EWCS)*. <https://www.eurofound.europa.eu/data/european-working-conditions-survey>
- European Values. (2011). *European value study*. <http://www.atlasofeuropeanvalues.eu/new/europa.php?ids=90&year=2008>
- Greenberg, J. (1993). The social side of fairness: interpersonal and informational classes of organizational justice. In R. Cropanzano (Ed.), *Justice in the workplace: approaching fairness in human resource management*. Hillsdale.
- Gruževskis, B., Sudnickas, T., & Urbanovič, J. (2018). Impact of remuneration for work on social changes in Lithuania. *Education of Economists and Managers*, 49(3), 129–147. <https://doi.org/10.5604/01.3001.0012.7395>
- Hajec, M. (2018). Wykorzystanie teorii sprawiedliwości w decyzjach płacowych. <https://wynagrodzenia.pl/artykul/wykorzystanie-teorii-sprawiedliwosci-w-decyzjach-placowych>
- Harris, M. M., Anseel, F., & Lievens, F. (2008). Keeping up with the Joneses: a field study of the relationships among upward, lateral, and downward comparisons and pay level satisfaction. *Journal of Applied Psychology*, 93(3), 665–673. <https://doi.org/10.1037/0021-9010.93.3.665>
- Juchnowicz, M. (2012). *Zaangażowanie pracowników. Sposoby oceny i motywowania*. PWE.
- Juchnowicz, M. (2014). Charakterystyka zarządzania kapitałem ludzkim na tle koncepcji zasobowej. In M. Juchnowicz (Ed.), *Zarządzanie kapitałem ludzkim. Procesy – narzędzia – aplikacje* (pp. 132–136). PWE. <https://doi.org/10.5604/01.3001.0009.6314>
- Juchnowicz, M., & Kinowska, H. (2017). Strategie wynagrodzeń w różnych strategiach biznesowych. In A. Sopińska, & P. Wachowiak (Eds.), *Wyzwania współczesnego zarządzania strategicznego*. Oficyna Wydawnicza SGH.
- Juchnowicz, M., & Kinowska, H. (2018). Factors influencing the evaluation of remuneration justice. *Kwartalnik Nauk o Przedsiębiorstwie*, 48(3), 41–52. <https://doi.org/10.5604/01.3001.0012.7777>
- Klendauer, R., & Deller, J. (2009). Organizational justice and managerial commitment in corporate mergers. *Journal of Managerial Psychology*, 24(1), 29–45. <https://doi.org/10.1108/02683940910922528>
- Koen, J., Low, J. T. H., & Van Vianen, A. (2020). Job preservation efforts: when does job insecurity prompt performance? *Career Development International*, 25(3), 287–305. <https://doi.org/10.1108/CDI-04-2018-0099>
- Leung, K. (2014). Distributive justice and interpersonal interaction across cultures in the context of expatriate pay disparity in multinationals. In J. J. Boddewyn (Ed.), *Multidisciplinary insights from new AIB fellows research in global strategic management* (pp. 29–55). Emerald Group Publishing Limited. <https://doi.org/10.1108/S1064-485720140000016000>
- Leventhal, G. S. (1980). What should be done with equity theory? New approaches to the study of fairness in social relationships. In K. Gergen, M. Greenberg, & R. Willis (Eds.), *Social exchange: advances in theory and research*. Springer-Verlag. [https://doi.org/10.1007/978-1-4613-3087-5\\_2](https://doi.org/10.1007/978-1-4613-3087-5_2)
- Lewicka, D. (2019). *Zarządzanie kapitałem ludzkim a zaangażowanie pracowników*. C.H. Beck.
- Macko, M. (2009). *Poczucie sprawiedliwości organizacyjnej a zachowania pracowników*. Wydawnictwo Naukowe Wydziału Nauk Społecznych Uniwersytetu im. Adama Mickiewicza w Poznaniu.
- Macko, M., & Grudziński, A. (2014). Rola poczucia sprawiedliwości i cynizmu organizacyjnego w inicjowaniu pozytywnych i negatywnych zachowań wobec pracodawcy. *Edukacja Ekonomistów i Menedżerów. Problemy, Innowacje, Projekty*, 1(31), 77–92. <https://doi.org/10.5604/01.3001.0009.4625>
- Mishchuk, H., Samoliuk, N., & Bilan, Y. (2019). Measuring social justice in the light of effectiveness of public distributive policy. *Administration & Public Management Review*, 1(32), 63–76. <https://doi.org/10.24818/amp/2019.32-05>
- Petersen, B. K. (2014). Justice and culture in the perception of compensation fairness. *Argumenta Oeconomica Cracoviensia*, 2(11), 9–24. <https://doi.org/10.15678/AOC.2014.1102>
- Reinis Fisher. (2020). *Average salary in European Union 2018*. <https://www.reinischer.com/average-salary-european-union-2018>
- Sweeney, P. D., & McFarlin, D. B. (2005). Wage comparisons with similar and dissimilar others. *Journal of Occupational and Organizational Psychology*, 78(1), 113–131. <https://doi.org/10.1348/096317904X23808>
- Szulist, J. (2016). Rola sprawiedliwej płacy w kształtowaniu wolności odpowiedzialnej człowieka. *Studia Koszalińsko-Kołobrzeskie*, 23, 321–335. <https://doi.org/10.18276/skk.2016.23-21>

- Terpstra, D. E., & Honoree, A. L. (2003). The relative importance of external, individual and procedural equity to pay satisfaction. *Compensation and Benefits Review*, 35(6), 67–74. <https://doi.org/10.1177/0886368703259005>
- Thibaut, J., & Walker, L. (1975). *Procedural justice: a psychological analysis*. Erlbaum.
- Till, R. E., & Karren, R. (2011). Organizational justice perceptions and pay level satisfaction. *Journal of Managerial Psychology*, 26(1), 42–57. <https://doi.org/10.1108/02683941111099619>
- Williams, M., McDaniel, M., & Nguyen, N. (2006). A meta-analysis of the antecedents and consequences of pay level satisfaction. *Journal of Applied Psychology*, 91(2), 392–413. <https://doi.org/10.1037/0021-9010.91.2.392>
- Yean, T. F. (2016). Organizational justice: A conceptual discussion. *Procedia-Social and Behavioral Sciences*, 219, 798–803. <https://doi.org/10.1016/j.sbspro.2016.05.082>