Seeking Ethics-Related Causes for Obtaining Employee Pay Satisfaction: A Focus on Ethical Leadership

Pablo Ruiz Palomino
Francisco J. Sáez Martínez.
Ricardo Martínez Cañas
Universidad de Castilla-La Mancha

Abstract

For decades, the determination of causes for employee pay satisfaction has been an important area of study, surely due to the important role that this job attitude is thought to have in getting a sustained competitive advantage. Traditionally research on this issue has been paying attention on job related inputs, both extrinsic and intrinsic related-factors to the job itself. Together with job inputs, fairness issues have been showing an important role in explaining the employee pay satisfaction phenomenon. However, literature is scarce on the study of the numerous factors linked with the fairness issue, such as the ethical leadership phenomenon. Because ethical leadership entails necessarily the dimensional concept of fairness, the influential direct effect of this variable on employee pay satisfaction is thought to exist. In addition, due to the dyadic moral-technical dimensions fulfillment necessity to get authentic self-actualized employees this effect is thought to be interacted according to the level of motivational potential of job tasks performed. Since ethical leadership entails the enhancement of morals in employees, higher job enriching tasks may make stronger the effect for supervisor ethical leadership on employee pay satisfaction as employees may feel the fulfillment of the moral dimension more compelling to be authentically self-actualized. The direct and interacted influential effect for ethical leadership on pay satisfaction will be discussed and practical implications and future research will be finally delineated.

Keywords

Ethics, Job Satisfaction, Pay satisfaction; Fairness, Motivational Potential of the Job, Ethical Leadership

Introduction

Since pay satisfaction is an important facet of the individual’s job satisfaction global assessment (Ronan and Organt, 1973; Summers and Hendrix, 1991), research on their influential causes has been an important area of study for decades. The positive links expected for this job attitude with other type of invariable job response variables (e.g. job satisfaction, job performance, organizational commitment, intention to remain, etc.) (cf. Vandenberghe and Tremblay, 2008) are so much thought to evolve into a sustained competitive advantage (cf. Wright et al., 1994). Therefore, in an attempt of disguising and understanding the causes for this job attitude in employees, research has traditionally paid attention, among others things, on job related inputs, both extrinsic and intrinsic related-factors to the job itself (e.g. organizational compensation programs, job characteristics) (Heneman and Judge, 2000; Lawler and Jenkins, 1992; Williams et al., 2006). Importantly, discussion has been mainly based on

---

1 Faculty of Social Sciences of Cuenca
two psychological frameworks: equity (Adams, 1965) and discrepancy theories (Lawler, 1971, 1981), both similar in stating that perceptions of fairness and equity in payment are central for explaining employee pay satisfaction/dissatisfaction. However, despite the strong links expected to exist between fairness and ethics, research focused on the important role of the ethical dimension per se in determining pay satisfaction is certainly scarce.

Although some previous empirical research exists, it only serves to find mixed results when broader ethics related concepts are analyzed in terms of a probable association with pay satisfaction (cf. Vitell and Davis, 1990; Koh and Boo, 2001). In addition, though leadership is characterized traditionally for motivating an array of positive job attitudes and behaviors among employees (cf. Brown and Treviño, 2006), past research is scarce in assessing the role of the leadership phenomenon in determining pay satisfaction among employees. Indeed, since supervisors typically work most closely with subordinates, and are expected to play an important role in determining the pay of employees (Deconinck, 2009), moral integrity deployed by them is expected to have an important influence on the employee’s pay satisfaction. Therefore, in an attempt of filling the extant void related to the scarce of research linking ethics to pay satisfaction, the present paper analyzes previous literature to find enough theoretical rationale in proposing a direct and positive relationship between supervisor ethical leadership and pay satisfaction of employees. In addition, since many other factors (job contextual or individual related aspects) may affect how much employees are influenced when they perceive ethical leadership in supervisory levels, it seems interesting to study in depth possible moderators of the relationship proposed. Job related factors, for example, are thought to influence the level of pay satisfaction, specifically the extent in which job enriching characteristics are implemented in the job. In the present paper, literature review will allow us to propose that the supervisor ethical leadership-employee pay satisfaction relationship may be interacted by intrinsic job related factors such as those designed to enrich and raise the motivating potential of the job. A theoretical model depicting such relationship will be then proposed, and finally practical implications, limitations and further research will be discussed.

**Theoretical background**

**Ethical leadership and employee pay satisfaction**

Leadership plays a vital role in human groups (Burns, 1978) since any human group needs a leader capable to mobilize its members towards the accomplishment of essential objectives for the group itself (cf. Kanungo and Mendonca, 1996). This is one of the main reasons why so much theoretical and empirical research has been conducted in order to better understand this organizational phenomenon. In that sense, recent theories about leadership have been developed in which leadership is understood in terms of relationship between the two main agents: leader and follower; and the psychological motivation theory has been considered in the understanding of the follower’s reasons to be freely lead by the leader (cf. Guillen and Gonzalez, 2001; Guillen, 2006). As a consequence, the moral dimension has arisen as necessary in that matter (Guillen and Gonzalez, 2001) since if the follower is freely adhering to the leader’s will, trust is necessary (Kouzes and Posner, 2002) and then the ethical dimension too (cf. Treviño et al., 2000). Leadership is increasingly being understood inextricably linked to ethics (Aronson, 2001; Ciulla, 1995; Mendonca, 2001, Sendjaya, 2005) and it is through the ethical dimension as leadership is more effective in bringing out the best in the “leader-follower” relationship, including positive job attitudes and behaviors (cf. Mayer et al., 2009). Job satisfaction is one of the positive outcomes obtained (Davis and Rothstein, 2006) showing also significant implications on other important and beneficial organizational aspects (cf. Jaramillo et al., 2006). Nonetheless, although numerous research articles have been published
finding a relationship between job satisfaction and organizational ethics (Vitell and Davis, 1990; Koh and Boo, 2001; Schwepker, 2001; Valentine and Fleischman, 2004; Valentine et al., 2006) and/or supervisor ethical leadership (cf. Neubert et al., 2009), some other studies show no significant relationship between either organizational ethics-related factors and pay satisfaction (cf. Vitell and Davis, 1990; Deshpande, 1996; Okpara and Wynn, 2008) or supervisor leadership and pay satisfaction (cf. Medley and Laroche, 1995). Pay satisfaction however, is an important facet of the individual’s job satisfaction global assessment (Ronan and Organt, 1973; Summers and Hendrix, 1991), thereby similar results to the ones found between organizational ethics and job satisfaction seem to be expected for the relationship between supervisor ethical leadership and employee pay satisfaction.

Indeed, in finding causes of pay satisfaction two are the traditional theories that have guided research over the past: Equity (Adams, 1965) and Discrepancy theory (Lawler, 1971, 1981). On the one hand, Equity theory emphasizes that pay satisfaction/dissatisfaction is caused by feelings regarding equity of one’s pay, which is the result of perceptual and comparison processes. Specifically, workers compare their pay and contributions to the others’ pay and efforts, and when they feel inequitably paid they feel dissatisfied in general and mainly dissatisfied with pay. On the other hand, Discrepancy theory (cf. Lawler, 1971, 1981) emphasizes in that pay satisfaction/dissatisfaction is a function of the discrepancy between two individual perceptions, one related to the pay one feels that he/she is receiving and the other one related to the pay one feels that he/she should receive for the efforts realized. Therefore, both theories suggest that perceptions of fairness and equity in payment are central in determining the level of pay satisfaction among employees (cf. Heneman and Judge, 2000; Miceli and Lane, 1991; DeConinck and Stilwell, 2004; Sweeney, 1990; Sweeney and McFarlin, 1993). Indeed, in terms of distributive justice, pay satisfaction is higher if employees perceive that the ratio between their contribution and compensation is higher in comparison to the same ratio of others in the company (Folger and Konovsky 1989; Gerhart and Rynes 2003). On the other hand, insofar the rules and procedures governing pay attributes decisions are perceived as fair, higher procedural justice is perceived and consequently, higher satisfaction with the pay received (Folger and Konovsky 1989; Tekleab et al., 2005). As a consequence, the idea that supervisor ethical leadership plays an important role in determining pay satisfaction is arisen out. Indeed, since pay satisfaction is defined as “the amount of overall positive or negative affect (feelings) that an individual have towards their pay” (Miceli and Lane, 1991: 246), the level of satisfaction with pay involves not only the satisfaction with the salary received (direct cash payments) but also other important pay dimensions such as benefits (indirect and non cash payments), pay raises and the process by which pay is administered (cf. Heneman and Schwab, 1985). Therefore, because all these pay dimensions seems to be consequence of decisions committed by other hierarchical level members, and supervisors are thought to play an active role in taking them, fairness/justice perceived in the supervisor behavior is expected to have a significant impact on the pay satisfaction employee attitude.

Supervisors are perceived by employees to represent organizational policies, standards and norms, and at the same time, typically work most closely with subordinates. If fairness and consequently moral integrity is made perceptible by supervisors, positive job response of subordinates is likely expected (cf. Mayer et al., 2009; Brown et al., 2005; Neubert et al., 2009). In addition, as supervisors are expected to play an important role in assessing the job performance of subordinates (cf. Posthuma, 2000), and determining the subordinates pay (DeConinck, 2009) moral integrity made perceptible by them is suggested to play an important role in increasing the level of pay satisfaction of subordinates. When supervisors are perceived to be ethical, subordinates may more easily perceive that key aspects to positively affect the employees pay satisfaction (i.e. fairness, equity) (cf. Adams, 1965; Lawler, 1971; 1981) are
warranted in the process of determining the payment. Also, ethical leadership is suggested to be related to positive employees’ attitudes because of the depiction of other traits so much appreciated such as honesty, trustworthiness and caring and concern for other people (cf. Brown and Treviño, 2006). Employee-Supervisor ethical leadership relationships is even thought to promote more social exchanges than transactional exchanges (Brown and Treviño, 2006), which finally would lead to less worried employees, and surely employees more satisfied with their pay. In sum, there is enough theoretical reasoning to expect a positive relationship between supervisor ethical leadership and the level of pay satisfaction of employees. Therefore the greater is the perceived supervisor’s ethical leadership the greater the employee’s pay satisfaction. Formally, we can propose that:

**Proposition P₃: Supervisor’s ethical leadership positively influence employee’s pay satisfaction**

**Job motivating potential score and employee pay satisfaction**

As reflected above, theoretical and empirical research suggests a positive relational influence of supervisor ethical leadership with subordinates pay satisfaction. However, it is widely accepted that other factors are also important in affecting the employee pay satisfaction specifically those job-related ones (cf. Williams et al., 2006). Thus, according to extant literature (cf. Heneman, 1985; Judge et al., 2001; Williams et al., 2006) the use of motivational methods such as job rotation, enlargement and enrichment could positively enhance the employees’ level of job satisfaction. Also, research suggests that job satisfaction is likely to be higher when employee job involvement, empowerment and autonomy are promoted and facilitated (cf. Saari and Judge, 2004).

Specifically, by adopting the view of job enrichment, we analyze the linking ties of the job characteristics theory (cf. Hackman and Oldham, 1975; 1980) with the pay satisfaction dimension. This theory reflects that the higher level of autonomy, skill variety, task identity, task significance and feedback in the job, the higher the motivating potential that the employees feel their job encompasses. The theory rests on propositions drawn from both Maslow’s needs hierarchy theory and from Vroom’s expectancy theory, and essentially leads to propose that some core job characteristics must be introduced into a job to enrich it and thus make it motivational for employees, especially when they possess strong higher-order needs (cf. Miner, 2005). Therefore, once the employees perceive that enriching job characteristics are present in a high level, they likely feel highly motivated to work, which finally may positively impact on their pay satisfaction assessment (cf. Williams et al., 2006).

Indeed, as reward systems are thought to be usually utilized to motivate employees (Lawler and Jenkins, 1992) due to its ability for satisfying human needs, job characteristics may be useful to satisfy some of the same individual needs that pay does (Lawler, 1971) and may be perceived as rewards too (Campion and Berger, 1990). Job characteristics such as those enriching the job may therefore satisfy other human needs that pay cannot, and thus compensate for possible pay dissatisfaction. Thus, according to the human motivation theory of Maslow (1943), human needs can be classified in five main levels or dimensions: physiological, security, belonging, esteem, and self-actualization, and although Maslow (1943) emphasized in the hierarchical order to satisfy them, it has been argued if these Maslow’s classes of human needs were really hierarchical ordered (cf. Wahba and Bridwell, 1976). Thus, as Maslow (1965) states in a later work and some other studies suggest, any person who has not satisfied basic needs may still look for other higher-order needs such as self-actualization (cf. Wahba and Bridwell, 1976). Furthermore, a same phenomenon may even satisfy different levels of needs. This may be the case for pay, which is usually considered as a measure of
physiological need but seems to be also an indicator for satisfying the need for recognition coincident with the esteem level described by Maslow (1943). In addition, it is known that people tend to not being satisfied with their pay, but hopes to have always a higher pay than actual (Armstrong, 2002), suggesting that other elements could perfectly complement the individual's pay satisfaction. Therefore, enriching job characteristics may satisfy similar or higher Maslow's human needs as pay and mitigate or compensate pay dissatisfaction. This fact underlines a possible direct and positive effect of motivational job characteristics on employee pay satisfaction. Therefore, it is possible to predict that those employees that perceive they have a motivating job will have a greater satisfaction with pay that those who do not perceive they perform a motivating job. These arguments lead us then to propose the following relationship:

**Proposition P2:** Job motivating potential score positively influence employee's pay satisfaction.

**Motivating potential of the job-ethical leadership interactions in pay satisfaction**

Past research suggests that job characteristics (i.e. job autonomy, task feedback, task identity, task significance, skill variety) seem to lead to increased pay satisfaction among employees (cf. Williams et al., 2006) especially if they are satisfying some of the same individual needs that pay really does (cf. Lawler, 1971). In fact, job design may be perceived by employees as a reward too (cf. Campion and Berger, 1990) —in a same way as pay does—, especially if the design of the job is highly motivational and enriching, and this is probably the case when characteristics such as autonomy, skill variety, task identity, task significance and task feedback are highly present in the job itself (cf. Hackman and Oldham, 1975; 1980). Obviously, if the job encompasses such characteristics in high levels, Maslow's higher needs are more easily satisfied, and self-actualization —the need to realize one's potential— is hypothetically more easily obtained (Aamodt, 2010). However, it is the practice of moral virtuousness a necessary element to get happiness and self-actualization as human being according to Aristotle (cf. Ciulla, 2004). As a result, since ethical leadership as influential factor on employee ethical behavior (cf. Brown and Treviño, 2006; Mayer et al., 2009) and shaper of an ethical immediate context (Grojean et al., 2004; Neubert et al., 2009) has been sustained both theoretically and empirically, employees occupying highly enriched jobs —including the presence of high levels of task feedback, job autonomy, skill variety, task identity, task significance and task feedback (cf. Hackman and Oldham, 1975)- would surely appreciate much more the presence of ethical leadership in supervisory levels than those occupying low enriched jobs. The former ones would appreciate much more the positive effects depicted by ethical leaders because although the high motivational job occupied would lead them to reach easily the self-actualized state, they still would need fulfill the moral behavioural dimension to really be self-actualized as human beings. Therefore, the more motivational jobs employees occupy, the more they are predicted to be impacted by supervisor ethical leadership to precisely get the desired complete self-actualization as human beings, and finally then the better psychological and attitudinal states they may get (i.e. happiness) leading to increased pay satisfaction. In short, insofar as the level of those highly motivational job characteristics increases, the positive effect of supervisor ethical leadership on pay satisfaction is possibly expected to be stronger. In reality, the presence of the aforementioned intrinsic-extrinsic job related dyad would play a positive influential role in determining high levels of pay satisfaction on the part of employees. Therefore, job motivating potential score will increase the positive effect of supervisor's ethical leadership on employee's pay satisfaction. Hence, we formally propose that:

**Proposition P3:** Job motivating potential score positively moderates the relationship between supervisor's ethical leadership and pay satisfaction.
A supervisor ethical leadership-job motivating potential score model for determining employees pay satisfaction

In this section and based on the arguments proposed earlier, we propose a model integrating supervisor ethical leadership and job motivating potentiality factors to affect the employees pay satisfaction. Our model is shown in Fig. 1 and a conceptual overview for each of the previous relationships is discussed below.

As suggested earlier, both Equity Theory (Adams, 1965) and Discrepancy Theory (Lawler, 1971) suggest that ethics may play an important role in determining employees pay satisfaction. As predicted in proposition P1, having as supervisor an ethical person may make the individual feel satisfaction with the pay received. Indeed, employee job attitudes are usually suggested to be improved when the manager has a positive attitude towards his/her subordinates and keeps good relations with them (Armstrong, 2002). Therefore, if the manager is perceived as highly ethical, employees pay satisfaction is highly likely to be high as empathy and caring for others are some of the common good and desired characteristics of ethical leaders (cf. Brown et al., 2005). To the contrary, when the leader’s credibility and trustworthy is absent, individuals may start to think that job outcomes and organizational procedures lack justice. Indeed, Lind et al. (1993) argue that justice judgments (both distributive and procedural ones) affect attitudes, behavior and decisions across a wide variety of social contexts and they also play an important role in how employees respond to organizational outcomes and procedures (Koh and Boo, 2001). If employees perceive a lack of justice in organizational procedures and/or outcomes, job attitudes and behavior may be negatively affected. Literature argues that pay satisfaction is showed to be negative and seriously affected when distributive and procedural injustice is perceived (Folger and Konovsky, 1989; Summers and Hendrix, 1991). Hence, as postulated in proposition P1, since a morally integral manager cannot be perceived by his/her subordinates to have something to do with injustice procedures or outcomes (cf. Treviño et al., 2000, 2003), supervisor ethical leadership plays an important role in enhancing the employees’ level of pay satisfaction.
On the other hand, proposition P₂ postulates that enriching job characteristics (i.e. job autonomy, task feedback, task identity, task significance, skill variety) may also affect positively pay satisfaction as they do with general job satisfaction. As an example, research has showed that internal work motivation is highly related to job satisfaction in employees (Eskildsen and Kristensen, 1995), therefore, we can expect that the higher motivated employees are, the higher their pay satisfaction. Likely, internally work motivated employees stems from an interest in the task activity which is so great that the task activity is reward enough in itself for them. In a similar way that individuals are found to feel rewarded by behaving ethical even though they miss extrinsic rewards for that (cf. Turillo et al., 2002), internal work motivated employees may not worry so much about extrinsic factors to get job satisfaction, and also satisfaction with pay. Satisfaction with different dimensions of work is easier expected in work motivated employees. Hence, as proposed and reflected in the model (Fig. 1, P₂), since enriching job characteristics may enhance the level of motivation of employees, pay satisfaction may be positively influenced by the job motivating potential score.

Finally, and as it is showed in Fig. 1, the effect on job motivating potential score on pay satisfaction may be twofold. We suggest a moderating role of job motivating potential score on the expected positive relationship between supervisor’s ethical leadership and pay satisfaction. Indeed, as enriched jobs facilitate the satisfaction of self-actualization for employees (Aamodt, 2010), and moral development may also facilitate the satisfaction of the self-actualization need (cf. Ciulla, 2004), supervisor ethical leadership effects might be stronger or weaker depending on the level of enriching characteristics which are present in the job. On the one hand, the presence of ethical leadership in supervisory levels is thought to strongly enhance the moral cognitive development stage of subordinates (cf. Dukerich et al., 1990) and insofar that the subordinates’ level of moral reasoning increases, the easier for the subordinate to reach the human happiness end state according to Aristotle (Ciulla, 2004). On the other hand, although technically enriched jobs may facilitate the satisfaction of the highest need of self-actualization, if the moral dimension of life is not fulfilled, individuals may not be fully self-actualized as human beings. Since ethical leadership is thought to serve as a role model for moral virtuousness and ethical behaviour (cf. Neubert et al., 2009) the fact that employees involved in enriched jobs feel themselves more influenced in their pay satisfaction levels by supervisor ethical leadership is likely to happen. They are likely the ones who are more in need for fulfilling the necessary moral dimension to reach self actualization as human beings. Hence, job motivating potential score may play a moderator role for the expected relationship between supervisor ethical leadership and pay satisfaction. Specifically, in presence of high levels of motivational job characteristics (i.e. task feedback, job autonomy, skill variety, task identity, task significance and task feedback; cf. Hackman and Oldham, 1975), the direct and positive effect for supervisor ethical leadership on the employees pay satisfaction will be supposedly stronger. In sum, as depicted in proposition P₃, job motivating potential score will increase the positive effect for supervisor ethical leadership on employee pay satisfaction.

Discussion and Conclusions

The current paper has served as very useful in elucidating a theoretical model for determining employee pay satisfaction with a focus on ethical leadership and job motivating potential score as causal determinants. In addition, the model tries to incorporate the interactive effects that
may occur between both extrinsic (supervisor’s moral integrity) and intrinsic job-related aspects (job characteristics). To be more precise, the authors have proposed a theoretical framework directly linking pay satisfaction to supervisor ethical leadership though also, the effect is presented as positively interacted with the level of motivation provided by the characteristics of the job occupied. In sum, the paper has provided theoretical rationale to conclude that although supervisor ethical leadership is expected to influence positively on the employee pay satisfaction, the effect is stronger/weaker in presence/absence of highly motivational intrinsic characteristics in the job occupied by employees, respectively. Therefore, as scarce is the literature aimed at linking organizational ethics and pay satisfaction and even a little confusing (cf. Vitell and Davis, 1990; Koh and Boo, 2001), the present paper tries to fill this void by providing compelling justification to the important role that supervisors may play to find a link between organizational ethics and pay satisfaction. In addition, the present paper contributes towards a better understanding on how pay satisfaction is interrelated with highly job motivational characteristics (cf. Hackman and Oldham, 1975; 1980), thereby responding to the Williams et al.’s (2006) call for research in this specific issue. Also, we have attempted to expand the extant research about the positive relationship between supervisor ethical leadership and employee positive outcomes (cf. Neubert et al., 2009; Toor and Ofori, 2009; Mayer et al., 2009), mainly by theoretically justifying that a possible link may exist between supervisor ethical leadership and employee pay satisfaction. Finally, in this paper we have tried to expand the extant theory about causes determining job satisfaction among employees by trying to justify the existence of a positive relationship between the motivating potential of the job and one of the dimensions from which the job satisfaction construct is composed: pay satisfaction

Practical Implications

The present paper highlights the importance of the efforts that firms usually make to enrich the job tasks of employees. Thus, in those firms in which such job-design related principles as combining tasks, facilitating natural work units, establishing client relationships, vertically loading of the job and opening feedback channels are implemented (Hackman and Oldman, 1980) a positive effect on the employees level of pay satisfaction could be noted. Furthermore, in this study the reflection of moral integrity in supervisory managerial levels has been described to be an important factor in provoking a higher pay satisfaction in employees. Since an individual who is satisfied with his/her salary is thought to be both more affectively committed and less intended to leave the organization (cf. Vandenberghe and Tremblay, 2008), designing training programs on ethics for supervisory levels of management may be an important factor to take into account when the Human Resources strategy is implemented. Indeed, from the Resource Based view of the firm (cf. Barney, 1991; Grant, 1991; Wright et al., 1994), human resources are key components in gaining sustainable business competitive advantage, mainly due to the invaluable intangibles (capacities, abilities, knowledge, know how, etc.) which they may provide to the company. As literature reveals, positive consequences for the company are probable when employees are highly committed to their companies such as innovation-related behaviours (Ng et al., 2010), service quality (cf. Malhotra and Mukherjee, 2004; Pitt et al., 1995) and/or job performance (cf. Benkoff, 1997, Yousef, 2000; Jaramillo et al., 2005) among others. Therefore, since as described earlier, pay satisfaction is directly and positively related to affective commitment (cf. Vandenberghe and Tremblay, 2008), positive employee behaviours and attitudes may consequently result, thereby suggesting the important role of promoting moral integrity among supervisory levels to gain business competitive advantage. Training in ethics has been found as an useful strategy to get more ethical individuals (Delaney and Sockell, 1992; Ruiz-Palomino and Martinez-Cañas, 2011) so training in ethics both in rules, principles and virtues should be an optimal strategy to
deploy in order to get more ethical and virtuous managers (cf. Ruiz-Palomino and Martinez-Cañas, 2011). Finally, the present study provides enough theoretical rationales to justify the important complementary role that ethics plays in the fulfillment of the self-actualization need for individuals, and specifically how supervisor ethical leadership is expected to influence stronger the employees pay satisfaction when they are in presence of enriched jobs, that is to say, when the job they are performing presents a high motivational potential and leads easily to self-actualization. Thus, business managers should realize that the ethical dimension is inextricably linked to human life existence, both in private and public terms, so if a positive effect on employee attitudes and behavior is desired or potentiated, the opportunities to fulfill a moral virtuous life and fully self-actualization should not be constricted for employees. Since in order to be really effective and excellent is necessary to be good both in technical and moral terms (cf. Barnard, 1938; Ciulla, 1995, 2004), the importance for giving to employees the opportunity to fulfill the moral dimension should not be obviated, and providing ethical leadership in supervisory and managerial levels is really thought to be an useful strategy to get that employees fulfill a moral virtuous life.

Limitations

Some limitations should be taken into account. First of all, the model does not incorporate those factors related to the individual and demographic characteristics (i.e. age, organizational tenure, level of education, gender, etc.) of the employee to explain their pay satisfaction, some of which are commonly suggested to impact on employee behaviour and attitudes (cf. Mathieu and Zajac, 1990, Tang and Ibrahim, 1998; Gamero, 2003). The consideration of those factors could have helped us to better understanding the phenomenon of pay satisfaction in employees. In addition, no other factors related to the compensation strategy (i.e. cash and non-cash-related payments) followed into the company were considered. Specifically, important aspects related to the structure of pay were not considered when elaborating the theoretical model here proposed such as the pension plan, a seniority complement, and/or the consideration of a variable part in the pay received, among others. On the other hand, even though significant theoretical rationales underlying the relationships proposed in the model have been depicted, the model lacks empirical contrast allowing us to confirm them. In addition, although as described earlier fairness is implicitly reflected in ethical leaders (Neubert et al., 2009; Brown et al., 2005) and supervisors are thought to play an important role in determining the pay of subordinates (cf. DeConinck, 2009), the model likely lacks the depiction of an isolated relationship between employee fairness perceived in pay attributes management decisions and pay satisfaction. Thus, in presence of ethical supervisors, the employees could perceive fairness in pay attributes management decisions both in distributive and procedural terms, ultimately affecting their level of satisfaction with pay.

Future research directions

Finally, the discussion effectuated about the implications and limitations of the model leads us to establish a series of interesting future lines of research. Firstly, the necessity for empirically contrasting the theoretical model is urged. In addition, it is really suggested that future research incorporates the analysis of the influential role of the fairness issue perception in determining pay satisfaction as well as how the consideration of other constructs measuring the level of motivation of individuals could be inserted in the model to reinforce it. Also, the present model could be theoretically improved through a more complex model including other factors with a role of antecedents of core job characteristics (Hackman and Oldman, 1980) (i.e. implementing principles, critical psychological states, and the human resources strategy). Finally, ethical leadership is usually a factor which is found in organic organizational climates,
which is somewhat positively linked with job enrichment levels (cf. Hackman and Oldman, 1980); thereby suggesting as a future line of research the analysis of a possible positive link between ethical leadership and job enrichment.

References


