

Remuneration Policy in the Australian Public Service: Fairness and Trust

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Abstract

Pay is generally the most common tool utilized by government agencies to reward and manage the performance of their employees. Yet, the capacity of pay to elicit desirable job outcomes among government employees continues to be highly contested among scholars. This study analyses the efficacy of the remuneration policy of the Australian Public Service (APS). Using a random sample of over 2,700 APS employees, this research addresses two questions. First, how effective is pay in affecting employee job outcomes? This study draws from the equity theory to propose that employees who perceive fairness in their organization's distribution of pay generally respond with desirable attitudinal outcomes. Second, how do employees' perceptions of pay fairness influence job outcomes? This study utilizes the psychological contract of employment literature to propose that the positive effects of perceptions of pay fairness on job outcomes are partially mediated by perceptions of trust in senior management. This research points to two conditions for an effective remuneration policy: fairness and trust.

Introduction

Developing a remuneration policy that is capable of achieving desired outcomes is not an easy task. While most would agree that employees should be paid according to their worth in terms of what they contribute to their employing organization, few could agree on the appropriate level of pay. This issue is particularly problematic in the public sector. By virtue of their organizational mission, government agencies are expected by members of the public to serve the public interest. People who choose to join the public sector workforce are accordingly expected to be guided more by the public interest than a desire for money, particularly when government jobs are commonly perceived to pay less than comparable private sector jobs. Although many could accept that a private firm and its members are in the business of making money, they generally find it harder to accept this argument for government agencies and public servants.

This research draws upon two theories to provide one perspective on how to implement a remuneration policy that could foster positive employee outcomes. First, it utilizes the organizational justice literature to propose the importance of providing pay that is perceived by employees to be fair. It is likely that pay fairness is important to individuals who are oriented towards public sector employment. Taylor's (2005) survey of Australian university graduates found that fair pay was ranked higher than high pay among the respondents who reported an interest in government jobs. Unfortunately, a majority of studies on the outcomes of perceptions of justice in the form of pay fairness have focused on private sector employees (Colquitt et al. 2001; Greenberg 1990). Given the stable differences in the motivations of public and private sector employees, particularly reports that government employees are generally less financially motivated (Frank and Lewis 2004; Houston 2000; Taylor and Taylor 2011), there is clearly a need for more research on the effects of perceptions of pay fairness on employee outcomes in the public sector. Based on the

organizational justice literature, notably the equity theory, this research hypothesizes that government employees' perceptions of pay fairness directly foster improved job outcomes.

Second, this study draws upon the psychological contract of employment literature to propose that the positive effects of perceptions of pay fairness on job outcomes are partially mediated by perceptions of trust in senior managers. Employees' attitudinal and behavioural responses to pay are likely to be influenced by organizational conditions. Numerous researchers have emphasized the importance of identifying intervening variables that could affect the relationships between organizational justice and outcomes (Ambrose and Schminke 2003; Colquitt et al. 2001). One of these could be trust in senior managers. Compared to other organizational members, these individuals have more discretion in allocating and distributing resources and benefits (Daley and Pope 2004; Tyler 1989).

To sum up, this research on the Australian Public Service (APS) employees examines the relationships between government employees' perceptions of pay fairness and their attitudinal outcomes in the form of job satisfaction and job motivation. It proposes two ways in which pay fairness positively influences job outcomes – directly, and indirectly through trust in senior managers. In making trust judgements of their managers, employees invariably attribute their managers' trustworthiness along relevant dimensions, such as ability and character. On this basis, this research focuses on trustworthiness, which is a precondition of trust (Mayer et al. 1995; Park 2012).

Remuneration in the Australian Public Service

Before the propositions are tested, it is first relevant to provide brief background information of the pay structure in the APS. Remuneration arrangements in the APS have been decentralized to the agencies since 1997, producing some variations in remuneration outcomes across agencies. Table 1 presents the medians of total remuneration packages

(consisting of base pay and benefits, such as superannuation, but excluding bonuses) for each APS classification in 2010 relative to those in equivalent jobs in the public service as a whole, and the private sector.

<Insert Table 1 about here>

The table shows some differences in the ratios of APS employees relative to state employees and private sector employees. The ratios indicated that the total remuneration packages in the APS were higher than those offered in the state public service. However, the remuneration packages of most APS classifications, with the exception of the more junior levels, were lower than the median equivalent in the private sector.

The range of pay rates for each classification has not changed much in recent times. When compared to the 1996 figures, the range or span of pay rates for each classification across the APS was greater in 2010. However, there was little change in the range for each classification in 2010 relative to 2009 (APSC 2011).

The annual movement in pay rates for each classification since 2010 had been small, averaging around three percent. The overall median base pay movement for all APS employees from 2010 to 2011 was 2.5 percent (APSC 2012). The introduction of the APS Bargaining Framework for APS agencies in 2011 as a replacement of the Australian Government Employment Bargaining Framework saw some changes to remuneration arrangements. One is that pay increases should not exceed an average annualised wage increase (AAWI) of three percent. Agencies that seek to establish an AAWI above this figure are required to seek an assessment of affordability by the Department of Finance and Deregulation (APSC 2012).

Having covered the remuneration arrangements, particularly the comparative pay ratios, of APS employees, it is the aim of the next section to present the theoretical framework of this study.

Employee Outcomes of Pay Fairness: Organizational Justice Perspective

Organizational justice refers to ‘perceptions of fairness in decision-making and resource allocation environments’ (Colquitt and Rodell 2012, 1183). A component of organizational justice that is relevant to this study is distributive justice which involves employees’ perceptions of fairness in the distribution of outcomes received, such as pay (Leventhal 1976). The literature on organizational justice maintains that employees’ perceptions of the fairness of treatment received from their organization can directly affect their work attitudes and behaviours (Colquitt et al. 2001; James 1993). Discussions of distributive justice usually draw upon the equity theory which suggests that what employees are concerned about is not so much the absolute level of outcomes received, but whether the outcomes received are fair. Employees seek to maintain equity between the ratios of the inputs that they bring to a job (e.g., experience and effort) and the outcomes that they receive from it (e.g., pay) against the corresponding ratios of relevant referents (e.g., work colleagues). Equal ratios contribute to perceptions of fairness, which lead to favourable work outcomes (e.g., high job satisfaction) (Adams 1965; Choi and Chen 2007).

Numerous empirical studies, albeit largely in the private sector, have shown that distributive justice encourages desirable work attitudes, such as job satisfaction (Chen, Choi and Chi 2002; Choi and Chen 2007; Meierhans, Rietmann and Jonas 2008). Given the strong theoretical support of the link between distributive justice and desirable outcomes, it is hypothesized that pay fairness is positively associated with job satisfaction and job motivation. The first hypothesis is subdivided into two below.

H1a: Perceptions of pay fairness directly and positively affect job satisfaction.

H1b: Perceptions of pay fairness directly and positively affect job motivation.

This direct relationship is however not the only route by which pay fairness influences job satisfaction and job motivation. This study draws upon the psychological contract literature to propose that pay fairness can also shape these two outcomes through trust in senior managers.

Employee Outcomes of Pay Fairness: Psychological Contract Perspective

The psychological contract refers to ‘the system of beliefs that an individual and his or her employer hold regarding the terms of their exchange agreement’ (Dabos and Rousseau 2004, 53). Unlike an employment contract, a psychological contract is inherently perceptual. The set of beliefs in a psychological contract is based on the perception that a promise has been made by one party to another party, and another promise offered in exchange, binding the two parties to reciprocal obligations (Rousseau and Tijoriwala 1998). Psychological contracts comprise of the obligations that employees believe their organization owes them and the obligations the employees believe they owe their organization in return (Turnley et al. 2003). Psychological contracts are thus promissory contracts based on trust between the employee and employer; employees must trust that the promises (e.g., fair pay) will be kept.

The significance of trust between the exchange parties is prominent in research on psychological contract breach (Montes and Irving 2008; Robinson and Rousseau 1994). When employees perceive a discrepancy between what their organization promised to provide and what their organization eventually delivers, they lose trust in their organization, which in turn cause them to adopt undesirable attitudes and behaviours (Deery, Iverson and Walsh 2006; Montes and Irving 2008). The fact that employees’ level of trust for their

employer would drop in response to a psychological contract breach suggests that trust between the parties is vital in the first place.

The central position of trust in the psychological contract literature implies that it could mediate the relationship between pay fairness and job outcomes. In their research on performance-based pay, Dahlstrom and Lapuente (2010) described the problem of rewards as a problem of trust. They observed that ‘the reason for the successful introduction of incentives in the public sector does not lie in the “good” or “bad” design of the incentives but in the credibility of those who impose them’ (p.579). Carnevale and Wechsler (1992) stated that government employees who viewed the distribution of rewards in their organization to be fair were likely to trust their organization more than those who perceived it to be unfair. Cropanzano, Prehar and Chen (2002) found that employees’ perceptions of justice in a U.S. state university affected their level of trust in upper management. As representatives of the employing organization, senior managers are typically charged with setting and directing the organization's goals, and distributing resources and benefits within the organization (Daley and Pope 2004). Employees’ perceptions of pay fairness are thus likely to raise their trust in senior managers.

Trust can in turn influence employee outcomes (Colquitt, Scott and LePine 2007; Dirks and Ferrin 2001, 2002). In addition to equity and trust, another prominent feature of the psychological contract is reciprocity, in which employees respond positively to favourable treatment by their organization (Gouldner 1960; Rousseau and McLean Parks 1993). By fulfilling their obligations relating to pay, senior managers can create a need for employees to reciprocate, which takes the form of attitudinal reciprocity through enhanced job satisfaction and job motivation. Trust is an antecedent of job satisfaction (Dirks and Ferrin 2001; Perry and Mankin 2007). Using data from the US Federal Human Capital Survey, Cho and Ringquist (2011) concluded that government managers who could cultivate a perception of

trustworthiness have more satisfied employees. In this study of American and Italian employees, Ellis and Shockley-Zabalak (2001) found that trust in top management was more strongly associated with satisfaction than trust in immediate supervisor. Trust in senior managers is thus likely to be positively related to job satisfaction and job motivation.

If employees' perceptions of pay fairness lead to greater trust in senior managers, which in turn leads to higher job satisfaction and job motivation, then trust in senior managers mediates the relationship between pay fairness and these job outcomes. In their study of Indian government employees, Aryee et al. (2002) found that the employees' trust in their organization partially mediated the relationship between distributive justice and job satisfaction. Conversely, the negative effects of psychological contract breach on attitudes and behaviours have been reported to be mediated by employees' trust in their organization (Lo and Aryee 2003; Robinson 1996). It is hypothesized that

H2a: Trust judgements of senior managers mediate the positive association between perceptions of pay fairness and job satisfaction. Perception of pay fairness raises employees' trust judgements of senior managers which in turn increase their job satisfaction.

H2b: Trust judgements of senior managers mediate the positive association between perceptions of pay fairness and job motivation. Perception of pay fairness raises employees' trust judgements of senior managers which in turn increase their job motivation.

<Insert Figure 1 about here>

The two hypotheses are diagrammatically represented in Figure 1. Perceptions of pay fairness are proposed to shape outcomes in two ways. One is the direct route. Here, positive perceptions of pay fairness can lead to high job satisfaction and job motivation, as explained by the organizational justice literature. The other is the indirect route through perceptions of trust in senior managers. The psychological contract of employment literature suggests that positive perceptions of pay fairness can lead to higher levels of trust of senior managers, which in turn raise job satisfaction and job motivation.

Methodology

Data source and sample

This research utilized data from the Australian Public Service Commission's 2010 *State of the Service Employee Survey*. The survey was conducted on all employees in the APS agencies with at least 100 APS employees on a range of human resource management issues. The sample was stratified by level, agency size, agency and location. An online survey was used to collect the data. A paper-based delivery method was used only for employees who did not have access to an individual email account or had limited access to the internet. Out of 8,732 employees contacted, 5,588 valid responses were received, representing a 64 percent response rate. The APSC agreed to release about 50 percent random sample of the dataset for this research (N = 2,756). The expectation-maximization algorithm method was used to handle the small proportion of missing data and preserve the sample size.

A majority of the 50 per cent random sample of APS employees who participated in the 2010 *State of the Service Employee Survey* were females (56%), aged 35-54 years old (55%), and their highest educational qualification was a university degree (58%). Most of them worked in large agencies containing more than 1,000 employees (52%), and occupied a non-managerial level (60%) for at least two years (69%). Thirty-five per cent had worked less

than five years in the APS, and 34 per cent had worked between five to less than 15 years. This research sample was quite similar to the larger sample in terms of these characteristics.

Measures

In order to test the hypotheses, the following measures were used. All responses were recorded using a five-point Likert scale (ranging from 1 for 'strongly disagree' to 5 for 'strongly agree').

1. Pay fairness (independent variable). This variable measures the respondents' perceptions of fairness in the pay received. Two items were used: 'I am fairly remunerated for the work that I do'; and 'I am well paid compared to what I would receive in other agencies'. The reliability (Cronbach's alpha) value, α , of this variable was 0.71.
2. Trust in senior managers (mediating variable). It measures the respondents' views of the trustworthiness of senior managers. The characteristics cover the trustee's competence and character or perceptions on the intention of the trustee to behave in a trustworthy manner (Colquitt et al. 2007; Malhotra and Lumineau 2011). The five items are as follows: 'In my agency, the leadership is of a high quality'; 'In my agency, communication between senior leaders and other employees is effective'; 'In my agency, senior leaders are receptive to ideas put forward by other employees'; 'In my agency, senior leaders discuss with staff how to respond to future challenges'; and 'Senior managers in my agency lead by example in ethical behaviour'. $\alpha = 0.91$.
3. Job satisfaction (dependent variable). The respondents' positive views of their job resulting from their job experiences were assessed with a single item: 'Overall, I am satisfied with my job';
4. Job motivation (dependent variable). This three-itemed scale measures the respondents' motivation to perform an activity for itself because they find the activity inherently

satisfying. They are: 'I enjoy the work in my current job'; 'I am motivated to do the best possible work that I can', and 'My job gives me a feeling of personal accomplishment'. $\alpha = 0.84$.

The control variables cover: gender (1 = female, 0 = male); age (1 = 45 years and older, 0 = below 45 years), education (1 = university graduate, 0 = below university), level of position (1 = managerial, 0 = nonmanagerial), length of service at the current level (1 = at least 5 years, 0 = less than 5 years), and length of service in the APS (1 = at least 5 years, 0 = less than 5 years).

A confirmatory factor analysis (CFA) indicated a good model fit, suggesting that the items converged on their respective latent variables and that each scale represented a distinct latent variable. The Root Mean Square Error of Approximation (RMSEA) of 0.03 was below the threshold of 0.08. The Standardized Root Mean Square Residual (SRMR) of 0.01 was less than the 0.05 threshold. The Tucker Lewis Index (TLI) of 0.99, the Comparative Fit Index (CFI) of 1.00, and the Goodness of Fit Index (GFI) of 1.00 were above the threshold of 0.90. Although the chi-square $\chi^2(23) = 61.08$, with $p < 0.05$ is inconsistent with the overall good model fit, the chi-square test is known to be sensitive to sample size, with large samples inflating the chi-square and reducing the likelihood of achieving a good model fit (James, Mulaik and Brett 1982).

Findings

Table 2 presents the descriptive statistics and correlations of the study variables. On average, the respondents agreed that they were motivated to perform well on their job. They also agreed that their organization's pay was fair and they were satisfied with their job. However, they neither agreed nor disagreed that their senior managers possessed the ability and character qualities of trustworthiness.

< Insert Table 2 about here >

Table 2 shows a significant association between the main study variables. Pay fairness was positively related to job satisfaction and job motivation. Pay fairness was also positively associated with trust judgements of senior managers. Further, trust judgements of senior managers are positively related to job satisfaction and job motivation.

Table 3 presents the regression results. Model 1 shows the total effects of the controls and the independent variable (pay fairness) on each of the dependent variable (job satisfaction and job motivation). Model 2 presents the effects of the controls and the independent variables on the mediating variable (perceived trust of senior managers). Model 3 shows the impact of the controls, independent variables and mediating variable on the dependent variable.

< Insert Table 3 about here >

The proposed direct relationships were found to be significant. Perceptions of fair pay was positively associated with job satisfaction (model 1a), and job motivation (model 1b). The results support the first hypothesis of a direct and positive association between pay fairness and job satisfaction (H1a) and job motivation (H1b).

The steps outlined by Kenny and associates were used to test for mediation effects (Baron and Kenny 1986; Kenny, Kashy and Bolger 1998). First, pay fairness (the independent variable) was significantly correlated with the dependent variables: job satisfaction in model 1a and job motivation in model 1b. Second, pay fairness was significantly associated with perceived trust of the senior managers (mediator) in model 2. Third, perceived trust was significantly related to job satisfaction in model 3a and job

motivation in model 3b. Finally, when perceived trust was controlled, the relationships between the independent variable of pay fairness and the dependent variables of job satisfaction and job motivation became less significant. Although pay fairness remained significant, its beta coefficient values dropped from 0.31 (model 1a) to 0.19 (model 3a) for job satisfaction, and from 0.24 (model 1a) to 0.10 (model 3a) for job motivation, suggesting a partial mediation by perceived trust. The Sobel test results in the footnote of Table 3 confirmed the mediating effects. The results support the second hypothesis on the indirect effect of perceived trust of senior managers on the relationships between pay fairness and job satisfaction (H2a), and between pay fairness and job motivation (H2b).

Discussion

This research presents empirical evidence on the positive effects of fair pay among APS employees. It identifies two pathways by which perceptions of fair pay affect job outcomes. One is the direct mode in which perceived fair pay directly leads to higher job satisfaction and job motivation. In doing so, it supports the assertion presented in the organizational justice studies that employees who perceive their pay to be fair generally hold high levels of favourable attitudes (Adams 1965; Choi and Chen 2007; Meierhans, Rietmann and Jonas 2008). The other mode is the mediating effect of perceived trust of senior managers. Perceptions of fair pay are found to influence the respondents' judgements on the trustworthiness of senior managers, which in turn influence their job outcomes. Psychological contracts represent more than simple considerations of equity (i.e. whether expectations have been met); they also involve socio-emotional considerations of trust (Millward and Brewerton 2000). Trust appears to be the axis on which the psychological contract of employment relationship revolves. This implies that if public agencies are seen to fulfil their obligations to their employees, the attitudinal and behavioural 'payoffs' can be significant.

The implications of the findings are twofold. First, the direct and positive relationships between pay fairness and job outcomes (job satisfaction and job motivation) emphasize the importance of implementing a remuneration policy that is seen by employees as fair. Second, the mediating effects of trust judgments of senior managers on the pay fairness-job outcome relationships point to the significance of fostering employees' trust in senior managers for improved outcomes. Although the characteristics that individuals bring to an organization and their affective responses to organizational experiences could both influence their trust levels, Carnevale and Wechsler (1992) reported that the most important determinant of trust was the organizational climate established by their experiences with superiors. In most public bureaucracies, senior managers are the 'face' of the organization. Through the decisions and actions of senior managers, employees experience and form views of their organization. Building trust is particularly vital to public managers who face more constraints in their work than private sector managers (Cho and Lee 2011). Public managers generally have to achieve high performance under intense public scrutiny, with limited resources, and detailed accountability procedures to follow (Perry and Porter 1982; Rainey and Bozeman 2000; Taylor 2011). Trust can be used as a means to leverage leadership effectiveness. Trustworthiness is generally considered a desirable trait for government leaders and managers. Trottier et al. (2008), for example, stated that trustworthiness is essential for effective leadership, and represents one component of transformational leadership. There is merit in training senior managers on how to build trust in organizations, including the enactment of a remuneration policy that is seen as fair.

Interpretation of the findings in this study should take into account a few limitations. First, caution needs to be taken in generalizing the results beyond this sample of APS employees. Although the APSC dataset is assumed to contain a random sample of the APS workforce based on its multi-staged stratified random sampling method, a good sample

would include information on the different levels of the hierarchy (e.g., executives, middle managers, and street level bureaucrats), different occupations (e.g., social service workers, regulatory bureaucrats, etc.), and different demographic groups (e.g., race). To maintain the respondents' anonymity, the dataset for this research was aggregated into a few large groups on these characteristics by the APSC. For example, the different levels of the hierarchy were reduced into two groups: managerial (executives and middle managers) and nonmanagerial (supervisors and subordinates). Finer details were not available, making it difficult to verify the robustness of the sample.

Second, the cross-sectional data precludes any inference of causality. While it relies on theories and past empirical studies to develop the hypotheses, there is a possibility that perceptions of pay fairness and positive work outcomes are simultaneously determined. It would not be surprising if employees who are satisfied with their jobs perceive their pay as fair. Future research using experimental designs could complement the current investigation. Third, the concepts examined in this study are measured from a data set that is not specifically designed to provide a comprehensive measure of these constructs. Despite the acceptable reliability values of the measurement instruments used in this study, future research should incorporate most/all the items of established scales.

Finally, all variables were measured by the responses of a single source (the employees), which might impair the validity of the findings. Although two post-hoc statistical techniques for detecting common method bias (CMB) – Harman's single-factor test and the common latent factor technique – suggested that CMB is not a pervasive problem in this study, they are subject to limitations (Podsakoff et al. 2003; Podsakoff, MacKenzie and Podsakoff 2012). Future research could reduce the bias by, for example, collecting the data on employee attitudes at different points in time.

Further research could also differentiate between the forms of pay received. Kuvaas (2006) had argued that job motivation is more strongly related to base pay than variable pay. Igalens and Roussel's (1999) study of French professional employees reported a positive relationship between base pay and work motivation, but an insignificant relationship between variable pay and motivation. Due to a lack of survey items that differentiate between the two types of pay, this research did not distinguish between the respondents' views of base pay and variable pay. Future research could compare the outcome effects between these two categories of pay.

Conclusion

This research draws upon the organizational justice and psychological contract of employment literatures to propose that efforts to implement a remuneration policy in the public service that promotes positive employee outcomes should not overlook the influence of employees' perceptions of pay fairness and the trustworthiness of senior managers. Government agencies generally face financial and judicial limitations (e.g., budget-balancing requirements and judicial mandates), which constrain their capability to financially motivate their employees at a level that matches that of private sector employees (Hirschfeld, Schmitt and Bedeian 2002; Perry, Engbers and Jun 2009). Trust is a valuable resource because it extends 'motivation beyond utilitarian grounds and mitigates the ambiguity and uncertainty endemic to many bureaucratic settings' (Carnevale and Wechsler 1992, 472). This research joins the call by others (Cho and Ringquist 2011; Park 2012) for the government to better recognize the importance of trust, notably the trustworthiness of senior managers, as an essential resource in the public service.

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Table 1. Comparing the total remuneration package in the Australian Public Service, the wider public service, and the private sector, 2010

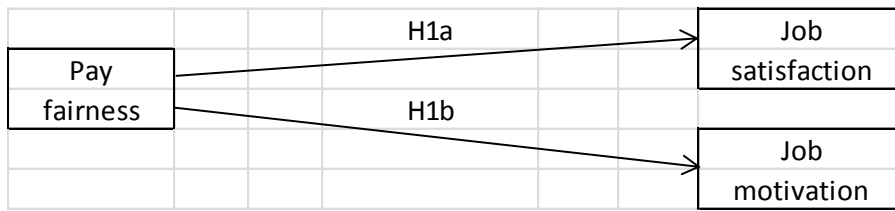
Classification	APS median	Combined public service midpoint (CPS)	Private sector median	CPS/APS	Ratio Private/APS
APS1	\$47,546	\$40,370	\$34,738	0.85	0.73
APS2	\$56,933	\$51,534	\$51,816	0.91	0.91
APS3	\$63,238	\$58,757	\$64,854	0.93	1.03
APS4	\$70,347	\$65,980	\$77,892	0.94	1.11
APS5	\$77,483	\$73,805	\$92,083	0.95	1.19
APS6	\$89,882	\$82,833	\$112,945	0.92	1.26
EL1	\$112,788	\$91,862	\$137,116	0.81	1.22
EL2	\$140,397	\$105,224	\$168,608	0.75	1.20
SES Band 1	\$210,175	\$179,144	\$226,864	0.85	1.08
SES Band 2	\$262,680	\$224,839	\$330,336	0.86	1.26
SES Band 3	\$335,335	\$293,719	\$504,271	0.88	1.50

Source: Mercer Consulting 2011 (for the Australian Public Service Commission).

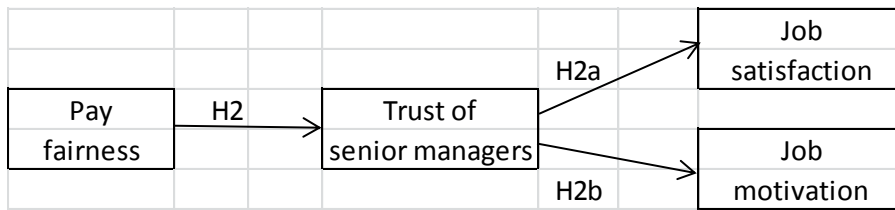
Notes:

CPS contains the APS and the state public service in all Australian states and territories (except Tasmania and Western Australia).

Although the structure varies with agency, as a rough guide, APS1-4 signifies more junior employees, while APS5-6 indicates more senior employees i.e. supervisors. EL (executive level)1-2 are middle managers and SES (senior executive service) are senior managers.

Figure 1. Pay fairness, trust and outcomes

Direct relationships



Indirect relationships

Table 2. Correlation matrix

Variable	M	SD	1	2	3	4	5	6	7	8	9
1. Perceived pay fairness	3.68	.79									
2. Job satisfaction	3.63	.99	.32***								
3. Job motivation	3.83	.81	.26***	.80***							
4. Perceived trust of senior managers	3.16	.92	.41***	.42***	.45***						
5. Gender	.56	.50	.07***	.07***	.06**	.10***					
6. Age	.48	.50	.04	.01	.05*	-.02	-.18***				
7. Education	.46	.50	.11***	.07**	.07***	.09***	-.11***	-.08***			
8. Job position	.73	.44	-.07**	-.03	-.06**	.01	.20***	-.11***	-.32***		
9. Length of service (position)	.61	.49	.03	.02	.06**	.14***	.04*	-.31***	.06**	.07***	
10. Length of service (APS)	.32	.47	.02	.03	.07***	.16***	.05*	-.29***	.11***	.22***	.55***

N = 2756. Level of significance: * = $p < 0.05$; ** = $p < 0.01$; *** = $p < 0.001$.

Table 3. Regression results

Variable	Perceived trust of senior managers	Job satisfaction		Job motivation	
	Model 2	Model 1a	Model 3a	Model 1a	Model 3a
Gender	.08***	.06**	.04*	.07***	.04*
Age	.04*	.02	.00	.08***	.07***
Education	.04*	.03	.02	.03	.01
Job position	.01	-.02	-.02	-.06**	-.06**
Length of service (position)	.08***	.00	-.02	.04	.01
Length of service (APS)	.10***	.03	-.01	.07**	.03
Perceived pay fairness	.38***	.31***	.19***	.24***	.10***
Perceived trust of senior managers			.32*		.37***
<i>R</i> ²	.18	.11	.19	.08	.20
<i>F</i> value	86.44***	48.36***	81.77***	36.10***	85.10***

Unstandardized coefficient (beta), followed by standard error in parentheses.

Level of significance: * = $p < 0.05$; ** = $p < 0.01$; *** = $p < 0.001$.

Sobel test results: $z = 13.40$, $p < 0.001$ (for job satisfaction); $z = 14.48$, $p < 0.001$ (for job motivation).